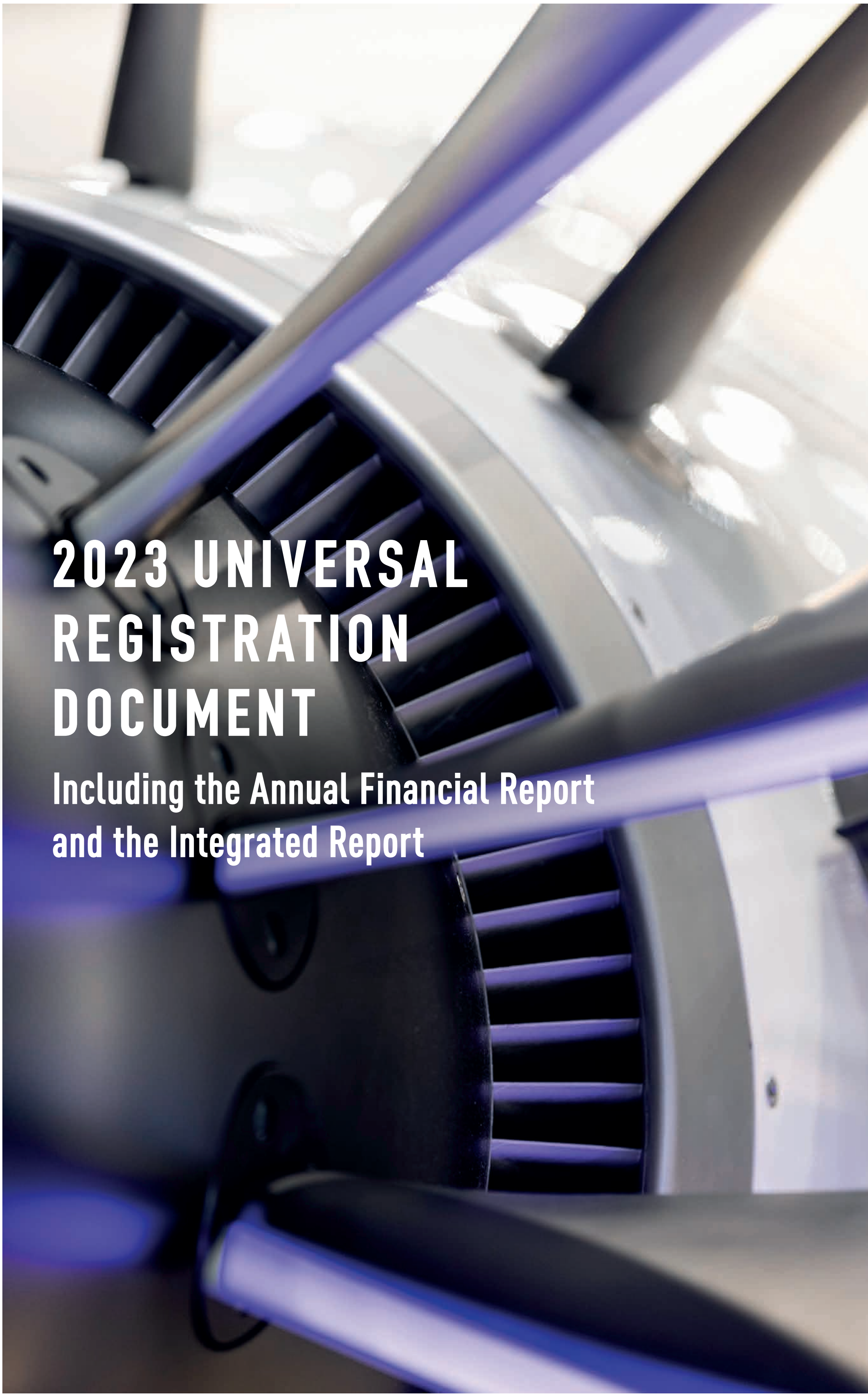


2023 UNIVERSAL REGISTRATION DOCUMENT

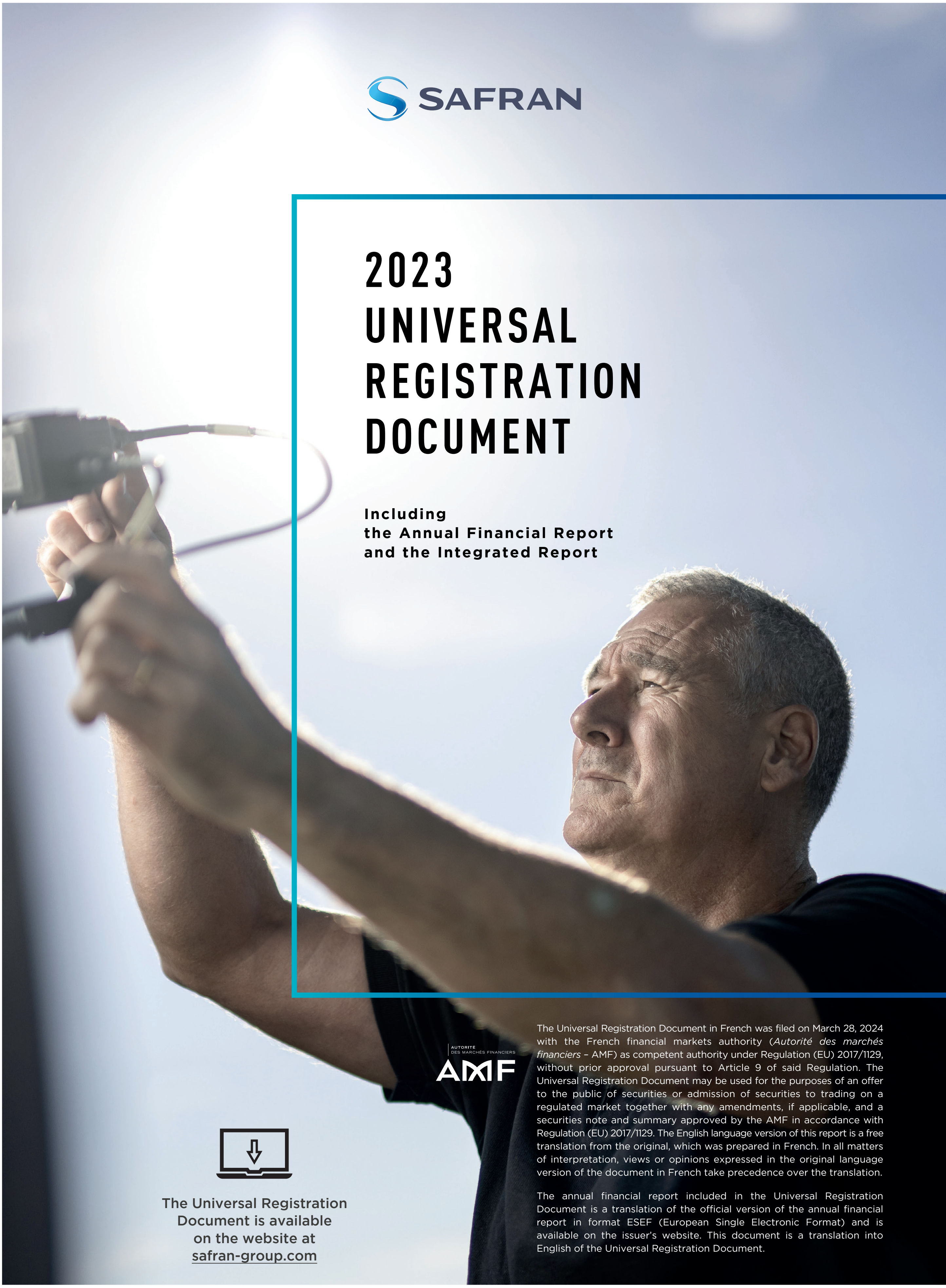
Including the Annual Financial Report and the Integrated Report

SAFRAN

CONTENTS

INTEGRATED REPORT

Information from the Annual Financial Report is clearly identified in the contents by the AFR symbol AFR



SAFRAN

2023 UNIVERSAL REGISTRATION DOCUMENT

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

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

The Universal Registration Document in French was filed on March 28, 2024 with the French financial markets authority (*Autorité des marchés financiers* – AMF) as competent authority under Regulation (EU) 2017/1129, without prior approval pursuant to Article 9 of said Regulation. The Universal Registration Document may be used for the purposes of an offer to the public of securities or admission of securities to trading on a regulated market together with any amendments, if applicable, and a securities note and summary approved by the AMF in accordance with Regulation (EU) 2017/1129. The English language version of this report is a free translation from the original, which was prepared in French. In all matters of interpretation, views or opinions expressed in the original language version of the document in French take precedence over the translation.

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

The Universal Registration Document is available on the website at safran-group.com

INTEGRATED REPORT

3rd

GLOBAL AEROSPACE GROUP, EXCLUDING AIRFRAMERS*

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."

FOREWORD
All figures in this integrated report represent adjusted data, except where noted. See section 2.1.1 of the 2023 Universal Registration Document for a reconciliation of the consolidated income statement with the adjusted income statement and a breakdown of the adjustment.

€23,199 million
revenue
up 21.9% (23.6% on an organic basis) on 2022

€3,166 million
recurring operating income
up 31.5% (27.2% on an organic basis) on 2022

€2,945 million
free cash flow
up 10% on 2022

91,984
employees (at December 31, 2023)

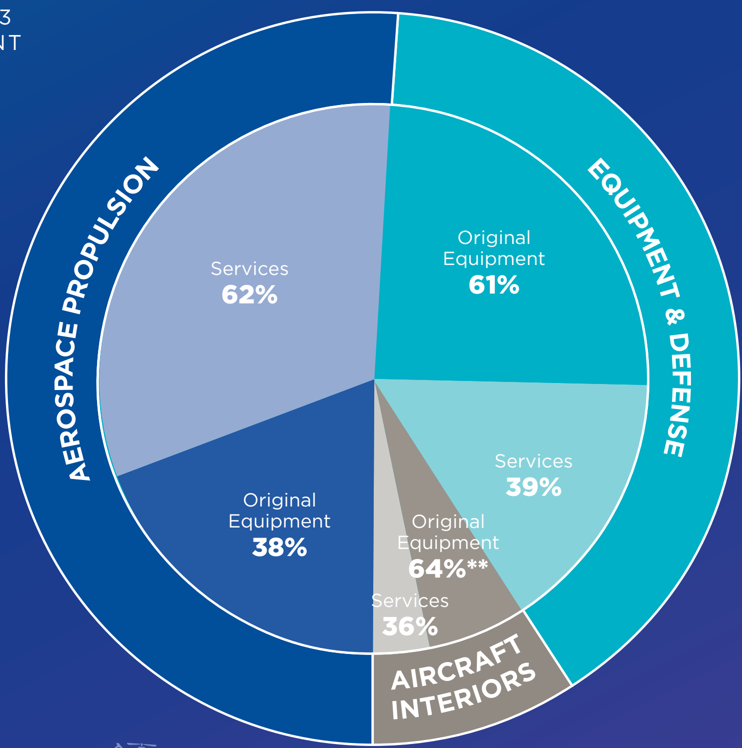
€1,818 million
total R&D
(including customer-funded R&D)

€823 million
CAPEX

Long-term credit rating: **A- with stable outlook (S&P)**
A fully debt-free group

OUR ACTIVITIES

BREAKDOWN OF 2023 REVENUE BY SEGMENT



€11.9 billion
revenue

€2.4 billion
recurring operating income

20.1%
recurring operating margin

Civil aviation 78%
Military aviation 11%
Civil and military helicopter turbines 11%

€8.8 billion
revenue

€1.0 billion
recurring operating income

11.2%
recurring operating margin

€2.5 billion
revenue

€(116) million
recurring operating income

(4.7)%
recurring operating margin

* Classification criteria: revenue – Source: Safran.
** Including retrofit activities.

“Fully aware of the strategic importance of the climate challenge, the Board of Directors is working to ensure the Group stands at the forefront of sustainable aviation.”

Ross McInnes — Chairman of the Board of Directors

“Around the world, united by an unparalleled team spirit, Safran’s talented people, through their dedication and commitment, are together making a meaningful contribution to sustainably transforming aviation and writing a new chapter in the history of flight.”

Olivier Andriès — Chief Executive Officer

MESSAGE from the Chairman of the Board of Directors and the Chief Executive Officer

S**afran delivered outstanding results in 2023,** meeting or exceeding guidance with revenue up 22%, recurring operating income up 31%, and free cash flow generation above expectations. This excellent performance was notably driven by the continued recovery of the civil aftermarket. Our teams have demonstrated remarkable agility, significantly increasing deliveries and attenuating inflationary pressures despite a challenging supply chain environment. To support our growth momentum, we hired more than 18,000 new employees over the year.

2023 was another successful year for Safran. Among these successes, we'd like to mention the large number of contract wins, with another 2,500 LEAP engines added to our backlog, including those in the record Air India order, and the major Emirates contract for seats and other equipment announced at the Dubai Airshow. This excellent sales momentum was led by the recovery in air traffic, which returned to almost pre-Covid levels around the world.
We also won a number of impressive contracts in our defense activities, with the sale of 60 Rafale fighters (42 to France and 18 to Indonesia), for which we supply the M88 engine and a wide variety of equipment, the Patroller drone export contract and the selection of the airborne optronic system Euroflir to equip the Eurodrone. The Paris Air Show, the industry's must-attend event that finally reopened after a four-year hiatus, offered an opportunity to showcase our high-tech products. The innovations on display, such as our RISE demonstrator and our electric and hybrid technologies, clearly showed our commitment to a low-carbon future.
In 2023, we continued our efforts to reduce our carbon footprint. More and more facilities are now sourcing renewable energies, for example in Le Havre (France), where we inaugurated a solar power plant at year-end, and in Mexico, where the Board of Directors noted the effectiveness of our solar power contracts.
Our Group's digital transformation also continued apace over the year. We can already measure our gains, in particular thanks to the processing of the data collected and our first generative artificial intelligence pilots.
In 2023, the Group strengthened its positions in mission-critical aircraft systems and equipment. We completed the acquisition of Thales' aeronautical electrical systems business; Orolia, a world leader in developing resilient Positioning, Navigation and Timing (PNT) solutions, was successfully integrated; and we announced plans to acquire Collins Aerospace's actuation and flight control business and Air Liquide's aeronautical oxygen systems business.

2024 will once again be rich with challenges. We will pursue our revenue and income growth trajectory during the year, led by another ramp-up in deliveries and expansion in aftermarket activities, despite the persistent supply chain difficulties.
In our sovereignty businesses, we will continue to position ourselves as a key industry player through our defense and aerospace technologies. One of the main highlights of 2024 will be the first launch of the Ariane 6 rocket.
We will also be stepping up our innovation drive to develop the next generation of ultra-low energy aircraft, with such major milestones as wind tunnel testing of the RISE blades and certification of the ENGINeUS electric motor.
Our industrial activities will continue to ramp up and will lead once again to the hiring of thousands of new talents.
The year will also mark a major event for Safran, as we celebrate 50 years of CFM, our joint venture with GE. Half a century of a unique Franco-American partnership, and no doubt many more years to come!

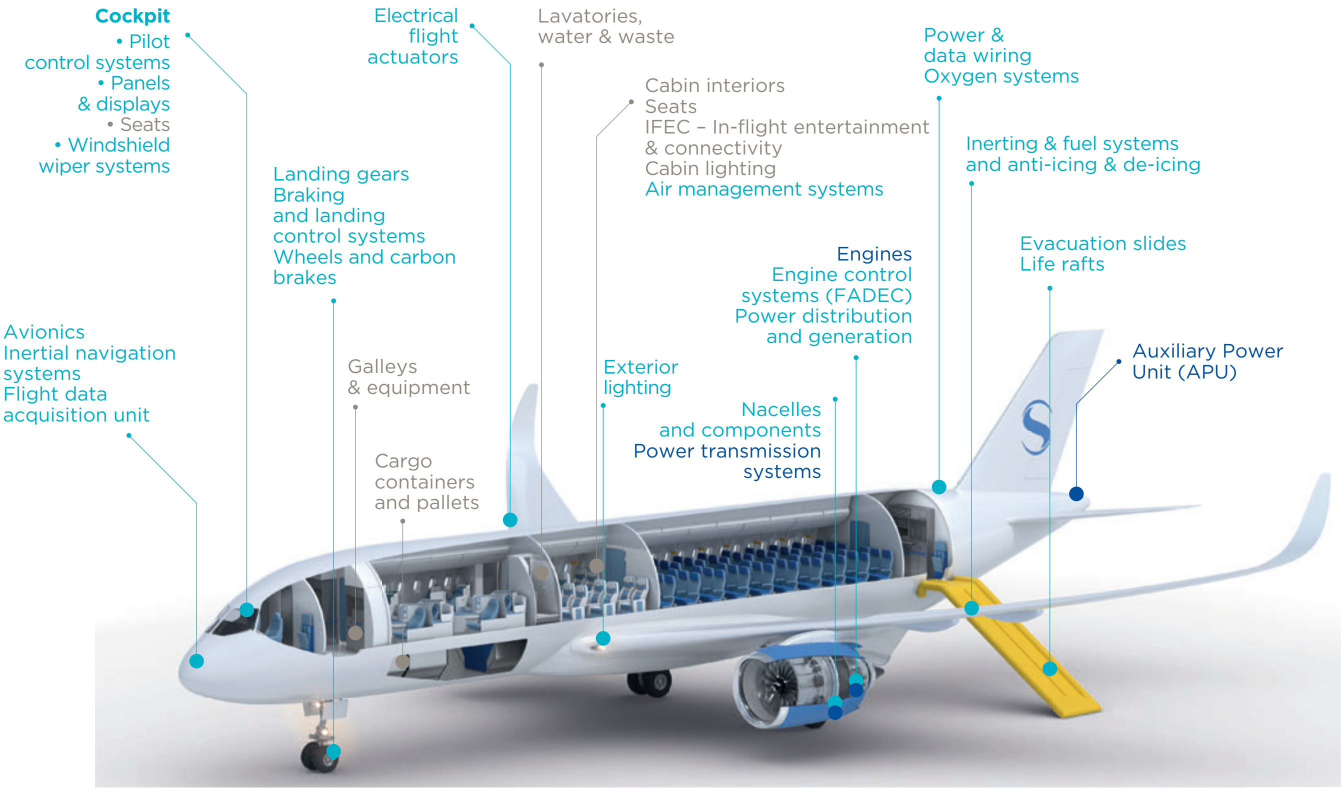
We would like to thank you for your trust and hope you enjoy reading this report. Regards,
Ross McInnes
and Olivier Andriès

Presentation of the Group

1. An A320neo nacelle
2. Integrating the nacelle on the LEAP-1A engine powering the A320neo at the Safran Nacelles plant in Hamburg

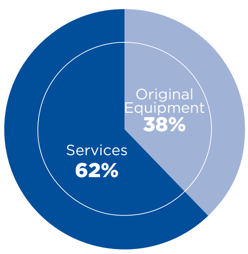
A comprehensive offering

Present across the whole aircraft, Safran aims to build the future of the global aerospace sector and be the preferred partner of airframers, airlines and leasing companies. Safran products are designed to ensure flight safety.

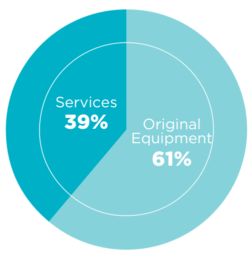


OE/SERVICES BREAKDOWN OF 2023 REVENUE

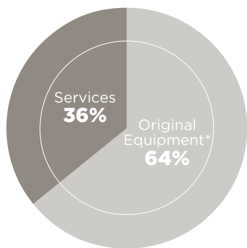
AEROSPACE PROPULSION



EQUIPMENT & DEFENSE

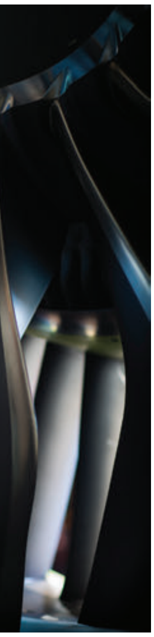


AIRCRAFT INTERIORS



* Including retrofit activities.

(1) Safran is present in all engine components and all segments of the propulsion market.
(2) Supplier Furnished Equipment: equipment specified and purchased by the airframer.
(3) Buyer Furnished Equipment: equipment specified and purchased by the airline.



AEROSPACE PROPULSION

A full-fledged engine manufacturer[(1)], Safran supplies airframers with engines for commercial aircraft, military aircraft and helicopters. To increase cost efficiency and share risks, engine manufacturers often develop partnerships for their engine programs. 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.

51%
of Group revenue in 2023

€11.9 billion
revenue

27,901
employees

STRATEGIC POSITIONS

No. 1 worldwide
in engines powering single-aisle mainline commercial jets (through CFM, a joint venture with GE)

No. 1 worldwide
in helicopter turbine engines

Strong positions
in European combat and military transport aircraft programs

EQUIPMENT & DEFENSE

Safran supplies a wide range **of aircraft equipment** including landing and braking systems, nacelles, electrical systems and engineering solutions.
Aerosystems: Safran is one of the world's leading suppliers of aircraft 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, defense and space markets.

38%
of Group revenue in 2023

€8.8 billion
revenue

45,007
employees

STRATEGIC POSITIONS

No. 1 worldwide
- landing gear
- wheels and carbon brakes for 100+ seat civil aircraft - electrical wiring
- evacuation slides

No. 2 worldwide
- oxygen systems
- nacelles and power transmission systems

No. 1 in Europe
- navigation and optronics

AIRCRAFT INTERIORS

To ensure passenger safety and optimize comfort, Safran develops cabin interiors, 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 and airlines.

11%
of Group revenue in 2023

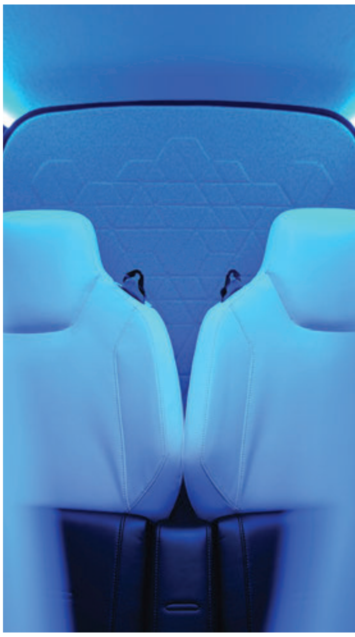
€2.5 billion
revenue

15,626
employees

STRATEGIC POSITIONS

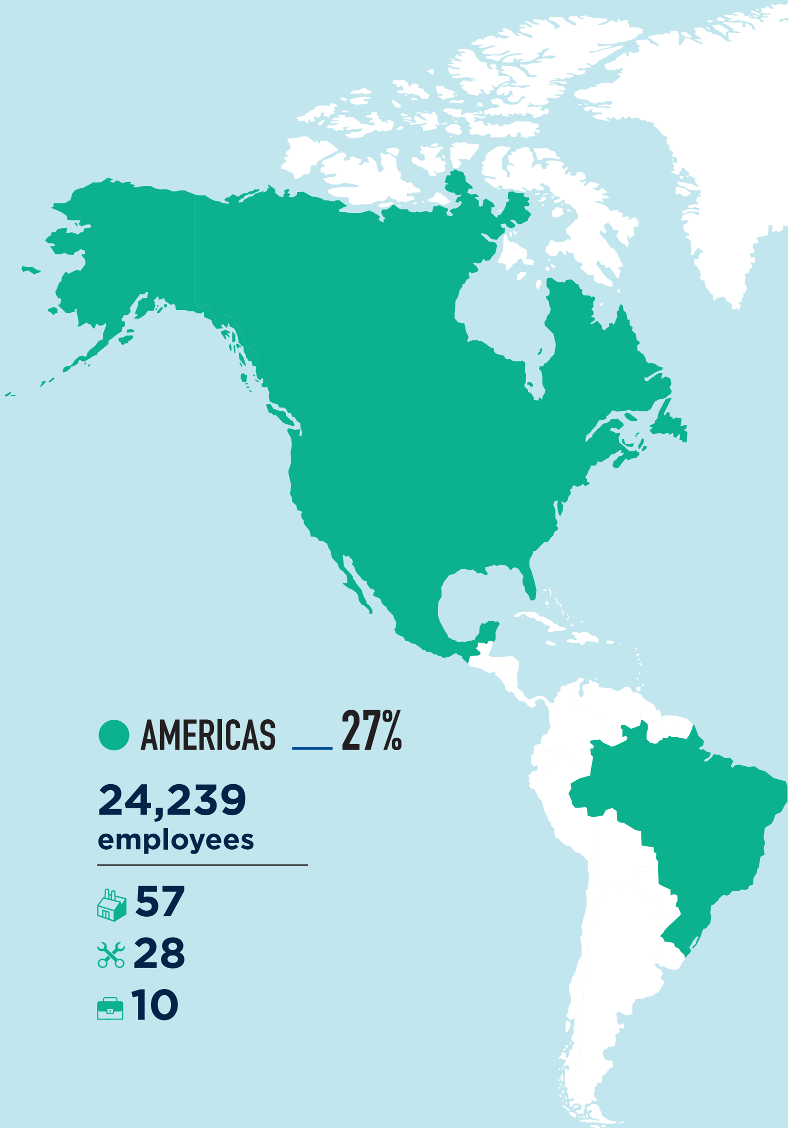
No. 1 worldwide
in cabin interiors (mainly SFE[(2)])

No. 1 worldwide
in seats (BFE[(3)]), with a strong presence in Business Class seats



A leading global player

Safran's global footprint enables it to establish strong and sustainable relationships with the majority of aerospace players and airlines, reflecting the Group's desire to supply its customers promptly from local bases.



AMERICAS 27%

24,239 employees

57

28

10

NEARLY

92,000

EMPLOYEES BASED
IN SOME 30 COUNTRIES

GEOGRAPHIC LOCATION OF EMPLOYEES AND SITES AT END-2023[1]

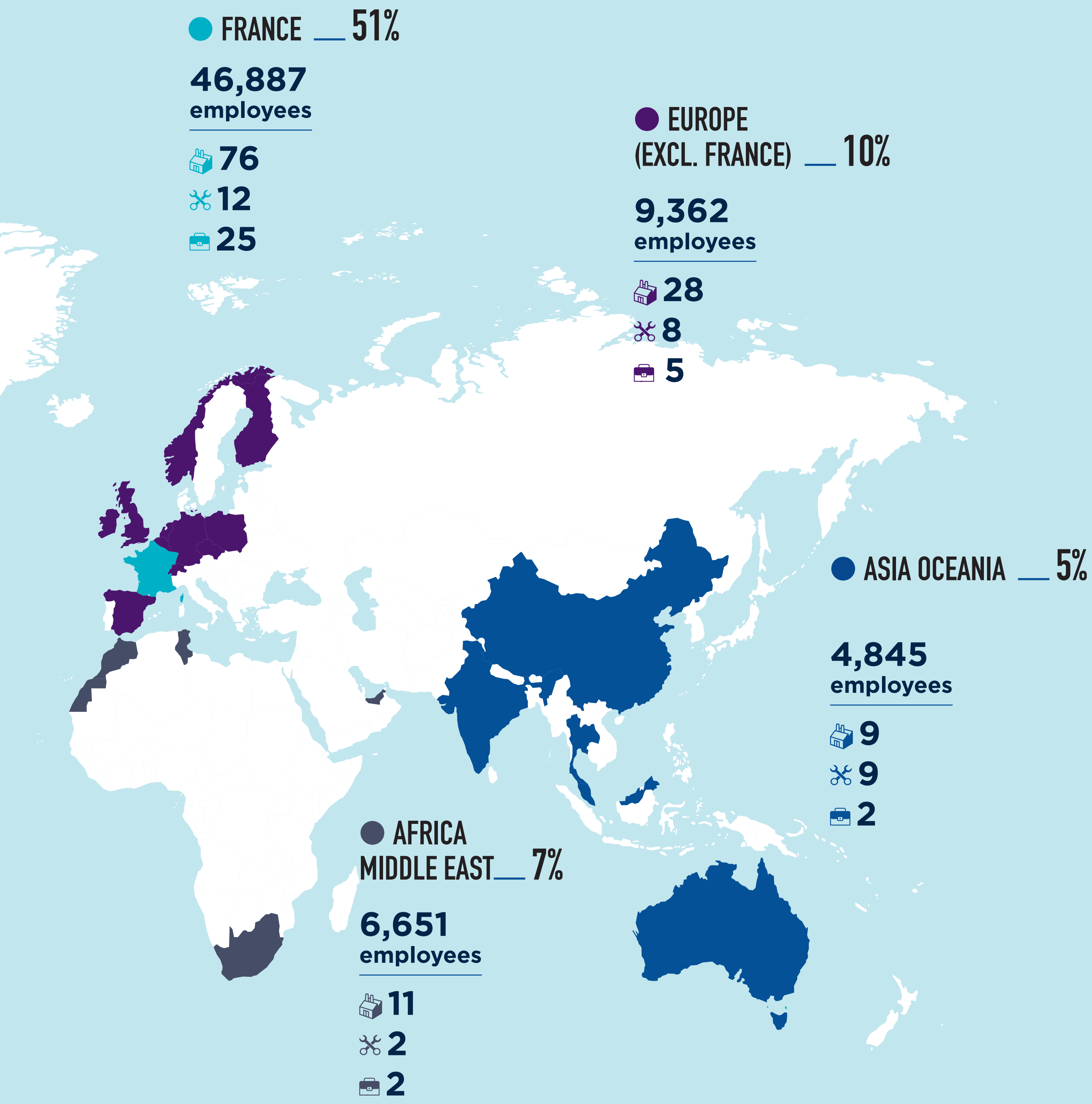
Percentage of employees
% of employees out of the total Group workforce

NUMBER OF SITES[2]

R&D and production activities

Aftermarket and maintenance activities

Commercial and administrative activities and representative offices



(1) Illustration by country of the workforce at December 31, 2023 of companies (i) more than 50% directly or indirectly owned by Safran and (ii) with more than 10 employees. The scope of reporting for the sites covers companies consolidated by Safran as of December 31, 2023.
(2) Each site corresponds to a legal entity covering one or more tertiary, production, service or maintenance sites.

A look back at our history

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

1905
Société des Moteurs Gnome is founded in the Paris suburb of Gennevilliers. Gnome rotary engines become the standard for planes around the world.

1912
Creation of Société des Moteurs Le Rhône, Gnome's main competitor before being taken over by its rival.

1924
Creation of Société d'Applications Générales d'Électricité et de Mécanique (Sagem) that will mainly manufacture cameras and artillery equipment and go on to design the world's first infrared guidance system for air-to-air missiles.

1945
Gnome & Rhône is nationalized and renamed Snecma (Société Nationale d'Étude et de Construction de Moteurs d'Aviation).

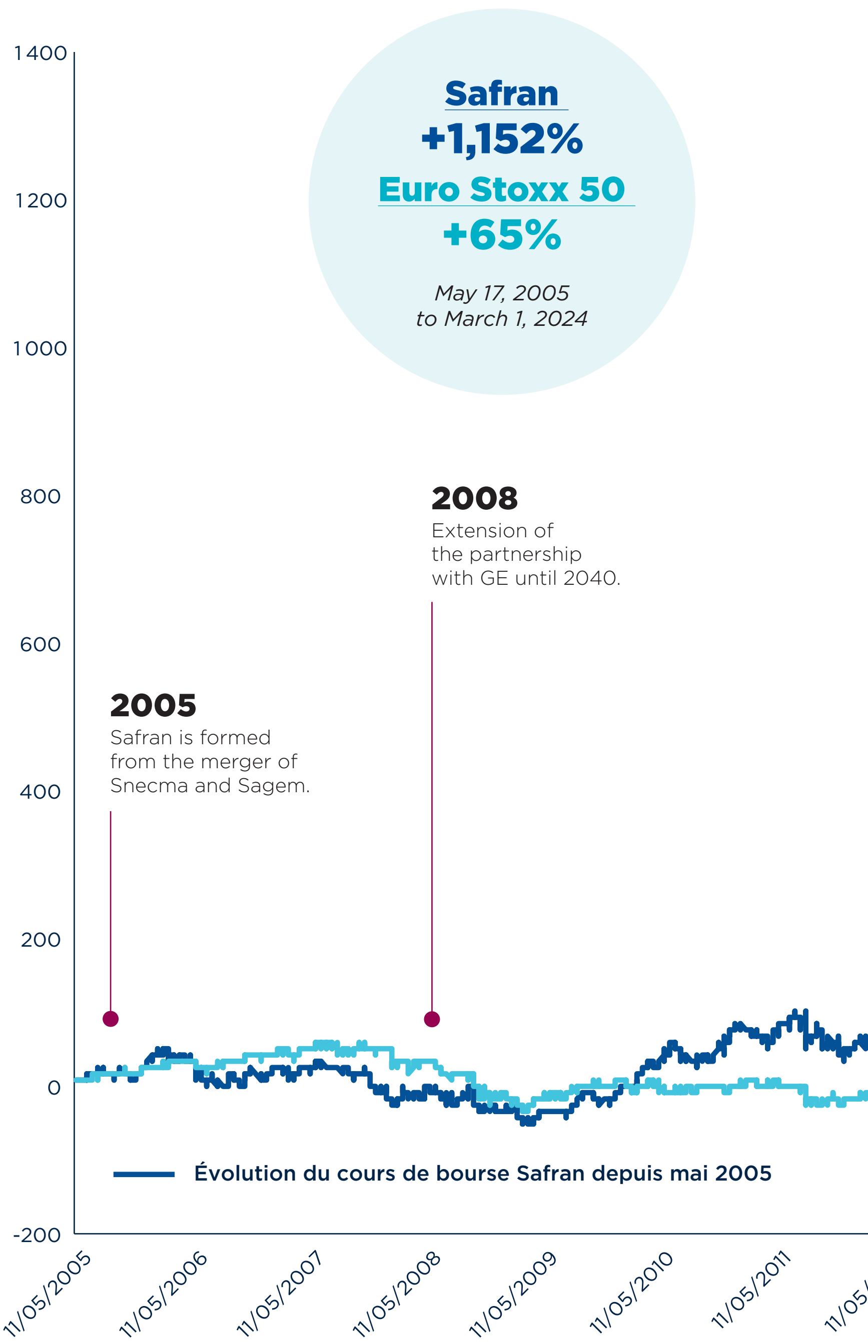
1945-2002
Several aerospace companies join Snecma: Hispano-Suiza, a specialist in power transmission for aircraft engines, followed by Messier-Hispano-Bugatti, a specialist in landing gear.

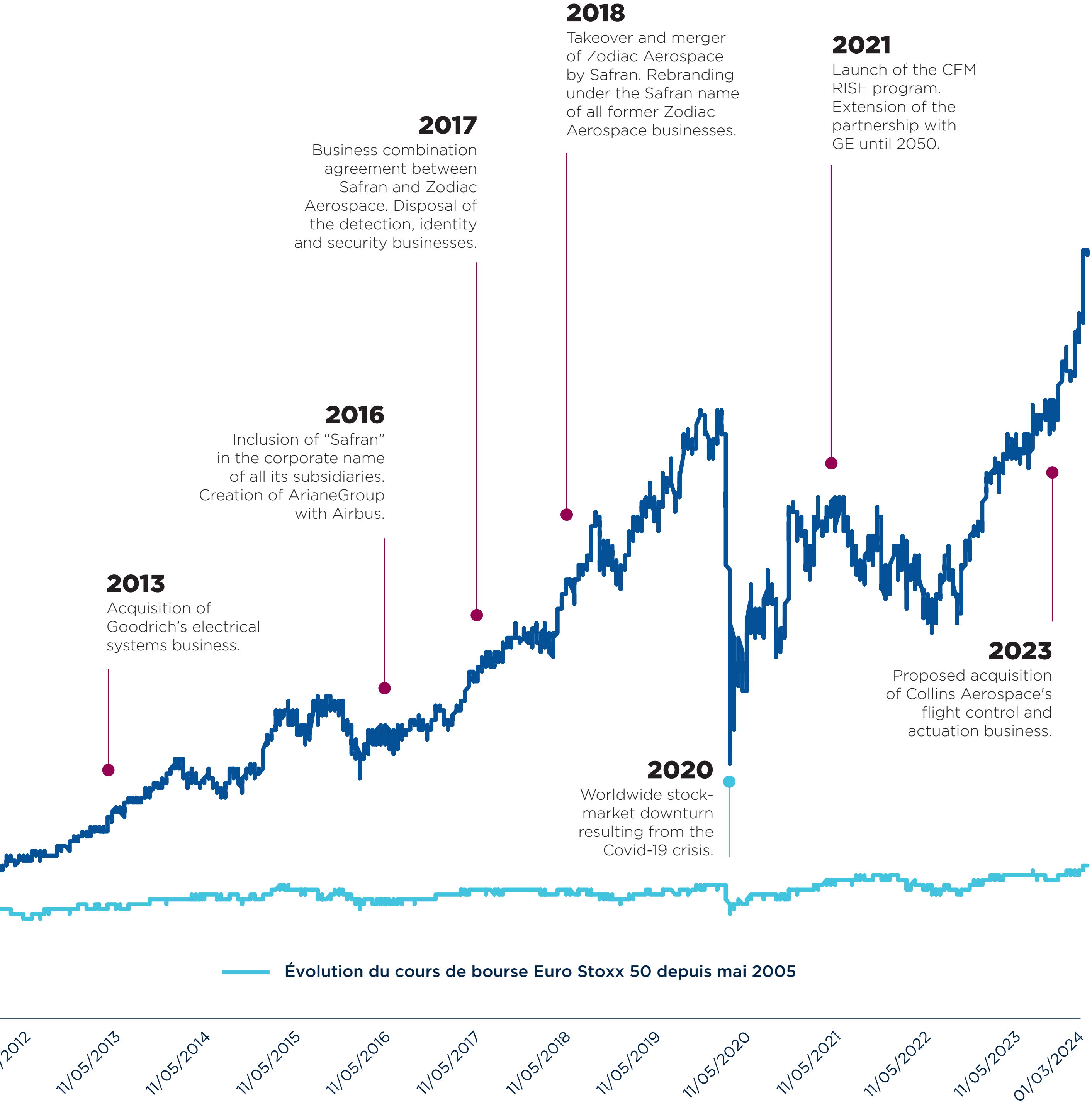
In 2000, wiring specialist Labinal and its helicopter engine manufacturer subsidiary Turbomeca join Snecma.

In 2002, nacelles specialist Hurel-Dubois joins Snecma.

1974
Snecma becomes a civil aircraft engine manufacturer through a cooperation agreement with GE for the manufacture of the CFM56 engine.

TRENDS IN THE SAFRAN SHARE PRICE AND THE EURO STOXX 50 INDEX (in %) (May 17, 2005 to March 1, 2024)




2018
Takeover and merger of Zodiac Aerospace by Safran. Rebranding under the Safran name of all former Zodiac Aerospace businesses.
2021
Launch of the CFM RISE program. Extension of the partnership with GE until 2050.
2017
Business combination agreement between Safran and Zodiac Aerospace. Disposal of the detection, identity and security businesses.
2016
Inclusion of "Safran" in the corporate name of all its subsidiaries. Creation of ArianeGroup with Airbus.
2013
Acquisition of Goodrich's electrical systems business.
2023
Proposed acquisition of Collins Aerospace's flight control and actuation business.
2020
Worldwide stock-market downturn resulting from the Covid-19 crisis.
Évolution du cours de bourse Euro Stoxx 50 depuis mai 2005
/2012
11/05/2013
11/05/2014
11/05/2015
11/05/2016
11/05/2017
11/05/2018
11/05/2019
11/05/2020
11/05/2021
11/05/2022
11/05/2023
01/03/2024

"Engage for the Future",
a CSR approach(1) rooted in a collectively defined ambition

DECARBONIZE AERONAUTICS

BE RECOGNIZED AS A LEADER IN THE DECARBONIZATION OF THE AVIATION SECTOR

1. Make carbon neutral aircraft the R&T priority

2. Reduce CO_2 emissions throughout our value chain

3. Involve employees in the reduction of their carbon footprint

2023 HIGHLIGHTS

- **34% reduction in Scope 1 and 2 CO_2 emissions** compared to 2018
- **Ongoing deployment of an internal ISO 50001-based energy management system**
- **Several solar power installations** commissioned to self-supply certain sites in France, Morocco, the United States and the United Kingdom
- **First flight of the EcoPulse** electric-hybrid aircraft demonstrator
- **Safran included in the CDP** (formerly Carbon Disclosure Project) *Climate A List*

BE AN EXEMPLARY EMPLOYER

BE CONSIDERED AS AN EMPLOYER OF CHOICE BY OUR EMPLOYEES AND THE TALENTS OF THE SECTOR

4. Accelerate training in the skills and professions of tomorrow

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

6. Encourage equal opportunities and promote diversity

2023 HIGHLIGHTS

- **More than 18,000 new permanent hires**
- Parenthood in the workplace agreement **signed** in France
- Health and Safety culture **perception survey** conducted in eight Group companies
- **Safran University campus opened in Casablanca,** Morocco
- **Three new units earn the Gender Equality European & International Standards label**

Sponsored at the highest level of the Company, Engage for the Future is an integral part of the Group's strategy, designed to combine profitability and social responsibility. Through its objectives and commitments and the related actions, Safran contributes to 13 of the 17 United Nations Sustainable Development Goals (SDGs). Progress on the deployment of the CSR roadmap and objectives across all companies and departments is monitored by the Group.

EMBODY RESPONSIBLE INDUSTRY

BE THE BENCHMARK IN OUR PRODUCTION METHODS AND THROUGHOUT OUR VALUE CHAIN

6 CLEAN WATER AND SANITATION · 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE · 12 RESPONSIBLE CONSUMPTION AND PRODUCTION · 15 LIFE ON LAND · 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

7. Uphold the highest standards of ethics

8. Strengthen responsible practices throughout the supply chain, and support our suppliers

9. Respect the environment and natural resources

2023 HIGHLIGHTS

- **ISO 37001 certification awarded to the anticorruption program in six Safran companies**(2)
- First **Decarbonization Challenge** organized with suppliers, along with a second *Safran Supplier Day*
- **Socially responsible purchasing process strengthened** with an expanded organization, increased training and more suppliers pledging to uphold the charter
- **Circular economy leadership unit** created in the Group Sustainable Development Department

AFFIRM OUR COMMITMENT TO CITIZENSHIP

GET INVOLVED WITH OUR LOCAL COMMUNITIES AND CONTRIBUTE TO THEIR DEVELOPMENT

4 QUALITY EDUCATION · 8 DECENT WORK AND ECONOMIC GROWTH · 17 PARTNERSHIPS FOR THE GOALS

10. Be at the forefront of innovation to protect citizens

11. Develop partnerships for training and research

12. Commitment to regions and their communities

2023 HIGHLIGHTS

- **More than 600 corporate citizenship initiatives** led around the world, including funding for emergency support in response to the earthquake in Morocco
- **Safran was the leading employer of doctoral students in France** from 2018 to 2023, under CIFRE industrial training-through-research agreements
- Safran **was France's leading applicant with French patent office INPI**
- **Framework agreement** signed with the Moroccan government to support and develop Morocco's aerospace industry ecosystem

(1) Corporate social responsibility.
(2) Safran SA, Safran Aerosystems, Safran Electrical & Power, Safran Landing Systems, Safran Seats and Safran Transmission Systems.

Committed employees

In response to climate change, digitalization, emerging societal expectations and other challenges that are transforming the aerospace industry, Safran is committed to doing its part to build a sustainable future by leading the transition to low-carbon aviation.
A vision of this scale can only be fulfilled by our diverse, highly talented employees, who are united by an unparalleled team spirit, a passion for overcoming obstacles and a desire to write a new chapter in the saga of flight.

NEARLY
92,000
EMPLOYEES AT END-2023

91%
of Group employees attended at least one training session in 2023

29%
of Group employees are women

A RECOGNIZED EMPLOYER BRAND
NO. 1
in the aerospace and defense industry in Time Magazine's World's Best Companies 2023 ranking

A HUMAN RESOURCES POLICY BASED ON FOUR COMMITMENTS

SAFRAN

FOSTERS DIVERSITY AND INCLUSION

ITS EMPLOYEES

MAKE A DIFFERENCE

SAFRAN

DEVELOPS SKILLS AND BUILDS OPPORTUNITIES

ITS EMPLOYEES

SHAPE THEIR OWN FUTURE

SAFRAN

ENSURES A HIGH-QUALITY WORK ENVIRONMENT

ITS EMPLOYEES

DARE TO TAKE ACTION AND INNOVATE

SAFRAN

ENCOURAGES COLLABORATION AND MUTUAL SUPPORT

ITS EMPLOYEES

ARE PART OF A TEAM

Strategy and business model

1. Airbus A330
2. Assembling the A320 main landing gear

SAFRAN'S BUSINESS MODEL

Resources

A PORTFOLIO OF ACTIVITIES ALIGNED WITH MARKET NEEDS

- 51% Aerospace Propulsion
- 38% Equipment & Defense
- 11% Aircraft Interiors

RELEVANT AND DIFFERENTIATING SOLUTIONS

- Leading patent applicant in France

A RESILIENT BUSINESS MODEL

- 50% aftermarket activities

AN AMBITIOUS CSR STRATEGY

- Decarbonize aeronautics
- Be an exemplary employer
- Embody responsible industry
- Affirm our commitment to citizenship

CLIMATE TARGETS VALIDATED BY THE SBTi

COMMITTED AND TALENTED EMPLOYEES

- Nearly 92,000 employees
- 31 training hours on average per year per employee

A SOLID FINANCIAL POSITION

Strategy

Ensuring flight safety, customer satisfaction and the well-being of its employees at work

STRATEGIC FOCUSES

Decarbonize its products and operations

Strengthen its role in sovereignty businesses

CUSTOMER SERVICES & PROXIMITY

AIRFRAMERS AND HELICOPTER MANUFACTURERS

DEFENSE (governments, armed forces and industrial groups)

AIRLINES, AIRCRAFT LESSORS AND OTHER OPERATORS

SPACE (institutional customers and satellite players)

ENGAGED SUPPLIERS

MAJOR ASSETS

Step up sustainable innovation

Strengthen operational excellence by leveraging digital technology and artificial intelligence

MACROTRENDS

Growth in air traffic

Value creation

Contribution to the UN SDGs

CUSTOMERS

- **€23.2 billion**
  (2023 revenue)
- Safe, reliable, available, efficient, innovative and competitive products and services

EMPLOYEES

- **€6.8 billion**
  (2023 personnel costs)
- Attractive working conditions and social model

SUPPLIERS

- **€14.1 billion**
  (2023 purchases)
- Sustainable Procurement and Supplier Relations Label

SHAREHOLDERS

- TSR(1) 2005-2023: **up 13.7%** a year
- 2023 dividend *(paid in 2024)*: **€2.20**/share*

GOVERNMENTS

- **€1.0 billion**
  (2023 taxes and income tax expense)
- The world's best technology serving national and European sovereignty and French nuclear deterrence

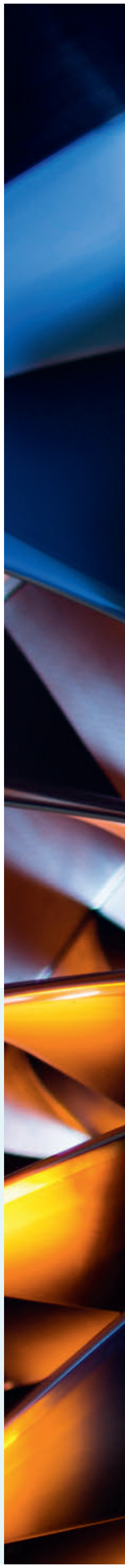
INVESTMENTS FOR FUTURE GROWTH

- **5%** of revenue invested in self-funded R&D in 2023
- **88%** of self-funded R&T expenses focused on environmental efficiency
- **€823 million** Capex (tangible assets)

* Subject to shareholder approval at the Annual General Meeting of May 23, 2024.

Decarbonization of aeronautics

Defense/sovereignty global dynamic



Main markets

The underlying air traffic fundamentals remain robust and should continue to drive significant sustainable growth in the global commercial aircraft fleet and in the aftermarket.

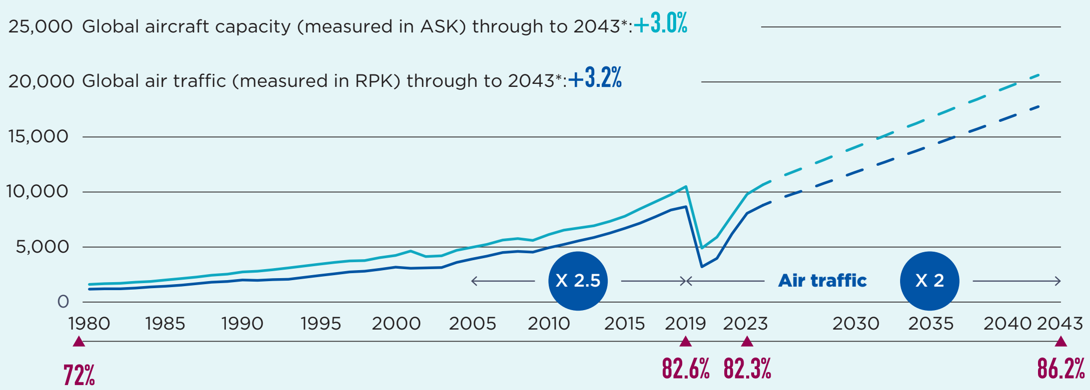
CIVIL AVIATION

IN 2023, SHORT- TO MEDIUM-HAUL AIR TRAFFIC EXCEEDED ITS 2019 LEVELS.
Traffic continued to improve steadily throughout the year in 2023, with short- and medium-haul traffic rising above its 2019 levels in the first quarter. By year-end, short- and medium-haul aircraft capacity, as measured in available seat kilometers (ASK), had reached 107% of its 2019 level from 88% at end-2022.
These trends were driven by the end of zero-Covid restrictions and the upturn in traffic in China, as well as the robust growth of domestic traffic in the United States.
The lifting of health restrictions also fueled significant growth in business in the long-haul aircraft segment, which boosted ASK to 91% of its 2019 level at end-2023 from 75% a year earlier. The gains were dampened by the more gradual recovery in Asia-Pacific traffic, particularly outbound China, which ended the year at only 58% of its 2019 level.

Safran expects long-haul traffic to return to 2019 levels by the end of 2024. Aircraft retirements from existing fleets remain close to pre-Covid levels, at a time of uncertainty surrounding the volume of new aircraft deliveries.
Throughout 2023, proposed airline mergers encountered heightened scrutiny from competition authorities in the United States, Europe and China.
Aircraft leasing companies are pursuing and expanding their role as a source of aircraft financing for airlines. They account for a growing proportion of total airframer orders, with more than 50% of delivered short- and medium-haul civil aircraft financed by leasing companies.
Airframers, who adjusted their output in response to the Covid-19 crisis, are continuing to ramp up production rates, especially for short- and medium-haul aircraft, while facing difficulties across the supply chain.

COMMERCIAL AVIATION, GLOBAL PROJECTIONS

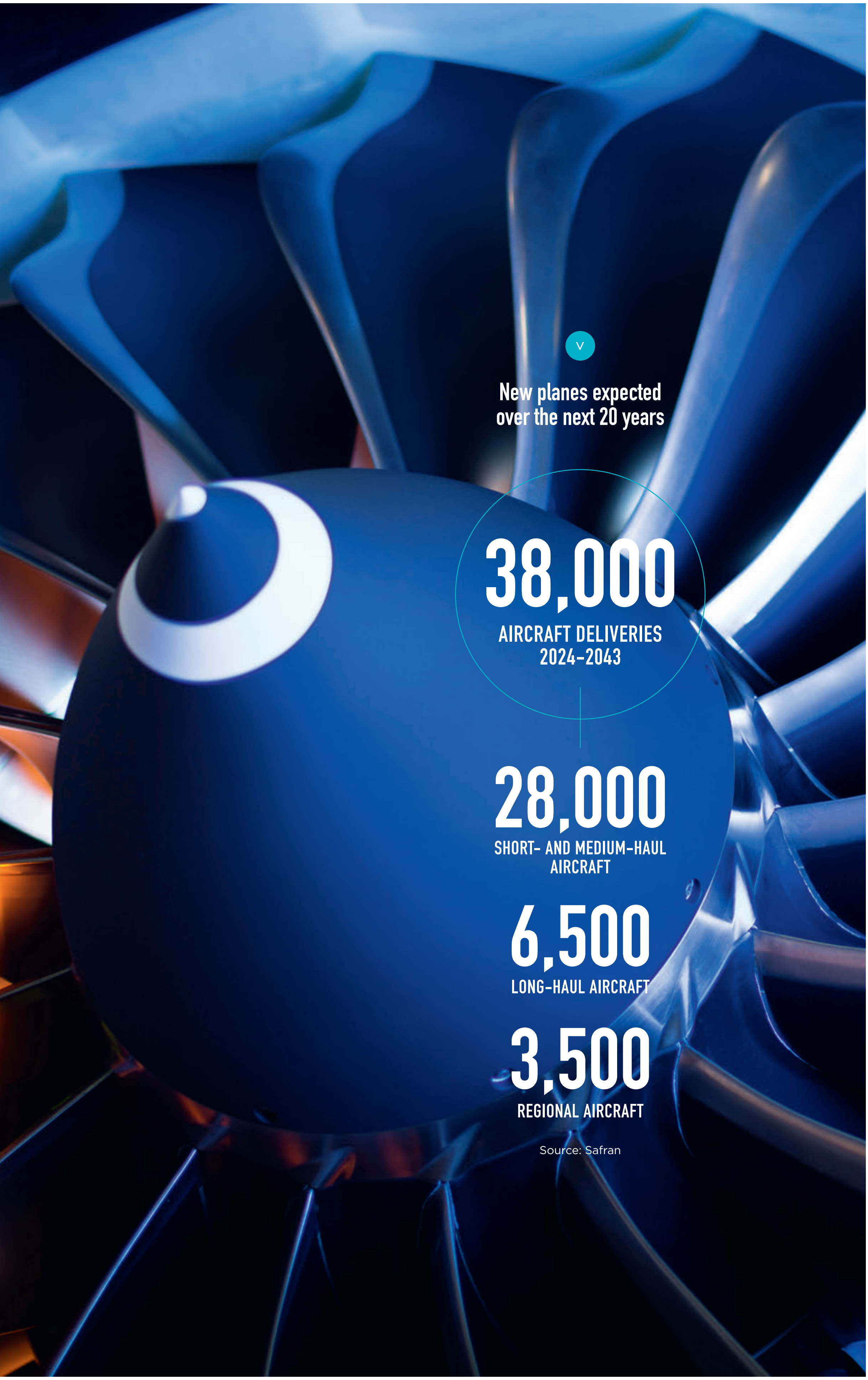
The long-term growth outlook remains strong.



- Global aircraft capacity (ASK)
- Global air traffic (RPK)
- Load factor

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

* Annual growth (reference year: 2019). Source: Safran.


New planes expected over the next 20 years
38,000
AIRCRAFT DELIVERIES 2024-2043
28,000
SHORT- AND MEDIUM-HAUL AIRCRAFT
6,500
LONG-HAUL AIRCRAFT
3,500
REGIONAL AIRCRAFT
Source: Safran

CIVIL AVIATION
Focus on CFM56/LEAP engines

CFM International (a 50-50 joint venture between Safran and GE) is a leading supplier for Airbus A320ceo and A320neo and Boeing 737 NG and 737 MAX, boasting 50 years of commercial success.

LONG-TERM PROSPECTS

The aerospace propulsion business generates significant aftermarket business, 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.

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

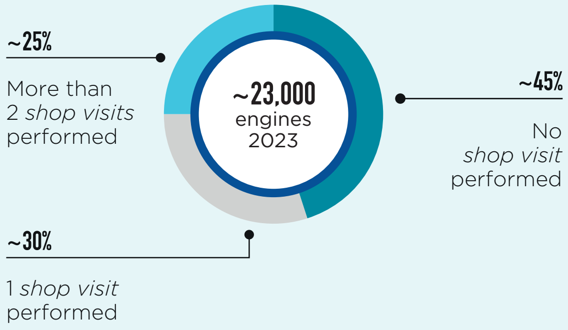
CIVIL AFTERMARKET TRENDS(1)
Year-on-year growth

(1) 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.

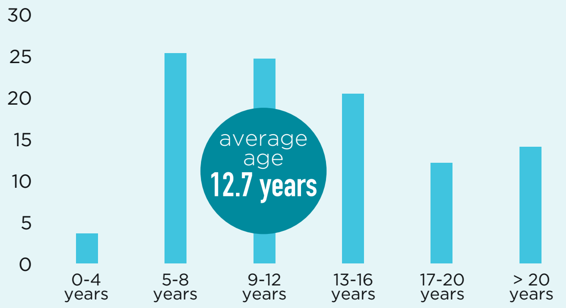
A LARGE CFM56 FLEET IN SERVICE

With an in-operation base[(1)] of around 31,800 engines at the end of 2023 (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.

CFM56 (-5B/-7B) FLEET BY NUMBER OF SHOP VISITS PERFORMED



CFM56 (-5B/-7B) FLEET BY AGE



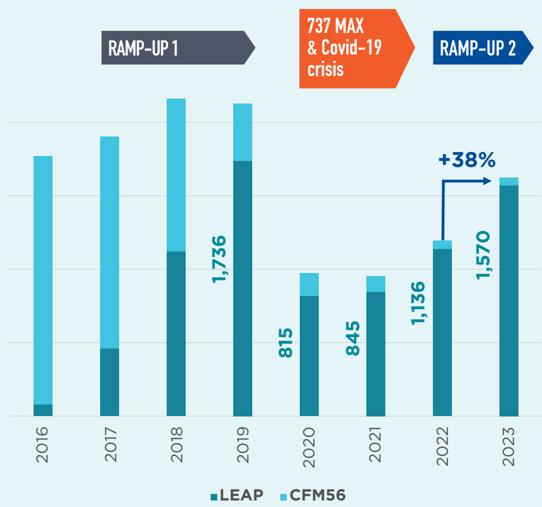
LEAP, FOLLOWING THROUGH ON THE CFM56 SUCCESS STORY

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)] of more than 10,000 units at the end of 2023.
It has been selected for three aircraft:

- LEAP-1A for the Airbus A320neo, which entered into service in August 2016 (62% of firm orders at December 31, 2023);
- LEAP-1B for the Boeing 737 MAX, which entered into service in May 2017[(3)] (sole source);
- LEAP-1C for the COMAC C919 (exclusive Western source).

Safran is ready for another LEAP production ramp-up and expects deliveries to increase by 20% to 25% year-on-year in 2024.
A supply chain risk management system has been deployed, with a particular focus on raw materials procurement and forging and casting activities.

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) Boeing 737 MAX grounded from March 2019. Return to service authorized by US certification agency in November 2020 and Canadian and European agencies in January 2021. Resumption of flights by Chinese airlines in early 2023.

DEFENSE AND SPACE

2023 BROUGHT SHARP INCREASES IN DEFENSE AND SPACE BUDGETS IN EUROPE AND INTERNATIONALLY, AGAINST THE BACKDROP OF ARMED CONFLICTS AND GLOBAL GEOPOLITICAL TENSIONS. The United States, with already the world's largest defense budget, announced a further 10% increase for 2024, to nearly USD 880 billion. Almost all the continental European countries increased their budgets in 2023, sometimes significantly as in Germany and Poland. In France, the Military Planning Law passed in July 2023 allocated a defense budget of more than €400 billion for the 2024-2030 period. In this context, defense activities enjoyed robust demand, with, in particular, new orders for 42 Rafale fighters for France and 18 for Indonesia during the year. For the European defense programs, 2023 was a year of consolidation, with confirmation of the French order for six Eurodrone systems and the actual launch of development work of the future combat air system (FCAS), following the award of the contract for the Demonstrator Phase 1B in late 2022.

We also observed substantial growth in the space sector, with budget increases, ambitious projects and many new players. During the year, Europe further raised its space ambitions, with the EU endorsing its first Space Strategy for Security and Defense and promising a European Space Law in 2024. In addition, the European Infrastructure for Resilience and Secure Interconnection by Satellite (IRIS^2) project was launched to put a third satellite constellation in orbit, alongside the EU's Copernicus Earth observation and Galileo positioning and navigation programs. In the launcher segment, following the success of Ariane 6's long-duration hot fire test, the European Space Agency announced Ariane 6's inaugural flight between mid-June and late July 2024. The year also saw the start-up of a number of national micro- and mini-launcher initiatives, such as France's MaiaSpace, a new subsidiary of ArianeGroup. In November, the Space Summit 2023 marked a paradigm shift in European launcher policy, with the announcement that future launchers would be open to market competition and that Avio would operate and commercialize its Vega-C launchers on its own. The same summit announced annual funding for the operation of Ariane 6 and Vega-C for at least three years from 2026.

These initiatives should enable Europe to maintain its sovereignty in space.

BUSINESS JETS* AND HELICOPTERS

DESPITE SUSTAINED DEMAND FOR NEW BUSINESS JETS AND A DEEP AIRFRAMER BACKLOG, BUSINESS JET DELIVERIES IN 2023 WERE FLAT YEAR-ON-YEAR AND EVEN LOWER THAN IN 2019, primarily due to persistently tight supply chains and delays in certifying new models under development. Only the Dassault Falcon 6X entered service in 2023, while deliveries of the Gulfstream G700 are scheduled to begin in 2024. At the end of 2023, there were around 23,000 business jets in service.

The helicopter market continued to recover during the year, with new-build deliveries exceeding pre-Covid levels despite ongoing tensions in the supply chain. Order intake was also ahead of pre-Covid levels, except for light helicopters, whose sales are suffering from inflation and reduced access to financing. The global helicopter fleet now numbers some 53,000 units. Helicopters continued to be used for military, medical and public service missions in 2023, to an even greater extent than in the pre-Covid period.

* Business aircraft fitted with turbojet engines.

The challenges of the aerospace industry

The air transport sector was among the hardest hit by the Covid-19 crisis. New aircraft order intake surged to record highs in 2023, but supply chain bottlenecks impacting the entire industry held back growth in production and deliveries. However, the industry also demonstrated a strong capacity for adaptation and resilience, increasing confidence in the prospects for a lasting recovery in growth. All this means that Safran operates in a favorable but still fast-changing market landscape, with tightening environmental regulations.

SUPPLY-CHAIN TENSIONS

In 2023, the global aerospace supply chain was once again impacted by severe tensions. Suppliers and subcontractors are having to contend with a variety of capacity-related and geopolitical crises. After a steep falloff in demand during the Covid-19 crisis, they are now struggling to hire and invest, which is disrupting airframers' plans to ramp up production and poses a major challenge for the entire industry.

GEOPOLITICAL RISKS

The air travel and aerospace industry are subject to a variety of geopolitical and business tensions that can hinder international trade, disrupt supply chains and close airspace to commercial air traffic. Such tensions heightened considerably in 2023 and conflicts became more prevalent, with the ongoing war in Ukraine and the eruption of a new conflict in the Middle East.
International sanctions against Russia led, in particular, to the termination of in-service support for the fleet of US and European-built aircraft in Russia. With regard to Safran products and services, the Group diligently complies with the sanctions in force and takes every possible measure to prevent third parties from circumventing them.
Heightened geopolitical tensions have prompted a toughening in defense policies and increases in defense budgets around the world, for example in Germany, France, Poland, the United Kingdom and other European countries, India and the United States.

ENVIRONMENTAL CHALLENGES

In 2023, the world continued to **respond and adapt to climate change**. The latest reports of the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA) have confirmed the need for rapid and large-scale reductions in CO_2 emissions (aiming for neutrality by 2050), emphasizing the need to reason in terms of overall emissions not to be exceeded if the Paris Agreement global warming objectives are to be met.

The entire air transport sector, including Safran, has accordingly committed – through the Air Transport Action Group (ATAG) – to achieving carbon neutrality by 2050. In recent years, the scientific community and aerospace companies, including Safran, have also stepped up their efforts to better understand and more accurately quantify non-CO_2 effects, such as persistent contrails, and their potential impact on climate change.

TECHNOLOGICAL DISRUPTIONS 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 through engine improvements. Civil aviation, which brings people together, is one of the world's safest means of transport today.
To tackle climate change, further improve safety performance and enable everyone to travel, disruptive innovations are being developed for forthcoming platforms. These include digital technologies, connectivity, autonomy, extended application of onboard electrical energy, hybrid and/or electric propulsion, distributed propulsion, new metal, composite and ceramic materials, artificial intelligence and sustainable fuels, such as biofuels and e-fuels, to replace fossil-derived aviation fuel. Such innovations are supporting the development of new aircraft architectures, new technologies, and new ways of manufacturing and maintaining aircraft in service. They also address the needs of new players and use cases, such as new urban mobility solutions.
All of this work and these innovations are paving the way for the next generation of aircraft platforms, which will have to make a breakthrough in performance if the industry is to meet its commitment to carbon-neutral aviation in 2050.

STRONGER ROLE OF NATIONAL AUTHORITIES

Although air transport remains 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 interactions between certification authorities, delegated organizations and airframers were once again called into question. Changes in aviation safety requirements – and thereby in certification processes for our products – have been introduced, a fundamental challenge shared by all Safran companies.
That aside, national authorities are playing a broader role in the aviation industry, in such areas as certification rules and standards, airline support programs and regulations encouraging industry decarbonization.

Safran's ambitions

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.

MAIN ASSUMPTIONS FOR THE 2024 OUTLOOK

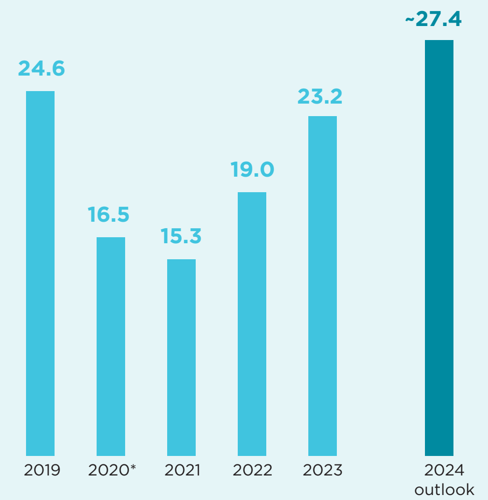
- LEAP engine deliveries: up by 20-25%;
- Civil aftermarket revenue (in USD): up by around 20%;

The main risk factor remains the supply chain production capabilities.

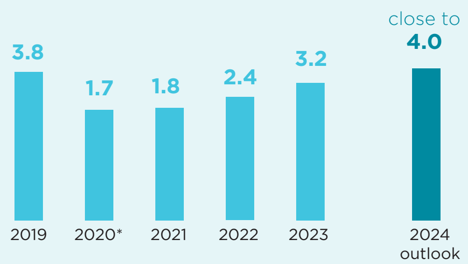
OUTLOOK 2024

(at constant scope of consolidation; EUR/USD spot rate of 1.10, hedge rate of 1.12)

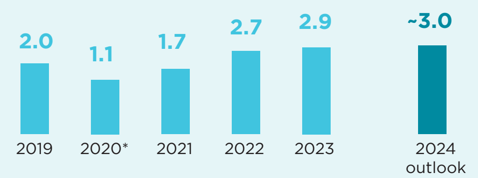
REVENUE
(in € billions)



RECURRING OPERATING INCOME
(in € billions)



FREE CASH FLOW
(in € billions)



* In the context of the Covid-19 pandemic, an unprecedented crisis for the aerospace industry.
** Safran is present in all engine components and all segments of the propulsion market.

V

A CLEAR ROADMAP

AEROSPACE PROPULSION

- Be at the forefront for 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**.

EQUIPMENT & DEFENSE

- Prepare technologies and materials for greener, lighter aircraft.
- Leverage our strengths to grow organically and further expand our portfolio, focusing on critical equipment.
- Be the leader in electrical & hybrid propulsion for regional aircraft and new air mobility solutions.
- Capitalize on global sovereignty dynamics.
- Enable competitive access to space and provide associated services.

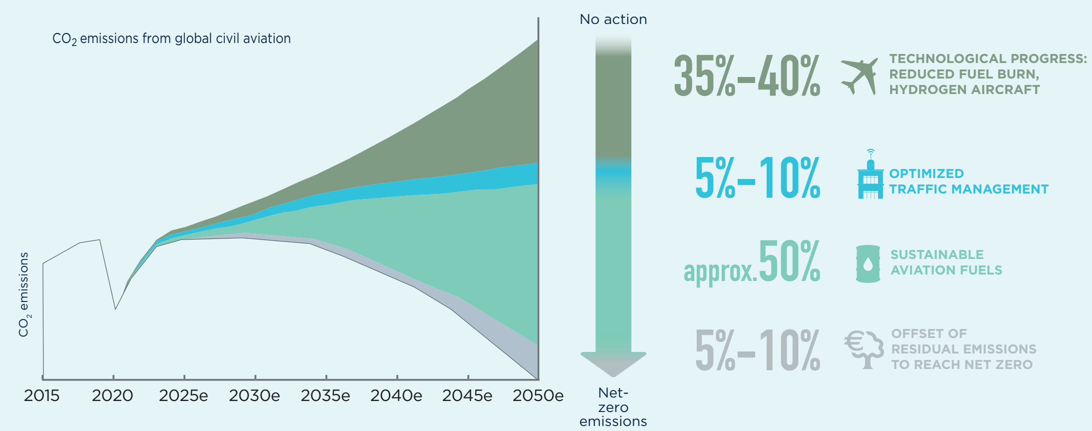
AIRCRAFT INTERIORS

- Propose and provide unequalled solutions in passenger experience.
- Achieve double-digit profitability.
- Provide lighter and recyclable materials for a more sustainable experience.

Decarbonize its products and operations

Safran's climate change strategy is aligned with the aviation sector's roadmap targeting net-zero emissions by 2050, as adopted by the International Civil Aviation Organization (ICAO) in 2022. With its strategic position in a wide range of aerosystems, including all of an aircraft's energy systems, the Group is a core provider of technological solutions to decarbonize aviation.

AN AMBITIOUS COMMITMENT FOR THE AVIATION SECTOR



Civil aircraft in operation accounted for 2.5% of total CO_2 emissions from human activities in 2019[(1)], plus additional climate change impacts from emissions other than CO_2[(2)].
Because of the significant expansion expected in air transport in the long term, the necessary transition to sustainable aviation is an absolute priority for Safran.

CLIMATE CHANGE: RISKS AND INNOVATION CHALLENGES

The transition to low-carbon aviation requires innovation to develop lighter, more efficient products, which open up new opportunities for Safran.

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

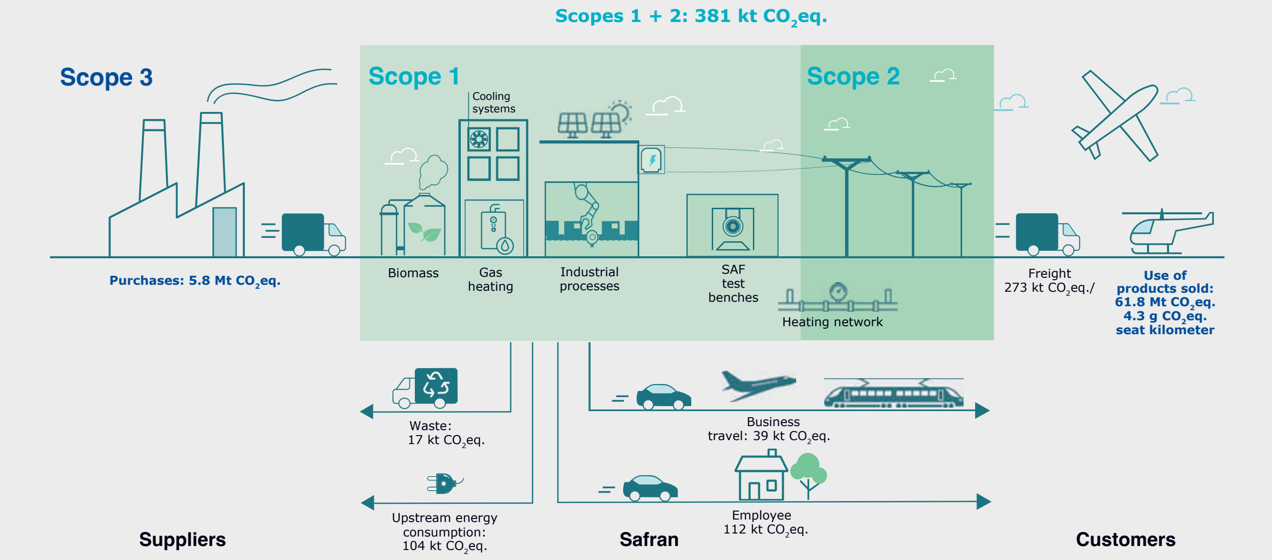
- physical risks concerning the impact of weather and climate phenomena on the Group's operations; and
- transition risks resulting from the shift to a carbon-free economy and aviation industry.

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

SAFRAN'S CLIMATE STRATEGY

Safran intends to lead the way in the decarbonization of the aviation sector, through a climate strategy with two focuses:
- reducing emissions from operations, including upstream supplier operations;
- reducing emissions from the use of its products.

USE OF SAFRAN PRODUCTS PREPONDERANT IN THE OVERALL CARBON FOOTPRINT (2023 data)(1)



	GREENHOUSE GAS EMISSIONS TARGETS
Scopes 1 & 2*	**30% reduction by 2025 and 50.4% reduction by 2030 vs. 2018**, in line with a 1.5°C scenario
Scope 3** Use of products sold	**42.5%** reduction in Scope 3 Emissions from product use per seat kilometer **by 2035 vs. 2018***** 75% of self-funded R&T expenses focused on the environmental performance of products
Scope 3** Purchases of goods and services	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	**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.
*** The target covers both emissions directly related to product use and emissions indirectly related to product use.

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

In October 2022, all world governments, through the ICAO, took up the **objective of net-zero carbon emissions by 2050** for the aviation industry.
Ambitious and feasible, this commitment seeks to associate the industry in 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.
Global adoption of the objective will mobilize engagement across all public and private players, whose collective commitment is essential to the success of the sector's decarbonization endeavor.

DECARBONIZATION OBJECTIVES ALIGNED WITH THE PARIS AGREEMENT

In January 2023, the Science-Based Targets initiative (SBTi) validated Safran's greenhouse gas emissions reduction targets.
Safran is one of the first aerospace companies in the world to obtain SBTi validation, certifying that its emission reduction targets are compatible with meeting the objectives of the Paris Agreement.
Its greenhouse gas emissions reduction targets, validated by the SBTi, cover direct (Scope 1) and indirect (Scope 2) emissions from the energy consumption of the Group's operations, as well as emissions related to the use of its products (Scope 3).

GOVERNANCE ADAPTED TO CHALLENGES

In 2023, the Climate Department was transferred to the new Group Sustainable Development Department, represented on the Executive Committee, to increase its visibility and ensure that sustainability issues are addressed in the Group's decisions. In addition, a Climate Steering Committee is chaired by the Chief Executive Officer and the Board of Directors has set up an Innovation, Technology & Climate Committee to review, examine and issue recommendations concerning Executive Management's proposed strategy.

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

DECARBONIZING ITS PRODUCTS

Safran has determined that its major priority is to reduce carbon emissions from the use of its products, i.e. its indirect Scope 3 emissions as defined in the GHG Protocol[1]. This is why in 2023, the Group dedicated 88% of its self-funded research and technology spend to improving the environmental performance of its products.

INNOVATION FOCUSED ON DECARBONIZING AVIATION

	TECHNOLOGY ROADMAP	ACHIEVEMENTS IN 2023
Future ultra-efficient short- and medium-haul aircraft for 2035 1 	• Ultra-efficient propulsion (20% more efficient than the LEAP engine)	• Extensive technology testing as part of the CFM RISE open-fan technology development program, including the launch of wind tunnel tests at ONERA on a reduced-scale open-fan demonstrator. • Coordination of the *Open Fan for Environmental Low Impact of Aviation* (OFELIA) demonstration program with European partners as part of Clean Aviation
	• Lightweight design (additive manufacturing, new materials)	• Ongoing programs to lighten aircraft interiors • Optimization of the eTAXI system's architecture and streamlining of its structure
Extensive use of sustainable aviation fuels (SAF)[2] 2 	• Future engines compatible with 100% drop-in[3] SAF (biofuels, synthetic fuels)	• 20 test flights on a 100% SAF-fueled A321 neo/LEAP-1A • Investment in Avnos, an American start-up specializing in direct air capture (DAC) of CO_2 and in the United Airlines Ventures Sustainable Flight Fund, which is dedicated to technological building blocks for SAF projects • Re-election of Safran as Chair of the Aviation Chamber of the European Renewable and Low-Carbon Fuels Value Chain Industrial Alliance
	• Work on the hydrogen propulsion chain	• Test of the first hydrogen turboprop for light aircraft as part of the BeautHyFuel project
Electric/hybrid propulsion for short-range travel 3 	• More efficient electric motors	• Electric propulsion partnerships with Aura Aero, Archer, Voltaero and Electra • EASA Design Organisation Approval (DOA) awarded for the ENGINeUS™ electric motor
	• Integrated management of electric/hybrid systems	• Inaugural hybrid flight of the EcoPulse demonstrator, fitted with a distributed electric propulsion system.

(1) Greenhouse Gas Protocol.
(2) Sustainable aviation fuel.
(3) 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 PREPARE TECHNOLOGIES FOR THE DEVELOPMENT OF NEW ULTRA-FUEL EFFICIENT, CARBON NEUTRAL-COMPATIBLE AIRCRAFT BY 2035

As part of the transition to carbon neutrality, Safran is developing technologies that drive a clear reduction in energy consumption when its products are used. This is the aim of the Revolutionary Innovation for Sustainable Engines (RISE) technology development program, led by Safran and its partner GE Aerospace, which is preparing the next generation of engines for short- and medium-haul aircraft. **Safran's objective is to achieve a breakthrough in efficiency by developing an engine that delivers a reduction of over 20% in fuel consumption compared with the LEAP engine** (which is itself 15% more efficient than the CFM56, the previous generation engine). Future engines and equipment developed as part of the RISE program will also be fully SAF-compatible. Safran is also contributing to improving the efficiency of future aircraft through its activities in the fields of equipment, cabin interiors and seats. Several key areas for progress have been identified, such as reducing the weight of cabins by using new materials and improving the energy efficiency of non-propulsion equipment by gradually electrifying it.

2 ENABLE EXTENSIVE USE OF SUSTAINABLE AVIATION FUELS

As a supplier of engines and fuel system equipment, **Safran is working on removing the technical obstacles to enable 100% incorporation of drop-in** sustainable fuel with future 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. Besides the aircraft themselves, sustainable fuel development (currently more expensive than kerosene) requires public policies to boost investment in the production processes. Safran actively supports the development of a fuel production value chain. In 2023, for example, Ineratec, the Group's investee start-up in Germany, pursued its expansion with the groundbreaking of its production unit in Frankfurt. 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 ArianeGroup. This approach, while more boldly cutting carbon emissions, poses major technical challenges and requires both upgrades to airport infrastructure and radical innovations in liquid hydrogen storage and the fuel circuit.

3 ELECTRIC AND HYBRID PROPULSION: A SOLUTION FOR SHORT DISTANCES

The short- and medium-term outlook for developments in battery energy density means electric and highly hybrid propulsion will be limited to short-distance flights in low-capacity aircraft: training aircraft, small shuttles, regional aircraft (in the medium term), and new VTOL[(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's expertise across the energy chain and close collaboration with innovative battery producers have made it the unrivaled leader in hybrid and all-electric architectures.** In 2023, the Group delivered a number of advances in this area, in particular by contributing to the first flight of the hybrid EcoPulse demonstrator, which uses a distributed electric propulsion system. Safran has also established partnerships with players such as Aura Aero, Archer, Voltaero and Electra in the field of electric propulsion. A major milestone has also been achieved with the European Aviation Safety Agency (EASA) Design Organization Approval (DOA) for its ENGINeUS™ electric motor, an essential step towards engine certification.

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

DECARBONIZING ITS OPERATIONS

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

- reducing site energy consumption, including a Group-wide phase-in of an energy management system based on the ISO 50001 standard;
- replacing natural gas-fired boilers with heating networks, electrifying heat generation and recovering waste heat;
- self-supplying power from on-site facilities. In 2023, Safran commissioned several solar power installations to self-supply sites in France, Morocco, the United States and the United Kingdom;
- purchasing electricity from low-carbon sources. In 2023, Safran signed a power purchase agreement (PPA) in Poland that will supply 80% of its needs in the country. Safran has also signed a virtual power purchase agreement (VPPA) for the purchased supply of electricity from a solar power plant in the United States, which will cover all the needs of the US-based facilities starting in 2026.
- blending up to an average of 20% sustainable fuels in the aviation fuel used for aircraft and helicopter engine test benches.

The energy efficiency plan launched in 2022 enabled Safran to reduce energy consumption at its European sites by 21% in 2023.

Safran is also working to reduce indirect emissions related to its operations (Scope 3). In 2023, Safran pursued its objective of getting its 400 most emissions-intensive suppliers involved, by 2025, in action plans consistent with the Paris Agreement, based on a maturity matrix similar to the one used by the CDP. The Group also applies its internal carbon price in assessing supplier tenders.

SOLAR POWER GENERATION FOR SAFRAN SITES

In late 2023, Safran commissioned the solar power plant at its site in Le Havre, France. The plant is one of the largest self-supply PV arrays in a manufacturing facility in France. A total of 5.4 GWh a year will be self-supplied to the site, covering more than 25% of its needs.

Strengthen its role in sovereignty businesses

Sovereignty is fundamental to Safran's corporate mission and business model.

BE AT THE FOREFRONT OF INNOVATION TO PROTECT CITIZENS

Sovereignty is the capacity to guarantee the autonomy of a state's decisions and actions, so as to ensure its internal and external security and independence. Beyond this geopolitical vision, it is also the ability to pioneer innovation and to guarantee security of supply, freedom of use and freedom to trade with strategic allies. It is therefore underpinned by advanced and resilient industrial capacity that is mature and well managed, together with a strong base of innovative technologies that Safran is supporting through its defense and space activities. More broadly, for Safran, sovereignty also extends to security and continuity across all its businesses, from engineering and production to the supply chain and support services. As a result, for Safran, sovereignty activities are an important factor in its social responsibility commitment to protecting citizens.

SOVEREIGNTY, AN INTEGRAL ELEMENT OF SAFRAN'S BUSINESS MODEL

Safran's sovereignty businesses contribute to the Group's economic performance. They help to ensure long-term viability of the Group's technical and industrial skills, so that we can continue to prepare for the future in both military and civil markets. Safran's sovereignty businesses are therefore developed with a view to enriching its 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 activities, which is characteristic of the sector, is shared with most of the Group's competitors, and is a key factor in competitiveness. Amid persistent tensions in the international landscape, several countries have increased their defense budgets, creating opportunities for players in the defense sector to offer sustained support through contributions to national defense and partnerships.

DEFENSE REVENUE*

~€4bn

18% OF GROUP REVENUE IN 2023

Safran is a responsible player in a highly regulated defense industry.

REGULATIONS/ EXPORT CONTROL

STRICT COMPLIANCE

Safran complies with all the international treaties and instruments to which France is a party, with all other applicable international provisions, such as United Nations Security Council resolutions and European regulations, and with national laws and regulations. Safran has put disciplined procedures and checks in place to ensure the compliance of all the activities of its member companies.

* Engines and equipment for military aircraft and helicopters and the defense activities of the Equipment & Defense division. Excluding ArianeGroup, its 50-50 joint venture with Airbus, of which Safran consolidates 50% of the net profit in its recurring operating income and receives dividends in proportion to its interest.

FUTURE COMBAT AIR SYSTEM (FCAS)

In late 2022, the French, German and Spanish governments awarded EUMET (a 50-50 joint venture created in 2021 between Safran Aircraft Engines and MTU Aero Engines), Dassault Aviation, Airbus Defense & Space and Indra the contract for Phase 1B technological and design work on the Future Combat Air System (FCAS). In particular, the contract, which runs through mid-2026, covers the Next Generation Fighter (NGF) engine, a core FCAS component being developed in cooperation with industrial partners MTU Aero Engines and ITP Aero, with Safran responsible for design, integration and the hot parts. In June 2023, Belgium announced that it would join the FCAS program with observer status.

> ### FRENCH NUCLEAR DETERRENCE
>
> Through ArianeGroup, its 50-50 joint venture with Airbus, in particular, Safran contributes to France's nuclear deterrent, with responsibility for the Strategic Ocean Force's M51 submarine-launched ballistic missile program. The M51.3 variant, which will equip France's SNLE nuclear-powered ballistic missile submarines, was successfully test-fired for the first time in November 2023. France's strictly defensive strategy is aimed at deterring any aggressor from seeking to harm the country's vital interests. Safran and ArianeGroup do not manufacture nuclear warheads for M51 missiles.

SAFRAN'S SOVEREIGNTY AREAS

First and foremost, Safran helps to ensure France's military and space sovereignty through developments in such areas as inertial navigation, optronics, plasma thrusters, drones, tactical and cruise missile propulsion systems, combatant systems, space surveillance and launch vehicles (through its 50% stake in ArianeGroup). Safran supplies many of the Rafale's essential components, including engines, landing gears and brakes and electrical, fuel, hydraulic and navigation systems. Safran is the prime contractor for the Patroller multimission tactical drone, designed for homeland security and maritime surveillance missions.

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, the A330MRTT, Ariane 6 and the Future Combat Air System (FCAS) engine. It is also involved in the engine for the European Next Generation Rotorcraft Technology (ENGRT) helicopter. Safran has been selected to supply the complete landing gear, wheels and brake system, and airborne optronic system for the medium altitude long endurance (MALE) Eurodrone and to develop the engine for the Franco-British (Future Cruise/Anti-Ship Weapon (FC/ASW) project.

In helicopters, Safran supplies engines for a number of French and European platforms from Airbus (Tiger, H160 and NH90) and Leonardo, as well as flight control, navigation, detection and optronic surveillance systems, wiring and hydraulics. Safran participates in the European Commission's defense initiatives, primarily through calls for projects by the European Defense Fund (EDF).

Safran supplies sovereignty building blocks to non-European nations, meticulously selected in accordance with their compliance commitments and with approval from the national authorities. For example, Safran contributes to major systems on several Boeing platforms, such as F18 and V22 landing gear, F15 electrical wiring, C17 wheels and brakes, the P8 Poseidon engine (through the CFM joint venture) and Chinook electrical systems. It also supplies the landing gear system for the Bell V-280 Valor. Safran is also a long-standing partner of the Indian armed forces.

The Group is also a leader in high-performance space optics through its subsidiary Safran Reosc. Safran produces the disruptive new plasma thruster technology for several European satellites, as well as the new generation of electric satellites for Boeing. Lastly, Safran leads the way in satellite detection and tracking systems through its subsidiary Safran Data Systems.

Step up sustainable innovation

In a rapidly shifting landscape, Safran places a premium on mastering disruptive innovation and technological excellence to give its customers a decisive edge.

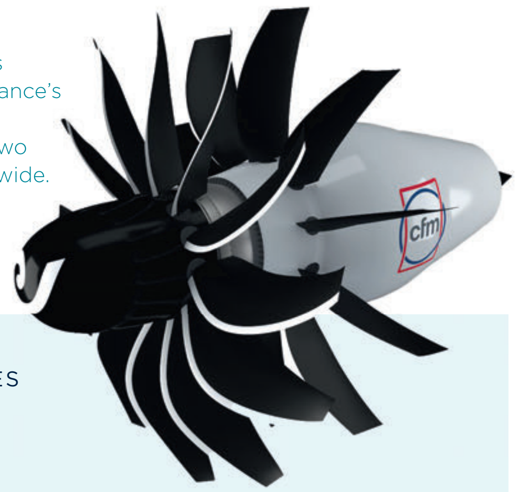
The competitive performance of Safran's products depends largely on the Group's innovation capabilities, especially in the technological field. Its capabilities for breakthrough technological innovation are demonstrated across a breadth of products such as composite 3D-woven fan blades, hemispheric resonator gyros, and the LiSafe™ full optical fuel gage.

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 Safran's strategy, as it pushes ahead with efforts on differentiating the Group through innovation.

With more than 1,300 inventions patented in 2023, Safran was France's leading applicant with French patent office INPI and number two in the aerospace industry worldwide.

More than 15,000 inventions are covered by more than 51,500 industrial property titles.

Safran has further demonstrated the effectiveness of its robust industrial property policy, which protects its product strategy with diligent application from the earliest upstream R&T phases and subsequent careful tracking of possible infringements.



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 more than 75% of its self-funded R&T expenses on decarbonizing air transport. Its work chiefly concerns propulsion, electrification, lightweight equipment and sustainable fuels.

The CFM RISE technology program, for example, is developing an engine that is 20% more fuel-efficient than the LEAP and fully compatible with sustainable fuels or hydrogen. The combination of these two advances will enable an equipped aircraft to cut its carbon emissions by more than 80%.

TECHNOLOGICAL MATURITY > GROUND AND FLIGHT TESTS > ENTRY INTO SERVICE BY THE MIDDLE OF THE NEXT DECADE

CFM RISE PROGRAM

(launched in mid-2021 with our partner GE)

A breakthrough innovation for sustainable engines, targeting a 20% reduction (versus the LEAP engine) in CO_2 emissions

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

V

ULTIMATELY

25%

OF SAFRAN'S ENGINE PARTS COULD BE MADE USING ADDITIVE MANUFACTURING

HIGH-PERFORMANCE MATERIALS AND PROCESSES

Reducing aircraft and equipment weight requires increased use of new materials, such as composites. 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, and make a major contribution to the success of the LEAP engine family, bringing performance gains with the legendary reliability of the CFM56. 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 other 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 the Group's 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.

AIRCRAFT ELECTRIFICATION

For the past two decades, Safran has been focusing its strategy on more electric aircraft, first in the area of non-propulsive energy (onboard power management and distribution), then more recently in propulsion power. Progress in technologies such as electric motors, power converters, generators, batteries and fuel cells paves the way to development of complete electric propulsion solutions, initially for small vehicles. Many new players have appeared on the electric aircraft market in recent years to prepare this type of solution in applications such as VTOL (Vertical Take-Off & Landing) and STOL (Short Take-Off & Landing).

Safran is a major participant in this emerging market, in particular through its Safran Electrical & Power subsidiary, which has developed technological building blocks and end-to-end solutions across the propulsion chain, from engines and generators to power distribution and network protection systems, harnesses and power converters. In late 2023, Safran successfully completed the first ground test campaign for its GENeUS™ 300 engine-generator, designed to hybridize new generation propulsion systems. The tests confirmed that the GENeUS™ 300 is capable of delivering 300 kW of power, with an efficiency of around 96%. For the certification of its ENGINeUS 100 range of 100-kW motors, Safran earned Design Organisation Approval (DOA) from the EASA in 2023, a major milestone for the engine's upcoming certification.

These solutions are widely applicable to sovereignty applications, and also open the way to hybrid applications for turboshaft engines (helicopters) or next-generation turbofan engines on the CFM RISE program.

Strengthen operational excellence by leveraging digital technology

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

ONE SAFRAN: A MANAGEMENT SYSTEM FOR OPTIMIZING ALL PROCESSES

Designed to support take-up of a common corporate management system, business processes and performance indicators across every Group company, the One Safran initiative is enabling the Group to deploy its operational excellence standards to help ensure consistent product quality and reliability.

Continuous improvement is being impelled by a number of cross-functional initiatives:

- participative innovation, which offers any employee the opportunity to share their ideas and become an agent of progress in improving the Group's performance;
- 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.

V

DIGITAL TRANSFORMATION AS A PERFORMANCE DRIVER

Deeply embedded in Safran's history, the continuous improvement and ongoing innovation programs are constantly being aligned with the ever-evolving digital landscape.
The digital transformation program launched in 2021 is being led by the Digital Department at Group Executive Committee level.

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

The digital transformation program covers six areas, all of which made major progress in 2023:

ENGINEERING 4.0 helps us significantly shorten time-to-market, and connect the complete design-industrialization-production-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 systems, integrated into the extended enterprise.
Important advances in 2023 included the initial moves to SaaS solutions, the broadening of the approach to digital technology for ecodesign, the implementation of the first data-driven simulation models and the use of generative artificial intelligence (GenAI) to support knowledge management.

MANUFACTURING 4.0

deploys digital continuity from engineering to each shopfloor workstation, while capturing manufacturing process data. Since 2022, the Diagnostics 4.0 assessment method has been deployed on 200 production lines by more than 230 trained employees.
The assessments have enabled the identification of more than 450 use cases, known as Levers 4.0, of which almost 50% are now operational and helping to improve working conditions and operational performance in our component manufacturing and assembly plants. Examples include cobots performing assembly activities, artificial intelligence systems helping to control parts and connected IOT objects tracking and tracing parts as they move along the line. Deployment of the data lever was pursued over the year, supported by digital continuity, to track and manage any process variances.

SUPPLY CHAIN 4.0

The new Supply Chain 4.0 process was created in April 2023. During the year, Group companies prepared their roadmaps, for deployment starting in 2024. The stream also includes measures to improve logistical activities in our warehouses.

AFTERMARKET AND SERVICES 4.0

covers techniques for diagnosing and forecasting the condition of aircraft equipment and systems, which create considerable added value for our customers, both in operations (by increasing aircraft uptime and optimizing maintenance) and in 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.

EMPLOYEE EXPERIENCE 4.0

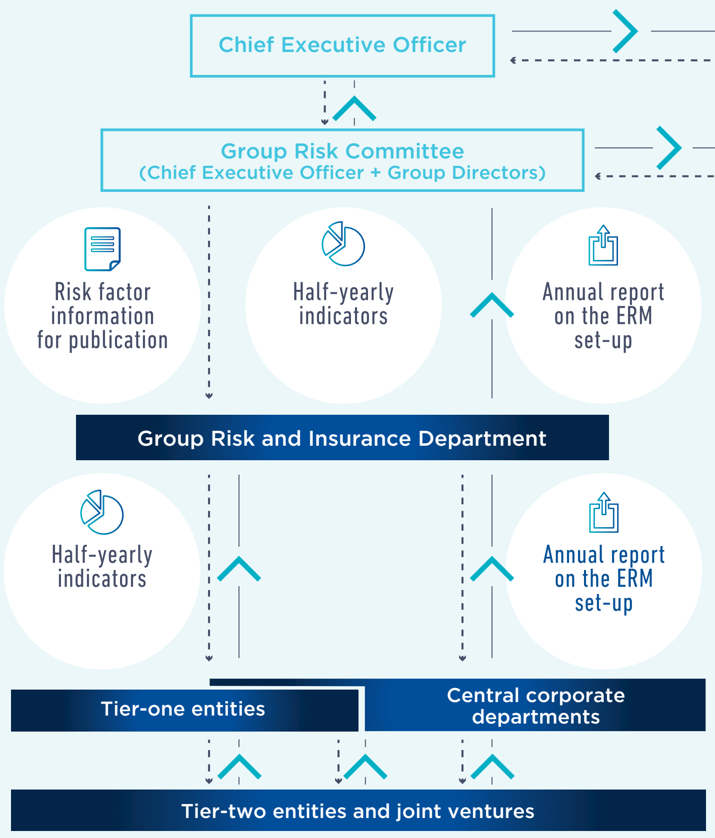
is supporting Safran's digital transformation by making each employee a key agent in the process. It is designed to enable everyone to seize the opportunities offered in their job families and to develop the skills and capabilities they need to thrive in the new ecosystem. To this end, the stream provides (i) a digital, collaborative, secure work environment (Digital Workplace); (ii) continuously enriched and updated training and acculturation curricula to understand the impact of digital technology on our job families (Digital Academy); (iii) support in identifying new Data and Digital skills; and (iv) a new digital culture instilling appropriate managerial attitudes and practices (Attitudes 4.0).

DATA 4.0 helps the Group to manage and process a growing mass of data collected throughout the life of its products, such as simulation and test data, manufacturing data and data from products in service.
Safran has implemented an ambitious GenAI plan built on three pillars:
(i) extensive training in the new culture and skills acquisition;
(ii) deployment of a robust technological base; and
(iii) the identification and launch of products capable of creating value in every job family.
Managing and processing the growing mass of data collected throughout the life of our products remains at the heart of our Data 4.0 strategy.
Our expertise, as demonstrated by Safran Analytics and other units, enables us to better understand the behavior of our products in use and to optimize their availability, maintenance and service lives.
With a first-rate team of data scientists, a dedicated data governance organization and the deployment of a digital factory, Safran is well positioned to continue innovating by capitalizing on opportunities offered by AI and more recently generative AI, which is being implemented via a fast-track adoption plan.

Safran's Enterprise Risk Management and its monitoring

Safran operates a robust Enterprise Risk Management (ERM) system.

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 provides valuable insights for strategy development and has become one of the Group's key performance drivers.
Full details on the set-up can be found in chapter 4 of the Universal Registration Document.
Identification, appraisal, processing and control of major risks is updated every six months 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 is responsible for implementing the Group's ERM. It develops methodological techniques and processes to ensure consistent handling of risks by tier-one entities and central corporate departments.
Each tier-one entity 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, joint ventures and other investments. Each of Safran's central corporate departments also prepares a map of the main risks in their scope. All these risk maps are then consolidated by the Risk and Insurance Department into a comprehensive map of the Group's major risks and the associated action plans, thereby ensuring the overall consistency of risk assessments and the associated action plans together with the level of control exercised over the risks.



The Group Risk Committee meets at the end of June and Decemberand validates the overall mapping of the major risks facing the Group.
The Risk and Insurance Department presents the work associated with identifying the risks as well as the consolidated Group risk mapping and the associated action plans **to the Board of Directors' Audit and Risk Committee.**
The Committee reports to the Board of Directors on its risk management work at the same intervals.

CLOSE-UP ON SUPPLY CHAIN CAPACITY RISKS

Safran's suppliers and subcontractors may be affected by the fallout from various crises, such as the quality and safety crisis currently facing Boeing, the consequences of the Covid-19 pandemic, or Russia's war in Ukraine that began on February 24, 2022. While a strong recovery is underway in all of the Group's businesses, the geopolitical environment illustrates broader exposure of the Group's internal and external global supply chain, particularly to the rise of economic sovereignty, which can lead to protectionist measures and competitive distortions, delays in aircraft orders and/or certifications, and restricted access to certain raw materials, electronic components or other scarce equipment. International sanctions relating to certain conflict situations can generate barriers to economic trade and business dealings, as is the case of Western sanctions against Russia due to the war with Ukraine, and Russian counter-sanctions in response, which could restrict Western manufacturers' access to Russian titanium, for example.

The Group International and Public Affairs Department and the Group Industrial, Purchasing and Performance Department coordinate their actions at Group level – assisted by operational input from tier-one entities – to manage these geopolitical and supply chain contingencies. The main risk scenarios to which Safran may be exposed have been realigned to focus on the strategic make or buy issues in locating its global supply chain and to address the risks of disruptions in the sourcing of sensitive materials and components, such as titanium and forged parts, energy and electronic components. The Group is tracking geostrategic events more closely, obtaining backing from French bilateral strategic partnerships, supporting subsidiaries in reducing their exposure to the most at-risk countries, realigning activities and geographic locations, tightening oversight of sales with mandatory end-user certificates and appropriately adjusting business continuity plans. A crisis management center has been maintained, at least for 2024, for the supply of sensitive electronic components in view of the continuing uncertainty concerning the complete coverage of the Group's requirements. These measures are supplemented by Group contributions to funds supporting industry suppliers and subcontractors, as well as specific measures to build up inventories.

MAIN RISKS

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

RISKS RELATING TO THE GROUP'S OPERATIONS

- Aviation safety risks
- Program profitability risks
- Partners and investments risk
- Supplier and subcontractor risks
- Risk of dependence on government procurement contracts

RISKS RELATING TO THE ENVIRONMENT IN WHICH THE GROUP OPERATES

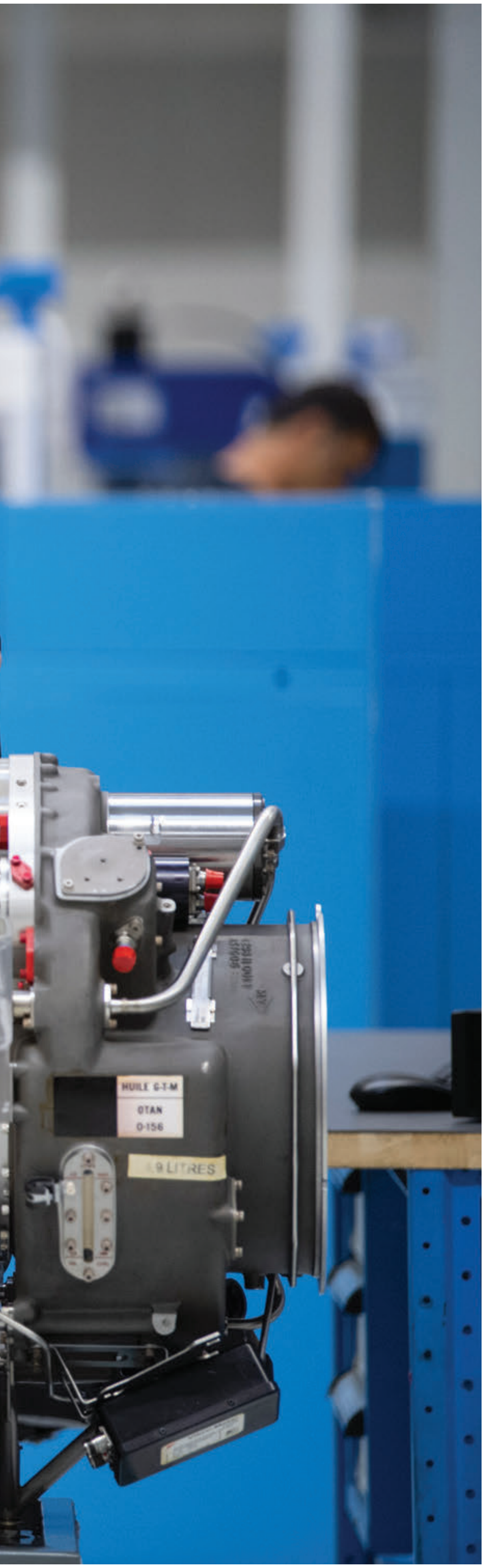
- Supply chain capacity difficulties
- Geopolitical polarization risks
- Competitive risks and cycle effects
- Climate transition risks
- Legal and regulatory risks
- Financial market risks

RISKS RELATING TO THE GROUP'S STRATEGIC DEVELOPMENT

- Risks relating to technological innovation and the decarbonization of aeronautics
- Risks relating to digitalization
- Human resources risks

Stakeholder engagement

1. Detail of the LEAP-1A fan casing on the rolling line
2. Endoscopic inspection and parts inventory on a Makila engine


HUILE G-T-M
OTAN
O-156


SAFRAN
350 daN

Close attention to stakeholder expectations

Safran takes its stakeholders' expectations, particularly regarding exemplary governance, into account in constructing, deploying and improving its CSR strategy. Listening to stakeholders is key to ensuring sustainable growth and long-term value creation.

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 and certification authorities

MAIN EXPECTATIONS

- Ethical business conduct, social commitments both within and outside the Company.
- Safe products that comply with standards.
- Contribution to implementation of the European Green Pact in the aviation sector, and to the carbon neutrality goal of the International Civil Aviation Organization (ICAO), through the development of innovative technologies.

EMPLOYEES AND EMPLOYEE REPRESENTATIVES

MAIN EXPECTATIONS

- Rewarding career paths, with regular skills development.
- Consideration given to the impact of rising inflation on employees' living conditions.
- Strong focus on quality of life at work, including working conditions, 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.
- Interactions between companies and academia on the energy transition.
- 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.

Be an exemplary employer

Safran employees are key to the successful transformation of the company and in particular digital transformation and the decarbonization of the aviation sector. To support them in this transition, the Group places huge importance on developing their skills, while upholding its fundamentals as a responsible employer, including a strong culture of inclusion, a wide array of diversity initiatives and particular care for employee health and safety.

29% of Group employees are women

37% women among new hires

19.5% women among senior executives

ENCOURAGING THE INCLUSION OF ALL FORMS OF DIVERSITY TO SUPPORT BETTER INNOVATION

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. Safran has been a signatory to the Diversity Charter since 2010, and takes a proactive approach to ensuring that its principles are applied at all its sites. A Diversity and Inclusion roadmap, based on the findings of the 2022 inclusion survey and approved by the Group Executive Committee that year, is now being actively deployed. It is designed to instill and develop a culture of inclusion through action in four key areas: gender balance, equal opportunity, multicultural workforce and employment of people with disabilities.
To encourage gender equality in the workplace, the Group has launched a wide array of initiatives to support women's career development and upskilling, while helping to change mindsets. To address quality of worklife and work-life balance issues, a parenthood in the workplace agreement is now in place, while a number of awareness-raising sessions were offered during the year on unconscious bias and everyday sexism. While this cultural change will take time, Safran's score on the gender equality index in France is already improving, to 91/100 in 2023 from 89/100 in 2020.

Safran runs a proactive policy on the inclusion of people with disabilities, covering five objectives: keeping employees with disabilities on the payroll, hiring people with disabilities, working with sheltered workshops and disabled-staffed companies, developing disability-friendly workplaces (certified to Afnor standards) and providing skills training for disability policy stakeholders.

Many initiatives also address young people in particular, generating employment openings and facilitating recruitment through internships, work-study programs, international corporate volunteer programs, academic research, etc.
Lastly, believing that its performance stems from the synergy among a wide range of backgrounds, Safran strives to maintain a generational balance, in particular by retaining experienced employees. In 2023, a dedicated agreement was signed in France to prepare for generational renewal and ensure the transmission of skills.

NEARLY **92,000** EMPLOYEES

more than 18,000 new hires under permanent contracts in 2023

HEALTH AND SAFETY, A LEVER FOR IMPROVING OPERATIONAL PERFORMANCE

Preserving employee health, safety and quality of worklife is a priority for Safran. The health, safety and environment (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 from company CEOs and senior executives to managers and employees. Appraisals of senior executives, especially in industrial areas such as production, support and services, include a health, safety and environment objective. In 2023, Safran surveyed employee perceptions of the health and safety culture, with 40,000 employees responding. In addition, more than 100 group interviews were conducted to enhance the findings, which will be used to strengthen preventive actions and the health and safety culture.

3.15%
absenteeism rate

2.1
frequency rate of lost-time work accidents (number of accidents per million hours worked)

EMPLOYEE INVOLVEMENT IN THE COMPANY'S SUCCESS

In 2023, 6.1% of Safran's share capital was held by employees and former employees. This proportion, one of the highest among CAC 40 companies, is the outcome of a long-standing policy on encouraging employee share ownership, through permanent measures such as the Group employee savings plan (PEG) and the collective retirement savings plan (PERCOL) in France, and one-off operations such as the Safran Sharing 2020 plan. The PEG and PERCOL investment vehicles were reviewed in 2022 to benefit from a socially responsible investment (SRI) label as from January 1, 2023, with the exception of funds invested in Company securities. In 2023, €600 million was recognized for statutory and optional profit-sharing.

A RECOGNIZED EMPLOYER BRAND

Safran has a recognized employer brand, ranking first in the aerospace and defense industry among *TIME* magazine's World's Best Companies 2023, fourth in *Forbes*' ranking of the World's Best Employers in the aerospace and defense sector in 2022, the fifth most attractive employer among engineering students in the 2023 Universum survey and the fifth favorite employer in *Capital* magazine's ranking in the Aeronautics, Rail and Naval category in 2023. For the fourth year running, the Group was awarded the "most welcoming companies" label by *Engagement Jeunes* in 2023, thanks to very positive ratings by young recruits in Group companies in France. To help attract the best talent, Safran promotes its employer brand on social media and recruitment websites, and through various specific events. With the support of 260 employee ambassadors, the Group forges long-term partnerships to strengthen ties with schools and universities running courses in aerospace-related subjects. In 2023, more than 25% of graduate positions in Europe were filled by young people who had completed an internship, a work-study program, academic research or an international corporate volunteer program within the Group.

NEARLY **2.7 million**
hours of training (on-site and distance) worldwide in 2023

91%
attendance at one or more training sessions in 2023 among all employees worldwide

SUPPORTING EMPLOYEE SKILLS DEVELOPMENT

Training plays a critical role, first in nurturing employee engagement and maintaining employability and second in driving the decarbonization of aviation and the digital transformation. This is why the Group ensures that its training solutions are carefully aligned with each employee's career path and aspirations, as well as with its own strategic needs. In 2023, to help employees become more accustomed to digital technology, for example, the Digital Academy training platform was opened to self-service access. It offers more than 450 courses on such topics as cybersecurity, personal data protection and sustainable digital practices, as well as programs tailored to each job family.

Embody responsible industry

SERVING OUR CUSTOMERS

AVIATION SAFETY, AN ABSOLUTE PRIORITY GROUP-WIDE

Aviation safety is an absolute priority for all Group employees. To strengthen and propagate a culture of aviation safety, Safran applies its Safety Management System (SMS) and Enterprise Risk Management (ERM) systems. In accordance with European regulations, the SMS was extended to design and production activities in 2022. The network of SMS liaison officers contributes to the adoption of a positive aviation safety culture through the use of shared tools among all Group companies. Awareness-raising and training sessions on aviation safety are run in all Group companies; an e-learning course on the SMS is now available to all employees, in all job functions. In addition, any employee (including external or occasional employees), customer or supplier can report any deviation or unusual or non-compliant situation, through the various channels provided for this purpose within Safran.

VOICE OF THE CUSTOMER, A SAFRAN PRIORITY

Customer confidence and satisfaction is dependent on the Group meeting its commitments to quality-cost-delivery and the safety of its products and services. It also calls for Safran to have a deep understanding of and pay close attention to its customers' businesses, so that products and services can be matched to their latest expectations and needs. 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 tailored commercial offerings.

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.

In the civil engine segment, Safran has initiated a plan to increase its global capacity to seamlessly manage the flow of CFM engine shop visits and parts repair activities. It involves both the creation of new facilities, such as the new maintenance center now being built in Hyderabad (India), and the extension or consolidation of existing production capacity in Europe, the Americas and Asia.

NEW PROVIDERS OF LEAP ENGINE MAINTENANCE, REPAIR AND OVERHAUL (MRO) SERVICES

CFM has developed an open MRO network, capable of meeting the needs of the fast-growing LEAP engine fleet, and offering customers a competitive ecosystem to hold down total cost of engine ownership. CFM has deployed a licensing system built primarily on CFM-Branded Services Agreements (CBSAs) signed with certain market-respected MRO service providers, selected mainly on the basis of their technical skills, business performance and other objective criteria. CBSA licensees benefit from CFM's high-quality support and training, as well as access to certain maintenance and repair technologies, enabling them to offer operators end-to-end MRO solutions. Some of these CBSA licensees, such as Air France-KLM, Lufthansa Technik and Delta TechOps, are backed by airlines, which have purchased and operate LEAP engines. CBSAs have also been extended to other aerospace manufacturers, such as Standard Aero and ST Engineering, who joined the CFM network in 2023.

V

SUPPLY CHAIN PERFORMANCE: A RESPONSIBLE RELATIONSHIP WITH SUPPLIERS AND SUBCONTRACTORS

V

€14.1bn
IN PURCHASES

AROUND
15,500
SUPPLIERS

Safran has held the Sustainable Procurement and Supplier Relations Label since 2017

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. To encourage as many employees as possible to embrace best practices, since 2020, Safran has supported the charter of commitments on customer-supplier relationships in the French aerospace industry. In 2020, the Group renewed its Sustainable Procurement and Supplier Relations Label.

Deeply interwoven into the industrial fabric of the French aerospace industry, Safran contributes to the financing of locally based small and mid-sized companies, from which it sourced nearly 86% of its procurement in 2023.

Since the aviation industry can only be decarbonized with the engagement of every stakeholder, Safran is phasing in climate change commitments for its suppliers and encouraging them to lead their own environmental transition. In 2022, Safran invited the 400 suppliers that contribute the most to its carbon footprint to a Safran Supplier CO_2 Day, an event focused on reducing CO_2 emissions in the value chain. At the event, the Group set out its strategy on reducing supply chain greenhouse gas emissions, along with its expectations on suppliers' decarbonization efforts. Since 2022, the scoring matrix used for each call for tenders has included the following CSR criteria: degree of maturity in the decarbonization approach, product carbon footprint, signature of the responsible purchasing guidelines or implementation of a specific CSR program, and the proportion of employees with disabilities on the payroll.

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

V

BUSINESS ETHICS AND ANTICORRUPTION

In line with its belief that responsible business management helps to improve the Group's competitiveness and attractiveness, Safran ensures that its activities are conducted with honesty, integrity and professionalism consistent with the highest international standards of business ethics, as promoted by the International Forum of Business Ethical Conduct (IFBEC), which includes the world's major international aerospace and defense companies.

V

85%

of senior executives and exposed and affected people trained in anticorruption(1)

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, its Chairman, the Chief Executive Officer and the members of the Executive Committee subscribe unconditionally to this principle, for themselves and on behalf of their employees. Safran has devised a robust program to foster exemplary behavior by all employees.
A new training program for senior executives and exposed persons was developed in 2022 and a new e-learning was launched, with modules specific to different business areas.

In 2023, several Group companies earned ISO 37001 certification, which recognizes the quality of their anticorruption management systems. The French strategic intelligence agency ADIT renewed its certification for Safran Nacelles' anticorruption program, attesting to its robustness.
The program's demands are aligned with the most rigorous international standards, including the US Foreign Corrupt Practices Act, the UK Bribery Act, the OECD Convention, the French Sapin II legislation, the tenth principle of the United Nations Global Compact, and ISO 37001 standards.

(1) Purchasing, HR, Sales, Legal, Finance, Audit & Internal Control, Compliance & Business Ethics, Risks and Communications Departments.

V

ECODESIGN AND CIRCULAR ECONOMY APPROACHES

A Group-wide project to advance in ecodesign

To improve the environmental performance of its products, in 2015 Safran developed an ecodesign process based on two fundamentals: an internal ecodesign standard, which ensures compliance with the requirements of ISO 14001, and the Technology Readiness Level (TRL) standard, which includes requirements and methods for ensuring that eco-design is incorporated as the technology matures. To take this process to the next level, in 2023 the Group rolled out a plan to transform its ecodesign activities, by creating a dedicated governance structure and network, supporting employee upskilling and developing shared methods and tools.

A circular economy approach

In 2023, Safran created a Circular Economy Department to address the challenges of reducing the consumption of non-renewable natural resources. Safran's circular economy approach is structured around the three phases of the life cycle of manufactured products: before use, during use and after use.
It is supported by the eco-design approach and the establishment of an innovation roadmap for sustainability and recyclability by the R&T teams. In 2023, an initial project focused on titanium was launched.

V

ENGAGING WITH LOCAL COMMUNITIES

Safran actively engages with local communities in every host region, supporting a wide range of association-run and other initiatives. This corporate citizenship commitment is expressed through the two corporate foundations (the Safran Foundation for Integration and the Safran Foundation for Music), corporate philanthropy and volunteer skills-sharing programs, and local actions led by sites and employees. These initiatives comprise all forms of material, human and financial assistance undertaken directly by Safran or by employees in partnership with non-profits or local authorities. Their overall goal is to encourage sites to strengthen their positive impact on their host communities. In 2023, more than 600 initiatives were under way, primarily to address social, health and environmental issues.
In all, Safran's philanthropic activities through its foundations contributed nearly €1 million in financial support to associations in 2023.
In September 2023, €1 million was also given to support the Moroccan people affected by an earthquake.

Corporate governance

1. Gears
2. Assembling the Arriel 2D engine

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

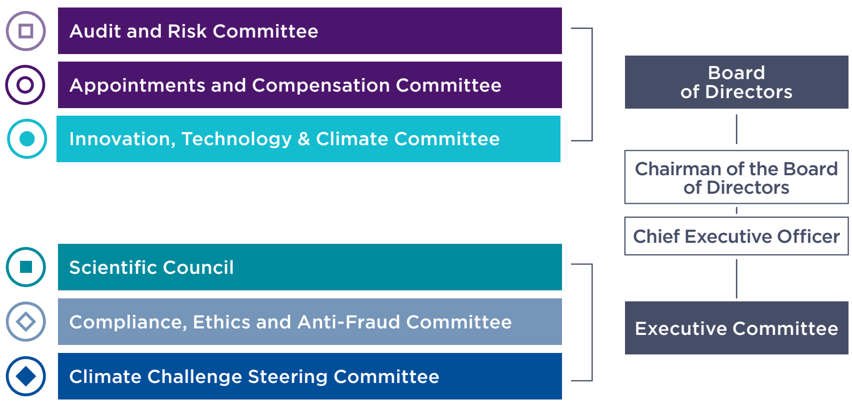
In 2018, the Board decided to appoint Monique Cohen as Lead Independent Director and define her duties. Although the position of Lead Independent Director is not indispensable because the Company has separated the roles of Chairman of the Board and Chief Executive Officer, the Board felt that having 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 Pélata as Director responsible for monitoring climate issues, and defined his roles and responsibilities. Patrick Pélata 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. Together, the eight independent members account for 66.7%[1] of the Board.



ASSESSMENT OF THE BOARD'S OPERATING PROCEDURES

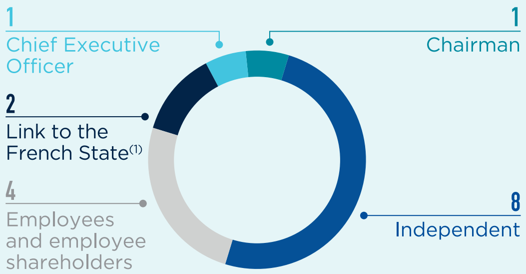
In late 2023, the Board carried out its annual assessment of its operating procedures, based on a comprehensive questionnaire and individual interviews conducted by Monique Cohen, Lead Independent Director and Chair of the Appointments and Compensation Committee, with the support of Ross McInnes, Chairman of the Board. It expressed positive observations on its functioning and membership structure, as well as on the organization of its work and meetings. The assessment was presented to the Appointments and Compensation Committee and then discussed by the Board, which offered a variety of comments and new suggestions.

(1) Excluding Directors representing employee shareholders and Directors representing employees, in accordance with the AFEP-MEDEF Code.

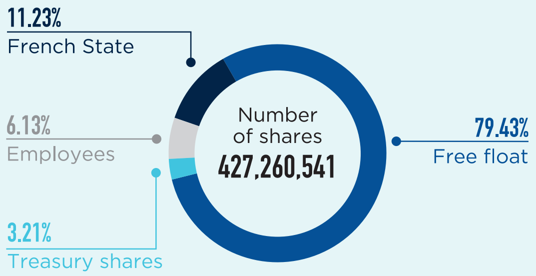
An experienced Board of Directors taking up the Group's strategic challenges

A Board membership structure that is consistent with Safran share ownership

THE BOARD OF DIRECTORS
AT DECEMBER 31, 2023
(number of Directors)



OWNERSHIP STRUCTURE
AT DECEMBER 31, 2023



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, expertise and career experience, particularly outside France, 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	11
Other industries and business sectors	16
Innovation, R&T, development and engineering	13
International career and experience	11
Strategy, competition and M&A	12
Finance and management control	10
Digital – New technologies	5
Governance and compensation	10
HR – Sustainability – CSR	13
Climate	9

COMMITTEES ADDRESSING THE GROUP'S STRATEGIC CHALLENGES

(2023 key figures)

Audit and Risk Committee
5 meetings
6 members
96% attendance
80% (4 out of 5) independent[2]

Appointments and Compensation Committee
3 meetings
6 members
90% attendance
80% (4 out of 5) independent[2]

Innovation, Technology & Climate Committee
3 meetings
6 members
94% 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.

Ross McInnes
Chairman of the Board of Directors

Olivier Andriès
Chief Executive Officer

Monique Cohen
Lead Independent Director
Chair of the Appointments and Compensation Committee
I ACC

Membership structure of the Board of Directors and the Board Committees

(AT MARCH 28, 2024)

- I — Independent
- ARC — Audit and Risk Committee
- ACC — Appointments and Compensation Committee
- ITCC — Innovation, Technology & Climate Committee

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

Fabrice Brégier
Independent Director
I ITCC

Christèle Debarenne-Fievet
Director representing employees.
ACC

Céline Fornaro
Director representing the French State on the Board of Directors
ARC ACC

Laurent Guillot
Chair of the Audit and Risk Committee
Independent Director
I ARC ITCC

Ivan Hardouin
Director representing employees
ITCC

Alexandre Lahousse
Director proposed by the French State
ITCC

Fabienne Lecorvaisier
Independent Director
I ARC

Patrick Pélata
Chairman of the Innovation, Technology & Climate Committee
Independent Director responsible for monitoring climate issues
I ARC ACC ITCC

Robert Peugeot
Independent Director
I ARC

Outlook – Annual General Meeting of May 23, 2024

Appointment and re-appointment proposals

The Board will propose the following to the 2024 Annual General Meeting:

- the re-appointment of Patricia Bellinger for a new four-year term as independent director. Assuming she is re-elected by shareholders, the Board has already decided to re-appoint her as member of the Appointments and Compensation Committee;
- the appointment of Pascale Dosda for a four-year term as director representing employee shareholders, replacing Marc Aubry whose term of office is expiring;
- the re-appointment of Anne Aubert for a new four-year term as director representing employee shareholders.

As of the end of the Annual General Meeting of May 23, 2024, subject to shareholder approval of the resolutions put to the vote, the Board of Directors will have 16 members, as follows:

- 66.7%* of Directors will qualify as independent;

- 41.7%* of Directors will be women.

Board of Directors

(key figures at December 31, 2023)

16

Directors

66.7%

(8 out of 12) Independent Directors[1]

10

meetings

98%

attendance

CLIMATE ISSUES ADDRESSED BY APPROPRIATE GOVERNANCE

In view of the challenges that climate change raises for Safran, the Group reinforced 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 each year at the Annual General Meeting.

Since early 2021, the deployment of the Group's climate strategy has been led by a dedicated Climate Department, which is now integrated into the new Group Sustainable Development Department created in 2023. 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.

* Excluding Directors representing employees and Directors representing employee shareholders.

(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 (tier-one entities).** This membership structure provides for balanced representation of the Group's businesses and cross-cutting 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.

> **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 council 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 Safran's Ethical Guidelines and any changes in the system deployed by the Group. 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 Officer, the Group Ethics and Compliance Officer, the Group Chief Security Officer, the Head of Audit and Internal Control, the EVP Production, Purchasing and Performance, the EVP Chief Digital and Chief Information Officer and the Head of Group Internal Control.

SCIENTIFIC COUNCIL

Led by the EVP Strategy and Chief Technology Officer, the scientific council 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 scientific council also contributes to Safran's technological differentiation by identifying new areas of research. The scientific council comprises nine 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

Chaired by the Chief Executive Officer, the Climate Challenge Steering Committee brings together several members of the Executive Committee, the tier-one entity CEOs and all the corporate departments involved in climate action (research & technology, climate & environment, strategy, public affairs, finance, investor relations, operations, corporate social responsibility and communications) to define Safran's vision and, in particular, to endorse objectives and roadmaps for each type of carbon emissions.

Executive Committee members

19
MEMBERS

△ Cross-business functions
▲ Company CEOs

OLIVIER ANDRIÈS
Chief Executive Officer of Safran and Director

PASCAL BANTEGNIE
Chief Financial Officer

ÉRIC DALBIÈS
Executive VP, Strategy and Chief Technology Officer

STÉPHANE DUBOIS
Executive VP Corporate Human and Social Responsibility

PHILIPPE ERRERA
Executive VP International and Public Affairs

MARJOLAINE GRANGE
Executive VP Industrial, Purchasing and Performance

KATE PHILIPPS
Executive VP Group Communications

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

NATHALIE STUBLER
Chief Sustainability Officer

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

JEAN-PAUL ALARY
CEO Safran Aircraft Engines

FRANCOIS BASTIN
CEO Safran Landing Systems

VINCENT CARO
CEO Safran Nacelles

STÉPHANE CUEILLE
CEO Safran Electrical & Power

VICTORIA FOY
CEO Safran Seats

CÉDRIC GOUBET
CEO Safran Helicopter Engines

JORGE ORTEGA
CEO Safran Cabin

FRANCK SAUDO
CEO Safran Electronics & Defense

SÉBASTIEN WEBER
CEO Safran Aerosystems

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

CORPORATE OFFICER COMPENSATION POLICIES

In the interests of Safran and its stakeholders, the compensation policies 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.

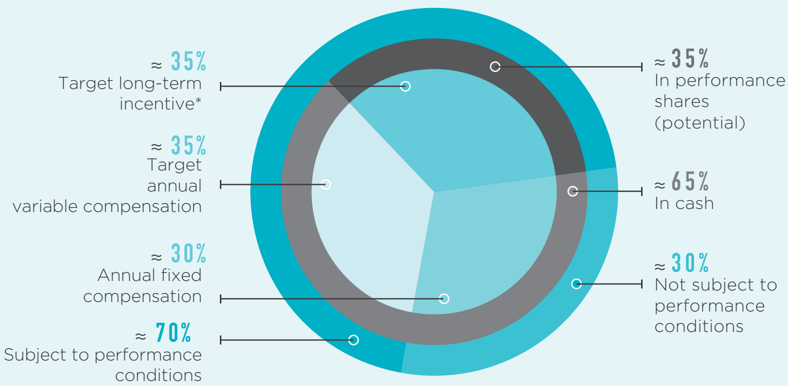
Chief Executive Officer's compensation policy and structure
The structure of the Chief Executive Officer's compensation package comprises fixed compensation, annual variable compensation, and performance shares awarded under a long-term incentive (LTI) plan. The Chief Executive Officer is covered by 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.

CLIMATE ISSUES INCLUDED IN COMPENSATION POLICIES

Making the climate challenge a priority for senior executives is also fostered by including climate objectives in compensation policies.

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

CHIEF EXECUTIVE OFFICER'S RECURRING COMPENSATION STRUCTURE



** Value at grant date in accordance with IFRS.*

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 2023 were 7.3 and 46.8 respectively.

2024 COMPENSATION POLICY FOR THE CHIEF EXECUTIVE OFFICER

The compensation policy for the Chief Executive Officer proposed by the Board for 2024 comprises the same compensation components as in 2023.

FIXED COMPENSATION

The Chief Executive Officer's annual fixed compensation takes into account the responsibilities required for this type of corporate office as well as the individual qualities of the holder of the position and the benchmark surveys carried out by the Company.

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[1]/climate issues for 2024 are as follows:

CSR & human capital (qualitative and quantitative):

- Safety: Frequency rate of lost-time accidents maintained at the same level, amid the ramp-up in business
- Human resources/diversity and gender equality: Objectives related to increasing the number of women senior executives and developing talent in the industrial sector
- Implement new reporting requirements (in line with the CSRD)
- Climate:
  - Continue to take steps to achieve the action plan target to reduce Scopes 1 and 2 CO_2 emissions by 30% by 2025 compared to 2018, aiming to complete 95% of the plan's actions by 2024,
  - Continue to take steps to achieve the target to reduce Scopes 1 and 2 CO_2 emissions by 50% by 2030 compared to 2018, taking into account the Group's growth,
  - Ensure that the Group's sites become increasingly energy efficient, achieving the Energy Management System Gold Standard,
  - Pursue the Group's Energy Sobriety Plan to reduce its worldwide energy consumption by 10% in 2024 compared to 2019, taking into account the Group's growth,
  - Mobilize our suppliers to become more low-carbon, ensuring that our TOP400 suppliers have Scopes 1 and 2 CO_2 emissions reduction targets and that they have communicated these.
- Circular economy:
  - Increase the recycling of titanium, with the target of returning 30% of potential titanium shavings to our suppliers

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.

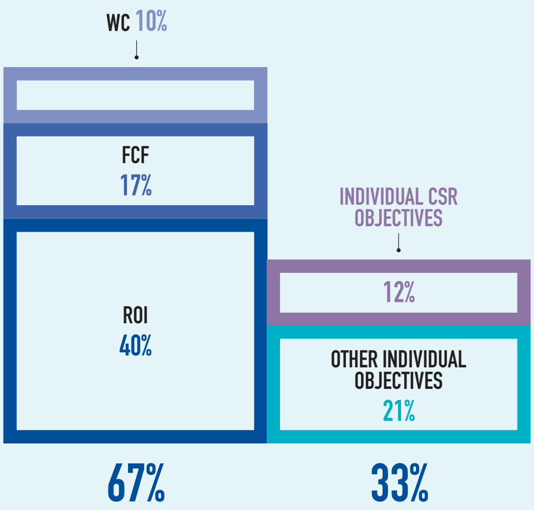
Performance share grants are:

- made across the Group's senior managers, high potential employees and key contributors;
- conditional on the achievement of demanding internal (financial and economic performance and, since 2022, non-financial performance) and external (TSR) performance conditions, measured over three years.

By way of illustration, the non-financial performance conditions for 2024 will cover objectives on:

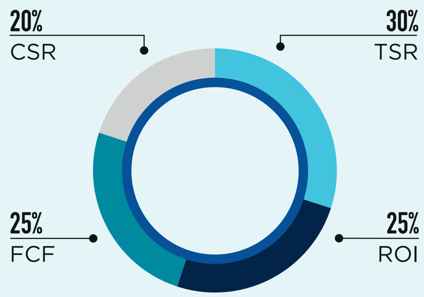
- environmental and climate issues: reduction of CO_2 emissions;
- gender equality: percentage of women senior managers within the Group;
- safety: reduction in lost-time accident frequency.

OBJECTIVES IN THE CHIEF EXECUTIVE OFFICER'S VARIABLE COMPENSATION[1] (2024)



Reference: annual budget.

CHIEF EXECUTIVE OFFICER'S LTI PERFORMANCE CRITERIA[1]



Reference on principle: the Group's medium-term plan.

(1) TSR: Total Shareholder Return, corresponding 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

DECARBONIZE AERONAUTICS	2022	2023	2025 OBJECTIVE
Scope 3 (product use): self-funded 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	81%	88%	75% in 2025
Scope 3 emissions (product use) (in g CO_2/seat kilometer) *Change in Scope 3 emissions (product use) compared with 2018*	4.5 -24%	4.3 -27%	-42.5% by 2035 *(vs. 2018*), i.e., an average of 2.5% per year*
Scope 1 and 2 emissions, market-based method CO_2) *Change in Scope 1 and 2 emissions compared with 2018*	405,664** -30%	380,973 -34%	-30% by 2025 *(vs. 2018)* -50% by 2030 *(vs. 2018)*

* Scope 3 emissions (product use): 5.9 g CO_2/seat kilometer in 2018.
** 2022 emissions figures, which included estimated data for fourth-quarter 2022, were revised in 2023 to reflect the actual data.

BE AN EXEMPLARY EMPLOYER	2022	2023	2025 OBJECTIVE
Number of training hours per employee per year (excluding employees on long-term absence)	25	31	26
Frequency of lost-time work-related accidents (number of accidents per million hours worked)	2.1	2.1	2
Proportion of employees worldwide benefiting from a minimum level of health cover (medical, optical and dental)	77%	77%	100%
% of women among senior executives*	17%	19.5%	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	2022	2023	2025 OBJECTIVE
Proportion of senior executives and exposed and affected people trained in anticorruption*	77%**	85%	100%
Proportion of purchases made from suppliers that have signed Safran's responsible purchasing guidelines or that have equivalent guidelines of their own	59.3%	72%	80%
Proportion of facilities classified as "Gold" based on Safran's HSE standards	41%	47%	100%
Waste recovery ratio	69.2%	71%	> 2019 ratio (68.3%)

* Purchasing, HR, Sales, Legal, Finance, Audit & Internal Control, Compliance & Business Ethics, Risks and Communications Departments.
** The compliance training policy was reviewed in 2022, with a new structure and a larger pool of people to be trained (increase of more than 35%, from more than 4,000 to more than 6,500 people).

AFFIRM OUR COMMITMENT TO CITIZENSHIP	2022	2023	2025 OBJECTIVE
Number of new PhD students	80	73	> 63
Percentage of facilities with more than 50 employees carrying out at least one community initiative	76%	76%	100%

KEY FINANCIAL PERFORMANCE INDICATORS

	2022	2023	2024 OBJECTIVE
Organic growth in revenue	+15.8%	+23.6%	Revenue: around €27.4 billion
Recurring operating margin	12.6%	13.6%	Recurring operating income: close to €4.0 billion
ROI to FCF conversion	111%	93%	Free cash flow: around €3.0 billion
Dividends *Payout ratio*	€1.35/share 40%*	€2.20/share 40%**	

* Of adjusted net profit (excluding the contribution from the French government in the form of short-time working, the contribution of employees in 2022 (*abondement*), and the impairment of Aircraft Interiors goodwill).
** Of adjusted net income excluding the goodwill depreciation for Cabin and Seats.

KEY GOVERNANCE INDICATORS

	2022	2023
Average attendance rate at Board meetings	94%	98%
% of Chief Executive Officer compensation subject to performance conditions	approx. 70%	approx. 70%
% of independent Directors on the Board of Directors after the Y+1 AGM	66.7%	66.7%*
% of women on the Board of Directors after the Y+1 AGM	41.7%	41.7%*

* Assuming adoption of the resolutions at the Annual General Meeting of May 23, 2024.

LONG-TERM CREDIT RATING: STRONG BALANCE SHEET

A- with stable outlook (S&P)

NON-FINANCIAL RATINGS: A RECOGNIZED CSR PERFORMANCE

		Safran	Peer comparison	
CDP	Understanding of environmental challenges for the company. Rating from "D" to "A" (A being the highest).	**A** Leadership level	**In the top 2%** of the more than 23,000 respondents	*February 2024*
MSCI	Rating from "CCC" to "AAA" ("AAA" being the highest).	**A**	**In the top 60%** of 37 companies in the A&D sector	*October 2023*
SUSTAINALYTICS	Rating evaluating ESG risk level, with the lowest rating corresponding to the best non-financial performance.	**23.9** Medium risk	**3rd** out of 99 companies in the A&D sector	*February 2024*
MOODY'S ANALYTICS	Rating from 0 (lowest) to 100 (highest).	**66/100** Advanced level	**Above average** in the A&D sector	*June 2023*

Assembly of LEAP engine modules

1 PRESENTATION OF THE GROUP

1.1 Safran overview

1.1.1 History

Key dates in the Group's history

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

1905 Louis and Laurent Seguin found the Société des Moteurs Gnome in the Paris suburb of Gennevilliers. In just a few short years, their Gnome rotary engines become the standard for planes around the world.

1912 Louis Verdet founds the engines company Le Rhône. Within two years, Le Rhône becomes Gnome's main competitor and is taken over by its rival to form Société des Moteurs Gnome & Rhône. After the First World War, Gnome & Rhône becomes one of the world's leading manufacturers of aircraft engines.

1924 Marcel Môme creates Société d'Applications Générales d'Électricité et de Mécanique (Sagem), whose main business is to supply power to telephone exchanges. A few years later, Sagem diversifies its business to include the manufacture of cameras, projectors and artillery equipment. It also sets up the first ever analog telephone network. Sagem creates Société d'Application Téléphonique, which in 1960 becomes Société Anonyme de Télécommunications (SAT). This company goes on to design the world's first infrared guidance system for air-to-air missiles.

1945 After the Second World War, the company Gnome & Rhône is nationalized and renamed Snecma (for Société Nationale d'Étude et de Construction de Moteurs d'Aviation). Snecma groups together the majority of French aircraft engine manufacturers launched since the beginning of the century (Renault, Lorraine, Régnier, etc.).

1968 Hispano-Suiza, specializing in power transmission for the engines of civil and military aircraft and helicopters, joins Snecma. A few years later, it teams up with Messier to create Messier-Hispano-Bugatti (MHB) and consolidate all products relating to landing systems.

1974 Snecma becomes a civil aircraft engine manufacturer through a cooperation agreement with General Electric Aircraft Engines (United States) for manufacture of the CFM56® ("CF" for General Electric's commercial engine line and "M56" for Snecma's fifty-sixth project). This engine currently represents the world's largest civil aircraft engine fleet[1].

1993 Sagem purchases Morpho, a specialist in fingerprint-based biometric recognition systems.

1997 Snecma takes full control of Société Européenne de Propulsion (SEP) and enters the space propulsion market (Ariane launcher).

2000 Aircraft wiring specialist Labinal joins Snecma. Labinal helicopter engine manufacturer subsidiary Turbomeca also joins Snecma, to continue a technology success story that started in 1938 with company founder Joseph Szydlowski. Today, Turbomeca is one of the world's leading manufacturers of helicopter engines, under the name Safran Helicopter Engines.

2002 Hurel-Dubois merges its businesses with the aircraft engine nacelle business of Hispano-Suiza to become Hurel-Hispano. Three years later the company is renamed Aircelle. It is currently one of the key participants in the aircraft engine nacelle market, under the name Safran Nacelles.

2005 Safran is formed from the merger of Snecma and Sagem.

2008 Safran extends its partnership with General Electric (GE) in the fields of aerospace propulsion and nacelles through to 2040.

2010 Labinal completes its acquisition of Harvard Custom Manufacturing, an American company based in Salisbury (Maryland).

2011 Safran acquires SME (formerly SNPE Matériaux Énergétiques), to be merged with Snecma Propulsion Solide in 2012 to form Herakles.

2012 In optronics, Safran and Thales form the 50-50 joint venture Optrolead. The two companies also buy out the Areva stake to obtain 50% each of Sofradir – now Lynred – and transfer their infrared businesses to this company.

2013 Safran acquires the electrical systems business of Goodrich (Goodrich Electrical Power Systems – GEPS) (United States). The Group also acquires the 50% interest of Rolls-Royce (United Kingdom) in their joint RTM322 helicopter engine program, to strengthen its position on the strategic heavy-lift helicopters segment.

(1) *Source: Cirium Fleets Analyzer.*

2014 Safran brings all the Group's electrical systems operations together into a single unit to form a leading world player in aircraft electrical systems: Labinal Power Systems. Safran also acquires the aerospace power distribution management solutions and integrated cockpit solutions businesses of Eaton Aerospace (United States).

2015 Hispano-Suiza and Rolls-Royce (United Kingdom) found Aero Gearbox International, a joint venture specializing in design, development, production and aftermarket services for accessory drive trains (ADTs).

2016 Safran brings all its companies together under the same banner and includes "Safran" in the corporate name of its subsidiaries. Safran and Airbus Group SE finalize the merger of their launch vehicle businesses in a 50-50 joint venture, Airbus Safran Launchers (later renamed ArianeGroup), to support the onset of the Ariane 6 project and provide Europe with a new family of competitive, versatile and high-performance launch vehicles. Safran becomes the sole shareholder in Technofan, later renamed Safran Ventilation Systems.

2017 Safran completes the disposal of its detection businesses to Smiths Group (United Kingdom) and of its identity and security businesses to Advent International (United States), owner of Oberthur Technologies.

2018 Safran takes control of Zodiac Aerospace. The acquisition of the flight control actuators, cockpit equipment and special products businesses of Rockwell Collins (United States) strengthens the Group's positions in electric actuators and flight controls.

2019 Safran reorganizes the operational management of its equipment businesses to step up synergies in connection with integration of the Zodiac Aerospace Aerosystems and Aircraft Interiors businesses.

2020 With the aviation sector hard hit by the prolonged Covid-19 crisis, Safran implements an adaptation plan enabling the Group to meet its cost reduction objectives without compromising its technological roadmap.

2021 GE and Safran extend their 50-50 partnership in CFM International through to 2050 and launch the Revolutionary Innovation for Sustainable Engines (RISE) technology development program, which lays the foundations for developing a future engine. Safran Aircraft Engines and Albany International (United States) extend their strategic cooperation on advanced composite materials through to 2046. Safran Aircraft Engines and MTU Aero Engines (Germany) create the EUMET joint venture to develop the engine for the next-generation European fighter aircraft (NGF).

2022 The Group acquires Orolia and Syrlinks to strengthen its positions in the space industry and in resilient PNT[(1)] solutions. Safran and MBDA acquire a majority holding in CILAS, a French specialist in military lasers.

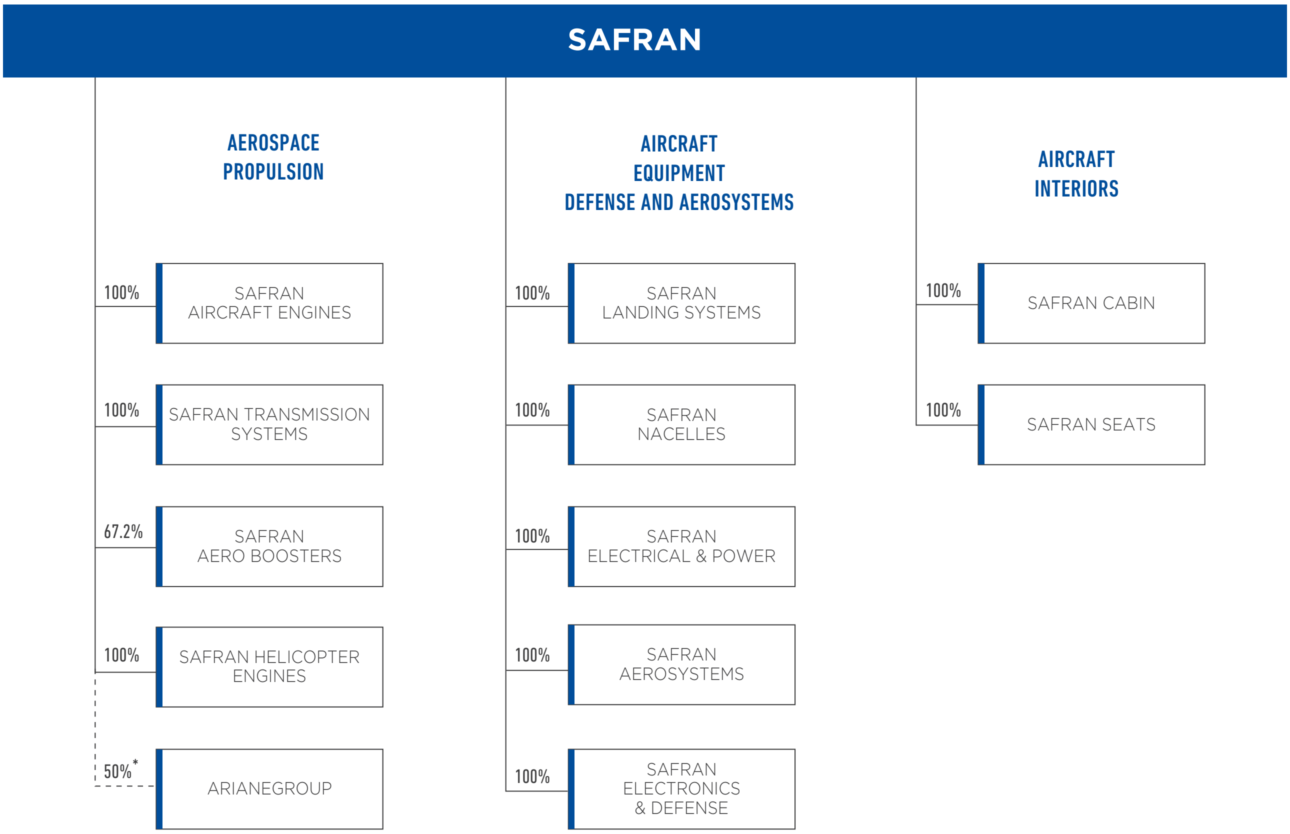
2023 Safran consolidates all its worldwide PNT technologies expertise and cutting-edge solutions into a single Safran Electronics & Defense business activity, dubbed Navigation & Timing. AD Holding, equally owned by Safran, Airbus and Tikehau Capital, completes the acquisition of Aubert & Duval, a strategic supplier of critical materials and parts.

The Group continues to actively manage its business portfolio, with the disposal of its Cargo and Catering activities and the acquisition of Thales' aeronautical electrical systems business.

(1) Positioning, Navigation and Timing.

1.1.2 Simplified operational organization chart

Safran, the issuer, is the parent company of the Group. The simplified organization chart[1] at December 31, 2023 is as follows:



* *50-50 joint venture with Airbus.*

The list of consolidated companies is presented in section 3.1, Note 38.

(1) *Operational tier-one entities.*

1.1.3 Main Group companies by business sector

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

Aerospace Propulsion

Safran Aircraft Engines

Engines for civil and military aircraft. Capabilities covering the entire product cycle, from design, development and production though to support, services, maintenance and repair.

Safran Transmission Systems

High-performance power transmission systems for civil and military airplane and helicopter engines, as well as for new air mobility solutions, with accessory drive trains and gearboxes, and turbofan, turboprop and hybrid propulsion reduction gearboxes. Capabilities covering the entire life cycle of power transmission systems, from design and production to maintenance, repair and overhaul (MRO). Mechanical components for airplane and helicopter propulsion systems.

Safran Aero Boosters

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

Safran Helicopter Engines

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

ArianeGroup

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

Aircraft Equipment, Defense and Aerosystems

Safran Landing Systems

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

Safran Nacelles

Aircraft nacelles for all civil aviation market segments: commercial aircraft of more than 100 seats, regional and business jets. Proficiency in systems integration, aerodynamics, acoustics and composite and metal materials, with capabilities covering the entire product cycle, from design and production to maintenance, repair and overhaul (MRO).

Safran Electrical & Power

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

Safran Aerosystems

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

Safran Electronics & Defense

Observation, decision-support and guidance equipment, systems and services that deliver intelligence to the civil and defense programs they equip: optronics, high-performance optics, RF systems, avionics, navigation, electronics, electromechanics, electric propulsion, critical software and drones. Customer support for all land, sea, air and space applications.

Aircraft Interiors

Safran Cabin

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

Safran Seats

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

1.1.4 Organization and position of the issuer in the Group

Organization

Safran is an industrial group, within which each tier-one subsidiary directly manages the operational aspects of its business activities, both its own and those of its subsidiaries, and is responsible for implementing internal control systems in accordance with Group procedures and internal rules.

The organizational structure is based on:

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

Tier-one entities (shown in section 1.1.2) are responsible for overseeing the subsidiaries with which they have operational ties.

Role of the issuer within the Group

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

- it holds and manages shares in the Group subsidiaries;
- it leads the Group and drives its growth by (i) determining the Group's strategic vision, including the sustainability strategy; (ii) defining the research and technology (R&T) policy, tax policy, legal and financial policy, quality, purchasing and industrial performance policies and human resources policy; and (iii) overseeing employee training, retraining and skills matching by Safran University, communications and operations control;
- in particular, it provides Group companies with:
  - support services on legal, taxation and financial matters, and in particular:
    - centralized cash pooling to manage cash needs and surpluses more effectively across the Group,
    - foreign currency management policy to reduce uncertainty factors and protect the economic performance of operating subsidiaries from random foreign currency fluctuations (mainly US dollars),
    - tax consolidation, in jurisdictions such as France where Safran is liable for the entire income tax charge, additional income tax contributions and the minimal tax charge due by the tax group comprising itself and its tax-consolidated subsidiaries,
- services through Shared Services Centers (SSCs) in the following areas: payroll administration and management, recruitment, non-production purchases, materials purchases, IT, and some transaction accounting (customers, suppliers and fixed assets).

Financial flows between the issuer and Group companies

Safran receives dividends paid by its subsidiaries in compliance with applicable regulations (see section 3.3, Note 4.4).

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

1.2 GROUP BUSINESSES

1.2.1 Aerospace Propulsion

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

AIRCRAFT ENGINES

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

HELICOPTER ENGINES AND AUXILIARY POWER UNITS

- Helicopter engines
  - Light helicopters
  - Medium-weight helicopters
  - Heavy-lift helicopters
- Auxiliary power units

MECHANICAL POWER TRANSMISSION SYSTEMS

- Civil aircraft
- Military aircraft
- Helicopters

LAUNCH VEHICLES – ARIANEGROUP

- Civil space industry
- Military industry

At the end of 2023, a total of 27,901 Safran employees were contributing to the development of this business.

1.2.1.1 Aircraft engines

Civil aircraft engines

Key characteristics of the business sector

The civil aviation sector comprises four main segments:

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

There were around 30,000 regional jets and short-, medium- and long-haul commercial aircraft in service or in storage[1] at the end of 2023. Some 38,000 commercial aircraft will be delivered over the next 20 years in response to the expected increase in this market over this period*, and the need to replace aircraft that will be scrapped or dismantled.

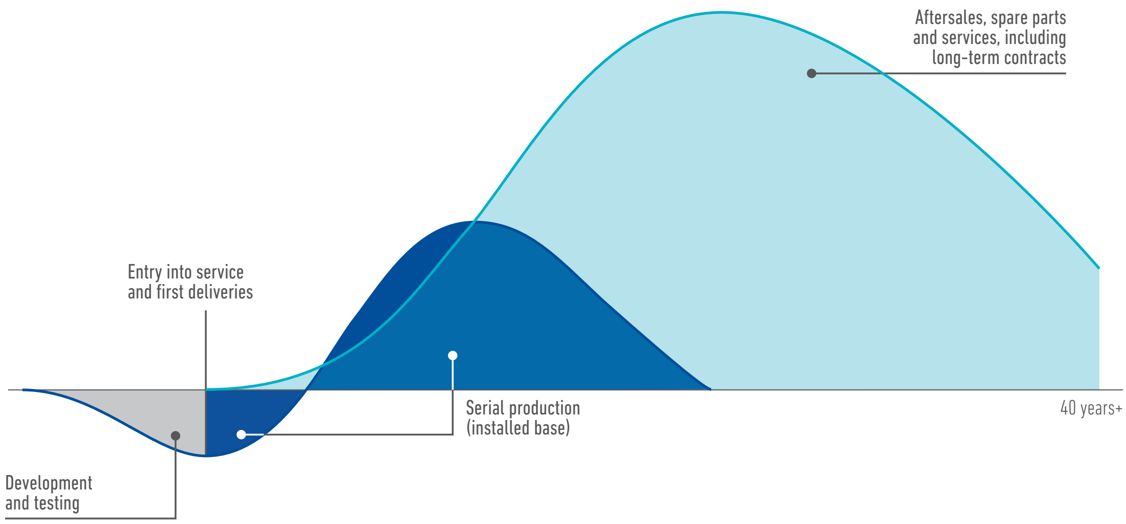
* *Source: Safran.*
(1) *At year-end 2023, around 4,000 commercial aircraft were in storage – Source: Safran.*

At the end of 2023*, there were around 23,000 business jets in service worldwide*. To meet expected demand in this market, some 7,500 aircraft of this type will be delivered over the next 10 years*.

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

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

Economic life cycle of an aircraft engine program[1]



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

There is a growing tendency to offer long-term rate-per-flight-hour service contracts. This improves visibility for customers and offers engine manufacturers a better guarantee of revenues and a smoother cash profile throughout the engine life cycle.

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

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

Alliances and partnerships

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

Partnerships may take the form of joint ventures, such as CFM International, a 50-50 joint venture with GE to develop engines for short- to medium-haul aircraft. The partnership has been extended through to 2050.

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

Group products and programs

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

Low-thrust engines for civil aircraft

This engine family powers regional jets and business jets.

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

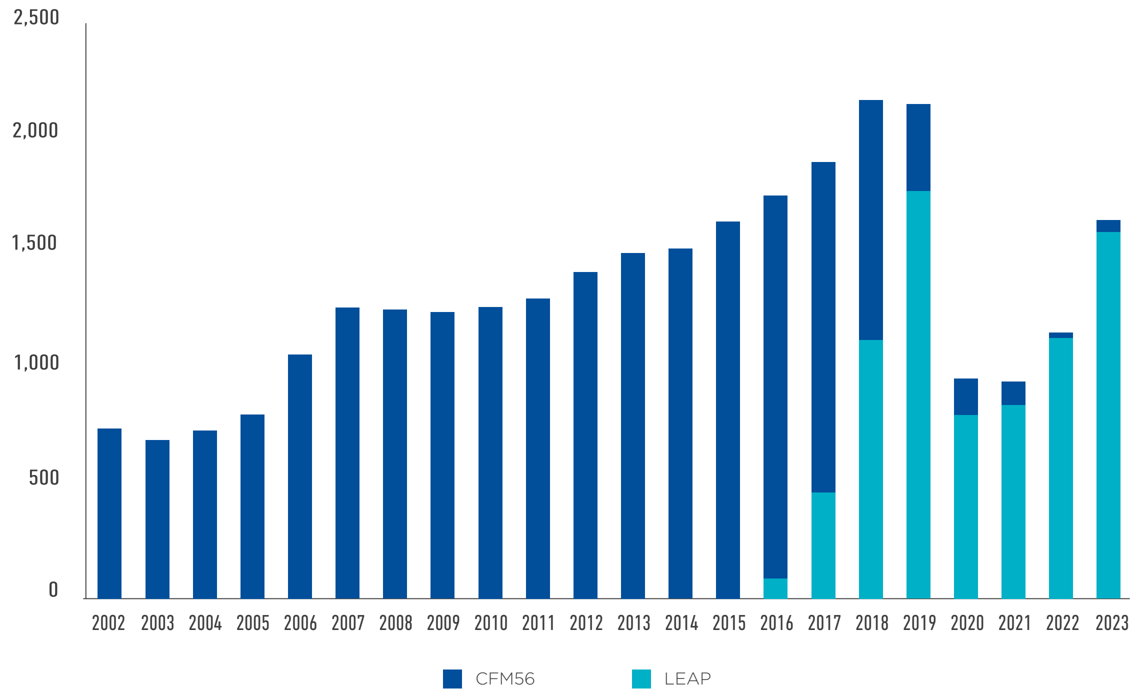
- CF34-10 (Embraer 190 and COMAC ARJ21 regional jets);
- Passport (Bombardier Global 7500 and Global 8000 business jets).

In 2022, in compliance with international sanctions, Safran suspended all exports and services to Russia, including those for the SaM146 low-power civil aircraft engine. It also suspended the operations of PowerJet, a manufacturing joint venture set up for the program with UEC Saturn (Russia).

* *Source: Safran.*
(1) *For illustrative purposes only.*

Mid-thrust engines for civil aircraft

Number of production-standard CFM56 and LEAP® engines manufactured*



In 2023, the CFM56 and LEAP engine programs (including spare parts, maintenance and repair sales) generated 67% of Safran's Aerospace Propulsion revenue. These engines are developed under equitable joint cooperation agreements by CFM International, a 50-50 joint venture between Safran and GE.

The CFM56 program proved highly successful with airline companies, as seen in the steady rise in the volume of engines delivered over the past 40 years. The CFM56 stands today as the world's best-selling engine*, with nearly 34,000 units delivered and an in-operation base(1) of approximately 31,800 engines (including around 23,000 CFM56-5B/7B)*.

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

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

The CFM56/LEAP transition is under way. The LEAP engine achieves a 15% reduction in fuel consumption and CO_2 emissions compared with the latest generation of CFM56 engines. The new engine will also significantly reduce nitrogen oxide emissions and noise levels, with no compromise on the reliability or competitive cost of ownership of CFM56.

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

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

At the end of 2023, orders for the hugely innovative LEAP engine totaled nearly 10,700 units (net cumulative orders and commitments), confirming CFM International as leader in the market for 100+ seater aircraft and building on the successful performance of the LEAP-1A engine in 2016, LEAP-1B in 2017 and the LEAP-1C in 2023. In 2023, 1,570 LEAP engines were delivered, bringing total deliveries to nearly 7,800 since the onset of the program.

High-thrust engines for civil aircraft

The Group operates in this engine range as a risk–and–revenue-sharing partner of GE. Participation rates vary between 7% and 24% across several engine programs in serial production, including the CF6-80C powering the Boeing 767 (10%), and the GE90 powering the Boeing 777 (23.7% for the –115 version currently in production). Safran is a partner on the GEnx engine program: 7.7% for the 1B version powering the Boeing 787 long-haul aircraft and 7.3% for the 2B version powering the Boeing 747-8. Safran also partners with GE, at 11.2%, on the program for the forthcoming GE9X engine, the sole source for Boeing's new 777X long-haul aircraft, which will come into service in 2025. Lastly, Safran has stakes in the GP7200 engine (17.5%) that powers the A380 and the CF6-80E engine (19.4%) powering the A330, both programs that now generate revenue solely through spare parts and repairs.

* *Source: Safran.*
(1) *Engines in operation equals engines delivered (including engines in storage) less engines dismantled or scrapped.*

Spare parts and services for civil aircraft engines

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

In general, CFM56 engines are removed for inspection and servicing in a maintenance workshop three to five times during their service life. CFM56 engine aftermarket revenues are mainly generated from the sale of spare parts used during engine overhauls.

In response to aftermarket expectations, a high proportion of service contracts for the new-generation LEAP engine are long-term rate per-hour-flight service contracts, which provide airlines with long-term visibility on their engine maintenance expenses.

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

In 2022, in compliance with international sanctions, Safran suspended all sales of spare parts to Russia, as well as the provision of maintenance, repair and overhaul services and all forms of technical assistance.

Military aircraft engines

Key characteristics of the business sector

The military aviation sector comprises three main segments:

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

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

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

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

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

There are four main Western players on the fighter engines market: Pratt & Whitney, GE, Rolls-Royce and Safran. The main European players are Safran (with the Atar engine powering the Mirage III, 5 and F1 family, the M53-P2 powering the Mirage 2000 and the M88 powering the Rafale), Rolls-Royce (whose Pegasus engine powers the Harrier), and the European Turbo-Union consortium[(1)] (for the RB199 engine powering the Tornado fighter). The European Eurojet consortium[(2)] develops the EJ200 engine that powers the Eurofighter Typhoon.

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

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

Group products and programs

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

Fighter engines

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

- the M88 engine (7.5 metric tons of thrust), which powers the Rafale. At the end of 2023, there were more than 620 of these engines in service with six customers;
- the M53-P2 engine (9.5 metric tons of thrust), which powers all versions of the Mirage 2000. There are around 550 of these engines in service with eight customers;
- the Atar engine (5 to 7.1 metric tons of thrust), which powers the Mirage III, 5 and F1 family that is still in service with several air forces across the world. Since 2017, Mirage F1s powered by the Atar engine have also been selected as adversary aircraft[(3)] provided by private companies for training US Air Force pilots.

As part of the Future Combat Air System (FCAS)[(4)] program undertaken by the French, German and Spanish governments, Safran Aircraft Engines and MTU Aero Engines, through their EUMET (EUropean Military Engine Team) joint venture[(5)], are designing the engine for the New Generation Fighter (NGF) with their partner ITP Aero. Developed by Dassault Aviation and Airbus, the twin-engine NGF will come into service with the three countries' air forces around 2040, phasing out the Rafale and the Eurofighter combat aircraft. In 2023, after initially participating as an observer, Belgium officially announced that it wished to join the FCAS program as a full member.

(1) The Turbo-Union consortium comprises Rolls-Royce, MTU Aero Engines and Avio (Italy).
(2) The Eurojet consortium comprises Rolls-Royce, MTU Aero Engines, Avio and Industria de Turbo Propulsores (ITP) (Spain).
(3) Planes acting as an opposing force in military wargames.
(4) The Future Combat Air System (FCAS) is a joint European program to develop a new-generation combat air system, combining a New Generation Fighter (NGF) aircraft by 2040 with a wide array of interconnected and interoperable elements such as drones, and based on artificial intelligence.
(5) 50%-owned by each partner.

During the year, Safran also announced the signature of two memoranda of understanding (MoU) concerning the Pratt & Whitney F135 engine (17.8 metric tons of thrust) powering the Lockheed Martin F-35 fighter.

Training and support aircraft engines

Activity in this segment is based on the following programs:

- the Adour engine (2.3 to 3.7 metric tons of thrust), manufactured in cooperation with Rolls-Royce, now powers primarily the BAE Systems Hawk and Boeing T–45A Goshawk trainers;
- the Larzac engine (1.4 metric tons of thrust), which powers Dassault Aviation's twin-engined Alpha Jet training aircraft. More than 1,000 of these engines have been sold in the last 50 years, with around 400 still in service. This engine program also benefits from use of the Alpha Jet as adversary plane with several air forces.

Patrol, tanker and transport aircraft engines

Activity in this segment is based on the following programs:

- the CFM56 engine powering:
  - military versions of the Boeing 707 (CFM56-2),
  - the KC135 tanker aircraft (CFM56-2),
  - the C-40 transport aircraft, a military version of the Boeing 737 NG (CFM56-7 engine),
  - the P-8 Poseidon Multimission Maritime Aircraft (MMA) maritime patrol and anti-submarine warfare aircraft,
  - the Airborne Early Warning & Control (AEW&C) aircraft;
- the Tyne 4,550 kW turboprop engine that powers Atlantique 2 maritime patrol aircraft (program generating revenue solely through spare parts and repairs today);
- the TP400 turboprop engine, the world's most powerful unit currently in production (8,203 kW, i.e., 11,000 hp), powering the Airbus A400M European military transport aircraft, with more than 550 engines in service.

Spare parts and services for military aircraft engines

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

1.2.1.2 Helicopter engines and auxiliary power units

Key characteristics of the business sector

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

As of end-2023, some 53,000 gas turbine-powered helicopters were in service worldwide*. To meet growing demand and replace helicopters scheduled for dismantling or retirement, around 30,000 helicopters are expected to be delivered* over the next 20 years.

Helicopter engine size is determined mainly by airframe weight and mission type. Helicopters may have one, two or sometimes three engines, which leads to a wide variety of engines and related versions.

The Group addresses this diversity with applications in the following segments:

- government and semi-public: medical and emergency services, police, firefighting and border control;
- military: transportation, attack and ground support, maritime patrol;
- civil: airborne work (transport by helicopter, refueling, civil engineering), private transport and tourism, offshore oil.

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

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

A helicopter engine program shares a similar profile with a civil aircraft engine program (see paragraph 1.2.1.1). Just as with civil aviation engines, there are also partnerships between helicopter engine manufacturers. The growth of the helicopter market in emerging economies has led Safran to develop partnerships with consortiums of helicopter manufacturers claiming a role in the propulsion sector. This is the case with Hindustan Aeronautics Ltd. (HAL) in India and AVIC in China, which are becoming both customers and partners.

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

The majority of major Western aircraft manufacturing groups are also present in the helicopter engine market: Safran, GE, Pratt & Whitney Canada, Rolls-Royce and Honeywell. Safran ranks number one in the sector, with a market share of 35%(1).

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

* *Source: Safran.*
(1) *Percentage of new helicopters delivered in 2023 powered by Safran engines. Source: Safran.*

Group products and programs

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

With its new hybrid electric systems capable of powering the aircraft of the future, Safran Helicopter Engines is enabling the development of new aircraft concepts.

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

In 2022, in compliance with international sanctions, Safran suspended all exports and services to Russia, including those for Safran helicopter engines or related to programs with Russian Helicopters.

Engines for light helicopters

For single-engine helicopters from 1.5 to 3.5 metric tons and twin-engine helicopters from 2 to 5 metric tons, Safran offers two engine families: Arrius (450 to 750 shp[1]) and Arriel (650 to more than 1,000 shp).

Arrius engines and their derivatives power many civil helicopters, including Airbus Helicopters (H120, H135) and Bell in the United States (Bell 505 Jet Ranger X), along with military versions of Italian helicopter manufacturer Leonardo's A109 LUH (Light Utility Helicopter).

Arriel engines and their derivatives power Airbus Helicopters (H125, H130, H145, etc.) and their military versions (UH-72A, UH-72B, H145M, etc.), as well as helicopters made by Leonardo (AW09), AVIC (AC311A, AC312E), Sikorsky (S-76 C++) and Korean Aerospace Industries (Light Civil Helicopter /LCH and Light Armed Helicopter/LAH).

Engines for medium-weight helicopters

For helicopters from 4 to 6 metric tons, Safran's 1,300 shp Arrano engine uses 15% less fuel than the previous generation of engines in service today, thereby offering helicopter operators higher performance (range, payload) and a smaller environmental footprint. The Arrano 1A is the sole engine for the 6 metric ton Airbus Helicopters twin-engine H160 helicopter. It will also equip the military version, the H160M Guépard, whose first deliveries are scheduled for 2027.

For helicopters from 5 to 7 metric tons, Safran is present in the military market for combat helicopters, with the MTR390 (1,250 to 1,450 shp), developed jointly with Rolls-Royce and MTU Aero Engines, that powers Airbus Helicopters' military attack helicopter, Tiger, and the TM333 (900 to 1,100 shp) that powers Hindustan Aeronautics Ltd's Dhruv (India).

For helicopters from 5 to 8 metric tons, Safran's Ardiden range of engines covers power ratings from 1,400 to 2,000 shp. The Ardiden 1H1/Shakti powers the twin-engine Dhruv and Prachand light combat helicopters (LCHs) from Indian helicopter manufacturer Hindustan Aeronautics Ltd (HAL). The Ardiden 1U variant powers HAL's light utility helicopters (LUHs). The Ardiden 3C/WZ16 engine, developed by Safran with Harbin Dongan Engine and Hunan Aerospace Propulsion Research Institute (HAPRI), both members of the AECC consortium[2], power the Chinese AC352 helicopter, itself a product of a joint project between Airbus Helicopters and Chinese airframer HAIG, an AVIC subsidiary.

Engines for heavy-lift helicopters

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

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

This new range of high-power Aneto engines, to include models with power ratings from 2,500 to more than 3,000 shp, has the advantage of offering 25% more power than existing units. The first model, the 2,500-shp Aneto-1K, was selected by Leonardo to power its twin-engine AW189K and as one of two possible sources for its corresponding military version AW149.

Spare parts and services for helicopter engines

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

New mobility concepts, hybrid propulsion systems

Safran has developed expertise in hybrid electric propulsion systems, whose combined electric and thermal energy sources make it possible both to optimize onboard power management and to offer systems capable of powering emerging aircraft concepts.

With its electrical equipment capabilities, the Group also markets turbogenerators based on helicopter engines, which also incorporate GENeUS electric generators.

Auxiliary power units

The auxiliary power units developed by Safran meet the demanding requirements of the world's leading aircraft and helicopter manufacturers. Safran supplies a large fleet of civil and military aircraft and helicopters, including Leonardo's M-346, Dassault Aviation's Rafale, BAE Systems' Hawk, NHIndustries' NH90, Airbus Helicopters' H225M and Leonardo's AW189. Bombardier's Global 7500 and Dassault Aviation's Falcon 6X business jets are also fitted with Safran auxiliary power units. Through its R&T work on fuel cells, Safran Power Units contributes to the development of electric power generation solutions emitting zero CO_2.

(1) Shaft horsepower.
(2) Aero Engine Corporation of China.

1.2.1.3 Mechanical power transmission systems

Key characteristics of the business sector

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

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

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

Group products and programs

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

Safran Transmission Systems designs, manufactures, markets and provides maintenance services for a wide range of mechanical power transmission systems for civil and military aircraft engines and helicopters. The unit's accessory drive trains power engines such as the CFM56 (Airbus A320ceo and Boeing 737 NG), the LEAP (Airbus A320neo, Boeing 737 MAX and COMAC C919), the Trent XWB (Airbus A350), the M88 (Dassault Aviation Rafale) and the TP400 (Airbus Defence & Space A400M).

In addition, through its Aero Gearbox International (AGI) joint venture, which designs, develops and manufactures power transmission systems for Rolls-Royce aircraft engines, Safran Transmission Systems covers all the British engine-maker's business and commercial aircraft applications. The accessory drive trains developed and manufactured by AGI are for the Trent 7000 (Airbus 330neo), Pearl 15 (Bombardier Global Express 5500 & 6500), Pearl 700 (Gulfstream G700 & G800) and Pearl 10X (Dassault Aviation Falcon 10X) engines.

1.2.1.4 Launch vehicles

Key characteristics of the business sector

This business sector comprises three main segments:

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

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

In the civil space industry, competition is quite intense. The main competitors of Arianespace (a subsidiary of ArianeGroup, itself a 50-50 joint venture with Airbus) in the market for commercial launch services are the US company SpaceX, with its reusable Falcon 9 launch vehicle and Falcon Heavy version, and, to a lesser extent, the American Atlas V launch vehicle marketed by United Launch Alliance. Competition will be intensifying in the medium-term, with a number of new launch vehicles currently under development. This highlights the relevance of the forthcoming Ariane 6 launch vehicle, set to be introduced by ArianeGroup in 2024. These projects are being led by a variety of companies in the United States (e.g., the Vulcan Centaur from United Launch Alliance, the New Glenn from Blue Origin, the Neutron from Rocket Lab and the Terran R from Relativity Space), India (the Launch Vehicle Mark 3/LVM 3) and Japan (the H3 from MHI).

In this same segment, competitive pressure could also increase in the near future with the arrival of new entrants specialized in light payload launches. This is particularly the case in Europe, with the development of micro-launchers in Germany (Rocket Factory Augsburg's RFA One and ISAR Aerospace's Spectrum), Spain (PLD Space's Miura) and the United Kingdom (Orbex's Prime). In response, ArianeGroup's MaiaSpace subsidiary is developing the Maia mini-launch vehicle, scheduled to make its first flight in 2026.

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

- tactical missiles appear in all battlefield situations. They use various types of propulsion systems (solid propellant, turbojet and ramjet). Safran primarily covers the solid–propellant propulsion sector, through its stake in Roxel (50-50 joint venture with MBDA), and the turbojet propulsion sector, through Safran Power Units. Other main players in the sector of solid-propellant engines for tactical missiles are Nammo (Norway), Bayern Chemie (Germany), Avio, L3Harris Technologies (United States), Northrop Grumman (United States), Rocketsan (Turkey), Rafael (Israel) and Denel (South Africa);
- ballistic missiles are an essential component of national nuclear deterrent forces for countries possessing this capability. In Western Europe, France is the only country to develop its own ballistic missiles powered by solid–propellant engines. The main players in the ballistic missile segment are ArianeGroup in Europe and Lockheed Martin and Boeing in the United States;
- hypersonic missiles, currently in development, extend military capabilities. The main players are Russia, China and the US. In France, the V-MAX (Véhicule Manœuvrant eXpérimental, or experimental maneuvering vehicle) demonstration program is the result of cooperation between ArianeGroup and ONERA[1] on behalf of the French Directorate General of Weapons Procurement (DGA).

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

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

Group products and programs

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

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

In 2022, the Russian space agency Roscosmos announced it was suspending its cooperation with the ESA[1] for Soyuz rocket launches operated by Arianespace from the Guiana Space Center (CSG) and by Starsem[2] from the cosmodromes in Baikonur and Vostochny, Russia. As a result, ArianeGroup suspended all exports and services to Russia and has discontinued the operations of its Starsem and Eurockot joint ventures with Russian partners.

Civil space industry

ArianeGroup is prime contractor for the ESA on the future Ariane 6 launch vehicles, which involves coordinating an industrial network of more than 600 companies in 12 European countries. It manages the whole of the industrial chain, which covers plant and equipment, engine manufacture, and integration of the launch vehicle at the Guiana Space Center. Ariane 6 is slated to complete its first flight in 2024.

ArianeGroup also contributes to solid propulsion for the Vega program, marketed through its subsidiary Arianespace, a European leader in launch services.

Tactical missile propulsion

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

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

Ballistic missiles

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

Following the commissioning of the M51.1 version in 2010 and the M51.2 in 2016, the next-generation M51.3 successfully completed its test flight without a nuclear warhead on November 18, 2023. This flight validated an important change in the missile's design, which will help to secure the credibility of France's naval nuclear deterrent for decades to come.

ArianeGroup also develops technologies for forthcoming high-performance propulsion systems (modular propulsion, DACS[8], etc.) under national and international production and R&T contracts.

Hypersonic missiles

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

On June 26, 2023, the demonstrator, developed by ArianeGroup with support from ONERA, was launched by a sounding rocket from the DGA missile testing center at Biscarrosse (Landes).

Products, equipment and services

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

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

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

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

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

Harnessing its experience in liquid hydrogen for launch vehicle propulsion, ArianeGroup works with Safran to develop technological solutions addressing the particular challenges of liquid hydrogen, to be used for both aviation applications and for other modes of transport.

(1) *European Space Agency.*
(2) *Joint venture owned 35% by ArianeGroup, 15% by Arianespace, 25% by Roscosmos and 25% by the Russian National Research and Production Center Progress (RKTs-Progress) (Russia).*
(3) *Missile de croisière naval (naval cruise missile).*
(4) *Missile d'interception, de combat et d'autodéfense (interception, combat and self-defense missile).*
(5) *Armement air-sol modulaire (modular air-to-ground weapon).*
(6) *Source: Safran.*
(7) *Future Cruise and Anti-Ship Weapon.*
(8) *Divert and Attitude Control System.*

1.2.2 Aircraft Equipment, Defense and Aerosystems

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

LANDING AND BRAKING SYSTEMS
- Landing gear
- Wheels and brakes
- Landing and braking control systems

ENGINE SYSTEMS AND EQUIPMENT
- Nacelles and thrust reversers
- Services for nacelles and thrust reversers

ELECTRICAL SYSTEMS AND HIGH-TECH ENGINEERING
- Electric propulsion, generation and distribution systems
- Electrical interconnection systems (wiring)
- Electrical components
- High-tech engineering

AEROSYSTEMS
- Safety and protection systems
- Integrated management and control systems for fluids and fuel

ELECTRONICS AND DEFENSE
- Avionics
- Defense
- Space
- Navigation & Timing

Safran holds front-line positions in all these fields. At the end of 2023, a total of 45,007 Safran employees were contributing to the development of this business.

1.2.2.1 Landing and braking systems

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

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

Landing gear

Key characteristics of the business sector

The market for commercial aircraft landing gear is mainly shared by Safran, Collins Aerospace, Liebherr (Germany), Héroux-Devtek (Canada) and a handful of niche players positioned in specific market segments (business jets, helicopters, drones, etc.). Technology requirements are high, as landing gear must bear extreme loads during maneuvers on the ground: it must be light, compact and robust, while being fully adapted to and optimized for the aircraft's profile. The business model includes a long development period – which starts with the initial aircraft development phase – limited production volumes and regular service flows. Technological challenges include the use of new materials to improve the resistance and mass of parts, new, more eco-friendly production processes (including the elimination of chrome) and enhanced acoustics.

Group products and programs

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

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

Safran is the world number one[(2)] in landing gear, equipping a fleet of some 30,000 aircraft. The Group supplies the world's major airframers (including Airbus, Boeing, Bombardier and Dassault Aviation) and military and civil operators. Among the main commercial aircraft programs are the main Airbus platforms (A300, A310, A320, A321XLR, A330, A340, A350 and A380) and the Boeing 787.

(1) Source: Safran.
(2) Ranking criteria: market share – Source: Safran.

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

Wheels and brakes

Key characteristics of the business sector

The present-day wheels and brakes market for commercial aircraft with 100 or more seats splits into two segments: aircraft with steel brakes (first-generation brakes), which in 2023 accounted for some 13%* of commercial aircraft of 100 or more seats, and aircraft with carbon brakes, invented by Safran, which accounted for around 87%*. The market for carbon brakes has developed rapidly since the 1980s, with the gradual shift from steel to carbon brakes. The wheels and brakes market is currently shared among four major global participants: Safran, Collins Aerospace, Honeywell and Parker Meggitt (United Kingdom).

Group products and programs

Safran designs and manufactures wheels and carbon brakes for aircraft, and provides related aftermarket support. It is also involved in electronic and electrohydraulic systems for aircraft braking and tire/brake/landing gear monitoring systems.

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

With more than 12,100 aircraft fitted with Safran wheels and carbon brakes, the Group equips over 55%* of civil aircraft with over 100 seats and fitted with carbon brakes. Recurring revenue is substantial here, since it correlates directly with the size and lifespan of the fleet in service (specifically, the number of landings made by aircraft fitted with these systems).

Safran wheels and carbon brakes also equip nearly 2,400 military aircraft.

Landing and braking control systems

Key characteristics of the business sector

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

Group products and programs

Safran addresses the landing and braking control systems segment primarily through Safran Landing Systems, with customers including: Airbus, for all its civil aircraft programs and the A400M military program; Airbus Helicopters for Dauphin and Super Puma aircraft; Boeing for its 777, 747 and 787; Embraer for its C-390 military program; Gulfstream (United States) for its G650, G700 and G800 programs; and Dassault Aviation for its Falcon civil (900, 2000, 7X and 10X) and Mirage and Rafale military programs.

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

Services for landing gear, wheels and brakes and related systems

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

Through its LandingLife® suite of services, Safran delivers tailored support 24/7 everywhere around the world. LandingLife's customer portal offers access to a portfolio of increasingly innovative services at just the right price. In particular, this digitalization-driven approach means that LandingLife can support customers with advanced predictive maintenance solutions.

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

1.2.2.2 Engine systems and equipment

Nacelles and thrust reversers

Key characteristics of the business sector

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

* *Source: Safran.*

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

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

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

Group products and programs

Safran specifies, designs, manufactures and provides aftermarket support for aircraft engine nacelles through Safran Nacelles. On this market, the Group ranks second worldwide, with a market share approaching 25%*.

In the segment of nacelles for commercial aircraft with more than 100 seats, Safran enjoys a long-standing position as a manufacturer of complete nacelle systems and large thrust reversers for the Airbus A320ceo, A320neo(1), A330, A330neo and A380 platforms. Safran also developed the COMAC C919 nacelle, through Nexcelle, a joint venture with Middle River Aerostructure Systems (MRAS)(2). Boeing selected Safran to supply titanium nozzles for the 777X. Safran also supplies nacelles for regional jets (Embraer 170) and is a leading supplier of nacelles for business jets (Gulfstream, Bombardier, Dassault Aviation, Cessna in the United States and Embraer), with a market share of 30%*.

In 2022, in compliance with international sanctions, Safran suspended all exports and services to Russia, including those concerning nacelles for the SaM146 low-power civil engines powering the Sukhoi Superjet 100 aircraft, for which Safran is the sole supplier.

Services for nacelles and thrust reversers

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

1.2.2.3 Electrical systems and high-tech engineering

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

Three recent market trends afford Safran scope for development:

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

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

- power generation;
- electrical distribution (primary and secondary);
- electric propulsion motors;
- power electronics;
- batteries;
- electrical interconnection systems (electrical harnesses);
- electrical components;
- maintenance and repair of electrical equipment;
- engineering, design and production services, especially for electrical systems.

Electric propulsion, generation and distribution systems

Key characteristics of the business sector

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

* *Source: Safran.*
(1) *The A320neo nacelle for the LEAP-1A engine was developed jointly with Middle River Aerostructure System (MRAS) as majority partner.*
(2) *MRAS is a company of the Singapore-based group ST Engineering.*
(3) *See section 1.4.1.2, "Electric technologies and new power configurations".*

The power conversion market comprises a variety of activities:

- power load conversion, to meet the needs arising from the electrification of certain aircraft functions, such as electric thrust reversers, electric brakes and power load management; and
- mains conversion, to switch from direct current to alternating current, or to change the voltage.

This critical technological building block was acquired by Safran with the purchase of Thales' aeronautical electrical systems business in 2023.

With recent developments, onboard electrical systems are also extending to propulsion functions. With electric hybridization, a conventional engine can work together with an electric motor, the two relaying each other or running in tandem depending on flight phase or mission requirements. As well as bringing down aircraft fuel consumption, electric hybridization also improves the operability of a conventional engine, relieved of duty at low speeds, for example. All-electric propulsion could be an option for some types of general aviation or VTOL[1] light aircraft. The main players on these new electric propulsion and hybridization markets are Safran, GE, Collins Aerospace and Honeywell, along with a number of startups, such as magniX (United States), Evolito (United Kingdom) and MAGIcALL (United States).

Group products and programs

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

Safran stands as a world leader in primary electrical power distribution, equipping the majority of recent civil aviation programs, including Airbus A220, A320ceo, A320neo and A350, Boeing 787, Bombardier Global 7500, Embraer E-Jet E2 and Dassault Aviation Falcon 6X. In 2022, in compliance with international sanctions, Safran suspended all operations concerning the Irkut MC-21 program.

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

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

For these electric motors and generators, Safran has signed several agreements, for example with:

- Aura Aero, for the propulsion system for the future two-seat aerobatics training aircraft INTEGRAL E, which will be equipped with the ENGINeUS™ electric motor, rated at more than 100 kW, and the GENeUSGRID™ electric distribution and network protection system;
- VoltAero, for the Safran ENGINeUS™ electric motor and the electrical wiring on the five-seat Cassio 330 electric–hybrid aircraft.
- US manufacturer Electra, to develop the 600 kW turbogenerator for a prototype nine-passenger hybrid-electric short take-off and landing (eSTOL) aircraft.

With these new agreements, six airframers and startups have already selected Safran ENGINeUS™ motors to power their full or hybrid electric aircraft (Aura Aero and VoltAero in France, Bye Aerospace and Electra in the United States, Diamond Aircraft in Austria and CAE in Canada).

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

In 2023 Safran completed the acquisition of Thales' aeronautical electrical systems business, which covers electric conversion, power generation and motors for civil and military aircraft. The acquisition will enable Safran to increase both its expertise in power conversion and its market share in aircraft power generation.

Electrical interconnection systems (wiring)

Key characteristics of the business sector

The Group is a leading worldwide supplier[3] of electrical interconnection systems, which mainly comprise electrical harnesses for power and data transmission.

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

Group products and programs

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

(1) *Vertical Take-Off and Landing aircraft.*
(2) *Auxiliary power unit.*
(3) *Ranking criteria: revenue – Source: Safran.*

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

Safran supplies the wiring harnesses mounted on the CFM56 and LEAP engines, on the landing gear of commercial aircraft (A220, A320ceo, A320neo, A330, A350, Boeing 737, Boeing 787, Embraer E-Jet) and business jets (Gulfstream G500 & G600, Bombardier Global 7500, and Dassault Aviation Falcon 6X and Falcon 7X), and on missiles (AASM Hammer).

Electrical components

Key characteristics of the business sector

Customers in the electrical connections for harsh environments market judge suppliers largely on their ability to produce complete systems and subassemblies. A determining factor is the capacity for offering customers expertise across all the components integrated in these systems and subassemblies.

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

Group products and programs

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

High-tech engineering

Key characteristics of the business sector

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

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

The Group's main competitors are leading French full-service engineering groups such as Alten, Capgemini Engineering, Akkodis, and French niche aviation engineering suppliers including Expleo and Aeroconseil.

Group products and programs

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

Safran Engineering Services' expertise in six broad areas (electrical engineering, mechanical engineering, systems engineering, software development, production release support and customer/publication technical support) is used by various Group companies, chief among which rank Safran Electrical & Power, Safran Aircraft Engines and Safran Electronics & Defense. Services are also provided to major aerospace customers (Airbus, Boeing, Dassault Aviation, ArianeGroup) and land transport companies (Alstom, France).

Safran Engineering Services also works toward fulfilling Group ambitions by providing expertise in digitalization, project management, additive manufacturing, industrialization and supply chain management. In this way, it supports the Group's transformation, while addressing the sovereignty and confidentiality issues inherent in certain programs.

1.2.2.4 Aerosystems

Key characteristics of the business sector

Most of the high-tech equipment and systems that ensure the in-flight and on-ground safety, fuel management and on-board fluid management of airplanes and helicopters are specified and selected by the airframer at the onset of each new aircraft program.

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

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

Group products and programs

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

Safety and protection systems

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

Safran holds world-leading[1] positions in most of these fields. Aware of the crucial importance of ensuring safety for aircraft passengers, crew and pilots, Safran offers its customers engineering, production, technical support and aftermarket capabilities tailored to their requirements and constraints, worldwide.

Integrated management and control systems for fluids and fuel

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

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

Backed by its capabilities in fuel circulation, gaging and tank inerting systems for civil and military programs, Safran is also a major supplier of fuel management systems, which are critical to ensuring flight safety and aviation operations efficiency. These systems can also be designed to run on sustainable alternative fuels. In addition, the Group is proficient in the design, certification and manufacture of fuel tanks that are lightweight and flexible thanks to the use of its proprietary mixes and doped fabrics. These tanks, which have both anti–crash and auto-obstructing capabilities when used for military missions, enhance aircraft on-board safety. Safran also supplies the new-generation in-flight refueling pods (NARANG) that equip the carrier version of the Rafale fighter in France and which have been sold to a number of export customers.

To protect aircraft from icing risks, Safran is one of the leading providers of both ice detection and de-icing systems, and as such participates in the development of new engine architectures.

Spare parts and services activities

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

1.2.2.5 Electronics and defense

Avionics

Key characteristics of the business sector

Avionics, which play an essential role in the piloting and safety of civil and military aviation platforms, comprise all the mission-critical onboard electronic systems that support an aircraft's operation, navigation and control.

The sector is characterized by a lengthy, highly demanding development and certification process, indicative of its critical role, and by the constant advances in electronic technologies. These advances are regularly improving system precision, enhancing equipment reliability and integrating advanced functions such as mission-critical task automation, to ensure aircraft safety and performance and ease pilots' cognitive load.

Safran therefore deploys tried and true dual-use solutions and, in particular, offers flight controls and cockpit equipment, critical computers and software, electromechanical actuation systems, exterior aircraft lighting, inertial navigation systems, and data management solutions.

Safran equips all types of aerospace platforms: commercial, regional, business and military aviation, helicopters, drones, launch vehicles and satellites. The Group's customers here include airline companies and the leading aircraft and helicopter manufacturers, including Airbus, Airbus Helicopters, Boeing, Dassault Aviation, Gulfstream, Hindustan Aeronautics Ltd., Embraer, Bell, Leonardo and COMAC.

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

Group products and programs

The innovative systems developed by Safran in mission–critical avionics, electronics and software contribute to pilot comfort and efficiency, trajectory control, flight safety, navigation accuracy and aircraft performance. Safran is involved in the largest aircraft programs, including NH90 (NHIndustries), Caracal and H160 (Airbus Helicopters), A400M, A320neo and A350 (Airbus), Rafale and Falcon (Dassault Aviation) and Boeing 737 MAX, Boeing 777X and Boeing 787.

Electromechanical actuation systems

Safran develops electromechanical flight control solutions for all types of aviation platforms (planes, helicopters, drones, etc.), meeting the highest standards of reliability and safety. From sensors to actuators, Safran solutions improve aircraft performance and accommodate new, more electric, architectures.

Safran also provides electromagnetic actuator systems for other applications, such as thrust reversers, seats, and door opening and closing mechanisms.

In 2023, Safran announced that it intended to acquire the actuation and flight control business of US-based RTX's Collins Aerospace subsidiary, in a commitment to expanding its capabilities in hydraulic and electromechanical actuation for commercial and military aircraft and helicopters.

(1) *Ranking criteria: revenue – Source: Safran.*

Data management

Safran data management solutions, including flight-data recording systems, automatic end-of-flight data transfer systems and secure software loading systems, appear on many civil aircraft from ATR, Embraer, Boeing and Airbus, and on many helicopters, through an upgrade authorized by a Supplemental Type Certificate[(1)].

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

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

Electronics and critical software

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

Safran Electronics & Defense provides all Group companies with world-leading electronic equipment and critical software. With its partners, it has woven strong, balanced links through FADEC International (joint venture with BAE Systems) and FADEC Alliance (joint venture between GE and FADEC International) on engine regulation for CFM International (CFM56, LEAP) and GE (GEnx, GE9X, Catalyst) engines.

Electronic equipment

Safran Electronics & Defense specializes in increasingly integrated electronic systems for critical and harsh environments (extreme temperatures, vibration, etc.). It designs, produces and supports certified embedded computers used in engine, thrust reverser, flight, braking and landing gear control systems. Safran designs and installs electronic control systems for electromechanical actuators and for Safran Electrical & Power power converters[(2)]. Safran holds prime expertise in the production of electronic circuit boards and complex computers.

Onboard critical software

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

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

Cockpit solutions

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

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

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

Exterior lighting and wiper systems

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

Safran is world number one in complete wiper and washer systems[(3)], developing equipment adapted to the specifics of each aircraft or helicopter to ensure pilots have an optimum field of vision under all weather conditions.

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

Emergency locator transmitters

Safran designs and develops emergency locator transmitters (ELTs) for commercial aviation, general aviation and helicopters, as well as personal locator beacons (PLBs) for the defense market.

In all, Safran has sold more than 93,000 ELTs worldwide, equipping aircraft operated by more than 250 airlines.

Support and services for aerospace customers

Safran's avionics aftermarket support delivers high value-added services and solutions tailored to each customer, from maintenance, repair and overhaul (MRO) services to spare parts sales, equipment delivery and technical support.

Safran Electronics & Defense's MRO centers in France, the United States and Singapore provide aftermarket support for all its aircraft equipment, as well as 24/7 aircraft-on-ground (AOG) services.

(1) Document issued by the air safety authorities allowing modification to an aircraft such as the addition of new aircraft equipment.
(2) See section 1.2.2.3, "Electrical systems and high-tech engineering".
(3) Ranking criterion: revenue and market share – Source: Safran.

Defense

Key characteristics of the business sector

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

Its main customers and partners in this sector are governments (ministries or armed or paramilitary forces) and industrial groups such as Thales, Airbus, KNDS[(1)], BAE Systems, MBDA, ArianeGroup, Leonardo, Saab AB (Sweden), Dassault Aviation, Naval Group, General Dynamics Land Systems (United States) and John Cockerill (Belgium).

Safran's main competitors in these businesses in France and abroad include: Thales, Hensoldt (Germany), Exail Technologies, BAE Systems, Leonardo, Elbit Systems (Israel), L3Harris Wescam (Canada), FLIR Systems (United States) and Northrop Grumman.

Group products and programs

Safran serves armed forces with onboard intelligence solutions that enable them to assess tactical situations (observe), ease cognitive load (decide) and guarantee trajectories (guide), even in hostile environments, on land or sea, in the air or in space. Across the operational chain, Safran helps to heighten the effectiveness of units in the field with support in observation, detection, information, simulation, mission preparation, tactical support, navigation, orientation, platform autonomy, fire control and protection.

Optronics and sights

Portable optronic equipment

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

Onboard systems

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

In airborne optronics, Safran participates in major combat helicopter programs, such as Tiger, NH90, Cougar, Panther and Caracal. The STRIX and OSIRIS sighting systems meet requirements on exceptionally demanding operational conditions and guarantee the performance of the weapons systems. EuroflirTM gyrostabilized electro-optical systems provide valuable service in long-range observation and target location. They also feature on new airborne intelligence systems, such as the Patroller drone, the European Medium Altitude Long Endurance Remotely Piloted Aircraft System (MALE RPAS) Eurodrone, the Airbus Helicopters H160M Guépard and H225M Caracal, the Diamond-42 twin-engine aircraft (in cooperation with DCI) and the T-C350 aerostat from A-NSE.

In the naval field, Safran offers a full range of optronic surveillance, fire direction and self-protection systems for surface vessels, and has recognized expertise in optronic masts and periscopes for conventional (SSK[(2)]) and nuclear (SSN[(3)] and SSBN[(4)]) submarines. Safran contributes to many platforms, including the Charles-de-Gaulle aircraft carrier, the ANZAC, FREMM and Horizon frigates, the Scorpène, Agosta, Barracuda and SNLE submarines manufactured by Naval Group, the Gotland class (type A19) and Blekinge class (type A26) submarines from the Swedish Saab Kockums and the KSS-III submarines from the Korean Daewoo Shipbuilding and Marine Engineering (DSME).

Lasers

Founded in 1966, Compagnie industrielle des lasers (CILAS) develops, designs, produces and markets laser equipment and optical solutions for military and civil applications. Its is majority-owned by HMS Laser, itself equally owned by Safran and MBDA.

Soldier modernization

Safran harnesses experience from the FELIN[(5)] program on soldier modernization in the French armed forces to offer innovative and modular solutions, such as the NeoFelis system, addressing the needs of various armed and security forces in France and further afield. It builds on this know-how to offer capacity kits focused on the key infantry combat functions of command, observation, protection and engagement.

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

Parachutes and protection

Safran is a world leader[(6)] in parachute and protection equipment in military (troop and cargo) and space missions.

Seekers and guidance systems

Safran couples know-how in optronics and inertial systems to offer infrared seekers for the main missiles used by the French army, including Mistral, MICA IR and MMP[(7)], as well as the French-British light anti-ship missile Sea Venom/ANL[(8)].

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

(1) KMW+Nexter Defense Systems.
(2) Sub-surface kerosene.
(3) Sub-surface nuclear.
(4) Sub-surface ballistic nuclear.
(5) Fantassin à équipements et liaisons intégrés (infantrymen with integrated equipment and links).
(6) Source: Safran.
(7) Missile moyenne portée (medium-range missile).
(8) Anti-navire léger (light anti-ship missile).

Drones and autonomous vehicles

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

Its Patroller drone system can conduct missions ranging from ground support to maritime and border surveillance. Already selected as the French Armed Forces' tactical drone system, the Patroller won its first export contract in 2023 with the Greek Armed Forces. These selections confirm Safran's position as a European leader in tactical drones.

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

Customer support

Safran's customer support for defense equipment involves such high value-added services as repairs, equipment delivery, technical support and training, which are designed to meet the same goal: ensuring that equipment is in full working order at all times, a strategy primarily reflected in Global Support Package contracts.

Space

Key characteristics of the business sector

Space holds a vast, unexplored potential for services and applications, in such areas as understanding the universe, communication, navigation, weather, climate change monitoring and security, which are all matters of major political, economic, industrial and cultural importance. Space exploration missions are becoming more ambitious, with a growing number of private operators, satellite constellations, defense and sovereignty activities and in-orbit services around the planet.

In this regard, Safran's long-standing customers include space agencies (ESA[1], NASA[2] etc.) and systems integrators (Thales Alenia Space, ArianeGroup, Airbus Defence and Space, etc.), as well as New Space companies like Leaf Space (Italy) and U-Space (France). The Group now offers all its customers both purpose-designed solutions and a range of off-the-shelf products with comprehensive support services.

Group products and programs

In today's increasingly fast expanding space market, Safran is asserting its position as the go-to global high-technology equipment supplier, independent from space prime contractors.

Safran Electronics & Defense's Space Division brings together into a single unit a wide array of space technologies through the activities of Safran Data Systems, Syrlinks, Safran Reosc and Safran Spacecraft Propulsion. Their mission-critical equipment, designed, manufactured and maintained by Safran, enables agencies, governments, integrators and New Space customers to build and operate complex systems to push back the boundaries of space exploration, strengthen national self-reliance and protect the planet.

Earth-space instrumentation and communication

Safran Data Systems supplies high-technology equipment and solutions for the acquisition, recording, telemetering, processing and management of flight test data, as well as for pilot mission tracking and space communications.

Safran's telemetry applications are primarily designed for use during the test, certification, calibration and maintenance campaigns run by test centers, missile manufacturers and manufacturers of aircraft, helicopters, civil or military drones and eVTOL craft. Safran's main competitors in this business are US-based, such as Curtiss-Wright in onboard telemetrics.

Safran provides equipment and solutions, such as Space Situational Awareness (SSA) systems, for satellite ground stations. More recently, Safran has developed new antenna solutions specifically optimized for satellite constellations, such as the WeTrack™ service developed and marketed as a worldwide network of RF sensors for monitoring geostationary satellites and detecting their maneuvers.

With its Syrlinks radiocommunications subsidiary, Safran offers satellite integrators a range of products enabling them to control their satellites and manage their data from the ground. Syrlinks stands out in the market by mass-producing generic solutions for both satellite and constellation projects that can be used on institutional satellites and commercial programs such as the OneWeb satellite constellation. These satellites perform a wide variety of missions, including Earth observation, spectrum monitoring, telecommunications and technology demonstration. Syrlinks nurtures close relations with space agencies and, in particular, equips satellites deployed by the CNES[3] and the ESA.

High-performance optics

Safran Reosc designs innovative instruments for astronomy, space, lasers and industry. Its lenses, free-form mirrors and other optical components and subassemblies are engineered to the most demanding specifications of international research organizations and scientific programs.

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

(1) European Space Agency.
(2) NASA – National Aeronautics and Space Administration.
(3) The French national agency for space research.

Its production runs are usually short, for just a limited number of units or prototypes. Among its most recent products are lightweight space mirrors for high-resolution earth and space observation telescopes, large monolithic or segmented mirrors for new-generation giant terrestrial telescopes, and thin blades for adaptive mirrors.

The main customers in this segment are the European Southern Observatory (ESO) in astronomy, major prime contractors and space agencies worldwide, institutes and major international scientific programs. As part of the EU Copernicus program, Safran Reosc is actively contributing to Earth observation capabilities, by designing such optical components as mirrors, dioptric subassemblies and filters. Depending on the application, Safran's main competitors are Thales, Hensoldt, AMOS (Belgium), Coherent (United States) and L3Harris Technologies.

Electric motors and propulsion subsystems for satellites and space probes

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

For more than 30 years, in an increasingly competitive market, the Group has been developing, integrating, testing and marketing a full range of motors and plasma propulsion subsystems with power ratings of 500 W to 20 kW. Besides Safran, the main players on the commercial low-power (500 W to 1,000 W) plasma propulsion market are Astra (United States), Exotrail (France), Thales Alenia Space (Germany) and Busek (United States). Besides Safran, the main players on the commercial high-power (> 1,000 W) plasma propulsion market are Busek (United States) and L3Harris Technologies.

Safran equips such telecommunication platforms as Eurostar 3000 EOR (Airbus Defence and Space), Alphabus (Thales Alenia Space and Airbus Defence and Space) and Electra (OHB – Orbitale Hochtechnologie Bremen, Germany). Safran plasma thrusters have also been selected for the Maxar Technologies telecommunication platforms (United States), the Astranis commercial platform (United States), the Boeing commercial platforms, the Empresa ARgentina de soluciones SATelitales (ARSAT) commercial platform (Argentina), the European Galileo program platforms built by Airbus Defence & Space and Thales Alenia Space, and under the European Space Agency (ESA) Neosat program on the Airbus Defence and Space Eurostar Neo and the Thales Alenia Space Spacebus Neo platforms.

Navigation & Timing

Key characteristics of the business sector

The accuracy of a myriad of civil and military applications depends entirely on the use of global navigation satellite system (GNSS) signals. In response, Safran offers solutions that guarantee the resilience, integrity and accuracy of transmitted data, even in conditions where the risk of interference, jamming or decoying is high.

With this in mind, Safran has consolidated all the positioning, navigation and timing (PNT) solutions and equipment marketed by its various subsidiaries and acquisitions into the Navigation & Timing (N&T) range of activities, which today serve customers in every civil and military sector:

- armed forces and public safety authorities require technological superiority to demonstrate resilience and preserve their nation's sovereignty. During their air, land and sea operations, navigation systems capable of autonomously defining trajectories (position, guidance, etc.) have become powerful tools, revolutionizing tactics and capabilities in a conflict. Safran solutions ensure mission continuity by effectively protecting GNSS signals against jamming and spoofing in all uncertain or extreme conditions and environments;
- in aviation applications, Safran offers airports, airlines and aircraft manufacturers N&T solutions that guarantee uninterrupted access to accurate, usable data to ensure flight safety and operational efficiency and reliability;
- for national and international space agencies, scientific research centers and New Space companies, Safran is a core enabler in a variety of programs through the supply of launch vehicle and satellite navigation systems (IMU[1] and INS[2]), the design of satellite atomic clocks and the implementation of ground station time synchronization systems;
- for GAFA, global stock exchanges and financial systems and datacenters, Safran has for many years supplied solutions and equipment for business-critical infrastructure and testing systems to ensure data synchronization, reliability and reception;
- for the transportation industry, Safran's N&T solutions ensure the stability, reliability, resilience and integrity of applications that keep air, overland, railway and maritime transportation systems running smoothly. These solutions are also being constantly upgraded in response to the increasing ubiquity of connected and autonomous transportation and mobility systems.

Navigation & Timing's main competitors are Honeywell, Microship/Microsemi (United States), Spirent (United Kingdom), Teledyne (United States), Meinberg (Germany), Thales, Exail and Accubeat (Israel).

(1) *Inertial measurement unit.*
(2) *Inertial navigation systems.*

Group products and programs

Time servers

Many Internet events require an exact time to initiate, coordinate and control processes, as well as to complete authentication and other transactions. Yet, clocks on electronic devices are not designed to that degree of accuracy. Typical clocks, for example, can drift by more than an hour a year.

Safran supplies solutions that provide ultra-precise time synchronization of the network itself, by using network time servers as master clocks.

GNSS simulators

With an ever-growing number of applications using GNSS data, users are increasingly vulnerable to white areas, jamming, decoying and other signal disturbances. This makes reliable reception of these satellite signals a major challenge, which is why simulation tests are essential to assess and ensure reception reliability.

Safran's advanced GNSS simulators generate radio-frequency signals identical to those broadcast by actual GNSS satellites, guaranteeing accurate testing and validating the performance of GNSS receivers and other systems using these signals.

Atomic clocks and oscillators

As today's most accurate timing devices, atomic clocks play a critical role in many applications, and particularly connected civil and military systems based on GNSS technology, which uses time data to enable precise positioning and navigation.

Safran offers a comprehensive range of atomic clocks, premium quartz crystal (OCXO), rubidium and cesium oscillators, maser or integrated GPS/GNSS solutions, as well as the related testing technologies for space missions. These technologies guarantee reliable time data thanks to their autonomous, ultra-precise operation. Today, Safran is the world leader in resilient time and atomic clocks(1).

GNSS signal interference detection and mitigation

Safran's expertise ranges from strategies to protect military bases, government installations and other critical fixed civil infrastructure to mobile application technologies for detecting, mitigating or thwarting GNSS signal spoofing and jamming on land, at sea or in the air.

Inertial navigation systems

While inertial navigation systems for vehicles, aircraft, ships and spacecraft originally met mostly military needs, today they are being adapted to civilian uses, particularly in commercial aviation. Safran has long led the way in inertial navigation, with more than 70 years of acquired expertise in its core mechanical, thermal, laser, fiber optics, resonant structures and MEMS(2) technologies.

All its applications are based on Safran inertial sensors, such as SkyNaute, the latest addition to the range, designed for both military and civil aviation. SkyNaute is a highly compact, highly efficient integrated inertial navigation system operational in all circumstances and hybridized with provision of position, navigation and timing (PNT) data from navigation satellites. With its three HRG Crystal™(3) hemispherical resonator gyroscopes and three MEMS accelerometers, SkyNaute uses proven, mature technologies and offers low operating costs.

Safran is number three worldwide for military inertial navigation systems, and number one in Europe(4).

MEMS accelerometers, sensors, gyroscopes and IMUs

Safran designs and manufactures high-precision MEMS accelerometers, inclinometers, sensors, gyroscopes and IMUs for the defense, aerospace, industrial and commercial markets. The Group serves customers worldwide with patented solutions used in a wide range of applications.

Geolocation equipment

Safran markets a full line of low earth orbit positioning, navigation and timing (LEO PNT) products that can geolocate objects on Earth to within a highly accurate 10 cm or so, which exceeds the capabilities of the current GNSS system. They meet the positioning and synchronization needs of autonomous vehicles, banking transactions, the Internet of things, etc. Safran's LEO PNT solutions equip satellites from LeoStella (United States) and ST Engineering (Singapore).

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(1) Ranking criteria: revenue – Source: Safran.
(2) Micro Electro Mechanical Systems.
(3) The HRG Crystal gyroscope, a major innovation patented by Safran, is the highest-performance system of its kind on the market. Using this sensor, with its straightforward mechanism and proven technology, Safran develops new ultra-reliable and extremely compact inertial systems capable of covering a very wide performance range for civil and military applications in space, air, land and sea environments.
(4) Ranking criteria: revenue – Source: Safran.

1.2.3 Aircraft Interiors

The Aircraft Interiors business breaks down into two key sectors:

CABINS

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

SEATS

- Passenger seats
- Technical seats
- Helicopter seats

Aircraft Interiors covers cabin furnishings equipment, in-flight entertainment systems and flight-deck liners, as well as seats. At the end of 2023, a total of 15,626 Safran employees were contributing to the development of this business.

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

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

1.2.3.1 Cabins

Cabin interiors for commercial, regional and business aircraft

Key characteristics of the business sector

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

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

Group products and programs

Safran is a world leader in cabin interiors for commercial and business aircraft, through Safran Cabin. It also supplies complete cabin liners to major aircraft manufacturers, including Airbus, Bombardier, COMAC and Embraer.

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

In the business jets sector, Safran supplies complete interiors for the Honda HA-420 HondaJet (Japan), the Bombardier Challenger 650 and the Bombardier Global 5000, 6000, 7500 and 8000. Safran's cabin interiors for these aircraft combine complex wood inserts and veneers, high-gloss paint finishes and luxury leather linings. Safran also offers galley inserts for these aircraft.

In the regional jets sector, Safran also produces complete cabin interiors meeting the needs of operators flying Embraer (E-Jet and E-Jet E2), MHI (CRJ) and Airbus (A220) planes.

(1) *Supplier Furnished Equipment (SFE): equipment specified and purchased by the airframer, which offers operators one or more configurations from catalog.*
(2) *Buyer Furnished Equipment (BFE): equipment specified and purchased by the operator. For new equipment, fitting is usually delegated to the airframer.*

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

In long-haul aircraft, Safran provides lavatory units, galleys and overhead bins on the Airbus A330neo. For the A350XWB aircraft, Safran supplies equipment such as galley inserts, bars, electric galley waste disposal units (GWDUs), lavatory units, cabin class partitions and secure cockpit doors. Safran provided furnishings to retrofit Airbus A380 cabins. On the Boeing 787 and 777, Safran supplies galleys, galley inserts and cabin liners.

Cabins for VIP aircraft

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

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

Spare parts and services for cabin interiors

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

Group products and programs

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

Water and waste management systems

Key characteristics of the business sector

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

Group products and programs

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

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

Ventilation and environment control systems

Key characteristics of the business sector

Air conditioning systems vary with market segment:

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

The main players in the commercial aircraft air conditioning market are Collins Aerospace, Honeywell and Liebherr, which offer integrated systems covering air conditioning, bleed air and de-icing systems. There are several key players in other market segments, including Enviro Systems (United States), Secan (France), Fimac (Italy) and Air Comm (United States).

Group products and programs

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

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

In-flight entertainment and satellite connectivity solutions

Key characteristics of the business sector

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

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

Group products and programs

Safran offers a variety of innovative in-flight entertainment (IFE) and connectivity systems for commercial aircraft.

RAVE (Reliable, Affordable and Very Easy) is an innovative, stand-alone IFE system whose media content is displayed on the seat screen, which simplifies the onboard network and gives passengers easy access to on-demand audio and video. As well as offering passengers a content and activities catalog, Safran's RAVE system also includes a connectivity solution, with a WiFi connection for broadband internet access. RAVE also offers lightweight screens with low electricity consumption, benefiting from a partnership with a major player in consumer electronics offering the latest technological advances in this field. With its uncomplicated design, RAVE also offers simplified maintenance and low cost of ownership.

Safran is also involved in secure, reliable global satellite connection systems through Safran-certified terminals fitted on Boeing (RAVE AeroConnect) and Airbus (Airspace LinkHBCplus) airliners.

1.2.3.2 Seats

Aircraft seats

Key characteristics of the business sector

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

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

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

Group products and programs

Through Safran Seats, Safran is one of the world leaders in aircraft seats, with over one million seats installed on commercial aircraft flown by more than 150 airlines*. Safran has a 25% market share* in aircraft seats.

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

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

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

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

Economy Class

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

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

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

Premium Economy Class

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

The pitch between seat rows in Premium Economy Class is usually from 38 to 40 inches (around 96 cm to just over one meter). The Z535i is Safran's flagship product in this segment.

* *Source: Safran.*

Business Class

Seats in Business Class offer passengers upmarket comfort, space and equipment. Passengers enjoy individual suites with direct aisle access and flat beds, offering in-flight comfort (e.g., doors) and equipment (wide-screen television, sophisticated lighting systems, soundproofing, temperature control, etc.). Business Class seats require many different components (shells, consoles, etc.), and most include electrical controls.

This market segment holds a strategic challenge for airline companies, which compete to attract and keep passengers holding the highest profitability prospects. The strong emphasis on market differentiation between airline companies drives high demand for customization.

For business class seats, airline companies select from among the variety of possible configurations the solutions that are the most consistent with their market objectives:

- to increase passenger density, for example, they can choose the Optima business-class seat;
- narrow-body aircraft operators, on the other hand, may prefer the Vue seat, which is specifically designed to offer passengers in single-aisle configurations an innovative feature set and a comfortable travel experience comparable to a wide-body aircraft. The Group used the Vue platform to develop an ultra-customized version for UAE airline Flydubai, which was unveiled in 2023 at the Arabian Travel Market trade show;
- lastly, the Unity and Versa line of premium business-class seats offer all the comfort of a spacious, fully lie-flat bed, doors and direct aisle access for every passenger. They incorporate the latest technologies, including Euphony[1], a high-end wireless system for acoustic comfort, co-developed by Safran and French company Devialet.

In 2023, at the Aircraft Interiors Expo in Hamburg, Germany, Safran unveiled the Visa long-haul business-class seat developed for New Zealand airline Air New Zealand. The highly private Visa offers passengers a fully lie-flat bed and, in its front rows, lets two people sit face-to-face around a retractable table.

First Class

First Class seats offer unique, top-of-the-line services combining very high quality with advanced technological solutions.

Volumes are very low in this segment, since only twenty or so airline companies operate in this segment, offering just a few seats on each plane. Since this is a high-visibility segment as regards an airline company's corporate identity, customers usually require a unique presentation enabling them to stand out from their competitors.

Technical seats

Safran's expertise in technical seats for flight-deck and cockpit personnel covers all the features, technologies and materials needed for developing products that combine safety, quality and innovation.

Helicopter seats

Safran products meet the specific needs of the highly demanding market for seats for vertical take-off aircraft, integrating functions such as an energy absorption system for enhanced pilot and passenger safety along with innovative seat actuator systems and comfort functions.

Spare parts and services for seats

Safran provides worldwide sales and technical support throughout the service life of its seat products, meeting customer demand even in the most critical situations.

Safran services also extend to cabin retrofits. Given the service life of aircraft seats (five to fifteen years), cabins will need retrofitting two or three times during the aircraft's career. As well as supplying the new seats, Safran also provides the expertise needed for certification of the new cabin configurations.

Safran also offers solutions meeting specific operator needs in personnel training, flight-per-hour support, reliability and maintenance analysis, annual orders and advance stocks.

(1) The two loudspeakers in the Safran Euphony system, on either side of the headrest, adapt in real-time to the audio content and the ambient cabin noise, without disturbing other passengers.

1.3 COMPETITIVE POSITION

Safran covers international high-technology markets in aerospace and defense.

In all these fields, Safran faces competition on both global and niche markets.

The Group operates in the strictest observance of all applicable rules on competitive business practice in all of its host countries, complying with all specific measures applicable to each market (see section 4.3.2.3).

To mobilize sufficient resources and share the industrial risks involved in innovative and costly programs, participants in the aviation industry can form partnerships capable of developing new technologies, products and services. Accordingly, it is not unusual to find otherwise rival companies joining forces on certain aviation programs.

1.4 RESEARCH AND DEVELOPMENT

Safran is a high-technology group that offers high–value–added products and services. Technology and reliability requirements are high, consistent with the highly critical nature of the applications concerned. To meet these requirements, Safran harnesses highly specialized advanced expertise in many fields: mechanics, metals, composite materials, fuel and propulsion systems, aerodynamics, combustion, thermodynamics, electrics, electronics, sensors, signal processing, digital technologies, modeling and simulation. Research and technology (R&T) comprises all studies, research and technological demonstrations needed to develop expertise for a given product at the lowest possible risk and cost and within the shortest possible timeframe.

Further downstream, research and development (R&D) corresponds to product design, prototype manufacture, development tests and certification tests showing that the product meets customer specifications and applicable regulations.

The Innovation Department spans R&T and R&D to nurture the emergence of new developments using innovative concepts and help Group companies identify, produce and validate proof-of-concept demonstrators, thereby shortening development lead times to meet time-to-market targets.

Around 16% of Group employees are involved in R&D activities. Safran's R&T and innovation projects are guided by forward-looking considerations, and the substantial budgets they draw are in line with the Group's current or targeted positions in its markets. Research, technology, innovation and development are fundamental to the implementation of the Group's strategy, reflecting the importance attached to preparing for the future and developing new products and programs.

Under Safran's R&T policy, each company in the Group determines its own research program and concentrates on its own objectives. In tandem, the Group is constantly working to develop technology synergies.

The national recovery plan for the aerospace industry, together with the France 2030 investment plan, are enabling the Group to sustain its R&T effort in its priority areas, with the aim of stepping up preparations for "green, digital and connected aircraft". Under the French plans, the aim is to bring a carbon-free aircraft into service by 2035 – and ultimately to achieve net zero emissions in air transportation by 2050. Technological options must therefore be clarified by 2025.

R&T operations are guided by roadmaps charting the strategic challenges faced by Group companies (see section 1.4.1): competitive positioning sought at different timeframes, along with the corresponding technological demonstrations and fulfillment levers in terms of external partnerships and internal synergies. The roadmaps are analyzed on an annual basis by Group experts, who issue recommendations accordingly.

Safran Tech is one of Safran SA's business segments and the Group's R&T center. It is based in the Saclay high-tech cluster, France's largest science and technology campus, near Paris. The center's 570 or so employees are split into four units, covering energy & propulsion, materials & processes, electrical & electronic systems, and digital sciences & technologies. Safran Tech also runs platforms specially equipped for developing next–generation materials and processes: Safran Composites, Safran Ceramics, Safran Advanced Turbine Airfoils and Safran Additive Manufacturing Campus on a new site opened in 2022 in Le Haillan, near Bordeaux (France).

The Safran Tech center highlights the Group's resolve to intensify and pool R&T endeavors on major technological breakthroughs. Safran Tech opens a new dimension, with an emphasis on open innovation. Universities, public organizations, industrial partners and innovative startups work with Safran Tech teams in joint laboratories or on shared platforms, forming a creative, connected, top-level scientific campus open to the outside world.

1.4.1 Major technological focuses

1.4.1.1 Aircraft engine technologies and new propulsion configurations

Reducing the carbon footprint of flying is a major priority for the aviation industry. In 2021, through the Air Transport Action Group (ATAG)[1], air transport industry players set the highly ambitious objective of net zero CO_2 emissions by 2050. Instead of aiming to halve the sector's net CO_2 emissions by 2050 with respect to 2005, the aviation industry is now targeting net zero CO_2 emissions, in line with the European goal set out in the European Green Deal. If this objective is to be reached, action on several fronts is needed: fleet renewal with new-generation aircraft; improvements in air traffic management and operations; breakthrough technologies; and alternatives to kerosene, along with reductions in other nuisances (noise, NOx, particles). Safran is addressing these challenges and developing the means needed for fulfilling its ambitions (see section 5.3.2).

Safran is a leading driver of change in the industry – due to its position in many aircraft-system segments, including energy systems – and demonstrated its commitment by dedicating around 88% of its self-funded R&T budget in 2023 to improving the environmental impact of air transportation. Its work chiefly concerns propulsion, electrification, lightweight equipment and the use of sustainable fuels. Safran's roadmap specifies contribution to a technological breakthrough in the form of an aircraft that consumes 30% less fuel compared to today's most efficient engines by 2035, to achieve carbon neutrality by 2050.

Specifically, Safran and GE launched the ambitious CFM RISE (Revolutionary Innovation for Sustainable Engines) technology development program in 2021. The technologies developed in the RISE program lay the foundations for the next–generation CFM engines that could be on the market by the mid-2030s. The program goals include reducing fuel consumption and CO_2 emissions by more than 20% compared to today's most efficient engines, as well as ensuring 100% compatibility with alternative energy sources such as sustainable aviation fuels and hydrogen, which are more environmentally friendly.

Concluding a summit convened by the French Minister of Transport in early 2022, 42 countries (including the 27 European Union countries, the United States, Canada and the United Kingdom) and close to 150 players in the aviation sector, including Safran, signed the first joint international declaration supporting the aviation industry's goal of net zero CO_2 emissions by 2050. This declaration takes up the commitments of the European Commission's Green Deal, focusing on working with manufacturers both to define the principles and actions to be taken, and to create an ecosystem of players sharing this common objective.

In 2022, Safran also launched the Explore H2 program with the support of Safran Corporate Ventures, to spot and support startups and forge cooperation for its hydrogen–related R&T and innovation projects. The first group of selected startups will focus on four areas: hydrogen flow control in propulsion systems, hydrogen state and temperature control, real-time systems monitoring, and aviation fuel cells.

Architecture and performance

The Group's roadmap for the aircraft propulsion systems of the future incorporates three technology stages:

- the first stage is the LEAP turbofan engine, with a very high bypass ratio. For those modules under the responsibility of Safran Aircraft Engines in CFM International, this stage covers advanced technologies such as a highly innovative lightweight fan made from composite materials and a high–efficiency low-pressure turbine. The LEAP engine, which came into commercial operation in 2016, brings major improvements in line with the ACARE 2020[2] objective, particularly in terms of fuel consumption. It has been selected by Airbus for its A320neo, by Boeing for its 737 MAX and by COMAC for its C919. R&T work is in progress on long-term continuous improvement in engine performance;
- the second stage is more ambitiously innovative, calling for breakthroughs in engine architecture, through the exploration of developments such as the open rotor concept and faired architectures with very high bypass ratios;
- the third stage seeks to introduce low-carbon energy sources. Demonstrations have already been performed with biofuels in a mix with current fuel. Other scenarios under examination concern synthetic fuels derived from decarbonated hydrogen and propulsion concepts using liquid hydrogen directly.

  In connection with the national recovery plan for the aerospace industry, work has been going ahead since 2020 on the technological developments required by these engine concepts and new energy initiatives. Demonstration phases will be going ahead under the European Partnership on Clean Aviation under the Horizon Europe program[3].

  In 2021, Safran and TotalEnergies formed a partnership targeting 100% use of sustainable aviation fuel (SAF) in aircraft engines. Projects here have included flight tests of an A319neo with a LEAP-1A engine (VOLCAN project with Airbus and ONERA).

  In 2023, ArianeGroup, a joint venture between Airbus and Safran, successfully tested the concept of a hydrogen conditioning system capable of powering an aeronautical gas turbine as part of the HyPERION project. Led by Safran in partnership with Airbus and ArianeGroup, with the support of the French Government's Investments for the Future Program (PIA), HyPERION is designed to assess hydrogen propulsion solutions for commercial aviation.

Safran also cooperates with scientific and academic institutions on groundwork in future aircraft propulsion configurations. Partners here include ONERA, Cranfield University in the United Kingdom, and the Georgia Institute of Technology (Georgia Tech) in the United States.

(1) A non-profit organization representing all players in the aviation industry.
(2) Advisory Council for Aeronautics Research in Europe.
(3) Horizon Europe is the European Union's framework program on research and innovation (R&I) for the period 2021-2027.

Helicopter engines are subject to similar imperatives requiring reductions in fuel consumption and environmental impacts. Through its subsidiary Safran Helicopter Engines, Safran has undertaken ambitious technology programs to address future market needs. A number of technologies developed under the TECH800 program have been adopted on the Arrano engine, selected by Airbus Helicopters as the sole source for its new H160. The Group's technological progress strategy is backed by work in close liaison with all its customers to come up with innovative new engine integration developments such as hybrid power architecture concepts in drive systems.

Scenarios considering the emergence of hybrid or even fully electric propulsion are studied for smaller aircraft, "commuters" or vertical take-off and landing aircraft (VTOL) associated with new uses over short distances and in urban areas. Evaluations and simulations are also being carried out to examine how propulsion hybridization might contribute to developments in groundbreaking propulsion configurations for short- and medium-haul aircraft.

Materials and processes

The need to lighten planes, helicopters and their equipment has led to increased use of composite materials and additive manufacturing. Safran engines and equipment (whether nacelles, landing gear or brakes) are characterized by heavy mechanical loads and a more difficult environment than for other aircraft sections such as airframes. Safran develops its composite materials solutions through the resources and expertise in organic matrix composites fielded at the Safran Composites Center (part of Safran Tech). Safran Ceramics, the Group's center of competence for these technologies, provides core expertise in thermostructural composites for aircraft engines, a major technological challenge addressed by substantial research efforts. This research, along with work on new metal alloys, and on high-performance coatings compliant with European REACh[1] regulations, is coordinated by the Materials and Processes Department. The platform for developing new monocrystalline casting techniques with engine applications opened in 2019.

Safran gives priority importance to stepping up materials research using data analysis and digital physics. The application of statistical learning in mechanics opens up new possibilities in the understanding of mechanisms and for ultra-fast simulations of the properties of materials usage. With this in mind, Safran founded the BIGMECA chair in 2019 with the Mines ParisTech engineering school, which is reaping the fullest possible benefit from combined academic and industrial approaches. In 2021, Safran also signed a framework partnership agreement on research and training with the École Centrale de Lyon. This new agreement aims to enhance student training and organize research in the fields of aeroacoustics, aerodynamics, structural dynamics and tribology.

Safran Seats develops its technological lead in materials (plastics, composites, metals, fabrics, etc.) and implementation processes. One important innovation focus in recent years is on additive manufacturing. This brings new openings for the design of products that are safer, more comfortable, easier to use, easier to make, easier to operate, more reliable and lighter in weight, which also means more efficient in terms of energy consumption.

1.4.1.2 Electric technologies and new power configurations

The move continues toward increased use of electrical energy for aircraft systems and actuators. The movement, which started with the A380 and Boeing 787 programs, will be a defining characteristic of the next generation of short- and medium-haul aircraft. The ultimate aim is overall aircraft energy optimization, covering energy production and energy consumption, for both propulsive and non-propulsive functions. The breadth of its aircraft engine and equipment expertise allows Safran to explore a huge spectrum of solutions for making tomorrow's aircraft more competitive, in terms of performance, functionality and cost of ownership.

Expertise in aircraft electrical systems is rolled out through Safran Electrical & Power and Safran Aerosystems, giving the Group some of the best technologies in electricity generation, conversion, distribution and transmission, thereby enabling it to adopt a whole-system approach to aircraft electricals.

Optimization involves investigation into all forms of electricity generation, from mechanical engine motion to auxiliary power units (APUs) in hybrid solutions combining turbines, fuel cells and batteries. This work involves several companies: Safran Electrical & Power, Safran Power Units, Safran Aircraft Engines and Safran Helicopter Engines. One of the units of the Safran Tech innovation center focuses on developing simulation systems for evaluating advanced global energy and propulsive architectures.

Safran is involved in several technology programs alongside airframers in a European or French context. Cooperation on these programs takes various forms:

- academic cooperation, with 15 or so CNRS[2] laboratories and major research organizations such as ONERA and the Saint-Exupéry Research Institute;
- industrial partnerships, such as with Alstom and Électricité de France, both of which are recognized as technology leaders in their sectors.

(1) Registration, Evaluation and Authorisation of Chemicals.
(2) Centre national de la recherche scientifique (French National Center for Scientific Research).

1.4.1.3 Digital technologies and digital transformation

Industry 4.0

Design, production, maintenance and service tools and resources benefit from Safran's investments in digital solutions such as augmented reality, robotics, imaging, artificial intelligence and data use. These new applications significantly improve operational performance in terms of the cycle, cost and quality of high-tech products developed, manufactured and rolled out by the Group. Digital solutions also meet the demands of the Group's customers, partners and suppliers wishing to develop collaborative co-design strategies and optimize their supply chain and maintenance operations.

Automatic imaging solutions (based on machine learning) developed by Safran Tech to inspect complex parts are already used in the Group's plants. For example, non-destructive testing assisted by artificial intelligence software has been used on woven composite fan blades for the LEAP engine.

Additive manufacturing

Additive manufacturing provides an opportunity to improve costs, cycles and performance for numerous engine and aircraft equipment components, by reducing the number of parts and components and introducing new methods of optimizing design. Certification has already been obtained for parts including fuel injector nozzles and combustor swirlers for helicopter engines produced via selective laser melting, whereby an assembly of 15 components can be replaced by a single part. The Safran Additive Manufacturing unit has the resources to define different additive manufacturing processes for metallic materials. These resources, along with the specific program organization set up at Safran, help accelerate the development of these processes for future use in serial production and repairs.

Safran has decided to centralize all its additive manufacturing capabilities at a new Safran Additive Manufacturing Campus. All the Group's operations in research, industrialization and production of additive manufacturing components are housed at the new site in Le Haillan, near Bordeaux (France), where more than a hundred engineers, PhD students, technicians and other employees work to ensure optimally efficient rollout across all relevant products.

Data processing

Innovation efforts are called for to address the growing role played by services in the Group's operations. Techniques used to diagnose and forecast the condition of aircraft and helicopter equipment and systems bring value for Safran product users, as regards both operational considerations (optimization of maintenance) and fleet management support (evaluation of residual value). To address this need, Safran is developing its Monitoring Services system for managing fleet equipment operating data.

Big data extraction techniques offer promising development opportunities. Here, the Safran Analytics teams at the Safran Tech site, with the support and product expertise of every Group company, will be stepping up deployment of more agile services, better oriented to value creation for aircraft operators. Safran Analytics has designed and rolled out its own big data platforms to facilitate the Group-wide implementation of data analytics solutions. One of the first services offered in these analytics environments enabled Group companies to access aircraft trajectory data, to improve their understanding of how Safran products are used by customers, and thereby help them to reduce operating costs, fuel consumption and carbon emissions.

Electronics, digital platforms and critical software

Given that onboard electronics technologies for harsh environments are a central feature of many Group products, Safran Electronics & Defense runs projects on controller architectures featuring more efficient processors, and on component packaging capable of withstanding the higher temperature environments of future aircraft systems (see section 1.2.2.5). In systems engineering, Safran is working on process harmonization: a modern software development workshop has been set up for Group-wide rollout.

1.4.1.4 Navigation and autonomy technologies

Air, land, sea, satellite and weapons navigation markets are constantly evolving and expanding. Operational and economic gains are sought by integrating mobile platforms into cooperative groups, by increasing autonomy, and by ensuring land-onboard continuum via secure links. Quests such as these prove to be powerful drivers of renewed demand and technological development. Safran is actively preparing the shift to autonomous systems for civil and defense applications based on technologies developed in optronic sensors, inertial navigation, critical onboard electronic systems and image processing and analysis. In 2022, Safran stepped up its operations in space satellite positioning, aircraft locator and distress beacons, and military applications, with the acquisition of Orolia, a specialist in Positioning, Navigation and Timing (PNT) technologies and equipment, and Syrlinks, a company specializing in radiocommunications and geolocation, mainly for space applications and PNT. Specific research focuses on robust and reliable artificial intelligence for autonomous functions, working closely with the scientific community.

Safran's approach relies strongly on breakthrough HRG[1] technology, whose characteristics make it possible to design and produce world-leading navigation equipment and weapons at competitive costs. Through its subsidiary Safran Electronics & Defense and the Safran Tech sensors unit, the Group continues with the development of MEMS[2] technology accelerometers and gyrometers for portable geolocation applications. With its prime expertise in high-integrity navigation systems, Safran Electronics & Defense leads the field in drone navigation.

(1) Hemispherical resonator gyro.
(2) Micro Electro Mechanical Systems.

Safran harnesses advanced optronics and ICT[1] to develop innovations that will help the Group offer enhanced operational efficacy to armies, navies and air forces. Optronics needs range from imagers operating in one or more wavelength bands through to full image processing systems handling monitoring, detection, identification, fire control and self-protection. Integrated battlefield perception and soldier support solutions are developed using systems that couple infrared sensor and light intensification technologies with other functions such as geolocation and data analysis.

For infrared sensors, the Safran Group uses technologies from Lynred, its joint venture with Thales, resulting from the merger of Sofradir, French specialists in infrared cameras, and its subsidiary Ulis, specialists in microbolometers. Interchange of infrared sensor technologies between the two partners enables Lynred to offer one of the world's largest product ranges in this field.

The use of sensors and artificial intelligence in an integrated system resulted in eTracer, an autonomous vehicle demonstrator for military applications which can transport infantry equipment on the ground and navigate autonomously. The demonstrator helped Safran win the FURIOUS (FUturs systèmes Robotiques Innovants en tant qu'OUtilS) contract put out for tender by the French Directorate General of Weapons Procurement (DGA). The science and technology program aims to develop innovative robotic systems for mounted and dismounted combatants and covers autonomous vehicles, small land robots and a drone, laying the groundwork for autonomous and collaborative combat systems under the Scorpion modernization program. Proficiency in technologies merging navigation and environment perception data also enables the development of piloting assistance applications for all types of aircraft.

1.4.1.5 Designing the cabin of tomorrow

Through system integration and optimization, the aircraft cabin of the future will offer passengers increased comfort and an enhanced traveling experience. Developed at the Safran Cabin Innovation (SCI) design studio in Huntington Beach, CA (United States), Safran cabin innovations go beyond the traditional goals of reducing costs and weight to focus on enhancing the passenger experience. Through Safran Cabin Innovation, the Group offers its customers opportunities for improving sales (by adding seats capable of generating revenue or providing new services), offering an improved passenger experience (with a more spacious and comfortable cabin, new features, etc.), and creating or enhancing brand image (through distinctive service, design and products).

Safran also develops innovative solutions for automating ground operations (bunkering and cabin preparation) prior to take-off and in flight prior to landing. Other capabilities offered by connected equipment include monitoring and cost reduction.

1.4.2 Technical and scientific partnerships

In implementing its R&T strategy, Safran draws on partnerships providing it with scientific and technological expertise. Safran thereby meets the two prerequisites for success: it identifies known and latent market needs through customer contact, and it adopts an open approach to what is an increasingly complex and multidisciplinary scientific and technological environment.

In 2009, Safran created a Scientific Council, currently chaired by Professor Mathias Fink, which brings together nine leading international scientists with expertise in all the key scientific disciplines underlying Group businesses. This council meets every three months and issues recommendations on the structure and quality of the scientific partnerships.

For the first R&T levels, Safran has developed a network of scientific partners in France in the university and applied research sectors. Safran implements framework agreements with ONERA, CEA[2], CNRS and INRIA[3] which offer access to the best in French scientific research. The Group has long-term partnerships with many research and higher education organizations, some of whose laboratories form valuable external research hubs. These partnerships also help Safran recruit leading talents: Safran finances work on around 200 training-through-research (CIFRE) courses, runs several international thematic networks on key issues in aerodynamics, combustion, noise reduction, mechanics, digital technology, etc., and backs around 10 ANR[4] industrial research chairs plus two scientific sponsorship chairs. In 2020, Safran helped to found the TOPAZE industrial chair in nickel-based superalloys for aircraft engines, and the OPALE joint laboratory research chair with CEMEF-Mines ParisTech and Institut P', working on the optimization of mechanical properties by microstructure controlling. With the IRCER Institute of Ceramics Research in Limoges, Safran also contributed to setting up the PROTHEIS joint laboratory working on dry coating deposition processes. In 2020, a new research framework agreement was signed with the Centrale Supelec school, a Safran partner in research areas including combustion, systems engineering and automation. Safran was actively involved in the foundation of three IRT centers[5]. It is also a major participant in several competitiveness hubs, including Aerospace Valley and ASTech.

(1) Information and Communication Technologies.
(2) Commissariat à l'énergie atomique et aux énergies alternatives (French Atomic Energy Commission).
(3) Institut national de recherche en sciences et technologies du numérique (French national institute for research in digital science and technology).
(4) Agence nationale de la recherche (French National Research Agency).
(5) Instituts de recherche technologique (technology research institutes formed under France's PIA Investments for the Future Program).

In 2023, Safran, École Polytechnique and the CNRS founded a joint laboratory dedicated to electric satellite thruster research and development. Known as COMHET, the new unit will focus on improving Hall-effect thruster performance and reliability, especially in terms of stability and compatibility, by developing innovative technological building blocks to meet the challenges faced by future satellite thrusters.

Safran plays an active role in European Union bodies and programs. Since 2008, Safran has been involved in establishing the Clean Sky Joint Technology Initiative, bringing together the leading players in aviation R&D along with the European Commission in a demonstration program on airframes, engines and systems. Since 2018, Safran has been working on setting up the European Partnership on Clean Aviation, and successfully coordinated its hydrogen pillar. The Clean Aviation program was officially launched in December 2021, taking over from Clean Sky 2, which is set to end in 2024.

Safran is a Founding Member of the Clean Aviation program, which runs from 2021 to 2027, and sits on the program's Governing Board as a representative of European engine manufacturers. The Clean Aviation program, which aims to help reduce the environmental footprint of the aviation industry by stepping up the development of climate-neutral aircraft technologies, is aligned with Safran's environmental strategy. Safran participates in research work carried out by the Clean Aviation program, which spans three main areas:

- ultra-efficient short-medium-range (SMR) aircraft;
- hybrid-electric regional (HER) aircraft;
- disruptive technologies to enable hydrogen-powered aircraft (HPA).

In 2023, Safran was selected by Clean Aviation to coordinate the European Open Fan for Environmental Low Impact of Aviation (OFELIA) project. As part of the RISE program led by Safran and GE, OFELIA aims to demonstrate the fuel efficiency benefits of an open fan engine architecture, both to address the needs of the next generation of short and medium range (SMR) aircraft by 2035 and to meet the aerospace industry's target of carbon neutrality by 2050. Safran is working with 26 European industry partners, including Airbus, Avio Aero and GKN Aerospace, as well as with research laboratories, such as ONERA, and universities in several countries across Europe. Safran and its partners will ensure that the future open fan engine will be compatible with the use of 100% sustainable aviation fuel (SAF) and hydrogen.

The intellectual property related to this cooperative work is defined contractually at the beginning of projects between partners. The general principle is that the intellectual property belongs to the partners who performed or co-financed the work, and, at the very least, Safran receives rights of use in its own field.

1.4.3 Innovation and intellectual property

Innovation is at the heart of Safran's strategy. The competitiveness of its products is largely based on the successful integration of technological innovation or adjustments, providing the customer with industry-leading performances. Safran's ability to produce breakthrough technological innovations is amply demonstrated across a huge breadth of sectors, such as electric taxiing, composite fan blades and hemispheric resonator gyros (HRGs). A proof-of-concept approach involving close liaison across Group companies affords an efficient and high-performance organizational structure for managing innovation, typified by the high-potential projects run by the Innovation Department. Safran also develops cooperative innovation with its suppliers and with startups working with the Group. The capacity to identify then implement efficient cooperative operations with outside partners helps Safran integrate best practices in order to offer innovative and mature solutions within short lead times.

The development of technical expertise is also key to preparing for the technological challenges of tomorrow. A process has been set up to determine companies' expertise needs Group-wide and thereby plan ahead for renewals and training of new experts.

Intellectual property is a fundamental component of Safran's asset portfolio. The development and protection of intellectual property is increasingly important given the growing trends toward market globalization and intensifying competition. Intellectual property responds to operational imperatives by strengthening and securing Safran's positions. The vibrant creativity and innovation capabilities of Safran teams, as well the special attention given to protecting intellectual property, are amply demonstrated by the number of first patent applications filed, which have totaled more 1,000 a year worldwide since 2018. This dynamic continued in 2023, when over 1,300 were filed worldwide, making the Group the leading patent applicant in France with INPI, the French patent office[1]. At the end of 2023, Safran's patent portfolio included more than 51,000 intellectual property rights around the world, protecting over 15,000 inventions.

In addition to patent protection, because of Safran's international reach and extensive partnership involvement, the Group gives great importance to ensuring close control over technology transfers and defining precise policy on the matter.

Some transfers are essential for market access reasons. Technologies for transfer, which do not belong to Safran's core technology portfolio, must be clearly identified, accurately valued, and covered by carefully structured long-term partnership arrangements. Under no circumstances may such partnerships restrict the Group's capacity for technological differentiation in the future.

(1) First in INPI ranking, March 2023 (for patents filed in France in 2022).

1.4.4 Safran Corporate Ventures and relations with innovative companies

Safran Corporate Ventures is a Safran subsidiary responsible for financing innovative companies that have developed breakthrough technologies or business models that may be applicable to the aerospace and defense industries. In line with the Group's strategy on innovation and transformation, Safran Corporate Ventures seeks primarily to support, alongside other investors, innovative startups, particularly in the following fields:

- decarbonization of the aerospace industry (electrification and hybridization, alternative fuels or hydrogen);
- New Space (new propulsion systems for satellites, Space Situational Awareness, with solutions for detecting and tracking debris in orbit);
- new and advanced materials (nanotechnologies, surface treatment processes, composites, ceramics, etc.);
- onboard components (critical onboard electronics, onboard software, connectivity, onboard energy, thermal management, electric hybridization and cybersecurity);
- industry 4.0 (non-destructive testing, augmented reality, robotics/cobotics, additive manufacturing);
- digital technologies (artificial intelligence, blockchain, Internet of things).

Safran Corporate Ventures goes beyond financing to offer valuable development support to innovative startups, working in close liaison with teams Group-wide:

- access to an international network of leading experts in Safran's areas of business;
- commercial and industrial exposure to Safran companies worldwide;
- implementation of commercial and development agreements with Safran entities.

Safran Corporate Ventures has made 23 investments since its formation in 2015, 17 of which are still in its portfolio. In 2023, Safran Corporate Ventures invested in five new startups, including:

- Vyoma, based in Germany, plans to use a constellation of satellites carrying dedicated telescopes to identify and catalog space debris. The data will enable satellite operators to autonomously navigate and avoid collisions with debris;
- Numalis, based in France, is developing and marketing software tools for analyzing the reliability and explainability of artificial intelligence and machine learning models using formal methods;
- Blackshark, based in Austria, is developing a technology for creating semantically labeled digital twins from satellite images of the Earth, which can then be used to recreate real environments for simulation and training purposes;
- Avnos, based in the US, is developing an innovative technology for capturing CO_2 from ambient air, which significantly reduces the energy used in the capture process and does not use any water.

During the year, Safran Corporate Ventures also stepped up support for its portfolio companies, in particular by helping to refinance Ineratec (Germany), Cranfield Aerospace Solutions (CAeS) (UK) and Electric Power Systems (USA).

Through its Open Innovation activity, Safran Corporate Ventures also participated in the formation of some 30 partnerships and demonstrators between Group companies and innovative startups, without taking an equity stake. In addition, it launched the Explore H2 program dedicated to supporting technology companies that are developing carbon-free hydrogen solutions for the aviation industry.

In 2023, Safran Corporate Ventures raised its investment capacity to €130 million from €80 million, with the goal of pursuing its investment drive in the areas of aviation industry decarbonization, sovereignty and digital technologies in France and other countries.

1.4.5 Research and development expenditure

Total research and development outlays, including R&D sold to customers, stood at €1,818 million in 2023, compared with €1,540 million the year before.

Self-funded R&D expenditure before tax credits rose by 19% over the year to €1,216 million, of which:

- €618 million in development expenses (€548 million in 2022);
- €598 million in self-financed research and technology (R&T) expenditure (€471 million in 2022), focused primarily on decarbonization through the Revolutionary Innovation for Sustainable Engines (RISE) technology development program.

(in € millions)	2022	2023	Year-on-year change
Total R&D	**(1,540)**	**(1,818)**	**-278**
R&D sold to customers	521	602	+81
R&D expenditure	**(1,019)**	**(1,216)**	**-197**
as a % of revenue	*5.4%*	*5.2%*	*-0.2 pts*
Research tax credit	151	159	+8
R&D expenditure after research tax credit	**(868)**	**(1,057)**	**-189**
Gross capitalized R&D	278	319	+41
Amortization and impairment of R&D expenditure	(236)	(255)	-19
Impact on recurring operating income	**(826)**	**(993)**	**-167**
as a % of revenue	*4.3%*	*4.3%*	-

Expensed R&D's impact on recurring operating income came to €993 million (€826 million in 2022), with an increase in both capitalized R&D and the related amortization and depreciation expense. As in 2022, it represented 4.3% of revenue.

1.5 INDUSTRIAL INVESTMENTS

1.5.1 Industrial policy and digital transformation

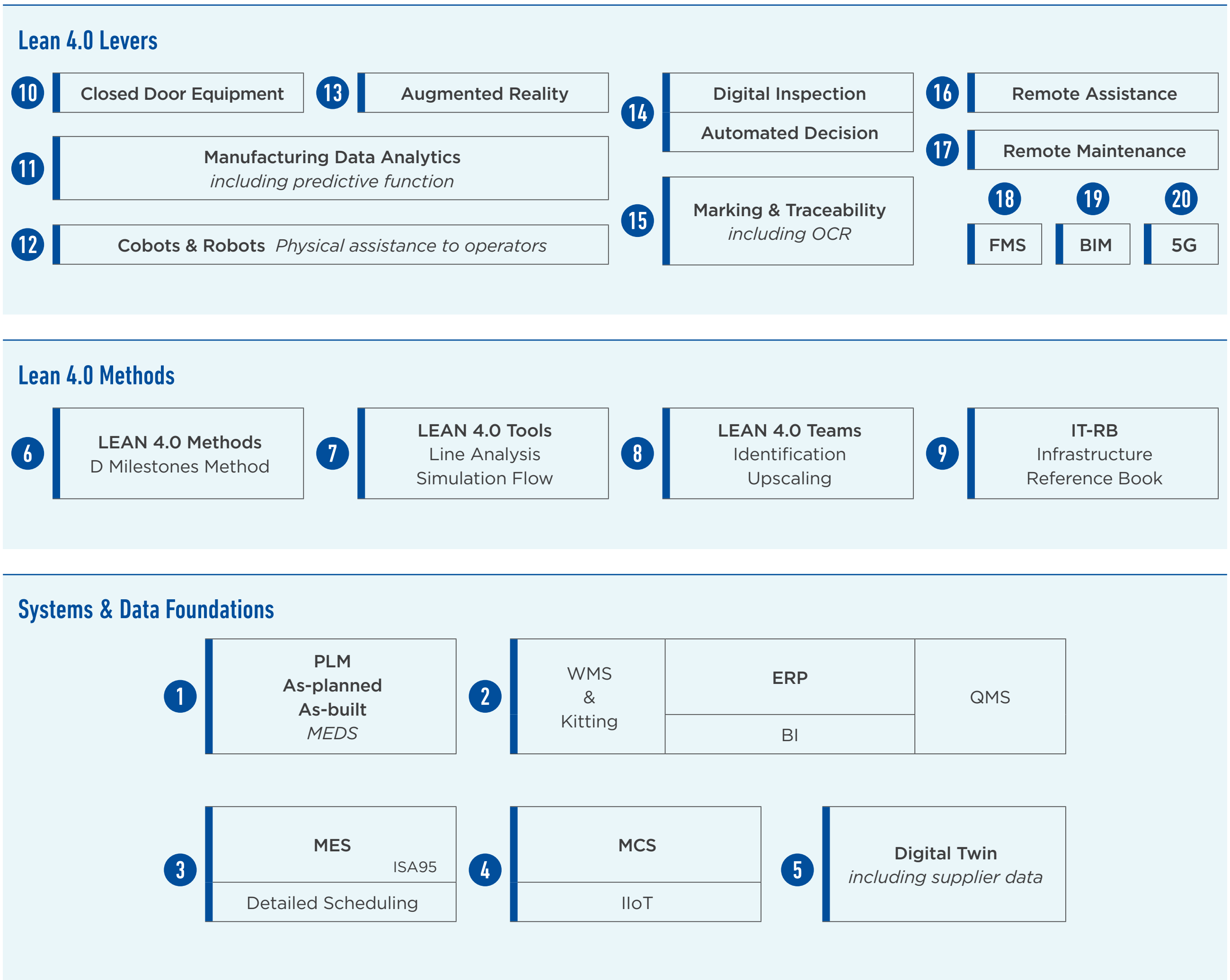
Safran is an established industry reference and a major participant in its core businesses of aerospace and defense.

This demand for performance and innovation, which is central to the success of Safran's products and services worldwide, is also present at the level of the Group's plants. Working with Safran's Industrial Management Department, Group companies focus their investments and organization on adapting production sites, preparing for tomorrow's industrial challenges, and developing competitive advantages: expertise in new production technologies, supply chain upgrades, and upskilling.

Through its constant drive for innovation and excellence, Safran stands as one of Europe's leading groups in the concrete implementation of technologies and processes driving the digital transformation of industry. In early 2021, Executive Management launched an ambitious digital transformation plan that is being implemented through a 4.0 strategy with four streams: Development 4.0, Manufacturing 4.0, Customer Support, Sales & Services 4.0 and Employee Workplace 4.0, all drawing on a cross-functional Data 4.0 approach. The 4.0 strategy is spearheaded by a central team that provides a shared vision, assistance, methodology and standards, with support from corresponding teams in each of the Group's companies. The Manufacturing 4.0 digital transformation framework spans three broad areas covering 18 specific fields:

- foundations – operational systems behind digital continuity (PLM, ERP, MES, etc.)[1];
- Lean 4.0 – which defines how to identify systems and levers for improving performance on each production line;
- digital levers – warehouse and shop floor digital solutions (cobots, augmented reality, data analysis for production, digital inspection and decision support, 5G, etc.)[2].

(1) PLM: product lifecycle management; ERP: enterprise resource planning; MES: manufacturing execution system; MCS: manufacturing control system.
(2) Computerized fifth-generation wireless communication solution.



An updated scope study confirmed 95 priority sites with 800 “new” production lines (component manufacturing and assembly) and 109 maintenance, repair and overhaul (MRO) production lines. In 2023, Group companies continued to run diagnostic 4.0 reviews on their production lines, with an additional 100 projects carried out during the year. More than 300 4.0 improvement levers have now been identified, some of which, such as flow simulation and management applications and daily management system actions, were rolled out more quickly over the year. Cobots and other physical assistance solutions for operators are also in demand, and will be deployed from 2024.

In 2023, the expert networks pursued projects increasing the maturity of the identified solutions, so as to accelerate roll-out. Today, almost every area has a solution that has been tested on several sites and validated by the Group.

In ERP deployment, several Group companies completed their upgrades to these systems, which have proven critical for Group operations, the efficiency of internal resources and the robustness of operational management processes.

For MES, of the 100 sites targeted for priority implementation of the system, which offers paperless operations and outstanding traceability, 68 have launched or completed deployment. For MCS, which provides a platform for collecting and using production data, 54 plants have launched or completed deployment.

Cybersecurity is a crucial aspect of protection for production resources and data. In response, Safran’s connectivity rules were issued in June 2023, and Group companies have tasked managers to install industrial network segregation and filtering solutions and industrial system intrusion detection probes.

To meet the challenges of managing our suppliers and production facilities, a new Supply Chain 4.0 stream has been created, bringing together both data analytics solutions, to optimize internal and external data flows to support a holistic view of the supply chain, and solutions for optimizing logistics operations. Group companies have already prepared their transformation plans.

With regard to change management, in line with the initiative undertaken in 2022 in collaboration with Safran University, the Employee Workplace 4.0 stream created the Digital Academy, which proved highly popular among Group employees in 2023. In all, 13 Manufacturing 4.0 courses were created by Safran experts and 4,500 training sessions have been attended, resulting in a total of 33,000 training sessions for all the 4.0 streams.

Safran Additive Manufacturing Campus, the new Group entity dedicated to additive manufacturing, benefits from the full spectrum of Safran's advances in technology and industrial expertise:

- two years after launch, the Le Haillan manufacturing campus near Bordeaux is fully operational. A further investment stage for 3D laser printers went ahead in response to the innovation requirements of new-generation Safran products such as the RISE engine program. Specifically, a highly productive machine capable of making larger parts has been installed. In the third quarter of 2023, the facility also successfully demonstrated continuous industrial-scale operation with automatic print sequencing;
- the industrial systems, such as 3D laser printers, are connected to an MCS that collects all key parameters for all activities in a common database. To start with, statistical control analysis is carried out. Under current R&T programs, it will be followed by steering and in-process control algorithms. Eventually, produced parts will be accepted based on the validation of parameter compliance by these algorithms, rather than by costly non-destructive testing at the end of the production line;
- lastly, in late 2023, the Safran Additive Manufacturing Campus introduced the new Group product lifecycle management (PLM) standard based on the Dassault System 3D Experience platform, which supplemented the core model for the SAP S4 Hana ERP already implemented in 2022.

Safran's steadfast commitment to innovation and excellence is also apparent in its supply chain transformation endeavor. Managing physical flows of parts and subassemblies is a critical factor in fulfilling Safran's commitments to customers and managing inventory and work-in-progress. To deliver greater excellence in these three processes, in 2023 Group launched a transformation project built on three pillars:

- supplier performance management, with upgraded SPM processes and the implementation of a multi-level escalation system in the event of supplier delivery failure. Safran is also continuing to roll out the collaborative AirSupply supplier portal in its companies, with more than 700 suppliers already registered;
- an excellence plan for the Group's supply chain management processes, designed to earn benchmark OneSafran silver status. The program will help to make supply chain management processes, tools and organizations more robust across every Group company. In 2023, nearly 90 supply chain management transformation projects were carried out in the Group;
- sharpening industrial skills to prepare for the ramp-up in plant output, with the creation of a central production operator hiring office to support the companies facing shortages in certain skills sets. The industrial training schools on some of the Group's production sites were federated into a network, improving their access to best training practices.

In 2023, Safran also continued work to develop or implement operational roadmaps to reduce greenhouse gas emissions in its supply chain (see section 5.3.3.3).

1.5.2 Main industrial investments

Safran's industrial investments totaled €823 million in 2023.

These investments are intended to prepare the Group for:

- the expected growth in business;
- the industrial upgrades needed for performance improvements;
- new programs.

Geographic area *(in € millions)*	2022	2023
France	337	543
Europe (excluding France)	34	79
Americas	75	142
Asia and Oceania	34	35
Africa and Middle East	18	24
TOTAL	**498**	**823**

The main industrial investment projects launched in 2023 concerned:

- building new LEAP engine maintenance capacity, with the expansion of Safran Aircraft Engines' facilities in Villaroche and Saint-Quentin-en-Yvelines, near Paris, the installation of a modular maintenance plant in Brussels, Belgium, and the construction of a new test bench in Mexico;
- launching the carbon brake plant extension project in Sendayan, Malaysia for Safran Landing Systems;

For the low-carbon and energy sufficiency plan:

- start-up of maritime shipping of LEAP turbine modules to Mexico, for Safran Aircraft Engines;
- installing waste heat recovery utilities at the Gennevilliers plant, and geothermal energy equipment at the Villaroche plant, for Safran Aircraft Engines;
- installing new photovoltaic panel arrays in parking lots at 17 Group sites in France.

Other projects included:

- building extensions to the Cognac plant and the Campus facility in Mexico, for Safran Aerosystems;
- installing a new isothermal forging module for Safran Aircraft Engines;
- building production capacity at the Le Creusot plant, for Safran Aircraft Engines;
- completing a roofing renovation and asbestos abatement project at the Bordes plant, for Safran Helicopter Engines.

1.6 SITES AND PRODUCTION PLANTS

Safran's headquarters are located in Paris, France.

The table below lists the Group's sites by main type of site activity, at December 31, 2023.

Figures and locations shown correspond to consolidated companies, as defined in section 3.1, Note 38 of this Universal Registration Document.

Safran Group sites at December 31, 2023	Main activities at Safran sites				Occupancy	
	R&D/ production	Service/maintenance	Commercial/ administrative	Total sites[(1)]	Owner[(2)]	Tenant
Safran Aircraft Engines	14	12	3	29	12	17
Safran Helicopter Engines	7	9	-	16	7	9
Safran Ceramics	5	-	1	6	1	5
Safran Aero Boosters	2	-	-	2	1	1
Safran Landing Systems	10	11	1	22	13	9
Safran Electrical & Power	32	7	5	44	9	35
Safran Passenger Solutions	1	-	1	2	-	2
Safran Transmission Systems	2	-	-	2	2	-
Safran Nacelles	6	2	-	8	6	2
Safran Electronics & Defense	41	2	8	51	16	35
Safran Aerosystems	14	8	-	22	12	10
Safran Cabin	25	4	5	34	2	32
Safran Seats	7	2	1	10	3	7
Safran Additive Manufacturing Campus	1	-	-	1	1	-
Aubert & Duval	11	2	6	19	7	12
Safran	2	-	9	11	4	7
Other	1	-	4	5	-	5
TOTAL	**181**	**59**	**44**	**284**	**96**	**188**

(1) *Each site corresponds to a legal entity, covering one or more sites that may be used for tertiary, production, services or maintenance purposes.*
(2) *Including two sites under finance leases.*

The Group historically owns its major and strategic production sites, and tends toward rental of its other sites.

The bulk of Group R&D work is carried out at its main production sites. For this reason, the table shows "R&D" and "production" in the same column.

Because of the diversity of Safran's operations, the notion of "production capacity" does not apply.

There were four real estate transactions in 2023:

- inauguration of the Safran Nacelles photovoltaic power plant in Gonfreville-L'Orcher;
- cornerstone laying for Lynred's new campus in Veurez-Voroize;
- announcement of the creation of a Safran Electronics & Defense campus in Rennes;
- the significant expansion of Safran Aircraft Engines' footprint in Bordeaux.

Environmental factors liable to influence the Group's use of its property, plant and equipment are presented in section 5.3. Safran has drafted Health, Safety and Environment (HSE) guidelines that enable it to assess the compliance of its property, plant and equipment, and its operations, with HSE regulations. It also regularly conducts self-assessments and audits.

1.7 SAFRAN PERFORMANCE AND QUALITY POLICY

Safran has an ambitious quality policy targeting three main goals:

- safety and reliability of our products and services;
- customer satisfaction;
- continuous progress in performance.

This policy involves a permanent drive on innovation, continuous improvement and risk control.

For the past eight years, the Group has been deploying the One Safran initiative, the Group's management system for improving both customer satisfaction and corporate performance.

One Safran is structured around three interlocking components: (i) pooled, process-driven management, with each process supported by the documentation needed to perform its tasks and manage performance; (ii) operational excellence based on best practices being embraced across the organization; and (iii) a shared performance culture.

In this way, each process is a stakeholder in guaranteeing customer satisfaction by responding to changing demands and structuring its activities.

For example, to ensure robust product design, the Develop process has strengthened the organization and management of the development preparation, systems architecture and product industrialization activities. It also includes the requirements of the aerospace industry's authoritative AS/EN 9145 Advanced Product Quality Planning standard.

To support the sustainability of the production plan, the Supply Chain, Purchasing and Quality processes have undertaken a number of initiatives with suppliers, such as (i) introducing a disciplined selection and approval process with a cross-business supplier selection committee; (ii) regularly assigning supplier quality assurance managers to audit and monitor suppliers; and (iii) supporting and tracking suppliers in their implementation of progress plans to improve quality and lead-time performance.

The rules that Safran applies to its suppliers are laid down in its general purchasing conditions, in the general quality requirements set out in the SAFe ("SAFran exigences", French for requirements) document, and in product-specific documents. SAFe includes international quality standards, to further standardization throughout the aerospace supply chain. It expresses Advanced Product Quality Planning (APQP) requirements, specifies rules on prevention and remediation of quality deviations, and ensures suppliers' personnel are familiar with Safran's ethics whistle-blowing system (safran@alertethic.com). SAFe also includes Safran's responsible purchasing guidelines.

Similarly, in line with its customers' expectations, since 2023 Safran has been more actively informing and supporting its supply chain with regard to a number of fundamental issues addressed by its CSR[1] commitment, such as "SMS[2]/Just Culture," "Cyber Security" and "Low Carbon."

Safran companies are certified to AS/EN 9100. Certifications are managed on the IAQG[3] public database (OASIS)[4], so that certification status is accessible to all order givers. All scheduled AS/EN 9100 audits went ahead in 2023, and results were satisfactory. A total of 73 companies (including Safran-controlled subsidiaries) are certified to ISO 9001[5] and AS/EN 9100. Some companies also hold additional certifications for their repair station (AS/EN 9110) and distribution center (AS/EN 9120) businesses.

Safran also sits on the working groups or management bodies of international aerospace industry quality bodies (ISO, IAQG, AESQ[6], Nadcap[7]), making active contributions to forthcoming updates of existing quality standards and release of new standards on emerging aerospace industry matters (through ASD[8]), in liaison with civil aviation authorities. All these activities help to harmonize the aerospace industry supply chain, to strengthen safety culture and to improve product quality.

Safran also operates a Safety Management System (SMS) to preemptively identify risks liable to jeopardize the safety of its products, and to take remedial action, before they can have a negative impact on its customers or business. It is accordingly committed to developing proactive response capability across all fields. To this end, each of the Group's companies undertakes to hold and maintain product certificates and approvals issued by the relevant authorities for its design, production and maintenance operations. All these actions contribute to upholding a solid climate of trust between Safran, its customers and authorities.

Each of the Group's companies runs its own action plans, tailored to its own particular business context, on improving product quality and safety. This priority measure applies at all levels, from Group executive management to in-the-field teams.

Lastly, to foster customer confidence and improve our responsiveness, regular contact is maintained between Safran quality teams and major airframers. This system affords a more global vision of performance and joint action plans, in addition to the operational vision existing between individual Group companies and their customers.

Safran runs Safran One operational excellence workshops that engage teams in rapid-action progress plans over a period of up to 16 weeks. Workshop objectives are consistent with each sector's operational needs, such as improving quality, productivity and customer service rates with extensive optimization in program and development management processes.

(1) Corporate social responsibility.
(2) Safety management system.
(3) International Aerospace Quality Group.
(4) Online Aerospace Supplier Information System: portal for information on aerospace quality management certifications, auditors and audit results.
(5) ISO: International Organization for Standardization.
(6) AESQ: Aerospace Engine Supplier Quality.
(7) National Aerospace and Defense Contractors Accreditation Program.
(8) Aerospace and Defence Industries Association of Europe.

In 2023, more than 560 workshops were completed. More than 95% of these workshops brought performance improvements of at least 10% on key indicators corresponding to the operational needs of each sector. More than 30,000 employees, across all company sectors, have taken part in at least one of the workshops. In industrial production, for example, more than 160 workshops were conducted in 2023, and some teams have already regularly run two or three a year since the operational excellence initiative was rolled out in 2016.

To ensure One Safran is firmly anchored in Group practices and culture, a One Safran training school has been opened at Safran University, providing everyone with a chance to learn the One Safran standards and use them effectively, thereby helping to strengthen customer confidence in the Group. The first program, launched in 2021, covers senior management and is now fully operational in every Group geography (Europe, the Americas, Asia, Africa and the Middle East). A second program dedicated to line managers was launched in late 2023.

In addition, in response to the major challenge of increasing the Group's workforce in the years ahead, a dedicated new hire program is being set up as part of the Group's induction process.

The Safran+ progress initiative launched in 2008, enhanced with the arrival of One Safran, continued through 2023, concentrating on key performance improvement focuses throughout the Group. To embed this improvement, Safran+ defines key areas for progress, sets targets and suggests possible methods. Safran+ is based on a solid network with centralized organization, and deployed within all of the Group's entities. This network facilitates the implementation of improvement initiatives, either created by the Group and applicable to all of its companies, or created by the companies themselves initially for their own internal use, then standing as best practices for broader take-up elsewhere in the Group. These initiatives may involve either continuous improvement or disruptive projects put forward and coordinated by the Group.

Quality performance and policy draw on a deep-rooted Lean Sigma culture[(1)] and on networks of quality, progress and business-line teams working together to fulfill the Group-wide quality vision: "to be the customer's preferred supplier".

Safran+ encompasses a number of permanent and cross-functional initiatives:

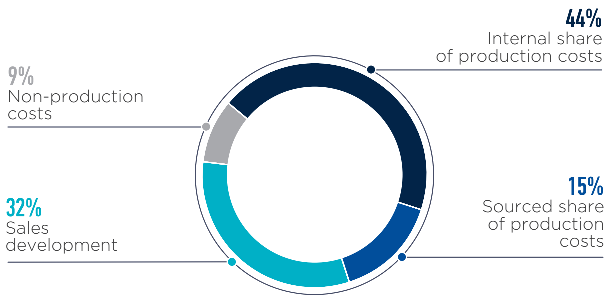
- participative innovation initiatives enabling employees in all sectors to put forward ideas for improving their companies' performance. More than 213,000 employee ideas were taken up across the Group in 2023;
- Lean Sigma, with Green Belts, Black Belts and Master Black Belts driving the Group's transformation through a structured and standardized project management approach;
- QRQC[(2)], initially developed across technical and industrial fields in all Group companies, and now being phased in across support functions as well.

Most projects target at least one of the following objectives:

- increase in customer satisfaction;
- operational and economic improvement;
- efficacy of the company's operational processes;
- support from the continuous improvement teams for Safran's major transformation challenges in digital technology, sustainable development and corporate social responsibility;
- development of employees' skills and understanding.

The managers of the companies concerned report regularly on Safran+ progress to Group Executive Management at annual field reviews.

The savings achieved by the Safran+ initiative in 2023 break down as follows:



(1) *Lean Sigma combines Lean (with tight matching to needs expressed by the customer) and Six-Sigma (methodology for controlling process variability).*
(2) *Quick Response Quality Control is a management method based on everyday performance monitoring and rapid, robust problem-solving at appropriate management levels.*

Integrating the nacelle on the LEAP 1-A engine powering the A320neo

2 REVIEW OF OPERATIONS IN 2023 AND OUTLOOK FOR 2024

2.1 COMMENTS ON THE GROUP'S PERFORMANCE IN 2023 BASED ON ADJUSTED DATA AND OUTLOOK FOR 2024

2.1.1 Reconciliation of consolidated data with adjusted data

Foreword

To reflect the Group's actual economic performance and enable it to be monitored and benchmarked against competitors, Safran prepares an adjusted income statement in addition to its consolidated financial statements.

Readers are reminded that Safran:

- is the result of the May 11, 2005 merger of Sagem and Snecma, accounted for in accordance with IFRS 3, "Business Combinations" in its consolidated financial statements;
- recognizes, as of July 1, 2005, all changes in the fair value of its foreign currency derivatives in "Financial income (loss)", in accordance with the provisions of IFRS 9 applicable to transactions not qualifying for hedge accounting (see section 3.1, "Accounting policies", Note 2.f).

Accordingly, Safran's consolidated income statement has been adjusted for the impact of:

- purchase price allocations with respect to business combinations. Since 2005, this restatement concerns the amortization charged against intangible assets relating to aircraft programs remeasured at the time of the Sagem–Snecma merger. With effect from the first-half 2010 interim financial statements, the Group decided to restate:
  - the impact of purchase price allocations for business combinations, particularly amortization and depreciation charged against intangible assets and property, plant and equipment recognized or remeasured at the time of the transaction and amortized or depreciated over extended periods due to the length of the Group's business cycles, and the impact of remeasuring inventories, as well as
  - gains on remeasuring any previously held equity interests in the event of step acquisitions or asset contributions to joint ventures;
- the mark-to-market of foreign currency derivatives, in order to better reflect the economic substance of the Group's overall foreign currency risk hedging strategy:
  - revenue net of purchases denominated in foreign currencies is measured using the effective hedged rate, i.e., including the costs of the hedging strategy,
  - all mark-to-market changes on instruments hedging future cash flows are neutralized.

The resulting changes in deferred tax have also been adjusted.

Reconciliation of the consolidated income statement with the adjusted income statement

The impact of these adjustments on 2023 income statement items is as follows:

		Currency hedges		Business combinations		
(in € millions)	2023 consolidated data	Remeasurement of revenue[1]	Deferred hedging gain/loss[2]	Amortization of intangible assets from Sagem-Snecma merger[3]	PPA impacts – other business combinations[4]	2023 adjusted data
Revenue	**23,651**	**(452)**	**-**	**-**	**-**	**23,199**
Other recurring operating income and expenses	(20,441)	(3)	(7)	38	258	(20,155)
Share in profit from joint ventures	99	-	-	-	23	122
Recurring operating income (loss)	**3,309**	**(455)**	**(7)**	**38**	**281**	**3,166**
Other non-recurring operating income and expenses	(511)	-	-	-	-	(511)
Profit from operations	**2,798**	**(455)**	**(7)**	**38**	**281**	**2,655**
Cost of net debt	112	-	-	-	-	112
Foreign exchange gain (loss)	1,850	455	(2,239)	-	-	66
Other financial income and expense	(4)	-	-	-	-	(4)
Financial income	**1,958**	**455**	**(2,239)**	**-**	**-**	**174**
Income tax benefit (expense)	(1,236)	-	581	(10)	(59)	(724)
Profit for the period	**3,520**	**-**	**(1,665)**	**28**	**222**	**2,105**
Profit for the period attributable to non-controlling interests	**(76)**	**-**	**(1)**	**-**	**-**	**(77)**
PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT	**3,444**	**-**	**(1,666)**	**28**	**222**	**2,028**

Readers are reminded that the consolidated financial statements presented in section 3.1 of this Universal Registration Document are audited by the Group's Statutory Auditors. The consolidated financial statements include the revenue and operating profit indicators set out in the adjusted data in section 3.1, Note 5, "Segment information".

Adjusted financial data other than the data provided in section 3.1, Note 5, "Segment information", are subject to the verification procedures applicable to all of the information provided in the Universal Registration Document.

Reconciliation of profit from operations with EBITDA

The reconciliation of profit from operations with EBITDA is as follows:

		Currency hedges		Business combinations		
(in € millions)	2023 consolidated data	Remeasurement of revenue[1]	Deferred hedging gain/loss[2]	Amortization of intangible assets from Sagem-Snecma merger[3]	PPA impacts – other business combinations[4]	2023 adjusted data
Profit from operations	**2,798**	**(455)**	**(7)**	**38**	**281**	**2,655**
Net recurring charge to depreciation, amortization, impairment and provisions	1,269	-	7	(38)	(258)	980
Net non-recurring charge to depreciation, amortization, impairment and provisions	511	-	-	-	-	511
EBITDA	**4,578**	**(455)**	**-**	**-**	**23**	**4,146**

(1) Remeasurement of foreign-currency denominated revenue net of purchases (by currency) at the hedged rate (including premiums on unwound options) through the reclassification of changes in the fair value of instruments hedging cash flows recognized in profit or loss for the period.

(2) Changes in the fair value of instruments hedging future cash flows that will be recognized in profit or loss in future periods (a negative €2,239 million excluding tax), and the impact of taking into account hedges when measuring provisions for losses on completion (a negative €7 million at December 31, 2023).

(3) Cancellation of amortization/impairment of intangible assets relating to the remeasurement of aircraft programs resulting from the application of IFRS 3 to the Sagem-Snecma merger.

(4) Cancellation of the impact of remeasuring assets at the time of the Zodiac Aerospace acquisition for €198 million excluding deferred tax and cancellation of amortization/impairment of assets identified during other business combinations.

The impact of these adjustments in 2022 was as follows:

		Currency hedges		Business combinations		
(in € millions)	2022 consolidated data	Remeasurement of revenue[(1)]	Deferred hedging gain/loss[(2)]	Amortization of intangible assets from Sagem-Snecma merger[(3)]	PPA impacts – other business combinations[(4)]	2022 adjusted data
Revenue	**19,523**	**(488)**	**-**	**-**	**-**	**19,035**
Other recurring operating income and expenses	(17,103)	10	3	38	328	(16,724)
Share in profit from joint ventures	73	-	-	-	24	97
Recurring operating income	**2,493**	**(478)**	**3**	**38**	**352**	**2,408**
Other non-recurring operating income and expenses	(450)	-	-	-	-	(450)
Profit from operations	**2,043**	**(478)**	**3**	**38**	**352**	**1,958**
Cost of net debt	(56)	-	-	-	-	(56)
Foreign exchange gain (loss)	(5,072)	478	4,499	-	-	(95)
Other financial income and expense	(35)	-	-	-	-	(35)
Financial income (loss)	**(5,163)**	**478**	**4,499**	**-**	**-**	**(186)**
Income tax benefit (expense)	694	-	(1,163)	(10)	(78)	(557)
Profit (loss) for the period	**(2,426)**	**-**	**3,339**	**28**	**274**	**1,215**
Profit for the period attributable to non-controlling interests	**(33)**	**-**	**(4)**	**-**	**-**	**(37)**
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT	**(2,459)**	**-**	**3,335**	**28**	**274**	**1,178**

Reconciliation of profit from operations with EBITDA

The reconciliation of profit from operations with EBITDA is as follows:

		Currency hedges		Business combinations		
(in € millions)	2022 consolidated data	Remeasurement of revenue[(1)]	Deferred hedging gain/loss[(2)]	Amortization of intangible assets from Sagem-Snecma merger[(3)]	PPA impacts – other business combinations[(4)]	2022 adjusted data
Profit from operations	**2,043**	**(478)**	**3**	**38**	**352**	**1,958**
Net recurring charge to depreciation, amortization, impairment and provisions	1,426	-	(3)	(38)	(322)	1,063
Net non-recurring charge to depreciation, amortization, impairment and provisions	477	-	-	-	-	477
EBITDA	**3,946**	**(478)**	**-**	**-**	**30**	**3,498**

(1) *Remeasurement of foreign-currency denominated revenue net of purchases (by currency) at the hedged rate (including premiums on unwound options) through the reclassification of changes in the fair value of instruments hedging cash flows recognized in profit or loss for the period.*

(2) *Changes in the fair value of instruments hedging future cash flows that will be recognized in profit or loss in future periods (a positive €4,499 million excluding tax), and the impact of taking into account hedges when measuring provisions for losses on completion (a positive €3 million at December 31, 2022).*

(3) *Cancellation of amortization/impairment of intangible assets relating to the remeasurement of aircraft programs resulting from the application of IFRS 3 to the Sagem-Snecma merger.*

(4) *Cancellation of the impact of remeasuring assets at the time of the Zodiac Aerospace acquisition for €276 million excluding deferred tax and cancellation of amortization/impairment of assets identified during other business combinations.*

2.1.2 Overview of the Group's performance in 2023

Adjusted income statement

(in € millions)	2022 adjusted data	2023 adjusted data
Revenue	**19,035**	**23,199**
Other income	440	474
Income from operations	**19,475**	**23,673**
Change in inventories of finished goods and work-in-progress	1,210	1,001
Capitalized production	382	480
Raw materials and consumables used	(11,719)	(14,084)
Personnel costs	(5,787)	(6,758)
Taxes	(290)	(308)
Depreciation, amortization and increase in provisions, net of use	(811)	(993)
Asset impairment	(252)	(51)
Other recurring operating income and expenses	103	84
Share in profit from joint ventures	97	122
Recurring operating income	**2,408**	**3,166**
Other non-recurring operating income and expenses	(450)	(511)
Profit from operations	**1,958**	**2,655**
Cost of net debt	(56)	112
Foreign exchange gain (loss)	(95)	66
Other financial income and expense	(35)	(4)
Financial income (loss)	**(186)**	**174**
Profit before tax	**1,772**	**2,829**
Income tax expense	(557)	(724)
PROFIT FOR THE PERIOD	**1,215**	**2,105**
Attributable to:		
■ owners of the parent	1,178	2,028
■ non-controlling interests	37	77
Earnings per share attributable to owners of the parent (in €)		
Basic earnings per share	2.76(1)	4.85(3)
Diluted earnings per share	2.68(2)	4.70(4)

(1) Based on the weighted average number of shares of 426,680,657 as of December 31, 2022.
(2) Based on the weighted average number of shares after dilution of 440,159,929 as of December 31, 2022.
(3) Based on the weighted average number of shares of 417,795,492 as of December 31, 2023.
(4) Based on the weighted average number of shares after dilution of 431,373,561 as of December 31, 2023.

Review of operations

Adjusted revenue

2023 revenue stood at €23,199 million, up by 23.6% on an organic basis (+21.9% compared to 2022), benefiting from Safran's strategic positioning on growing markets. Air traffic continued its recovery through 2023 with global narrowbody ASK capacity gradually improving to 105% (on average) of 2019. In addition, in a context of production ramp-up, revenue growth was led by both OE and services. Each of our three divisions achieved a substantial revenue growth rate.

In 2023, change in scope was €(13) million(1). Currency impact of €(312) million reflects a negative translation impact of USD revenues, with an average €/$ spot rate of 1.08 in 2023 (1.05 in 2022). €/$ hedge rate in 2023 stood at 1.13 (1.15 in 2022).

(in € millions)	FY 2022	FY 2023	% change	% change in scope	% change currency	% change organic
Aerospace Propulsion	9,506	11,876	24.9%	-	(1.8)%	26.7%
Aircraft Equipment, Defense and Aerosystems	7,535	8,835	17.3%	1.0%	(1.0)%	17.3%
Aircraft Interiors	1,978	2,477	25.2%	(4.6)%	(3.0)%	32.8%
Holding company & Others	16	11	(31.3)%	-	-	(31.3)%
TOTAL GROUP	**19,035**	**23,199**	**21.9%**	**(0.1)%**	**(1.6)%**	**23.6%**

As for organic revenue per division:

- Propulsion achieved an outstanding growth of 26.7% thanks to a robust civil activity through the year.

  In a buoyant market, civil aftermarket increased by 32.9% (in $) mainly driven by a solid demand for CFM56 spare parts and by LEAP rate per flight hour (RPFH) contracts. Meanwhile, spare parts revenue for high thrust engines increased but at a slower pace.

  OE revenue was boosted by LEAP deliveries reaching 1,570 units, compared to 1,136 in 2022. This represents a solid step-up in production (+38%) in a challenging supply chain environment. For military engine activities, revenue was down year-over-year driven by lower M88 deliveries as planned, and services.

  Finally, helicopter engine activities posted slight growth as OE and services revenue growth was hampered by supply chain shortages.

- Equipment & Defense was up by 17.3% supported by both narrowbody and widebody programs, although constrained by supply chain difficulties.

  Aftermarket services, driven by increased traffic, grew in all businesses, in particular for nacelles and landing systems including carbon brakes.

  OE sales registered a 13.4% increase year over year with higher volumes in landing gears (A320neo, 787) and electrical systems (787, A320neo, 737MAX) as well as in Avionics (FADEC for LEAP).

  Nacelles deliveries decreased due to downward revised demand. In defense activities, growth was notably led by guidance systems and JIM multifunction infrared binoculars.

- Aircraft Interiors revenue was up by of 32.8%, a robust growth made of four consecutive quarters above 30% but still 23% below 2019 level. The division recorded strong orders, demonstrating the growth potential of this market.

  Aftermarket services strongly improved both for Cabin (mainly spare parts) and Seats (notably with US and Middle East airlines) with air traffic recovery.

  OE sales increased in all activities. Cabin was led mainly by Custom Cabin and Floor to Floor activities. Seats OE growth was driven by Economy class seat deliveries (Z400 and Z600 for several airlines) while Business class seat deliveries were down year-on-year (983 in 2023 vs 1,704 in 2022) mainly due to temporary effects of delays in testing and certification.

Adjusted recurring operating income

In 2023, recurring operating income(2) reached €3,166 million, up 31.5% (+27.2% organic) driven by Propulsion activities. It includes scope changes of €(9) million and a favorable currency impact of €111 million.

Operating margin stood at 13.6% of sales, up 100 bps on the 2022 margin (12.6% in 2022).

(1) Divestment of Pioneer Aerospace in April 2022, Arresting Systems in June 2022 and Cargo & Catering in May 2023. Acquisition of Orolia in July 2022 and Thales Aeronautical Electrical Systems in October 2023.

(2) Operating income before capital gains or losses on disposals/impact of changes of control, impairment charges, transaction and integration costs and other items.

(in € millions)	FY 2022	FY 2023
Adjusted recurring operating income	**2,408**	**3,166**
% of revenue	*12.6%*	*13.6%*
Total one-off items	**(450)**	**(511)**
Capital gain (loss) on asset disposal	63	(10)
Impairment reversal (charge)	(503)	(432)
Other infrequent & material non-operational items	(10)	(69)
ADJUSTED RECURRING OPERATING INCOME	**1,958**	**2,655**
% of revenue	*10.3%*	*11.4%*

Per division:

- Propulsion recurring operating income reached €2,390 million, up 39.8% (+35.2% organic). Operating margin stood at 20.1%, up by 2.1 pts, supported by strong civil aftermarket activity benefiting from higher spare parts sales for CFM56 while the growing share of LEAP RPFH contracts, recognized today at zero profit, weighed on margin growth.

  On the OE side, the division was supported by a high portion of LEAP spare engine deliveries throughout the year. As planned, lower M88 deliveries had a negative impact compared to 2022.

  Helicopter engines profitability was slightly down in 2023.
- Equipment & Defense recurring operating income stood at €992 million, up 13.5% (+8.7% organic). At 11.2% of sales, operating margin decreased by 0.4 pts. In spite of robust services growth across all activities, the margin has been impacted by inflation and challenges in the supply chain.
- Aircraft Interiors posted a recurring operating loss of €(116) million, representing an improvement of €24 million from 2022, up 17.1% (+30% organic).

  Leveraging on its manufacturing footprint optimization, Cabin activities reached breakeven in 2023 supported by a robust growth in services and, to a lesser extent, by OE deliveries.

  Seats reached breakeven in Q4 2023 with efforts on the industrialization process starting to bear fruit. On a yearly basis, the positive contribution from services was more than offset by losses from OE activities.

Adjusted financial income

The Group reported adjusted financial income of €174 million in 2023, compared to an adjusted financial loss of €186 million in 2022. Adjusted financial income for the year reflects:

- cost of debt, which showed a positive balance of €112 million in 2023, compared to a negative balance of €56 million in 2022 ;
- this change is mainly due to the increase in financial income on cash and cash equivalents, as a result of the sharp rise in the average interest rate;
- the €66 million foreign exchange gain in 2023 (€95 million foreign exchange loss in 2022), which includes:
  - non-cash income of €28 million on provisions carried in US dollars resulting from the impact of fluctuations in the EUR/USD exchange rate between the start of the year (USD 1.07 to €1 at December 31, 2022) and the end of the year (USD 1.11 to €1 at December 31, 2023) on the opening amount of the provision (non-cash expense of €55 million in 2022),
  - income of €35 million linked to foreign exchange gains on the remeasurement of cash current accounts held in currencies other than the reporting currency (income of €24 million in 2022),
  - other financial income and expenses representing a net expense of €4 million in 2023 (net expense of €35 million in 2022).

Adjusted net income

In 2023, non-cash one-off items were €(511) million of which impairment charges for several programs and €(327) million of goodwill impairment in Aircraft Interiors reflecting late execution in the turnaround.

Net income was €2,028 million in 2023 (basic EPS of €4.85 and diluted EPS of €4.70), up by 72%, compared with €1,178 million in 2022 (basic EPS of €2.76 and diluted EPS of €2.68).

This includes:

- financial income of €174 million, including positive financial interests of €112 million (returns on cash investments exceed cost of debt) and €66 million exchange revaluation of positions in the balance sheet;
- tax expense of €(724) million (25.6% apparent tax rate).

2.1.3 Adjusted key figures by business

Summary of adjusted key figures by business

	Aerospace Propulsion		Aircraft Equipment, Defense and Aerosystems		Aircraft Interiors		Holding company and other		Total	
(in € millions)	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
Revenue	9,506	11,876	7,535	8,835	1,978	2,477	16	11	19,035	23,199
Recurring operating income (loss)	1,710	2,390	874	992	(140)	(116)	(36)	(100)	2,408	3,166
Profit (loss) from operations	1,566	2,338	914	979	(486)	(544)	(36)	(118)	1,958	2,655
Free cash flow[(1)]	2,448	2,700	607	538	(483)	(277)	94	(16)	2,666	2,945
Acquisitions of property, plant and equipment[(2)]	239	411	190	327	31	52	38	33	498	823
Self-funded R&D	457	570	425	484	137	162	N/A	N/A	1,019	1,216
Headcount[(3)]	25,382	27,901	39,637	45,007	15,171	15,626	3,086	3,450	83,276	91,984

(1) Free cash flow is equal to cash flow from operating activities less changes in working capital and acquisitions of property, plant and equipment and intangible assets.
(2) Net of proceeds from disposals.
(3) Headcount at December 31.

2.1.3.1 Aerospace Propulsion

Adjusted key figures

(in € millions)	2022	2023	Year-on-year change
Revenue	9,506	11,876	+25%
Recurring operating income	1,710	2,390	+40%
Profit from operations	1,566	2,338	+49%
Free cash flow	2,448	2,700	+10%
Acquisitions of property, plant and equipment	239	411	+72%
Research & Development			
Self-funded R&D	(457)	(570)	+25%
% of revenue	*4.8%*	*4.8%*	-
Research tax credit	57	67	+18%
Self-funded R&D after research tax credit	(400)	(503)	+26%
Capitalized expenditure	92	96	+4%
Amortization and impairment of R&D expenditure	(117)	(124)	+6%
Impact on profit from operations	(425)	(531)	+25%
% of revenue	*4.5%*	*4.5%*	-
Headcount	25,382	27,901	+10%

Aerospace Propulsion activities operate in three main sectors:

	% of business line revenue	
Business line	2022	2023
Civil aviation	73%	78%
Military aviation	14%	11%
Helicopter engines (civil and military)	13%	11%

Commercial and industrial developments

Civil aviation

Low-thrust engines for civil aircraft (regional and business jets)

Silvercrest (9,000-12,000 pounds of thrust)

Safran continued to fine-tune the Silvercrest engine during the year. After ground tests followed by altitude tests in a simulation chamber, Safran successfully completed the campaign testing the operability of the new high-pressure compressor on a flying testbed (a modified Gulfstream GII aircraft). A test campaign for the engine's high-pressure core, including the new compressor and new technologies, was completed in 2023 and produced the expected results.

The Silvercrest will incorporate leading-edge technology to offer highest-standard performance, in terms of fuel consumption, reliability and respect for the environment. In 2023, this new-generation engine also served as a research platform for hybridization technologies, with the integration of a Safran electric generator engine.

Passport (13,000-18,000 pounds of thrust)

Through Safran Aero Boosters, Safran has a 7.4% share in Passport, a new GE engine program certified to carry up to 50% sustainable aviation fuel (SAF). This engine, which powers Bombardier's long-range Global 7500 business jet (7,400 nautical miles, or 13,700 km), will also power the new Bombardier Global 8000 aircraft, with a range of 8,000 nautical miles (or 14,800 km). The Canadian business aircraft manufacturer expects the Global 8000 to enter service in 2025.

During the year, 73 subassemblies were delivered for Passport engines (59 in 2022).

Mid-thrust engines for civil aircraft (short- to medium-haul aircraft)

CFM56 – LEAP

Despite disruptions in the supply chain, Safran increased its deliveries of mid-thrust engines for civil aircraft in 2023: a total of 1,622 LEAP and CFM56 engines were delivered during the year (compared to 1,196 LEAP and CFM56 engines delivered in 2022).

LEAP-1A is competing with Pratt & Whitney's PurePower PW1100G for the A320neo program. The LEAP-1B model was chosen as the sole engine for the Boeing 737 MAX. The LEAP–1C is the sole Western source for the propulsion system (engine plus nacelle) on COMAC's C919 Chinese aircraft, which entered service in May 2023.

A total of 1,570 LEAP engines were delivered in 2023, compared with 1,136 LEAP engines in 2022, an increase of 38%. Over 2,500 LEAP engines were also ordered during the year, underlining the popularity of this engine with airline companies. Air India (India) placed a record order for over 800 LEAP engines, while Air Arabia (United Arab Emirates) ordered 240 LEAP engines.

At December 31, 2023, with almost 7,800 LEAP engines delivered since the start of the program, CFM International's backlog for the engines stood at almost 10,700 orders (net cumulative orders and commitments) for the three A320neo, Boeing 737MAX and C919 programs.

LEAP engines	2022	2023	Year-on-year change
Engines delivered	(1,136)	(1,570)	+38%
Orders received	1,515	2,508	+66%
Orders canceled	(152)	(204)	+34%
BACKLOG	**9,941**	**10,675**	**+7%**

There is still a pipeline of CFM56 engines to be delivered over the next few years, both to power the military version of the Boeing 737 (P8-Poseidon) and to provide the spare engines needed to support the in-service fleet; During the year, 52 CFM56 engines were delivered (60 engines had been delivered in 2022), and an improved version of the high-pressure turbine blade was launched.

In total, CFM International has delivered nearly 34,000 CFM56 engines since the program began.

Spare parts activities and service agreements

Amid an upsurge in air traffic, which was outperforming 2019 levels at the end of 2023 for short- and medium-haul aircraft, business associated with the sale of spare parts and service agreements for civil engines rose by 32.9% (in US dollars) in the year, driven both by the sale of CFM56 spare parts and by the increase in LEAP aftermarket business under support–by–the–hour contracts.

New service agreements were signed for LEAP engines, notably with aircraft leasing company Avolon (Ireland) and airlines Air India (India), Jet2 (United Kingdom), Cathay Pacific (China), Akasa Air (India), easyJet (United Kingdom) and Air Arabia (United Arab Emirates). Partnerships for LEAP engine maintenance and services were also signed with StandardAero (United States) and STEngineering (Singapore). These agreements offer LEAP engine customers a wide range of bespoke aftersales services adapted to their particular business model and to fleet size and/or condition.

Decarbonization of aeronautics

Safran is pursuing an ambitious policy of transitioning to carbon-neutral aviation by 2050 (see section 5.3.3.4).

Since 2021, Safran has been involved in RISE (Revolutionary Innovation for Sustainable Engines), a technology development program that lays the foundations for developing a future engine that reduces fuel consumption and CO_2 emissions by 20% compared to the latest-generation LEAP engine and is 100% compatible with sustainable fuels or hydrogen. The program also leverages technologies such as composite fan blades, ceramic matrix composites, electric hybridization and additive manufacturing.

High-thrust engines for civil aircraft (long-haul aircraft)

An increased number of high-thrust engines – for which Safran, as program partner, is also responsible for subassemblies – were delivered in 2023, at 190 engines compared to 181 one year earlier.

GE90

As the entry into service of the Boeing 777X (powered by GE9X engines) has been pushed back to 2025, volumes of GE90 engines powering Boeing 777 aircraft are increasing: Safran delivered 52 compressor modules during the year, compared with 49 in 2022. The year also saw the delivery of the 3,000th GE90 turbojet engine. This major milestone symbolizes the operational excellence of this engine family, which has clocked up almost 130 million flight hours and 18 million cycles since entering service in 1995[1].

Safran has a stake of 23.7% in this GE program, which currently enjoys a sole-source position on the Boeing 777 (fitted with the latest-generation GE90-115 engines with 115,000 pounds of thrust).

GE9X

GE's high-thrust GE9X engine was chosen by Boeing as the sole source for its new long-haul Boeing 777X aircraft, slated to enter into service in 2025. During the year, Safran continued to work on improving the fan casing, conducting a blade release certification test.

Safran has a stake of 11.2% in this program through Safran Aircraft Engines and Safran Aero Boosters. Safran Aircraft Engines is responsible for the design and production of several critical parts of the engine (composite fan blades, fan casing and exhaust casing). The low-pressure compressor and the fan disk are made by Safran Aero Boosters.

GEnx

Safran delivered 75 GEnx modules in 2023, nine more than in 2022. Safran is a partner on the two GEnx engine programs, with a 7.7% interest in the GEnx-1B version powering the long-haul Boeing 787 and a 7.3% interest in the GEnx-2B version powering the Boeing 747-8.

The last Boeing 747 aircraft was delivered at the start of 2023, marking the end of Safran's GEnx-2B original equipment program. This engine will continue to generate revenue through spare parts.

CF6 family

While the CF6-80C version of the engine powering the Boeing 767 continues to be assembled at GE in the United States, the CF6-80E engines powering the Airbus A330 now generate revenue only through the spare parts and repairs business. In all, 47 engines for the CF6 family were delivered in 2023, compared to 50 in 2022.

Safran, whose stake in this program ranges from 10% for the CF6-80C version to 19.4% for the CF6-80E model, continues to participate in production and aftersales activities for this engine.

LM6000 turbines (related to CF6 engines) and LM9000 turbines (related to GE90 engines)

A total of 16 LM6000 and LM9000 gas turbines were delivered in 2023, the same number as in 2022. Safran is involved in the LM6000 program, both in production and aftersales support, with a stake ranging from 4.4% to 15.9% depending on the turbine version. Safran supplies the high-pressure compressor and associated spare parts for the LM9000 program.

Service agreements

New agreements for GE90 and GP7200 engines were signed, extended, restructured or renewed in 2023, notably by British Airways (United Kingdom), Emirates (United Arab Emirates), Thai Airways (Thailand), Silk Way West Airlines (Azerbaijan), Egyptair (Egypt), EVA Air (Taiwan), Cathay Pacific (China) and Korean Air (South Korea).

In its role as partner, Safran contributes to the service agreements negotiated and signed by GE and Engine Alliance with the relevant operators for the high-thrust GE90 and GP7200 engines powering the Boeing 777 and the A380, respectively. Safran provides maintenance and repair services for the GE90's high- and low-pressure compressors, as well as for the GP7200's high-pressure compressor. The Group leverages its expertise, industrial capabilities and global network to offer operators continuous support and a comprehensive range of engine module maintenance services through support-by-the-hour or time-and-materials contracts.

Industrial operations

In 2023, a holding company owned equally by Airbus, Safran and Tikehau Capital, completed the acquisition of Aubert & Duval from the Eramet group. Aubert & Duval is a strategic supplier of critical parts and materials for a number of demanding industry sectors, notably aerospace and defense.

Safran also started work on its new compressor blades plant in Marchin (Belgium). In line with the Group's strategy of consolidating its European sovereignty and supply chain, this plant spanning around 10,000 sq.m. will produce up to 2,000 blades per day. This industry 4.0 center of excellence will have heavily digitized technical resources (automation, connected objects, automatic controls, artificial intelligence, cobotics, etc.), will employ around 100 people and should be operational in 2025.

Military aviation

M88

A total of 42 engines were delivered for the Rafale fighter jet in 2023 (51 engines in 2022).

The first Rafale aircraft, qualified to the new F4 standard, was delivered to the French Ministry of the Armed Forces. The initial operational capability (IOC) of the F4-standard Rafale is scheduled for 2024. Safran is involved in developing the operational capabilities of this fighter jet, notably through a new M88 control unit with enhanced processing capacity and improved maintenance features (surveillance, recording, trouble-shooting and predictive maintenance), an improved maintenance system and a computerized maintenance management system.

The French government awarded Safran the contract to produce the M88 engines that will power the 42 aircraft under Tranche 5 (5T) of the Rafale contract.

In 2023, at the Egypt Defense Expo (EDEX), Safran announced it had signed a Memorandum of Understanding (MoU) to provide through-life support for the Egyptian Air Force's M88 engines. This agreement allows Safran to strengthen its EngineLife® services to support the M88 engines powering the 24 Rafale jets operated by the Egyptian Armed Forces.

(1) *Source: GE press release – September 12, 2023.*

Under the contract signed by Indonesia in February 2022 for the purchase of 42 Rafale fighter jets, a first tranche for six Rafales came into effect in September 2022, followed by a second tranche for 18 Rafales in August 2023, and the final tranche for 18 Rafales at the beginning of 2024.

F135

During the year, Safran announced the signature of two memoranda of understanding concerning the Pratt & Whitney F135 engine (17.8 metric tons of thrust) powering the Lockheed Martin F-35 fighter. The first MoU concerns a Research & Technology (R&T) project that could lead to the development and production of structural engine components using innovative processes. The second MoU concerns the introduction of a new manufacturing technology for a family of F135 engine components.

TP400

A total of 34 engines were delivered in 2023 (compared to 37 in 2022). At the end of the year, orders and purchase commitments covered 185 engines for the A400M aircraft from Airbus Defence & Space.

During the year, the contract (GESC/ESS2)[1] for TP400 engine support was signed by OCCAr[2] on behalf of France, Spain, Belgium, the UK and Germany. Approval from Turkey (an OCCAr member) is expected in 2024. This contract will enable participating countries to increase the availability of their A400M aircraft, and ultimately reduce their cost of ownership.

Tyne

The "IROISE" contract to provide operational maintenance for some 20 Atlantique 2 aircraft fitted with Tyne Mk 21 engines operated by the French Armed Forces came into effect in 2023. This contract, featuring an availability commitment, covers all services required for the support and maintenance of Tyne engines until Atlantique 2 aircraft are withdrawn from service in the period 2035-2040.

Atar and Larzac

In 2023, Argentina retired its last Super-Etendard fighters, powered by Safran Atar engines. Intended for embarkation on aircraft carriers, these aircraft also served the French Armed Forces in numerous military operations before being definitively replaced in 2016 by Rafale Marine aircraft.

Egypt asked Safran to renew the potential of its fleet of Larzac engines, which power AlphaJet aircraft. In this regard, Safran signed an agreement with the AOI[3] in 2023 to provide maintenance, repair and overhaul (MRO) services for Larzac engines.

Engine option for the New Generation Fighter (NGF) jet

The engine for the future NGF aircraft will be developed under cooperation agreements between EUMET (Germany)[4] and its partner ITP Aero. Safran has overall responsibility for the design and integration of the engine, combustion chamber, high-pressure turbine and afterburner. MTU Aero Engines is taking the lead in engine services and is responsible for the low- and high-pressure compressors. ITP Aero is involved as lead partner in the development of the low-pressure turbine and the nozzle. A concentrate of high technology and innovation, this engine will make a lasting contribution to European sovereignty and the superiority of its armed forces. In 2023, after initially participating as an observer, Belgium officially announced that it wished to join the FCAS program as a full member[5].

The R&T phase (Phase 1B) continued throughout the year. This phase allows continued development and maturation for the advanced technologies required for demonstrator flights, along with consolidation of project architectures. Demonstrator flights are scheduled in the forthcoming phases in 2028-2029.

Helicopter engines and auxiliary power units

Safran Helicopter Engines delivered 588 helicopter engines in 2023 compared to 508 in 2022.

Light helicopters

Safran's engine solutions for light helicopters reported further commercial success during the year. In particular:

- the 1,000 shp Safran Arriel 2K engine was selected by Leonardo to power the next-generation AW09 single–engine helicopter. This will enable the Italian helicopter manufacturer to leverage the proven technology and reliability of this Safran engine family, together with efficient global support solutions. The first flight of this aircraft with its new Safran engine took place during the first quarter of 2023 at Mollis airport in Switzerland;
- the 505th Bell 505 single-engine helicopter powered by the Safran Arrius 2R engine was delivered. This milestone testifies to the commercial success of the aircraft for civil, government and parapublic applications, as well as for military training. During the year, the first three Bell 505 helicopters to be used by the South Korean Armed Forces for pilot training were delivered (out of a total of 40 ordered), as was the first Bell 505 military training helicopter for the Royal Jordanian Air Force (out of a total of 10 ordered);
- an order was placed by the German Armed Forces for 82 twin-engine, multi-role H145M helicopters (including 20 under option), powered by Safran Arriel 2E engines. These aircraft will be used for combat and training missions.

(1) GESC/ESS2: Global Engine Support Contract/Engine Support Step 2.
(2) The Organization for Joint Armament Cooperation (OCCAR) is a European intergovernmental organization designed to facilitate cooperation on major weapons programs.
(3) Arab Organization for Industrialization, an Arab military organization based in Egypt and created in 1975 by Egypt, Saudi Arabia, the United Arab Emirates and Qatar to oversee the collective development of the Arab defense industry.
(4) EUropean Military Engine Team (EUMET): a 50/50 joint venture between Safran and MTU Aero Engines.
(5) The Future Combat Air System (FCAS) is a joint European program to develop a new-generation combat air system, combining a New Generation Fighter (NGF) aircraft by 2040 with a wide array of interconnected and interoperable elements such as drones, and based on artificial intelligence.

Medium-weight helicopters

During the year, the FAA granted type certification (TC) for Airbus Helicopters' H160. The Safran Arrano 1A engine is the sole source on this new six-ton twin-engine helicopter, which is already in service in Europe, Japan, Brazil and Saudi Arabia. At the end of 2023, the six H160 helicopters delivered to the French Navy for sea rescue missions had already clocked up 1,000 flight hours.

Hindustan Aeronautics Limited (HAL) also ordered 56 Ardiden 1H1/Shakti kits to power 25 new Dhruv medium twin-engine helicopters. The Ardiden 1H1 kits, produced in France, are used to assemble the Shakti engine in HAL's Indian plants.

Heavy-lift helicopters

In 2023, Safran and Hindustan Aeronautics Limited (HAL) announced the creation of a new 50/50 joint venture to design, develop, produce, sell and support helicopter engines for the Indian market and for export. Based in Bangalore (India), this joint venture will initially focus on the development and production of engines for India's future 13–ton military IMRH (Indian Multi-Role Helicopter) and its naval version DBMRH (Deck-Based Multi-Role Helicopter). The joint venture will be India's first in-house helicopter engine design and manufacture.

The Group signed a Memorandum of Understanding with MTU Aero Engines, laying the foundations for a 50/50 joint venture to develop a new engine for the ENGRT (European Next Generation Rotorcraft Technologies) helicopter project. The aim of this joint venture, which will include other partners, is to develop the technological building blocks needed to launch a program by the end of the decade.

The first Leonardo AW189K series aircraft, powered by Safran Aneto-1K engines, entered service during the year. This new Safran engine option not only delivers improved performance capabilities in hot and/or high conditions, but also provides the helicopter with 25% extra thrust compared to existing engines.

Helicopter engine services

The commercial development of Safran's aftermarket services for helicopters continued during the year, with the signature of more than 95 Support-by-the-hour (SBH®) and Global Support Package (GSP) agreements, notably with the Bavarian police (Germany), Gulf Med Aviation Services (Malta), Global Medical Response (US), Yellowhead Helicopters (Canada) and Coldstream Helicopters (Canada).

Safran's range of digital services for helicopter engines can be accessed via the EngineLife® customer portal. During the year, this offer was enhanced with Logbook Connect, a new digital service which, by reducing the administrative burden associated with receiving Safran engines, modules or accessories, enables a faster return to flight for helicopters. An additional range of training modules for maintenance technicians and pilots has also been incorporated.

The quality of services provided by the Group to operators of Safran-powered helicopters was recognized during the year by US magazine Vertical in its survey ranking helicopter and engine manufacturers on the quality of their products and support. Safran Helicopter Engines was named "Top Engine Manufacturer" for the third time in its history. The magazine also awarded the Group first place in the "MRO Services" (maintenance, repair, overhaul), "Quality of Technical Representatives" and "Digital Services" categories.

Helicopter decarbonization

Safran aims to be at the forefront of the decarbonization push in the helicopter industry. For its next-generation engines, due to enter service from 2030, Safran strives to make all the technologies needed to reduce their CO_2 emissions by up to 50% readily available . To achieve this, the Group's strategy is based not only on the development of more energy-efficient and hybrid engines, but also on the use of sustainable aviation fuel (SAF).

All Safran helicopter engines are already certified to operate with blends containing up to 50% SAF. The Group is currently working to certify engines running on 100% SAF, while evaluating the operational impact of using these fuels. Progress in this regard in 2023 included:

- the first flight of an NH90 helicopter, with one of its two Safran RTM322 engines powered by SAF produced from used cooking oil. This flight follows a bench test carried out at Safran's Bordes facility, which approved the operation of this fuel on the RTM322 engine;
- the start of flight tests on a single-engine Bell 505 helicopter powered by a Safran Arrius 2R engine running on 100% SAF. The latter, supplied by Neste (Finland), was also made from used oil. The use of this drop-in fuel did not require any modifications to the aircraft, engine or logistics infrastructure;
- the first flight with sustainable fuel in China: an Airbus H125 helicopter belonging to Chinese operator State Grid Electric Power Space Technology Co, Ltd. (SGST) flew from Hefei Shiwan airport, powered by a Safran Arriel 1D1 engine running on a fuel blend containing 40% SAF.

New mobility concepts, hybrid propulsion systems

As new aircraft concepts develop, Safran is involved in the design of new systems capable of powering these aircraft of the future.

In 2023 for example, the Group successfully completed ground tests of a more electric variant of its Tech TP turboprop engine. This technological demonstrator, based on the Safran Ardiden 3 engine, was fitted with an electrical motor-generator to drive the propeller, without using power directly from the main turbine engines or in-flight electric assistance.

EcoPulse™ is a distributed hybrid-propulsion demonstrator designed by Safran, Daher and Airbus. Developed on the basis of a Daher TBM single-engine light aircraft, EcoPulse™ is equipped with a Safran turbogenerator[1] and six electric thrusters (or e-Propellers), each fitted with a Safran ENGINeUS™ motor, mounted on the leading edge of the wing. In 2023 at the Paris Air Show, EcoPulse™ was presented in its final configuration. In November, it then completed its first hybrid-electric flight. Supported by the French Civil Aviation Research Council (CORAC) and co-financed by the French Directorate General for Civil Aviation (DGAC), the project aims to develop technologies that will improve the environmental efficiency of aircraft and meet the future needs of the air travel industry.

(1) A turbogenerator consists of a gas turbine combined with one or more electric generators, and a system for regulating electrical power and voltage.

Safran signed a partnership agreement with Aura Aero for the ERA (Electric Regional Aircraft) engine project. The two partners will work together to evaluate solutions for integrating the turbogenerator in line with the requirements defined for the ERA, a 19-seater hybrid-electric regional aircraft. This Memorandum of Understanding follows on from a first agreement, signed in April 2022, which covered the aircraft's electrical equipment.

A partnership was signed with Electra (US) to develop the turbogenerator for its prototype nine-passenger hybrid–electric short take-off and landing (eSTOL) aircraft. This turbogenerator was developed by the Group on the basis of the Safran Arrano helicopter engine combined with two Safran GENeUS electric generators.

During the year, in preparation for the upcoming flight tests of the Airbus Racer high-speed helicopter demonstrator, Safran validated the operation of the Mode Eco hybrid propulsion system on a ground test rig. This operating mode, designed for twin-engine helicopters, reduces CO_2 emissions and fuel consumption by around 15% by putting one of the two engines on standby while cruising.

Safran formalized its partnership on the "DisruptiveLab", an Airbus Helicopters technology demonstrator designed to prepare for the next generation of light helicopters. On this aircraft, the Group is testing new propulsion technologies that will significantly reduce CO_2 emissions from light helicopter engines. The DisruptiveLab made its first flight in 2023.

Industrial operations

Safran and Hindustan Aeronautics Limited (HAL) started construction work on their Helicopter Engines MRO Pvt Limited (HE-MRO) joint venture, a maintenance facility to be located in Sattari, near Goa (India). The facility will provide the Indian Armed Forces with the capability to support 50 TM333[(1)] and Shakti[(2)] engines per year, with a maintenance capacity of 150 engines.

In response to business growth, Safran Helicopter Engines Germany announced its planned move to a new site in Norderstedt, south of Hamburg airport. This move will strengthen the company's service, logistics and industrial capabilities, while also creating optimal working conditions for its employees. Safran Helicopter Engines Germany provides technical and commercial support for Safran helicopter engines in service in Germany, Northern Europe, Central and Eastern Europe, and Central Asia. The foundation stone of the new site is expected to be laid in 2024.

In 2023, Safran Helicopter Engines China inaugurated its new training center in Qingdao, located north of Shanghai, close to the assembly line for Airbus H135 aircraft (helicopters powered by two Arrius 2B2 engines). This training center will enhance the Group's helicopter engine training capabilities in China, particularly maintenance, repair and overhaul (MRO) for Arrius 2B2 engines.

Mechanical power transmission systems

Series production and deliveries of power transmission systems continued to ramp up, mainly for the LEAP civil engine program and the M88 military engine powering the Rafale fighter jet. During the year, the 8,000th accessory gearbox was delivered for the LEAP program. This major milestone highlights the Group's operational excellence in power transmission systems.

The spare parts and repair businesses were also very buoyant in 2023. In connection with the ramp-up of our repair activities, 2023 saw the completion of renovation work at the MRO center in France, and the inauguration and certification of the new center in Poland.

Safran continued to secure the supply chain for its mechanical transmission systems, notably by renewing long–term contracts with several key suppliers.

In 2023, Safran was selected by Flying Whales (France), a manufacturer of rigid airships, to participate in powering the LCA60T (Large Capacity Airship 60 Tons). The Group will develop and supply the power transmission systems for the four turbogenerators to be fitted onto each airship.

Safran was also chosen by Rolls-Royce to supply the power transmission systems for the test phase of the F130 re–engining program for the US Air Force's B52.

Finally, Safran continued its research and testing work – in cooperation with GE subsidiary Avio Aero (Italy) – to develop future fan gearboxes for the CFM RISE technology demonstrator.

Launch vehicles

Owned equally by Safran and Airbus, ArianeGroup brings together each company's activities and expertise in commercial and military launchers under a single entity. Through its subsidiary Arianespace, ArianeGroup offers a comprehensive range of launch services with its Ariane and Vega launchers.

In November 2023, at the space summit organized by ESA[(3)], the ministers of ESA's member states, associate members and cooperating states reached a major agreement to secure the future of the Ariane 6 and Vega-C launchers, which are essential for Europe's autonomous access to space. This agreement provides for public funding of up to €340 million per annum for Ariane 6 from the 16th to the 42nd flight, i.e., from 2026 to 2030. At the same time, the launcher industry, and ArianeGroup in particular, has undertaken to reduce its costs. Beyond Ariane 6, the future of launchers is also beginning to take shape, with a key decision in the agreement: a change in the way the continent's rockets are developed that will facilitate the emergence of the next generation of launchers. As will happen in the field of space exploration, Europe will embrace competition among private European firms in a bid to develop the most competitive launchers going forward. To this end, ESA will be launching a competition with the aim of selecting several private firms to provide services on European missions aboard a mini-launch vehicle and receive European funding of up to €150 million each. Lastly, Avio, the Italian manufacturer of Vega-C, will eventually market its own flights. Until now, these have been operated by Arianespace.

(1) Turbomeca Artouste for the Cheetah (Lama) and Chetak (Alouette III) light helicopters.
(2) Ardiden 1H1 engine for HAL Dhruv medium-lift helicopters.
(3) European Space Agency.

Ariane and Vega civil launchers

ArianeGroup is prime contractor for Ariane European space launchers and also contributes to the Vega[(1)] launcher. Arianespace, its 74%-owned subsidiary, takes charge of the marketing and operation of two launch vehicles (Ariane and Vega) from the Space Center in French Guiana.

Ariane

In 2023, Europe's Ariane 5 heavy launcher successfully completed its last two launches from the Guiana Space Center in Kourou, French Guiana:

- on April 14, with the launch of ESA's JUICE (Jupiter Icy Moons Explorer) probe to Jupiter's natural satellites;
- on July 5, with the launch of the Syracuse IV satellite for the French Directorate General of Weapons Procurement (DGA) and the Heinrich Hertz telecommunications satellite (H2Sat) for the German Aerospace Research Center (DLR)[(2)].

The launcher was withdrawn from service after 117 flights in 25 years, demonstrating its excellent reliability.

Ariane 6 development continued throughout the year, with a number of test series:

- on the site of the German Aerospace Research Center (DLR) in Lampoldshausen (Germany), a hot-fire test of the upper stage was carried out, which tested all its equipment, including the re-ignitable Vinci engine and the Auxiliary Power Unit (APU);
- a long-duration hot-fire test of the core stage was carried out on the launch pad at the Guiana Space Center (CSG) as part of the combined test campaign, during which the Vulcain 2.1 engine ran for seven minutes of stabilized operation. This test validated the entire flight phase of Ariane 6's core stage, simulating a complete launch sequence.

At the end of 2023, Arianespace had a total of 31 launch contracts for the future Ariane 6 launcher, including 21 commercial agreements (of which 18 for deployment of Amazon's Kuiper constellation) and 10 agreements with institutional players. ArianeGroup expects the inaugural flight of the new European launcher to take place in 2024.

Vega

On October 8, the Vega launcher successfully released two optical and meteorological observation satellites in a sun-synchronous orbit: THEOS-2, for Thailand's Geoinformatics and Space Technology Development Agency (GISTDA), and FORMOSAT-7R/Triton, for the Taiwan Space Agency (TASA). During this launch, Vega was also carrying 10 CubeSats from several institutional customers, including the European Commission.

Innovation

In 2022, ArianeGroup was selected by the European Commission to lead two major projects as part of the Horizon Europe program[(3)]:

- the ENLIGHTEN project (European iNitiative for Low cost, Innovative & Green High Thrust Engine), which concerns the future reusable, very low-cost engine demonstrators under the Prometheus program;
- the SALTO (reuSable strAtegic space Launcher Technologies & Operations) project, which concerns tests to be conducted in 2024 at the Esrange Space Center in Sweden for the vertical landing of Themis, the reusable launcher stage demonstrator developed by ArianeGroup.

In 2023, several hot-fire tests of the Prometheus engine, running on liquid oxygen (LOx) and bio-methane, were carried out at the Vernon site. The engine achieved 90% of its rated thrust using the Themis reusable stage demonstrator as a test bed. The first deployment tests for the Themis landing legs were also completed during the year.

Together, Prometheus and Themis will contribute to the production of Maia, a new reusable mini-launch vehicle whose first reusable launch model is expected from Maiaspace[(4)] in 2026. The Maia launcher will be able to meet the competitiveness required of future launchers, particularly as regards the ESA competition announced in November 2023 at the Seville space summit on medium-sized launchers.

Military industry

In the military market, ArianeGroup is industrial prime contractor on the missiles program for France's fourth-generation ocean-going strategic nuclear force (M51), and its incremental development.

In 2023, an instrumented model of the M51 (known as "Jonas") was successfully fired off the coast of Finistère (France) from the nuclear-powered ballistic missile submarine (SNLE) Le Terrible. This test, carried out under conditions representative of an actual M51 launch from an SNLE, provides decisive elements for validating the roadmap for incremental and continuous improvement of the M51 missile system. In particular, the test was aimed at studying the complex phenomena that occur in the critical moments between the missile's ejection command and its exit from the water.

The acceptance test firing of an M51 missile was also successfully carried out from the same SNLE. The main aim of this new firing, which was completed using a missile without a nuclear charge, was to validate the ability of the Le Terrible submarine and its crew to launch M51 missiles under operational conditions. The success of this test demonstrates the full availability of the M51 weapons system for French deterrence.

The qualification firing of the M51.3 missile also took place. This test of a missile with no nuclear charge validated an important change in the missile's design, which will help secure the credibility of France's naval nuclear deterrent for decades to come. Neither ArianeGroup nor Safran is responsible for the provision of nuclear heads for these ballistic missiles.

Selected by the French Directorate General of Weapons Procurement (DGA) in 2019 to develop the V-MAX (Véhicule Manœuvrant eXpérimental) hypersonic glider demonstrator, ArianeGroup's work continued apace and it completed the test firing of the V-MAX hyperspeed glider demonstrator, launched by a probe rocket from the DGA missile testing site at Biscarosse.

(1) Vettore Europeo di Generazione Avanzata, or the Advanced Generation European Vector – for which Avio (Italy) is prime contractor – is a lightweight launcher designed to carry small payloads (1.5 metric tons) into low orbit.
(2) Deutsches Zentrum für Luft- und Raumfahrt.
(3) Horizon Europe is the European Union's €95 billion framework program on research and innovation (R&I) for the period 2021-2027.
(4) An ArianeGroup subsidiary created in 2021.

In 2023, for the third year running, ArianeGroup took part in the AsterX space threat simulation exercise organized by the French Space Command(1). AsterX took place within the broader framework of the large-scale joint operation "ORION", which involved more than 7,000 military personnel on French soil. Based on optical technologies, ArianeGroup's Helix system has contributed to a better understanding of the space environment. Thanks to its network of optical sensors, it has been able to develop and enrich a catalog of objects in all orbits, as well as precisely characterize space objects and detect any unusual movements.

Products, equipment and services

Harnessing over 40 years of expertise in launcher propulsion systems running on liquid hydrogen, ArianeGroup works with Safran to develop technological solutions addressing the particular challenges of liquid hydrogen storage and distribution, notably for use by its aviation transportation customers. In 2023, ArianeGroup successfully tested the concept of a hydrogen conditioning system capable of supplying an aeronautical gas turbine. Christened HYPERION(2), the aim of this project is to explore safe and efficient technical hydrogen propulsion solutions which could offer an alternative to fossil fuel for commercial aviation by 2035.

2.1.3.2 Aircraft Equipment, Defense and Aerosystems

Adjusted key figures

(in € millions)	2022	2023	Year-on-year change
Revenue	7,535	8,835	+17%
Recurring operating income	874	992	+14%
Profit from operations	914	979	+7%
Free cash flow	607	538	-11%
Acquisitions of property, plant and equipment	190	327	+72%
Research & Development			
Self-funded R&D	(425)	(484)	+14%
% of revenue	*5.6%*	*5.5%*	*-0.1 pts*
Research tax credit	87	87	-
Self-funded R&D after research tax credit	(338)	(397)	+17%
Capitalized expenditure	126	149	+18%
Amortization and impairment of R&D expenditure	(86)	(97)	+13%
Impact on profit from operations	(298)	(345)	+16%
% of revenue	*4.0%*	*3.9%*	*-0.1 pts*
Headcount	39,637	45,007	+14%

Commercial and industrial developments

Landing and braking systems

Landing gear

In 2023, buoyed by the rally in the air transport industry, Safran delivered 995 landing gear units across all programs (compared with 910 in 2022).

Safran also continued its work on US-based Bell Textron's Valor V-280 tilt-rotor aircraft program. For this aircraft developed for the United States Army, Safran is designing and manufacturing an integrated landing gear system, consisting of the main landing gear, tail landing gear, wheels and brakes, extension/retraction system, steering system, brake control system and indication sensors.

Wheels and brakes

With more than 12,100 aircraft fitted with Safran wheels and carbon brakes, the Group holds more than 55% of the market(3) for civil aircraft with over 100 seats and fitted with carbon brakes.

The recovery in air traffic and the ramp-up in airframer production boosted the Group's wheels and brakes business. New contracts were signed in 2023 to fit nearly 400 aircraft with Safran carbon brakes. At the Dubai Airshow, Safran signed a contract with Emirates (UAE) to equip its entire Airbus A350 fleet with wheels and carbon brakes. The Group was also selected by Virgin Australia to provide wheels and carbon brakes for its Boeing 737 MAX fleet.

A contract was also signed with Airbus Helicopters to develop and supply wheels and brakes for the new twin-engine H160M Guépard Light Armed Helicopter (HIL). The first deliveries of this helicopter, intended both for the French Armed Forces and for several foreign customers, are expected by the helicopter manufacturer in 2027.

(1) The French Space Command (CDE) is a joint service of the French Army falling under the authority of Air and Space Force's Chief of Staff.
(2) French acronym for Hydrogen for Environmentally Responsible Aviation Propulsion.
(3) Source: Safran.

Landing and braking control systems

Safran is a preferred partner of airframers for the development and supply of full systems for ATA 32[(1)] landing and braking functions.

The Group signed a contract with Airbus Defence and Space to provide the wheels and brakes system work package for the Eurodrone, Europe's new MALE RPAS (Medium Altitude Long Endurance Remotely Piloted Aircraft System) reconnaissance drone. The Group will design, develop, qualify and produce the work package including wheels, brakes and hydro-mechanical equipment. In partnership with Safran Electronics & Defense, Safran Landing Systems will also supply the braking control module.

Brazilian airline Azul selected the PresSense connected tire and its pressure measurement system to equip its fleet of Airbus A320s, A321s and Embraer 195-E1s and 195-E2s – a total of almost 110 aircraft. The result of a partnership between Safran and Michelin, the PresSense connected tire is intended to simplify airline maintenance operations by remotely measuring aircraft tire pressure and reducing the daily downtime of aircraft on the ground.

2023 also saw good momentum in development activities with Airbus on the A321XLR and A350 programs and with Dassault Aviation on the Falcon 10X program.

Services for landing gear, wheels and brakes and related systems

In 2023, Safran was selected by Wizz Air (Hungary) to carry out the maintenance, repair and overhaul operations on the landing gear of 57 aircraft from its Airbus A320 family fleet. At the Dubai Airshow, Safran renewed its contract with Emirates (UAE) for nose landing gear overhaul services for its Airbus A380 fleet.

During the year, Safran also signed maintenance and repair contracts for landing systems with Aer Lingus (Ireland), American Airlines (US), Condor (Germany), Fiji Airways (Fiji), Air New Zealand (New Zealand), Viva Aerobus (Mexico), Finnair (Finland), easyJet (UK), South African Airways (South Africa) and Bangkok Airways (Thailand).

Industrial operations

Safran celebrated the 10th anniversary of its Sendayan site in Malaysia, which manufactures and refurbishes high–performance carbon brakes, and also announced its ambition to increase the plant's production capacity. This project will support the country's energy transition and promote the expansion of a more environmentally responsible industry.

Engine systems and equipment

Nacelles and thrust reversers

In response to the ramp-up in airframer production, and despite an unsettled economic and geopolitical environment impacting the supply chain, Safran adapted its nacelle production capabilities to provide the support and services expected by airlines. In 2023, Safran notably provided:

- 579 nacelles for the A320neo and 54 nacelles for the A330neo, respectively nine fewer and two more than in 2022;
- 512 nacelles for business and regional aircraft, four less than in 2022.

A number of decisive advances were made in 2023:

- the 3,000th nacelle was delivered for an Airbus A320neo, setting a new milestone for this component, for which Safran has full responsibility, from design and production to integration and aftersales support;
- the fire resistance tests on Pearl 700 nacelles were certified, and all technical documentation required for nacelle certification was delivered.

During the year, growth in Safran's nacelle support and service activities was driven by the signing of A320neo nacelle repair license agreements with three of the world's leading MRO (maintenance, repair and overhaul) companies: ST Engineering (Singapore), Air France Industries KLM Engineering & Maintenance and Lufthansa Technik (Germany). These agreements provide the operators with additional repair stations capable of performing both warranty maintenance and Safran-certified repairs and modifications.

Several nacelle maintenance service agreements were signed with Loong Air (China), Saudia (Saudi Arabia), Korean Air (South Korea), British Airways (UK), Starlux Airlines (Taiwan), Sky Airline Perú (Peru) and TARMAC Aerosave (France).

Industrial operations

In 2023, Safran delivered the first LEAP-1A propulsion systems (engines and nacelles) to Airbus, integrated in its new Tianjin (China) site. With a total surface area of 5,000 sq.m., this new Safran plant is the Group's fourth nacelle integration site for the A320neo, alongside those in Toulouse (France), Hamburg (Germany) and Mobile (US).

During the year, development continued apace at Safran's new nacelle MRO center in Suzhou (China). This new 5,200 sq.m. facility, adjacent to the Safran Aircraft Engines and Safran Landing Systems facilities, was certified by the European (EASA) and Chinese (CAAC) aviation authorities to perform nacelle and thrust reverser repairs on the Airbus A330ceo (powered by Rolls-Royce Trent 700 engines) and A320neo (powered by LEAP-1A engines) fleets and will meet the needs associated with the entry into service of the new COMAC C919 aircraft.

As part of its decarbonization efforts, Safran inaugurated one of the largest self-consumption PV arrays on any industrial site in France at its nacelle production plant in Le Havre. With a maximum output of 4.8 MWp[(2)], the PV arrays, comprising 12,000 solar panels (24,000 sq.m.) installed on parking lot shade structures, will cover over 25% of the site's electricity requirements.

Electrical systems and high-tech engineering

Electric propulsion, generation and distribution systems

In 2023 Safran completed the acquisition of Thales's aeronautical electrical systems business, which covers electric conversion, power generation and motors for civil and military aircraft. This acquisition enables Safran to increase both its expertise in power conversion and its market share in aircraft power generation.

(1) The Air Transport Association of America (ATA) categorizes aircraft systems into chapters.
(2) Megawatt-peak is the unit of measurement used to describe the power output of photovoltaic panels under optimal conditions.

The Group also signed a partnership agreement with Cuberg (US), a subsidiary of Northvolt (Sweden), to co-develop a battery system for aviation. Cuberg will manufacture and supply rechargeable aviation battery systems based on its own lithium metal cells, modules and packs, while Safran will design and develop global energy storage systems, managing system design, high-voltage protection components, integration, certification and in-service support.

As aircraft electrification and hybridization is one of the key thrusts of Safran's strategy for carbon-free aviation, the Group is developing a line of electric motors ranging in power from 50 kW to 100 kW for the ENGINeUS™ 50-100, and up to 1 MW for the ENGINeUS™ XL. In 2023, the Group obtained Design Organization Approval (DOA) from EASA (European Aviation Safety Agency), which is a major milestone towards the certification of the ENGINeUS™ 100 motor, expected in 2024.

In 2023, this motor powered Diamond Aircraft's all-electric DA40 trainer aircraft during its various flight tests in Austria. This future composite four-seater is also fitted with a Safran electrical protection system.

Electrical wiring interconnection systems (EWIS)

The Group clocked up a number of commercial wins during the year:

- a new contract was signed with Lufthansa Technik for the repair of nacelle harnesses fitted on the Airbus A320neo family;
- the scope of the Group's wiring contract for Boeing 737, 767 and 777 aircraft was also extended further to an agreement with Boeing.

Electrical components

As in 2022, Safran continued to restructure its electrical components business (Safran Electrical Components), and took steps to improve competitiveness and control costs, in particular by streamlining its industrial footprint. R&T efforts have been focused on innovative technologies that are in line with the Group's roadmap (notably high-power connectors for the electrification of aircraft propulsion, high-temperature elastomers, and electromagnetic protection for harnesses).

Electrical systems maintenance services

During the year, Safran and Turkish Technic (Turkey) signed a five-year contract to maintain APU generators, engine harnesses and ventilation systems equipment. The contract covers more than 500 Airbus A320 and A330 aircraft. Safran Electrical & Power will provide maintenance for APU generators and engine harnesses, while Safran Ventilation Systems will maintain ventilation systems equipment. Turkish Technic will also benefit from APU repair and exchange support services. In all, the contract will support more than 200 items of equipment per year.

Safran also signed a maintenance agreement with Air France Industries KLM Engineering & Maintenance (AFI KLM E&M) to maintain APU generators on more than 300 Airbus A320ceo and A320neo aircraft.

Industrial operations

Safran announced the installation of four automated production lines specifically for its ENGINeUS electric motors at its sites in Niort (Deux-Sèvres) in France and Pitstone in the UK. The Niort site will handle the automatic production of power electronics and final motor assembly, while the Pitstone site will house the automatic production lines for rotors and stators – the rotating machines at the heart of the motors. This high-volume production model, inspired by the automotive sector, will enable 1,000 motors to be manufactured per year from 2026 to serve the booming electric and hybrid aviation markets. These motors are aimed at all market segments, from air taxis and training aircraft to commuters and regional aircraft, including the hybridization of future generations of engines for commercial aircraft: five aircraft manufacturers and start-ups (Aura Aero and VoltAero in France, Bye Aerospace and Electra in the United States, Diamond Aircraft in Austria and CAE in Canada) have already selected Safran ENGINeUS electric motors to power their 100% electric or hybrid aircraft.

Aerosystems

Safety and protection systems

Emergency evacuation systems

In 2023, at the Dubai Airshow, Safran announced it had signed a contract with airline company Emirates for the maintenance, repair and overhaul of evacuation slides on its fleet of Boeing 777 aircraft. Maintenance of this safety equipment will be carried out at Safran's facilities in Dubai.

Safran signed an agreement with China's Haite to repair evacuation slides for all COMAC programs (C919 single-aisle aircraft and ARJ21 regional jets). This agreement follows on from a previous agreement with Haite covering ARJ21 evacuation slides.

A contract was signed with the US Armed Forces for the supply of new reversible life rafts. Capable of accommodating 18 to 27 passengers, these rafts will enhance crew safety aboard the US Navy's Boeing P-8 Poseidon and Lockheed C–130 Hercules aircraft.

Oxygen systems

During the year, Safran entered into exclusive negotiations with Air Liquide to acquire the aeronautical activities of its Air Liquide Advanced Technologies division. This acquisition will complement Safran Aerosystems' product range in equipment designed to ensure the safety of crews and passengers on board civil and military aircraft. Onboard oxygen generation systems will enable Safran to become a leading player through systems integration. The transaction is expected to be finalized in 2024.

A contract for the supply of oxygen masks for US Armed Forces helicopter crews was also signed as part of the JSAM–RW (Joint Service Aircrew Mask – Rotary Wing) program. In total, over 15,000 oxygen masks have been delivered since the start of the program.

Integrated management and control systems for fluids and fuel

In 2023, new NARANG in-flight refueling pods were delivered for the French Navy's Rafale fighter jets. This new generation of pods can significantly increase the range of combat aircraft aboard aircraft carriers, and offers enhanced safety during deck-landing operations. It also gives pilots higher throughput than previous generations.

Throughout the year, Safran continued work on the integration of its new LiSafe® fuel gauging system in the future Boeing 777X long-haul aircraft, due to enter service in 2025. This innovative system based on the use of fiber optics eliminates the need for copper wire harnesses, reducing the mass of the gauging system by almost 30% compared with previous systems. LiSafe® thus provides an unparalleled level of performance in terms of accuracy, safety, weight, ease of installation and maintenance.

Electronics and Defense

Avionics

Electromechanical actuation systems

In July 2023, Safran announced that it intended to acquire the actuation and flight control business of US-based RTX's Collins Aerospace subsidiary, in a commitment to expanding its capabilities in hydraulic and electromechanical actuation for commercial, military aircraft and helicopters. On November 20, 2023, Safran was informed of the Italian government's decision to exercise its "Golden Power", thus opposing the sale to Safran of Microtecnica S.r.l, the company holding the assets located in Italy. Following this decision, Safran remains committed to the transaction and is working with all parties to determine the appropriate next steps. The completion of this acquisition also notably remains subject to obtaining other regulatory approvals and to customary closing conditions.

Safran was selected by Airbus Helicopters to supply the trim actuators[1] as part of the mid-life upgrade of the Tiger attack helicopter. Safran's 4-axis trim actuators artificially reproduce flight control for helicopters. They provide load compensation by correcting the anchor point, along with damping and friction capabilities for precise force feedback and feeling. They can also be controlled through autopilot.

German aircraft manufacturer Deutsche Aircraft chose Safran flight control actuators for its new D328eco regional turboprop aircraft.

Safran was also selected by Geven, the Italian manufacturer of cabin seats and aircraft interiors, to supply the electrified actuation system for its "Forma" Business Class seat.

Safran Electronics & Defense will also supply the Premium Economy seat actuation systems developed by Safran Seats for Emirates' Airbus A350 and Boeing 777X aircraft.

Data management

During the year, Safran was selected by the Europrop International (EPI) consortium to supply the Cassiopée™ Alpha solution to decode and analyze data from TP400 engines powering A400M military transport aircraft.

Several contracts for the Cassiopée™ FDM (Flight Data Monitoring) service were also signed, notably with airline company Saudi Royal Flight and Brazilian freight company Total Express (Anivia Servicos Aereos LTDA).

Electronics and critical software

At the Paris Air Show, Safran and eVTOL[2] manufacturer Archer Aviation (US) announced their ongoing collaboration in the critical field of cutting-edge avionics technology, which began back in 2021. The two companies have begun development and testing on Safran's ultra-compact avionics platform (UCAP™) flight control computer and the Safran SkyNaute™ inertial navigation system, which will be used in Archer's future eVTOL Midnight UAV.

Safran and the French Civil Aviation Authority (DGAC) signed a support agreement for a study of development methods and tools for critical ECUs.

Exterior lighting and wiper systems

Safran was selected by Deutsche Aircraft to supply the wiper systems for its new D328eco regional turboprop aircraft.

Emergency locator transmitters

Throughout the year, Safran ramped up production for its new Ultima-DT (Distress Tracking) autonomous tracking and distress beacons. Certified to the new GADSS[3] regulations, the Safran Ultima-DT beacon has been fitted on all Airbus aircraft programs since January 1, 2023 as standard SFE[4] equipment.

From January 1, 2025, all new commercial aircraft[5] must be fitted with an autonomous distress and tracking system providing precise location information as soon as any abnormal flight signal is detected, before a potential accident occurs. These new Safran beacons will send a real-time secure distress signal and precise aircraft positioning to rescue teams.

Support and services for aerospace customers

Safran signed its first performance-based logistics (PBL) contract with Babcock France, a company specialized in support for government services, providing operational maintenance for the French Gendarmerie and Customs H135 helicopter fleets. To effectively meet the customer's requirements, this PBL contract relies on the use of operational simulation software to ensure repaired or new equipment is available in the right place, at the right time and at the right cost.

(1) A trim is an electro-mechanical system that maintains a control surface in a position that allows the aircraft to be balanced.
(2) Electrical Vertical Take-Off and Landing aircraft.
(3) Global Aeronautical Distress and Safety System: new regulations imposed by the International Civil Aviation Organization (ICAO).
(4) Supplier Furnished Equipment: equipment specified and purchased by the airframer, which offers operators one or more configurations from catalog.
(5) New commercial aircraft with a maximum take-off weight (MTOW) of over 27,000 kg.

Headquartered in Guidel, France, Safran Electronics & Defense Beacons designs, develops, markets and supports the Integra and Ultima distress beacons for civil aviation, as well as the military Sarbe beacons. To provide airlines with the best possible customer service, the company has strengthened its maintenance, repair and overhaul network. Safran Electronics & Defense, Avionics USA, based in Texas (US), and Safran Electronics & Defense Services Asia, based in Singapore, are now authorized repair centers for Safran beacons.

Defense

Optronics and sights

Land: sights

During the year, Safran Electronics & Defense and UAE-based International Golden Group announced the creation of the "Vision for Optronics and & Navigation" joint venture in the defense and high-tech sector with a focus on optronics and navigation. Through this new joint venture, the two partners will meet the needs of the UAE Armed Forces and other regional organizations. The center of excellence will initially have more than 800 sq.m. of floorspace in Abu Dhabi, including cleanroom space, and will employ several dozen people.

Safran received an order from Nexter Systems for the delivery of 60 kits in 2023 (four optronic devices per kit) to equip Jaguar infantry vehicles for the Belgian Armed Forces, under the new "CaMo" military motorized capacity agreement signed with France in 2022.

A contract was also signed for the supply of more than 230 Safran MINEO optronic systems for Arquus turrets (Volvo group, Sweden) on Griffon vehicles in the French Army's Scorpion program. MINEO is an optronic system designed for remotely operated turrets, direct firing systems from armored fighting vehicles and artillery systems.

The temporary company grouping (GME) comprising Nexter, a company of KNDS, and Safran Electronics & Defense, was awarded a contract to modernize the sights on the Leclerc MkII tank by France's Directorate General of Weapons Procurement (DGA). The tank's "observation and engagement" functions will benefit from the latest optronic and inertial technologies, based on Safran's 30 years of experience with the PASEO sight. The Leclerc MkII tank program covers over 200 tanks, with production continuing until 2035.

Air: optronic pods

The French Directorate General of Weapons Procurement (DGA) selected the Safran Euroflir 410D electro-optical system to equip the Beechcraft Super King Air 350 "VADOR" (airborne identification, surveillance and reconnaissance) intelligence aircraft for the French Air Force. This success confirms Safran's position as European technology leader in the particularly niche segment of onboard optronics for helicopters, UAVs and reconnaissance aircraft.

Maritime

In March 2023, Safran signed two major contracts for the maintenance of optronic systems for the French Navy, with:

- Naval Group, for the operational maintenance of Safran NGDS (New Generation Dagaie System) decoy launchers and Safran NAJIR MM (Fire Control Systems) fitted on eight multi-mission frigates (Aquitaine, Provence, Languedoc, Auvergne, Bretagne, Normandie, Alsace and Lorraine);
- Chantiers de l'Atlantique for support of Safran NGDS decoy launchers and Safran EOMS (Electro-Optical Multifunction System) panoramic surveillance and fire control systems, for example for air defense frigates (Forbin, Chevalier Paul), surveillance frigates (Floreal, Nivose, Germinal, Ventose), amphibious helicopter carriers (Tonnerre, Mistral, Dixmude), and the Charles de Gaulle aircraft carrier.

Through these contracts, which run for seven years (including the conditional tranche), the Group takes over all the technical services previously provided by Naval Group, and sets up the first Safran antenna at the Toulon naval base.

In May 2023, Safran received an order from Naval Group for the second tranche of optronic masts (attack and surveillance) intended to equip the French Navy's nuclear-powered ballistic missile submarines (SNLE) with the latest technology.

In connection with the Barracuda nuclear attack submarine (SNA) program, Naval Group then notified Safran of several technical developments on optronic products, as well as the implementation of local support in Toulon, including spare parts, tooling and services.

As part of the Barracuda program, Naval Group awarded Safran a contract to carry out additional work on technological developments for optronic products, and to set up local support in Toulon, including spare parts, tooling and services.

In December 2023, Safran signed its first contract to supply the new Vigy 4 sight for the Egyptian Navy's ocean patrol vessels (OPV).

Portable optronics

In January 2023, the NSPA[1] ordered a large quantity of portable optronics equipment for the French Special Forces. Following the NSPA orders for seven NATO countries in 2022, this new order confirms the success of Safran Electronics & Defense's portable optronics range within NATO countries.

In early July 2023, Safran sold more than 50 JIM LR multifunctional binoculars to Bharat Electronics Defense (BEL) for the Indian Navy. This was BEL's fourth order since 2019.

Following a number of successes with NATO countries, in November 2023 Safran received a new order for JIM Compact binoculars for Armenia, in line with the support provided by the French Ministry of the Armed Forces to its Armenian counterpart, once again confirming the popularity of the JIM Compact binoculars as well as Safran's global leadership in the high-performance multifunction binoculars segment.

(1) NATO Support and Procurement Agency.

Lasers

During the year, aboard the air defense frigate (FDA) Forbin in the Mediterranean, the French Directorate General of Weapons Procurement (DGA), the French Navy and CILAS[(1)] conducted a test campaign of the HELMA-P (High Energy Laser for Multiple Applications – Power) system, a laser weapon for anti-drone warfare. The success of these tests paves the way for further development of the prototype with the aim of integrating it into Navy vessels in the future.

Parachutes and protection

2023 was a record for Safran in the sale and manufacture of parachutes and accessories. The EPC advanced combat parachute system enjoyed numerous export successes, notably in Italy and Germany.

Seekers and guidance systems

Seekers

In 2023, MDBA continued to place large orders of Safran seekers for the Mistral 3 very-short-range ground-to-air missiles. MBDA also ordered seekers for its Akeron MP anti–tank missile.

Modular air-to-ground weapons (AASM)[(2)]

At the end of January 2023, the French Ministry of the Armed Forces announced that in late 2022 the French Directorate General of Weapons Procurement (DGA) had qualified the AASM 1000 GS developed by Safran Electronics & Defense (1,000 kg modular air-to-ground weapon with GPS and inertial guidance). This munition will be used on future F4.1–standard Rafale aircraft, the first deliveries of which are scheduled for 2025. These new aircraft will be able to carry up to three AASM 1000s (one ventral and one under each wing).

After directly securing two contracts with the Indian Air Force in 2020 and 2021 for the acquisition of AASMs (HAMMERs for export), Safran received an order from India's Bharat Electonics (BEL) for the delivery of HAMMER kits to the same air force, with an initial "Make in India" component. This order represents the first step towards the partial transfer of AASM kit production to India, with the percentage of kits produced locally set to increase in line with future orders.

Drones and autonomous vehicles

Patroller tactical drone systems (TDS)

Type certification for the TDS was granted by the DGA on February 15, 2023. The TDS is authorized to fly in segregated airspace, without population density overflight constraints. The TDS is the first system in this category to be formally certified to NATO standard STANAG 4671 for fixed-wing UAV systems weighing over 150 kg. The Fra-21J design, Fra-21G production and Fra-EMAR-FR/147 training approvals were issued by the DGA's technical board. The documentation for the airworthiness of the first series-produced aircraft is being finalized in order to authorize factory acceptance tests. The government is also currently finalizing its work to qualify the Patroller and its support system.

At the Paris Air Show, Safran announced that it had been selected by the Greek Army to upgrade its tactical military intelligence UAV systems, with four new Patroller tactical drones to be supplied. The NSPA[(3)] was tasked with leading the negotiations. This selection and the addition of the Patroller UAV to the drone force of a NATO member confirms Safran Electronics & Defense's European leadership in tactical UAVs. The first deliveries are slated for 2025.

Innovation

The European Commission awarded a €40 million grant to the ACHILE (Augmented Capability for High end soLdiErs) consortium to develop innovative solutions for next–generation dismounted soldier systems in Europe. ACHILE is one of the main projects of the 2021 European Defense Fund. Safran leads the consortium of 30 partners, with close support from Rheinmetall Electronics GmbH (Germany) for technical coordination, Indra Sistemas SA (Spain) and Leonardo S.p.A. (Italy).

Industrial operations

Safran's infrared sensors are based on Lynred[(4)] technologies. In the second quarter of 2023, Lynred launched construction of a new 13,600 sq.m. production unit adjacent to its Veurey–Voroize site (Isère), near Grenoble in France. Known as the "Infrared Campus", Lynred is aiming to increase its production capacity by 50% by 2025 and to double it by 2030.

Space

Earth-space instrumentation and communication

Onboard data acquisition units

Launch safety at Rocket Factory Augsburg (Germany) will be secured by Safran's KASSAV[(5)] kit, following several successful Ariane 5 launches with this solution.

As well as continuing to supply telemetry units for Ariane 6 launchers up to the 28th vehicle, Safran was also chosen to provide instrumentation for hypersonic missiles in Europe and the United States.

In the aeronautical sector, ZEROe, ZeroAvia and Supernal, operators of advanced air mobility systems, will carry out their test metrology using XMA data acquisition units. Safran's XMA was also chosen by Lockheed Martin for its F35 combat aircraft, and by Bell for its FLRAA (Future Long–Range Assault Aircraft). Lastly, Dassault Aviation renewed its confidence in network and data management equipment for both the Falcon 6X and Falcon 10X aircraft currently under development.

(1) HMS Laser (equally owned by MBDA and Safran Electronics & Defense) holds a majority stake in CILAS.
(2) Armement air-sol modulaire.
(3) NATO Support and Procurement Agency.
(4) 50/50 joint venture between Safran and Thales, resulting from the 2019 merger of Sofradir, a French infrared camera specialist, with its subsidiary Ulis (microbolometers).
(5) The KASSAV autonomous tracking kit is a location system for the Ariane 5 and 6 launchers developed by Safran under the aegis of CNES and in partnership with ArianeGroup.

Earth-space telemetry and communication solutions

Safran is a privileged partner of space agencies, providing them with the means to communicate with space.

In 2023, the Group signed contracts with the following space agencies:

- the Japan Aerospace Exploration Agency (JAXA) for the supply of five Safran ORION 1300 antennas combined with Cortex communications modems;
- the Indian Space Research Organization (ISRO): the solutions offered by Safran and Captronic Systems, an Indian company acquired in 2022, made it possible for the Chandrayaan-3 space probe to land on the moon in August 2023;
- the Space Development Agency (SDA) in the United States, which is currently developing a constellation of several hundred satellites. Links between the ground and the first wave of satellites launched in 2023 are provided by Safran VISION 550 antennas. This tracking solution has been chosen again for the second wave of satellites in this constellation, with the supply of all ground communications devices.

The Swedish Space Corporation (SSC) chose Safran's Optical Ground Station (OGS) for next-generation laser communications.

Safran plays a key role in European space sovereignty, supplying Cortex CRT modems for in-orbit control of the new generation of Galileo satellites, Europe's global navigation satellite system.

In 2023, Syrlinks, a Group radiocommunications company, was selected to equip Loft Orbital's satellites with the XONOS broadband transmitter.

ICEYE (Finland), a pioneer in space-based radar imaging, also integrates Syrlinks control transceivers both into its own fleet of satellites, and into those built for its customers.

Similarly, Airbus Defence & Space, having chosen Syrlinks for the first generation of OneWeb satellites, continues to integrate Safran transmitters into its various Earth observation programs through its Pleiades Neo solutions.

Space surveillance data services

As of 2019, the French Space Command enshrined the use of the commercial WeTrack™ service in its strategy by renewing its satellite data orders for its entire global coverage.

The France 2030 contract signed in 2023 will enable Safran's services to cover medium (MEO), low (LEO) and cislunar orbits, as well as geostationary orbits.

High-performance optics

Astronomy

Safran's expertise in astronomy is recognized in major programs worldwide.

In 2023, Safran completed the polishing and integration of 120 of the 931 segments that will make up the primary mirror of the ELT, the world's largest telescope[1].

The Giant Magellan Telescope (GMT) will also be fitted by Safran with a new optical device for its secondary mirror.

Spatial optics

Safran delivered the first flight model of its compact imager for micro and nanosatellites, the SEEING 130 Wide, to the Norwegian Defense Research Institute. This new product diversifies Safran's portfolio to include compact optical space instruments for micro and nanosatellites.

Safran was entrusted by Airbus Defence & Space with the polishing and treatment of the silicon carbide telescope mirrors of the satellites to be delivered to Poland on the Pleiades Neo model, and will also deliver an advanced optical subsystem for one of Europe's Copernicus climate monitoring missions.

The Group supplied OHB Systems with infrared optical components for the German OptSAT satellite, a sovereign intelligence program with requirements similar to those of French programs.

Electric motors and propulsion subsystems for satellites and space probes

Since Safran has plasma engines that can replace some of the Russian plasma engines affected by international sanctions, the Group was awarded a number of contracts throughout the year.

Safran's PPS®5000 was selected by the Argentine company ARSAT (empresa ARgentina de soluciones SATelitales) and the University of Colorado Laboratory for Atmospheric and Space Physics (LASP) for an exploration mission. The Group also strengthened its position with the main satellite platform manufacturers, with further deliveries to Maxar Technologies (US).

The PPS®5000 thruster successfully launched the Hotbird 13F and 13G satellites for Eutelsat (France) and the four O3b mPOWER satellites for SES (Luxembourg). In 2024, it will handle the geostationary transfer of the French military satellite Syracuse 4B, the Badr-8 satellite for the operator Arabsat (Saudi Arabia) and two additional satellites in the O3b mPOWER constellation for the operator SES (Luxembourg) to their final orbits.

At the Paris Air Show, Safran and Terran Orbital (US) signed a Memorandum of Agreement to study and validate the prerequisites for production of a new generation of Safran electric propulsion systems solutions on their platforms, thereby strengthening the Group's presence in the US market.

To promote research and innovation, Safran, alongside CNRS (French National Center for Scientific Research) and École Polytechnique, announced the creation of a joint laboratory for future electric space propulsion, COMHET (joint laboratory for the study of Hall Effect Thrusters).

(1) *Located at Cerro Armazones (3,060 m above sea level) in the north of Chile, the Extremely Large Telescope (ELT) is a giant telescope currently being built under the supervision of the European Southern Observatory (ESO). With its 39 m-diameter primary mirror, the ELT will be the largest and most powerful optical telescope in the world. It is expected to come into service – "first light" – in 2028.*

Navigation and timing

Following the acquisition of Orolia in 2022, all the activities of Safran Electronics & Defense and its subsidiaries involved in Resilient PNT (Positioning, Navigation and Timing), for any application (civil, defense, space, critical architecture, etc.) were combined in a "Navigation & Timing" division. This division boasts a full range of expertise in the PNT sector, and ensures that Safran's market positioning and solutions are clearly understood. The move reflects the Group's aim of becoming the world leader in this field by developing its products and creating new solutions combining all these technologies.

In 2023, most of Orolia's subsidiaries changed their corporate names:

- Safran Trusted 4D (subsidiaries based in France, Canada and the US);
- Safran Federal Systems (US);
- Safran Timing Technologies (Switzerland);
- Safran Electronics & Defense Spain (Spain);
- Safran Electronics & Defense Beacons (France).

Time servers

Safran Electronics & Defense Spain will supply more than 200 White Rabbit (WR) devices for the Square Kilometer Array Observatory (SKAO). Safran's White Rabbit can synchronize distant devices in a billionth of a second (one nanosecond) and will be used by the SKAO for its two next-generation radio telescopes currently under construction, enabling them to observe the sky with an unprecedented level of precision.

GNSS simulators

In 2023, Safran announced a partnership with US company Xona Space Systems to develop a high-performance positioning, navigation and timing (PNT) service (accurate to within 10 cm) that is both weather-independent and encrypted. Known as PULSAR, this PNT service will be based on a dedicated constellation of Low Earth Orbit (LEO) satellites. Safran will participate in both the development of the satellite constellation and the PULSAR service through its Skydel™ GNSS[1] simulation products.

Inertial navigation systems

Aerospace sector

The SkyNaute™ inertial navigation system developed by Safran Electronics & Defense enjoyed a string of commercial successes in 2023:

- Archer (US), manufacturer of eVTOLs, selected the SkyNaute™ inertial unit to equip its future Midnight (piloted, four-passenger) aircraft;
- Wisk Aero (US), a Boeing subsidiary and eVTOL manufacturer, chose the SkyNaute™ inertial unit for its future Generation 6 autonomous air taxis;
- Airbus Helicopters selected Safran to supply the SkyNaute™ inertial navigation system and the APIRS altitude and heading reference system as part of the mid-life upgrade of the Tiger attack helicopter.

Airbus Helicopters and Safran also launched development work on the BlackNaute™ high-performance navigation system. Based on groundbreaking HRG[2] multisensor technology, this system will be introduced in series production on the NH90 helicopter, and will benefit from new Resilient PNT functionalities thanks to Safran Trusted 4D (formerly Orolia).

Maritime

Safran unveiled NAVKITE, its new Resilient PNT system meeting operational requirements for the French Navy Commandos (part of Special Operations Command). The NAVKITE system will be integrated in the ECUME semi-rigid boat. Based primarily on Safran's patented HRG Crystal™ technology, the NAVKITE navigation system handles the transmission of trusted positioning, navigation and timing data to ensure mission continuity, even in a GNSS-denied environment (due to jamming, spoofing or lack of signals).

Land

Safran received an order from India's Bharat Electronics Ltd. to supply more than 200 Inertial Measurement Units (IMUs), sub-components of HRG (hemispherical resonator gyroscope) inertial units, for the ALNS MkII (Advanced Land Navigation System) to equip various Indian combat vehicles.

Geolocation equipment

During the year, Syrlinks, a Safran company, signed a contract with LeoStella, a manufacturer of small satellite constellations. This US company will equip its latest generation of LS300 satellite buses with Safran's high-performance and resilient N-SPHERE GNSS receiver, which can synchronize with various GNSS systems including GALILEO, GPS, Beidou and GLONASS.

(1) Global Navigation Satellite System.

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

2.1.3.3 Aircraft Interiors

Adjusted key figures

(in € millions)	2022	2023	Year-on-year change
Revenue	1,978	2,477	+25%
Recurring operating income (loss)	(140)	(116)	-17%
Profit (loss) from operations	(486)	(544)	+12%
Free cash flow	(483)	(277)	-43%
Acquisitions of property, plant and equipment	31	52	+68%
Research & Development			
Self-funded R&D	(137)	(162)	+18%
% of revenue	*6.9%*	*6.5%*	*-0.4 pts*
Research tax credit	7	5	-29%
Self-funded R&D after research tax credit	(130)	(157)	+21%
Capitalized expenditure	60	74	+23%
Amortization and impairment of R&D expenditure	(33)	(34)	+3%
Impact on profit from operations	(103)	(117)	+14%
% of revenue	*5.2%*	*4.7%*	*-0.5 pts*
Headcount	15,171	15,626	+3%

Commercial and industrial developments

Cabins

Cabin was led mainly by Custom Cabin and Floor to Floor activities. Leveraging on its manufacturing footprint optimization, Cabin activities reached breakeven in 2023 supported by a robust growth in services and to a lesser extent by OE deliveries.

Cabin interiors for commercial, regional and business aircraft

The Group reported a number of commercial wins in 2023:

- United Airlines (US) chose Safran front-row monuments for its Boeing 787s, to complement the Business Class seats supplied by the Group. The US airline also chose Safran galleys for the retrofit of 10 Boeing 777 aircraft;
- Emirates (UAE) selected Safran Cabin galleys as original equipment on 50 A350 aircraft. This order comes with an option for Safran galleys on 15 additional aircraft;
- Air India (India) chose Safran MaxFlex2 galleys for 100 Boeing 737 MAX aircraft. It also has an option to equip a further 40 aircraft;
- Norwegian Air Shuttle selected Safran MaxFlex2 galleys for 50 Boeing 737 MAX aircraft. This order comes with an option to equip 30 additional aircraft.

In 2023, Safran sold its Cargo and Catering activities, specializing in the design, production and sale of unit load devices (ULD) and trolleys for carrying snacks, drinks and meals for passengers.

In-flight entertainment and satellite connectivity solutions

During the year, Safran's satellite link equipment for commercial aircraft scored several major commercial successes, notably with airlines in Asia, Africa and the Middle East, such as Emirates.

Safran's satellite link technology offers a wide range of advantages. With secure and reliable worldwide satellite connectivity, this Safran equipment enables airlines to monitor the performance and maintenance of all their equipped aircraft, as well as providing passengers and pilots with on-board high-speed Internet access.

Lastly, Safran unveiled its next-generation in-flight entertainment solution, RAVE Ultra Plus. Compared with its predecessor (RAVE Ultra), this new solution offers airlines numerous advantages, including:

- weight savings of up to 23% compared with the previous generation of equipment;
- the possibility for all passengers in any cabin class to charge their personal devices;
- 4K ultra-high-definition displays based on mini LED technology. Mini LED technology offers exceptional brightness and contrast, in addition to zone dimming technology for truer blacks, supporting High Dynamic Range (HDR) content.

In all, at the end of 2023, Safran had more than 90 customer programs in its portfolio, either already in service or in the pipeline, for both its entertainment solutions and its satellite link equipment for commercial aircraft.

Seats

Seats OE growth was driven by Economy class seat deliveries (Z400 and Z600 for several airlines) while Business class seat deliveries were down year-on-year (983 units in 2023 vs 1,704 in 2022) notably because of transitory testing and certification delays. Seats reached breakeven in Q4 2023 with efforts on the industrialization process starting to bear fruit.

Economy and Premium Economy Class passenger seats

In 2023, Safran received new orders from various airline companies:

- in Asia, one airline selected Safran's Z200 Economy Class seats for 120 Boeing 737 MAX aircraft, both as original equipment and for retrofits;
- in the Middle East, Emirates chose the Safran Premium Economy seat as original equipment on 205 Boeing 777X and 65 A350 aircraft.

Business and First Class passenger seats

During the year, Safran also signed new orders with a number of airlines, notably in Asia and the Middle East, where Emirates chose Safran's Business Class seat as original equipment on its 205 future Boeing 777X and 65 A350 aircraft.

Several companies were keen to display their Safran seats. In particular:

- United Airlines (US) unveiled its new domestic First Class seat, the Safran Z600, which will equip more than 200 aircraft in its domestic fleet, including the Airbus A321neo and Boeing 737 MAX;
- Qantas (Australia) unveiled the new Safran Unity seats to be fitted as original equipment in Business and First Class on its future fleet of Airbus A350 ultra-long-haul aircraft;
- at the Arabian Travel Market trade show, Flydubai (UAE) showcased Safran's premium "The Business Suite" seats that will be introduced in Business Class on some of its Boeing 737 aircraft;
- Japan Airlines (JAL) presented Safran's fully customized Premium Economy, Business and First Class seats for its Airbus A350 aircraft in Japan, featuring the Euphony headphone-free audio solution(1) jointly developed by Safran and French company Devialet.

The Group's efforts were also recognized by several awards during the year:

- a Yacht & Aviation(2) award in the "Cabin design" category for Safran's next-generation Business Class Unity seats;
- the Janus Label from the French Design Institute for the Euphony premium wireless system;
- a Pax Tech Magazine award in the "Technology" category for the future Business and First Class seats on the A350 aircraft of Australia's Qantas airline.

2.1.4 Full-year 2024 outlook

Safran expects to achieve for full-year 2024 (at constant scope of consolidation, adjusted data):

- revenue around €27.4 billion;
- recurring operating income close to €4.0 billion;
- free cash flow around €3.0 billion, subject to payment schedule of some advance payments.

This outlook is based notably, but not exclusively, on the following assumptions:

- LEAP engine deliveries: up by 20-25%;
- civil aftermarket revenue (in USD): up by around 20%;
- €/$ spot rate of 1.10;
- €/$ hedge rate of 1.12.

The main risk factor remains the supply chain production capabilities.

2.1.5 Roadmap and medium-term ambitions

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 the position of full-fledged engine manufacturer(3).

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.

Aircraft Interiors

- Propose and provide unequalled solutions in passenger experience.
- Continue to improve profitability in order to deliver a double-digit operating margin when the topline returns.

(1) The two loudspeakers in the Euphony system, on either side of the headrest, adapt in real-time to the audio content and the ambient cabin noise, without disturbing other passengers.
(2) Organized each year by the interior design magazine Luxe et al, the International Yacht & Aviation Awards recognize the best designs in both the yachting and aviation sectors.
(3) Safran is present in all engine components and all segments of the propulsion market.

Medium-term ambitions

Safran presented the following ambitions at its 2021 Capital Markets Day (based on a EUR/USD spot rate of 1.20 and a hedged rate of 1.16):

- **Organic revenue growth:** 10%+ CAGR[1] over 2021-2025;
- **Recurring operating margin:** 16-18% by 2025;
- **Free cash flow generation:** revised upwards to more than €10 billion on a cumulative basis over the period 2021-2025 (€10 billion on a cumulative basis over the period 2021–2025 at the 2021 Capital Markets Day).

Safran's business model

See the Integrated Report.

2.1.6 Portfolio management

Acquisitions

Aubert & Duval

On April 28, 2023, AD Holding, equally owned by Safran, Airbus and Tikehau Ace Capital (33.33% each), completed the acquisition of Aubert & Duval, a strategic supplier of mission–critical materials and parts, from the Eramet group.

Thales' aeronautical electrical systems business

On October 2, 2023 Safran completed the acquisition of Thales's aeronautical electrical systems business, which covers electric conversion, power generation and motors for civil and military aircraft.

Transactions in progress

Air Liquide's aeronautical oxygen activities

On June 1, 2023, Safran announced that it had entered into exclusive negotiations with Air Liquide to acquire its aeronautical oxygen and nitrogen technology activities.

Collins Aerospace's actuation and flight control business

On July 21, 2023 Safran announced the contemplated acquisition of Collins Aerospace's high-technology actuation and flight control activities, which are mission critical for commercial and military aircraft and helicopters.

2.1.7 Subsequent events

No significant events occurred between December 31, 2023 and March 28, 2024, the filing date of this Universal Registration Document.

(1) CAGR: Compound annual growth rate.

2.2 COMMENTS ON THE CONSOLIDATED FINANCIAL STATEMENTS

2.2.1 Consolidated income statement

The simplified consolidated income statement for the year ended December 31, 2023 presented below was taken directly from the consolidated financial statements included in section 3.1.

(in € millions)	2022	2023	Year-on-year change
Revenue	**19,523**	**23,651**	**+21.1%**
Other recurring operating income and expenses	(17,103)	(20,441)	
Share in profit from joint ventures	73	99	
Recurring operating income	**2,493**	**3,309**	**+32.7%**
Other non-recurring operating income and expenses	(450)	(511)	
Profit from operations	**2,043**	**2,798**	**+37.0%**
Financial income (loss)	(5,163)	1,958	
Income tax benefit (expense)	694	(1,236)	
Profit (loss) from continuing operations	**(2,426)**	**3,520**	
Profit for the period attributable to non-controlling interests	(33)	(76)	
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT	**(2,459)**	**3,444**	

Consolidated revenue

Consolidated revenue rose by 21.1% year-on-year to €23,651 million in 2023 from €19,523 million in 2022.

The difference between adjusted consolidated revenue and consolidated revenue is due to the exclusion of foreign currency derivatives from the adjusted figures (see section 2.1.1).

Year-on-year changes in revenue excluding the impact of adjusting items are analyzed above (see section 2.1.2).

Recurring operating income

Recurring operating income was €3,309 million in 2023 versus €2,493 million in 2022. The difference between recurring operating income and adjusted recurring operating income (see section 2.1.2), which came in at €3,166 million, reflects:

- amortization charged against intangible assets measured when allocating the purchase price for business combinations, representing €319 million;
- a €462 million positive impact resulting from foreign currency hedging transactions.

Changes in adjusted recurring operating income are analyzed above (see section 2.1.2).

Profit (loss) from operations

Profit from operations increased by 37% year-on-year to €2,798 million in 2023 from €2,043 million in 2022. Profit from operations includes recurring operating income of €3,309 million (€2,493 million in 2022) and other non-recurring items, representing an expense of €511 million (expense of €450 million in 2022).

Changes in adjusted profit from operations are analyzed above (see section 2.1.2).

Financial income

The Group reported financial income of €1,958 million in 2023 versus a financial loss of €5,163 million in 2022.

Two items account for the difference between consolidated and adjusted financial loss for 2023 (see section 2.1.2):

- the €2,239 million gain on foreign currency hedging instruments, reflecting changes in the fair value of these instruments attributable to operating cash flows that will be recognized in profit or loss in future periods;
- the fair value of the portfolio reflects the immediate liquidation value of the portfolio at the closing rate for the year (USD 1.11 to €1) compared with the average rate of the portfolio. The change in the fair value is theoretical for the Group, as currency hedges are unwound when future dollar inflows are received;
- the impact of foreign currency hedging on the portion of foreign currency denominated flows hedged by the Group, representing a negative €455 million impact in 2023. This foreign exchange loss reflects the loss on unwinding currency derivatives hedging operating cash flows recognized in profit or loss in the period. It represents the difference between the EUR/USD exchange rate guaranteed by the currency derivatives unwound in the period (USD 1.13 to €1) and the actual EUR/USD exchange rate observed during the period.

Income tax benefit (expense)

The Group reported an income tax expense of €1,236 million in 2023, compared with an income tax benefit of €694 million in 2022.

Consolidated profit for the period attributable to owners of the parent

This caption represented a profit of €3,444 million for 2023, compared with a loss of €2,459 million for 2022.

Changes in adjusted profit are analyzed above (see section 2.1.2).

2.2.2 Simplified consolidated balance sheet

The simplified consolidated balance sheet at December 31, 2023 presented below was taken directly from the consolidated financial statements included in section 3.1.

(in € millions)	Dec. 31, 2022	Dec. 31, 2023
ASSETS		
Goodwill	4,994	4,706
Property, plant and equipment and intangible assets	12,509	12,533
Investments in equity-accounted companies	1,974	1,928
Other non-current assets	2,336	1,926
Derivatives (positive fair value)	558	1,577
Inventories and work-in-progress	6,408	7,903
Contract costs	664	753
Trade and other receivables	7,904	9,417
Contract assets	1,982	2,157
Other current assets	600	892
Cash and cash equivalents	6,687	6,676
Assets held for sale	212	-
TOTAL ASSETS	**46,828**	**50,468**
LIABILITIES		
Total equity	10,866	12,088
Provisions	2,567	2,611
Borrowings subject to specific conditions	302	292
Interest-bearing financial liabilities	6,655	6,299
Derivatives (negative fair value)	5,866	4,743
Other non-current liabilities	1,239	1,055
Trade and other payables	6,298	8,097
Contract liabilities	12,756	15,029
Other current liabilities	230	254
Liabilities held for sale	49	-
TOTAL EQUITY AND LIABILITIES	**46,828**	**50,468**

2.2.3 Change in consolidated net debt

The year-on-year change in the Group's net debt for 2022 and 2023 can be summarized as follows:

(in € millions)	2022	2023
Cash flow from operations	**2,816**	**3,512**
Change in working capital	729	758
Acquisitions of property, plant and equipment	(498)	(823)
Acquisitions of intangible assets	(98)	(179)
Capitalization of R&D expenditure	(283)	(323)
Free cash flow	**2,666**	**2,945**
Dividends paid	(225)	(583)
Divestments/acquisitions of securities and other	(883)	(2,002)
NET CHANGE IN CASH AND CASH EQUIVALENTS	**1,558**	**360**
Net cash (debt) at January 1	(1,544)	14
NET CASH (DEBT) AT DECEMBER 31	**14**	**374**

Cash flow from operations is calculated by taking profit or loss before tax and adjusting for income and expenses with no cash impact, for example net charges to depreciation, amortization and provisions, and changes in the fair value of financial instruments hedging future cash flows[1]. Cash flow from operations before changes in working capital increased by €696 million year-on-year, from €2,816 million in 2022 to €3,512 million in 2023.

Operations generated €2,945 million of free cash flow (93% of adjusted recurring operating income in 2023 compared to 111% in 2022).

Dividends paid in the year totaling €583 million include €19 million in dividends paid by foreign subsidiaries to their non-controlling shareholders.

The net cash position was €374 million at December 31, 2023, compared to a net cash position of €14 million at December 31, 2022.

At December 31, 2023, Safran had €6,676 million of cash and cash equivalents and €2,000 million of undrawn, confirmed facilities.

2.3 COMMENTS ON THE PARENT COMPANY FINANCIAL STATEMENTS

2.3.1 Simplified income statement

Safran's simplified income statement for the year ended December 31, 2023 presented below was taken directly from the parent company financial statements included in section 3.3.

(in € millions)	2022	2023
Revenue	752	865
Other operating income and expenses	(835)	(957)
Loss from operations	(83)	(92)
Financial income	1,041	758
Non-recurring items	13	(62)
Income tax benefit	65	56
PROFIT FOR THE PERIOD	**1,036**	**658**

Revenue came in at €865 million in 2023 versus €752 million in 2022, and chiefly includes billings of general assistance services provided by the parent company to its subsidiaries, as well as specific amounts billed to certain subsidiaries (rent, employees, IT services) and miscellaneous services related to projects (research projects, for example) managed by the parent company on behalf of all of its subsidiaries.

Other operating income and expenses represented a net expense of €957 million in 2023 and a net expense of €835 million in 2022.

Safran reported a loss from operations of €92 million in 2023 and €83 million in 2022.

It reported financial income of €758 million in 2023 and €1,041 million in 2022.

Financial income includes dividends received from subsidiaries totaling €1,387 million, compared to €1,380 million in 2022.

It also includes:

- impairment of financial assets (net expense of €555 million in 2023 compared with €335 million in 2022);
- interest and similar expenses (net expense of €39 million in 2023 compared with net income of €9 million in 2022); and
- a negative foreign exchange difference of €14 million in 2023, as in 2022;
- Safran reported a non-recurring expense of €62 million in 2022, versus non-recurring income of €13 million in 2022.

Income tax represented a benefit of €56 million under the Group's tax consolidation regime in 2023 (€65 million in the previous year). A net charge to the provision for the transfer of the tax saving relating to the French tax group from Safran to its loss-making subsidiaries was recognized in Safran's financial statements in an amount of €1 million in 2023, unchanged from 2022.

On account of the above, profit for the period came in at €658 million, compared to €1,036 million in 2022.

(1) See section 3.1, "Consolidated statement of cash flows".

2.3.2 Simplified balance sheet

Safran's simplified balance sheet at December 31, 2023 presented below was taken directly from the parent company financial statements included in section 3.3.

(in € millions)	Dec. 31, 2022	Dec. 31, 2023
ASSETS		
Non-current assets	18,224	19,000
Cash equivalents and marketable securities	7,585	6,532
Other current assets	4,764	5,429
TOTAL ASSETS	**30,573**	**30,961**
LIABILITIES		
Equity	13,045	13,142
Provisions	548	798
Borrowings	5,733	5,364
Other payables	11,247	11,657
TOTAL EQUITY AND LIABILITIES	**30,573**	**30,961**

Changes in equity in 2023 mainly reflect profit for the period totaling €658 million and dividends paid in 2023 for a total of €564 million.

Changes in borrowings reflect the redemption of a Euro private placement and the repayment of commercial paper (see section 3.3, Note 3.9 and section 7.2.3.2).

2.3.3 Other information

Supplier and customer payment periods

Pursuant to Article D.441-4 of the French Commercial Code (*Code de commerce*), the table below shows outstanding invoices due and past due at the end of the reporting period:

	Article D.441-I.-1: Invoices received but not settled at December 31, 2023						Article D.441-I.-2: Invoices issued but not settled at December 31, 2023					
	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	More than 90 days	Total (1 or more days)	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	More than 90 days	Total (1 or more days)
(A) BREAKDOWN OF PAST DUE PAYMENTS												
Number of invoices concerned	-					43	3					110
Total amount of invoices concerned including VAT *(€)*	-	(54,080)	(110,810)	(85,970)	1,176,540	925,682	(321,088)	(2,005,164)	764,475	104,598	742,588	(393,504)
% total purchases in 2023 including VAT	-	(0.01)%	(0.01)%	(0.01)%	0.15%	0.11%						
% revenue in 2023 including VAT							(0.18)%	(1.13)%	0.43%	0.06%	0.42%	(0.22)%
(B) INVOICES EXCLUDED FROM (A) RELATING TO DISPUTED OR UNRECOGNIZED PAYABLES AND RECEIVABLES												
Number of invoices excluded						128						-
Total amount of invoices excluded *(€)*						1,013,617						-
(C) REFERENCE PAYMENT TERMS USED (CONTRACTUAL OR STATUTORY TERMS PURSUANT TO ARTICLE L.441-6 OR L.443-1 OF THE FRENCH COMMERCIAL CODE)												
Reference payment terms used to calculate past due payments	☒ Contractual terms: contractual terms ☐ Statutory terms: (specify)						☒ Contractual terms: contractual terms ☐ Statutory terms: (specify)					

Non-deductible expenses

Non-deductible expenses (Article 223 quater and Article 39-4 of the French Tax Code (*Code général des impôts)* amounted to €0.4 million in 2023 (€0.4 million in 2022) and relate to the non-deductible portion of vehicle lease payments and depreciation.

Dividends

Dividends that have not been claimed within five years are time-barred and paid over to the French State in accordance with the applicable legislation.

Future dividends will depend on Safran's ability to generate profits, its financial position and any other factors deemed relevant by the Company's corporate governance bodies.

The dividend payout ratio is calculated on the basis of adjusted profit for the year excluding any non-recurring items such as goodwill impairment. Safran's historical practice is a payout ratio of around 40%.

In 2023, the payout ratio represents 40% of adjusted profit for the year excluding €327 million in impairment recognized against goodwill allocated to the Seats and Cabin CGUs.

Details of previous dividend payments are included in the proposed appropriation of profit for 2023 and the five-year financial summary of the Company below.

Proposed appropriation of 2023 profit

The Board of Directors recommends appropriating profit for 2023 as follows:

Profit for 2023	€657,785,887.06
Retained earnings[1]	€5,074,830,370.46
Profit available for distribution	€5,732,616,257.52
Appropriation:	
Dividend	€939,973,190.20
Retained earnings	€4,792,643,067.32

(1) *Including €12,993,750 corresponding to the 2022 dividend due on shares held in treasury at the dividend payment date.*

The dividends paid for the past three years were as follows:

Year	Number of shares carrying dividend rights[1]	Net dividend per share	Total payout
2022	417,620,970	€1.35	€563,788,309.50
2021	426,925,638	€0.50	€213,462,819.00
2020	427,235,939	€0.43	€183,711,453.77

(1) *Total number of shares carrying dividend rights less the number of Safran shares held in treasury at the dividend payment date.*

Five-year financial summary of the Company

(in €)	2019	2020	2021	2022	2023
Capital at December 31					
Share capital	85,446,831	85,446,831	85,448,488	85,449,194	85,452,108
Number of ordinary shares outstanding	427,234,155	427,235,939	427,242,440	427,245,970	427,260,541
Financial results					
Profit before tax, statutory employee profit-sharing, depreciation, amortization and provisions	1,382,153,454	1,539,743,815	947,109,173	1,382,965,024	1,433,900,670
Income tax expense	(551,456)	(58,580,049)	(47,345,934)	(65,841,779)	(54,815,669)
Statutory employee profit-sharing for the fiscal year	-	-	-	-	-
Profit after tax, statutory employee profit-sharing, depreciation, amortization and provisions	1,296,554,954	1,647,405,156	690,857,268	1,036,303,515	657,785,887
Dividend payment	-	183,711,454	213,621,220	576,782,059	939,973,190
Per share data					
Profit after tax, statutory employee profit-sharing, but before depreciation, amortization and provisions					
■ per ordinary share outstanding	3.24	3.74	2.33	3.39	3.48
Profit after tax, statutory employee profit-sharing, depreciation, amortization and provisions					
■ per ordinary share outstanding	3.03	3.86	1.62	2.43	1.54
Net dividend					
■ per ordinary share outstanding	-	0.43	0.50	1.35	2.20(1)
Employees					
Average number of employees during the fiscal year	1,813	1,785	1,689	1,820	1,925
Total payroll	160,175,869	139,299,866	146,032,966	160,478,281	177,104,444
Social security and other social welfare contributions	137,669,709(2)	75,980,598(3)	77,113,451(4)	110,805,477(5)	139,899,872(6)

(1) *Subject to shareholder approval at the Annual General Meeting of May 25, 2023.*
(2) *Including €4.5 million in contributions paid to the insurer that manages the defined benefit pension plan.*
(3) *Including €5.3 million in contributions paid to the insurer that manages the defined benefit pension plan.*
(4) *Including €1.1 million in contributions paid to the insurer that manages the defined benefit pension plan.*
(5) *Including €5.0 million in contributions paid to the insurer that manages the defined benefit pension plan.*
(6) *Including €3.6 million in contributions paid to the insurer that manages the defined benefit pension plan.*

Checking seekers with a binocular microscope

3 FINANCIAL STATEMENTS

FOREWORD

In accordance with Article 19 of Regulation (EU) No. 2017/1129 of the European Parliament and of the Council, the following information is incorporated by reference in this Universal Registration Document:

- The consolidated and parent company financial statements for the year ended December 31, 2021 and the corresponding audit reports as presented in sections 3.2 and 3.4 of the 2021 Universal Registration Document filed with the AMF on March 31, 2022 under number D.22-0217; the consolidated financial statements were prepared in accordance with IFRS as adopted by the European Union.
- The consolidated and parent company financial statements for the year ended December 31, 2022 and the corresponding audit reports as presented in sections 3.2 and 3.4 of the 2022 Universal Registration Document filed with the AMF on March 31, 2023 under number D.23-0209; the consolidated financial statements were prepared in accordance with IFRS as adopted by the European Union.

Those sections of the 2021 and 2022 Universal Registration Documents that are not incorporated by reference in this document are either considered no longer pertinent for investors or are dealt with in another section of the 2023 Universal Registration Document.

3.1 GROUP CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2023

Consolidated income statement

(in € millions)	Note	2022	2023
Revenue	**6**	**19,523**	**23,651**
Other income	7	440	474
Income from operations		**19,963**	**24,125**
Change in inventories of finished goods and work-in-progress		1,204	1,000
Capitalized production		382	480
Raw materials and consumables used	7	(11,724)	(14,072)
Personnel costs	7	(5,792)	(6,767)
Taxes		(290)	(308)
Depreciation, amortization and increase in provisions, net of use	7	(1,174)	(1,282)
Asset impairment	7	(252)	(50)
Other recurring operating income and expenses	7	103	84
Share in profit from joint ventures	16	73	99
Recurring operating income		**2,493**	**3,309**
Other non-recurring operating income and expenses	7	(450)	(511)
Profit from operations		**2,043**	**2,798**
Cost of net debt		(56)	112
Foreign exchange gain (loss)		(5,072)	1,850
Other financial income and expense		(35)	(4)
Financial income (loss)	**8**	**(5,163)**	**1,958**
Profit (loss) before tax		**(3,120)**	**4,756**
Income tax benefit (expense)	9	694	(1,236)
Profit (loss) for the period		**(2,426)**	**3,520**
Attributable to:			
■ owners of the parent		(2,459)	3,444
■ non-controlling interests		33	76
Earnings per share attributable to owners of the parent *(in €)*	**10**		
Basic earnings (loss) per share		(5.76)	8.24
Diluted earnings (loss) per share		(5.76)	8.07

Consolidated statement of comprehensive income

(in € millions)	Note	2022	2023
Profit (loss) for the period		**(2,426)**	**3,520**
Other comprehensive income			
Items to be reclassified to profit		**345**	**(184)**
Translation adjustments		299	(140)
Remeasurement of hedging instruments		25	(22)
Income tax related to components of other comprehensive income to be reclassified to profit		(7)	5
Share in other comprehensive income of equity-accounted companies to be reclassified to profit (net of tax)	16	28	(27)
Items not to be reclassified to profit		**146**	**(63)**
Actuarial gains and losses on post-employment benefits	25.c	144	(86)
Income tax related to components of other comprehensive income not to be reclassified to profit		(37)	19
Share in other comprehensive income of equity-accounted companies not to be reclassified to profit (net of tax)		39	4
Other comprehensive income (expense) for the period		**491**	**(247)**
TOTAL COMPREHENSIVE INCOME (EXPENSE) FOR THE PERIOD		**(1,935)**	**3,273**
Attributable to:			
■ owners of the parent		(1,973)	3,198
■ non-controlling interests		38	75

In 2023, other comprehensive income relating to translation adjustments includes:

- €135 million in translation losses (€299 million in translation gains in 2022) arising in the period on foreign operations;
- €5 million in translation losses arising in the period (zero translation adjustments in 2022) on long-term financing granted to foreign subsidiaries. This financing meets the criteria for classification as a net investment in a foreign operation and is treated in accordance with the applicable provisions of IAS 21.

In 2023, other comprehensive income resulting from the remeasurement of hedging instruments includes negative fair value adjustments totaling €22 million (positive fair value adjustments of €25 million in 2022) relating to cash flow hedges of interest payments on senior unsecured notes (i) as of the end of first-quarter 2019 and (ii) as of July 2020. The outstanding balance of the ongoing cash flow hedging reserve is a positive €1 million (see the consolidated statement of changes in shareholders' equity).

Other comprehensive income relating to equity-accounted companies (net of tax) includes (see Note 16, "Investments in equity-accounted companies"):

- €27 million in translation losses arising in the period on foreign joint ventures (€29 million in foreign exchange gains in 2022);
- an amount of zero relating to cash flow hedges of joint ventures (a negative €1 million in 2022); and
- €4 million in actuarial gains on pension and similar obligations of joint ventures (€39 million in actuarial gains in 2022).

In accordance with the amended IAS 19, changes in actuarial gains and losses are shown in "Other comprehensive income" and are not subsequently reclassified to profit. In 2023, actuarial gains and losses on post-employment benefits represented losses of €86 million (gains of €144 million in 2022). The year-on-year change is due to changes in financial assumptions (see Note 25, "Post-employment benefits").

Consolidated statement of changes in shareholders' equity

(in € millions)	Share capital	Additional paid-in capital	Treasury shares	Remeasurement of hedging instruments	Translation adjustments	Consolidated reserves and retained earnings	Actuarial gains and losses on post-employment benefits	Profit (loss) for the period	Other	Equity attributable to owners of the parent	Non-controlling interests	Total
At December 31, 2021	**85**	**4,688**	**(50)**	**(2)**	**341**	**7,835**	**(401)**	**43**	**302**	**12,841**	**429**	**13,270**
Comprehensive income (expense) for the period	-	-	-	25	327	(1)	193	(2,459)	(58)[(a)]	(1,973)	38	(1,935)
Acquisitions/disposals of treasury shares	-	-	(260)	-	-	(6)	-	-	-	(266)	-	(266)
Dividends	-	-	-	-	-	(213)	-	-	-	(213)	(12)	(225)
Other movements, including appropriation of profit	-	-	-	-	-	43	-	(43)	22[(b)]	22	-	22
At December 31, 2022	**85**	**4,688**	**(310)**	**23**	**668**	**7,658**	**(208)**	**(2,459)**	**266**	**10,411**	**455**	**10,866**
Comprehensive income (expense) for the period	-	-	-	(22)	(168)	-	(80)	3,444	24[(a)]	3,198	75	3,273
Acquisitions/disposals of treasury shares	-	-	(1,538)	-	-	5	-	-	-	(1,533)	-	(1,533)
Dividends	-	-	-	-	-	(564)	-	-	-	(564)	(19)	(583)
Other movements, including appropriation of profit	-	-	-	-	-	(2,459)	-	2,459	65[(b)]	65	-	65
At December 31, 2023	**85**	**4,688**	**(1,848)**	**1**	**500**	**4,640**	**(288)**	**3,444**	**355**	**11,577**	**511**	**12,088**

(a) Other comprehensive income for 2023 (attributable to owners of the parent) includes a positive tax impact of €24 million, of which €18 million arising on actuarial gains and losses and €6 million on foreign exchange differences (negative impacts of €51 million and €7 million, respectively, in 2022).

(b) Including a share-based payment expense (IFRS 2) net of tax amounting to €66 million in 2023 (€24 million in 2022).

Consolidated balance sheet

ASSETS

(in € millions)	Note	Dec. 31, 2022	Dec. 31, 2023
Goodwill	11	4,994	4,706
Intangible assets	12	8,096	7,830
Property, plant and equipment	13	3,847	4,121
Right-of-use assets	14	566	582
Non-current financial assets	15	752	797
Investments in equity-accounted companies	16	1,974	1,928
Non-current derivatives (positive fair value)	31	18	-
Deferred tax assets	9	1,576	1,122
Other non-current financial assets		8	7
Non-current assets		**21,831**	**21,093**
Current financial assets	15	242	470
Current derivatives (positive fair value)	31	540	1,577
Inventories and work-in-progress	17	6,408	7,903
Contract costs	18	664	753
Trade and other receivables	19	7,904	9,417
Contract assets	20	1,982	2,157
Tax assets	9	358	422
Cash and cash equivalents	21	6,687	6,676
Current assets		**24,785**	**29,375**
Assets held for sale		**212**	**-**
TOTAL ASSETS		**46,828**	**50,468**

EQUITY AND LIABILITIES

(in € millions)	Note	Dec. 31, 2022	Dec. 31, 2023
Share capital	23	85	85
Consolidated reserves and retained earnings	23	12,785	8,048
Profit (loss) for the period		(2,459)	3,444
Equity attributable to owners of the parent		**10,411**	**11,577**
Non-controlling interests		**455**	**511**
Total equity		**10,866**	**12,088**
Provisions	24	1,549	1,547
Borrowings subject to specific conditions	26	302	292
Non-current interest-bearing financial liabilities	27	5,378	4,691
Non-current derivatives (negative fair value)	31	18	8
Deferred tax liabilities	9	1,164	1,022
Other non-current financial liabilities	29	75	33
Non-current liabilities		**8,486**	**7,593**
Provisions	24	1,018	1,064
Current interest-bearing financial liabilities	27	1,277	1,608
Trade and other payables	28	6,298	8,097
Contract liabilities	20	12,756	15,029
Tax liabilities	9	105	104
Current derivatives (negative fair value)	31	5,848	4,735
Other current financial liabilities	29	125	150
Current liabilities		**27,427**	**30,787**
Liabilities held for sale		**49**	**-**
TOTAL EQUITY AND LIABILITIES		**46,828**	**50,468**

Consolidated statement of cash flows

(in € millions)	Note	2022	2023
I. CASH FLOW FROM OPERATING ACTIVITIES			
Profit (loss) attributable to owners of the parent		(2,459)	3,444
Depreciation, amortization, impairment and provisions[1]		1,615	1,433
Share in profit/loss from equity-accounted companies (net of dividends received)	16	11	(83)
Change in fair value of currency and interest rate derivatives[2]	31	4,207	(2,161)
Capital gains and losses on asset disposals		289	344
Profit attributable to non-controlling interests		33	76
Other[3]		(880)	459
Cash flow from operations, before change in working capital		**2,816**	**3,512**
Change in inventories and work-in-progress		(1,545)	(1,494)
Change in operating receivables and payables		(81)	478
Change in contract costs		(118)	(103)
Change in contract assets and liabilities		2,451	2,073
Change in other receivables and payables		22	(196)
Change in working capital		**729**	**758**
TOTAL I		**3,545**	**4,270**
II. CASH FLOW USED IN INVESTING ACTIVITIES			
Capitalization of R&D expenditure[4]	12	(283)	(323)
Payments for the purchase of intangible assets, net[5]		(98)	(179)
Payments for the purchase of property, plant and equipment, net[6]		(498)	(823)
Payments for the acquisition of investments or businesses, net		(490)	(328)
Proceeds arising from the sale of investments or businesses, net		248	151
Proceeds (payments) arising from the sale (acquisition) of investments and loans, net[7]		(167)	(202)
Other movements		-	-
TOTAL II		**(1,288)**	**(1,704)**
III. CASH FLOW USED IN FINANCING ACTIVITIES			
Change in share capital – owners of the parent		0	2
Change in share capital – non-controlling interests		0	0
Acquisitions and disposals of treasury shares	23.b	(270)	(1,535)
Repayment of borrowings and long-term debt[8]	27	(654)	(311)
Increase in borrowings[9]	27	510	17
Change in repayable advances	26	(17)	(5)
Change in short-term borrowings	27	(159)	(161)
Dividends and interim dividends paid to owners of the parent	23.e	(213)	(564)
Dividends paid to non-controlling interests		(12)	(19)
TOTAL III		**(815)**	**(2,576)**
Effect of changes in foreign exchange rates — **TOTAL IV**		**(2)**	**(1)**
Net increase (decrease) in cash and cash equivalents — **I+II+III+IV**		**1,440**	**(11)**
Cash and cash equivalents at beginning of period		5,247	6,687
Cash and cash equivalents at end of period	21	6,687	6,676
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**1,440**	**(11)**

(1) Including in 2023: depreciation and amortization for €1,336 million (€1,373 million in 2022), impairment charges for €148 million (€411 million in 2022) and provision reversals for €51 million (€169 million in 2022).

(2) Including in 2023: a negative €2,150 million arising on currency derivatives (a positive €4,225 million in 2022) (see Note 31, "Management of market risks and derivatives").

(3) Including in 2023: cancellation of a €1,236 million tax expense (€694 million tax income in 2022), €850 million in taxes paid (€233 million in 2022), €116 million in interest paid (€87 million in 2022), and €229 million in interest received (€38 million in 2022).

(4) Including in 2023: capitalized interest of €4 million (€5 million in 2022).

(5) Including in 2023: €142 million in disbursements for acquisitions of intangible assets (€103 million in 2022), €13 million in proceeds from disposals (€2 million in 2022), changes in amounts payable on acquisitions of non-current assets representing a negative €52 million (a positive €5 million in 2022), and changes in amounts receivable on disposals of non-current assets representing a positive €2 million (a negative €2 million in 2022).

(6) Including in 2023: €874 million in disbursements for acquisitions of property, plant and equipment (€547 million in 2022), changes in amounts payable on acquisitions of non-current assets representing a positive €42 million (a positive €7 million in 2022), €9 million in proceeds from disposals (€38 million in 2022), and changes in amounts receivable on disposals of non-current assets representing zero (€4 million in 2022).

(7) Including in 2023: €100 million in investments that do not qualify as cash and cash equivalents (€100 million in 2022).

(8) Including in 2023: an outflow of €180 million relating to the redemption of the Euro private placement (Euro PP) (an outflow of €470 million relating to the redemption of tranche 2 of the USPP in 2022).

(9) Including in 2022: an inflow of €500 million relating to the drawdown of the EIB loan.

Notes to the Group consolidated financial statements

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Safran (2, boulevard du Général Martial-Valin – 75724 Paris Cedex 15, France) is a *société anonyme* (joint-stock corporation) incorporated in France and permanently listed on Compartment A of the Euronext Paris Eurolist market.

The consolidated financial statements reflect the accounting position of Safran SA and the subsidiaries that it controls, directly or indirectly and jointly or exclusively, as well as entities over which it exercises significant influence (the "Group").

The consolidated financial statements are drawn up in euros and all amounts are rounded to the nearest million unless otherwise stated. Rounding to the nearest million euros may, in some cases, result in insignificant differences in the totals, subtotals and percentages shown in the tables.

The Board of Directors' meeting of February 14, 2024 adopted and authorized for issue the 2023 consolidated financial statements. The consolidated financial statements will be final once they have been approved by the Annual General Meeting.

NOTE 1 FINANCIAL IMPACTS OF CLIMATE CHANGE

In line with its core purpose (*raison d'être*), Safran has embarked upon a proactive program to reduce its carbon footprint. Since 2022, the Group has pursued ambitious targets for the various categories of emissions linked to its business:

- reducing emissions from its operations (Scopes 1 and 2) by 30% by 2025 and by 50.4% by 2030 compared to a 2018 baseline. These objectives are aligned with an emissions reduction trajectory that is compatible with a global warming scenario of 1.5°C by the end of the century;
- reducing emissions linked to the use of its products (Scope 3) by 42.5% per seat kilometer by 2035 compared to 2018, thereby contributing to the overall target of net zero emissions in the aviation industry by 2050;
- reducing emissions related to employee travel (Scope 3 business travel and commuting): by 50% by 2030 compared with 2018, contributing to a global warming trajectory of 1.5°C;
- mobilizing its 400 main suppliers on meeting the commitments under the Paris Agreement to keep global warming to well below 2°C and preferably to 1.5°C.

In early 2023, the independent Science-Based Targets initiative (SBTi) validated the first two greenhouse gas (GHG) emissions reduction targets set by Safran, showing they are aligned with the goals of the Paris Agreement adopted at COP21 in December 2015.

To achieve its targets, Safran has embarked on energy transition action plans, focused on the following strategic priorities:

- reduction of energy consumption;
- reduction of reliance on natural gas;
- use of renewable energies.

In order to reduce its energy consumption, Safran has established an internal construction standard that applies to all new projects, sites and buildings, accompanied by a requirement that no natural gas be consumed, except where needed for production. Safran is also rolling out an internal energy management system based on ISO 50001, with the aim of accelerating the reduction in energy consumption.

To reduce its reliance on natural gas, Safran is replacing natural gas heating systems with biomass heating networks, electrifying heat production (in countries with low-carbon electricity mixes like France), and recovering waste heat (recovered heat generated by a process as a by-product).

Safran is also working on supplying renewable energy to its sites.

Climate change-related challenges are reflected in the Group's financial statements.

At the reporting date, the Group does not consider that its commitments in relation to the transition to a low-carbon economy have a material impact on its financial statements, with the exception of its R&T expenditure.

Measurement of assets

The air traffic growth assumptions used by management in the Group's medium-term business plan and strategy (3.2% growth in average annual revenue passenger kilometers [RPK] over the next 20 years) take into account environment-related constraints in different regions (impact of the use of sustainable fuels and of higher taxes on ticket prices, changes in consumer behavior owing to increased environmental concerns – especially in Europe, a decline in business travel, and the occurrence of periods of extreme weather) that could slow down air traffic growth.

The 2.5% perpetual growth rate used to determine the terminal value of CGUs (see Note 11, "Goodwill") is therefore lower than the market assumptions used by the Group.

The depreciation periods of the main programs take into account decarbonization initiatives.

Property, plant and equipment – Sustainable investments and other expenses relating to the climate and protecting the environment

Safran has started to launch solar energy production at its French sites to reduce their carbon footprint. It will generate part of its own energy needs by installing solar panels at 17 of its French facilities, assisted by two companies specializing in solar self-consumption in France for businesses and local authorities.

In the second half of 2023, Safran commissioned its first photovoltaic power plant at an industrial site in France. With a total capacity of 4.8 MW, the plant is currently one of the largest self-consumption PV arrays on any industrial site in France. A total of 5.4 GWh per year will be generated for self-consumption at the site, covering more than 25% of the site's requirement. This Power Purchase Agreement (PPA) has been accounted for within property, plant and equipment and payables on non-current assets in relation to a deferred investment, and will be depreciated over its useful life.

The Group is pursuing the same initiative in the rest of the world, with PV installation projects completed in various countries (Morocco, Belgium, the United Kingdom, China, Thailand, Singapore, Australia, Mexico, Tunisia, India, Malaysia and Poland).

The agreements have been analyzed to determine the appropriate accounting treatment, and have been recognized either as property, plant and equipment or as binding commitments to purchase energy and services associated with the power generation facilities.

In the second half of 2023, Safran signed a 12-year Virtual Power Purchase Agreement (VPPA) for its subsidiaries in the United States. The VPPA should be effective as from 2026 (see Note 31 "Risk management and derivatives").

In addition, Safran has introduced an internal carbon price to assess and select its investment projects in the form of a shadow price of USD 80/t CO_2, in order to swing decisions in favor of solutions including decarbonization initiatives. The Group also applies its internal carbon price in assessing supplier tenders. The price, which is used for the economic valuation of investments, does not give rise to any financial flows and has no impact on the financial statements.

Safran also invests in the electrification of company or service vehicles under its direct responsibility and encourages employees to electrify their own vehicles by providing charging points at its sites in France.

The depreciation periods of the main assets take into account decarbonization initiatives and have not been revised.

Financial assets

Safran has committed to investing in an investment fund specializing in carbon offsetting, generating both a financial return and voluntary carbon credits. It will invest USD 25 million, with the initiatives planned in this area expected to generate a reduction of almost 900 ktCO_2 over 15 years. The first call for funds is slated for 2024. At December 31, 2023, this investment was classified as an off-balance sheet commitment.

Liabilities and commitments received

On March 4, 2021, Safran signed a €500 million loan agreement with the European Investment Bank (EIB), which was drawn down in full on February 21, 2022 for ten years (maturing in February 2032). The loan is being used to finance some of the Group's research into innovative propulsion systems for the next generation of single-aisle commercial aircraft, marking a major step forward in Safran's roadmap towards achieving carbon-free air transportation by 2050.

In addition, on May 4, 2022 Safran set up a €2 billion revolving credit facility (RCF), initially available until May 2027 and undrawn at December 31, 2023. This facility includes two successive one-year extension options, the first of which has been exercised, extending maturity to May 2028. The financial terms and conditions of the liquidity line are indexed to the achievement by the Group of two sustainable development criteria: CO_2 emissions (Scopes 1 and 2) and the proportion of women among senior executives.

Research and Technology

The R&T priorities set by Safran are fully in line with the priorities defined in the French recovery plan, which has set a goal of developing a low-carbon aircraft by 2035.

Safran forges partnerships with other industrial players. For example, Safran Aircraft Engines is coordinating the demonstration program for new open fan engine technologies as part of Clean Aviation's OFELIA project, while Safran Helicopter Engines is working with Aura Aero on an electric-hybrid propulsion project for electric regional aircraft (ERA).

Gross R&T costs represented approximately €860 million in 2023, mainly invested in projects aiming to develop key technologies for carbon-free aviation.

Payroll costs

Safran incorporates CSR objectives into its compensation policies, mainly in new profit-sharing agreements and executive long-term compensation plans.

NOTE 2 ACCOUNTING POLICIES

The consolidated financial statements of Safran and its subsidiaries have been prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) and adopted by the European Union at the date the consolidated financial statements were approved by the Board of Directors. They include standards approved by the IASB, namely IFRS, International Accounting Standards (IAS), and interpretations issued by the IFRS Interpretations Committee (IFRS IC) or its predecessor, the Standing Interpretations Committee (SIC).

Changes in accounting policies

New IFRS standards, amendments and interpretations effective as of January 1, 2023

- IFRS 17, "Insurance Contracts" and related amendments.
- Amendments to IFRS 17, "Insurance Contracts" – Initial Application of IFRS 17 and IFRS 9 – Comparative Information.
- Amendments to IAS 1, "Presentation of Financial Statements" and IFRS Practice Statement 2 – Disclosure of Accounting Policies.
- Amendments to IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors" – Definition of Accounting Estimates.
- Amendments to IAS 12, "Income Taxes" – Deferred Tax related to Assets and Liabilities arising from a Single Transaction.
- Amendments to IAS 12, "Income Taxes" – International Tax Reform – Pillar Two Model Rules.

The standards, amendments and interpretations effective for reporting periods beginning on or after January 1, 2023 do not have a material impact on the Group's consolidated financial statements.

New published IFRS standards, amendments and interpretations early adopted by the Group as of January 1, 2023:

None.

New published IFRS standards, amendments and interpretations not yet effective or not early adopted by the Group:

- Amendments to IAS 1, "Presentation of Financial Statements" – Classification of Liabilities as Current and Non-current and Non-current Liabilities with Covenants.
- Amendments to IFRS 16, "Leases" – Lease Liability in a Sale and Leaseback.
- Amendments to IAS 7, "Statement of Cash Flows" and IFRS 7, "Financial Instruments: Disclosures" – Supplier Finance Arrangements.
- Amendments to IAS 21, "The Effects of Changes in Foreign Exchange Rates" – Lack of Exchangeability.

Accounting policies

a) Basis of measurement used to prepare the consolidated financial statements

The consolidated financial statements are prepared on a historical cost basis except for certain assets and liabilities, as allowed by IFRS. The categories of assets and liabilities not measured at historical cost are disclosed in the sections below.

b) Consolidation

Basis of consolidation

Entities over which Safran directly or indirectly exercises permanent *de facto* or *de jure* control are fully consolidated when their contribution to certain consolidated indicators is material or when their business is strategic for the Group. These are entities over which the Group has the power to direct the relevant activities in order to earn returns and can affect those returns through its power over the investee. Power generally results from holding a majority of voting rights (including potential voting rights when these are substantive) or contractual rights.

Entities controlled jointly by Safran and another group, known as joint arrangements, are entities for which decisions about the relevant activities (approval of the budget, management appointments, etc.) require the unanimous consent of the parties sharing control. There are two types of joint arrangement:

- joint operations are entities where, based on the structure and legal form of the arrangement, the terms agreed by the parties in the contractual arrangement, or other facts and circumstances, the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Each partner accounts for the assets, liabilities, revenues and expenses relating to its involvement in a joint operation, unless the arrangement specifies otherwise;
- joint ventures are entities where the parties that have joint control of the arrangement have rights to the net assets of the arrangement only. Each partner recognizes its share in the net assets of the venture using the equity method.

Entities over which Safran exercises significant influence (associates) are accounted for under the equity method. Significant influence is presumed to exist when the Group holds at least 20% of the voting rights. However, significant influence must be demonstrated when the Group holds less than 20% of the voting rights. The fact that the Group is represented on its investee's management body (Board of Directors, etc.) indicates that it exercises significant influence over that investee.

A company effectively enters the scope of consolidation at the date on which sole or joint control is acquired or significant influence is exercised.

The removal of a company from the scope of consolidation or a change in the basis for its consolidation is effective as of the date sole or joint control or significant influence is relinquished. If the loss of control occurs without any transfer of interest, for example due to dilution, a change in the basis for consolidation or the company's removal from the scope of consolidation is simultaneous with the event that triggers such loss of control or significant influence.

Non-controlling interests represent the portion of profit and net assets not held by owners of the parent, and are presented separately in the income statement, statement of comprehensive income and shareholders' equity.

IFRS 10 states that any changes in the percent interest in a fully consolidated company that do not result in the loss or acquisition of control are to be recognized in equity attributable to owners of the parent. This applies to acquisitions of additional shares in a subsidiary after control has been obtained in a previous acquisition or to sales of shares that do not result in a loss of control.

Sales of shares that result in a loss of control are recognized in profit or loss and the gain or loss on disposal is calculated on the entire ownership interest at the date of the transaction. Certain other items of comprehensive income attributable to majority shareholders will be reclassified to income. Any residual interest retained is remeasured at fair value through profit or loss when control is relinquished.

Acquisitions of shares that give the Group sole control over an entity are recognized in accordance with the policies governing business combinations described in Note 2.c.

Intragroup transactions

All material transactions between fully consolidated companies are eliminated, as are internally generated Group profits.

When a fully consolidated company carries out a transaction (e.g., sale or transfer of an asset to a joint operation, joint venture or associate), any resulting gains or losses are recognized in the consolidated financial statements solely to the extent of the percentage interest held in the joint operation, joint venture or associate outside the Group.

However, when a fully consolidated company carries out a transaction (e.g., purchase of an asset) with one of its joint operations, joint ventures or associates, the Group's share of the gain or loss is only recognized in the consolidated financial statements when the fully consolidated entity resells that asset to a third party.

Such transactions are not eliminated when the joint operation acts solely as an intermediary (agent) or renders balanced services for the benefit of, or as a direct extension of, the businesses of its various shareholders.

c) Business combinations

The Group applies the revised IFRS 3.

Acquisition method

Business combinations are accounted for using the acquisition method at the date on which control is obtained:

- identifiable assets acquired and liabilities assumed are measured at their acquisition-date fair value;
- where applicable, non-controlling interests in the acquiree are measured either at fair value or at the Group's share in the acquiree's net identifiable assets (including fair value adjustments). This option is available for all business combinations based on a case-by-case analysis of each transaction;
- acquisition-related costs (transaction fees) must be recognized separately from the combination as expenses in the period in which they are incurred;
- any contingent consideration relating to business combinations (earn-out clauses) is measured at fair value at the acquisition date. After the acquisition date, any adjustments to the consideration are measured at fair value at the end of each reporting period. The cost of the combination, including where appropriate the estimated fair value of any contingent consideration, is finalized within the 12 months following the acquisition (measurement period). Any changes in the fair value of such consideration more than 12 months after the measurement period are recognized in profit or loss. Only items that should have been taken into account at the date of the combination but for which the acquirer did not hold all of the relevant information at that date can give rise to an adjustment in the purchase price consideration.

Any previously held interests in the acquiree are remeasured to fair value, with the resulting gain or loss recognized in profit or loss.

Goodwill

At the acquisition date, goodwill is measured as the difference between:

- the acquisition-date fair value of the consideration transferred, plus the amount of any non-controlling interest in the acquiree, measured based on the share in the net assets acquired (including fair value adjustments), or on the overall value of the acquiree; and
- the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed.

When goodwill arises on the acquisition of fully consolidated companies or interests in joint operations, it is carried under assets in the balance sheet under the heading "Goodwill". Negative goodwill is recorded immediately in profit or loss. However, goodwill arising on the acquisition of interests in joint ventures and associates is recorded on the line "Investments in equity-accounted companies", in accordance with IAS 28.

Goodwill may be adjusted within 12 months of the acquisition to take into account the definitive estimate of the fair value of the assets acquired and liabilities assumed. Only new information about facts and circumstances existing at the date of the combination can give rise to an adjustment against goodwill. Beyond this period, adjustments are recorded in profit or loss.

Goodwill arising as part of a business combination is allocated to cash-generating units (CGUs), as described in Note 2.m. Goodwill is not amortized but is tested for impairment at least annually and whenever there are events or circumstances indicating that it may be impaired, as described in Note 2.m. Impairment is taken to profit or loss and may not be reversed.

d) Discontinued operations and assets (or disposal groups) held for sale

A non-current asset or group of non-current assets and directly associated liabilities are classified as held for sale if their carrying amount is expected to be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset (or disposal group) must be available for immediate sale and its sale must be highly probable within a maximum period of one year. Non-current assets or disposal groups held for sale are measured at the lower of their carrying amount and fair value less costs to sell, and are presented on separate lines of the consolidated balance sheet.

In accordance with IFRS 5, a discontinued operation represents a separate major line of business or geographic area of operations for the Group that either has been disposed of, or is classified as held for sale. The income, expenses and cash flows attributable to the operations disposed of or held for sale are presented on separate lines of the consolidated financial statements for all periods presented. The assets and liabilities attributable to the operations disposed of or held for sale are presented on separate lines of the consolidated balance sheet for the last period presented only.

In accordance with IFRS 5, further to classification as discontinued operations or assets held for sale:

- the activities are measured at the lower of their carrying amount and their fair value less estimated costs to sell;
- depreciation/amortization of the non-current assets relating to the activities ceases;
- the non-current assets included in the discontinued operations are no longer tested for impairment;
- symmetrical positions on the balance sheet between continuing operations and discontinued operations continue to be eliminated.

e) Translation methods

The financial statements of subsidiaries with a different functional currency than that used by the Group are translated into euros as follows:

- assets and liabilities are translated at the year-end closing exchange rate, while income statement and cash flow items are translated at the average exchange rate for the year;
- translation gains and losses resulting from the difference between the closing exchange rate at the previous year-end and the closing exchange rate at the end of the current reporting period, and from the difference between the average and closing exchange rates for the period, are recorded in equity as translation adjustments.

On disposal of a foreign operation, cumulative foreign exchange differences are recognized in profit or loss as a component of the gain or loss on disposal. For any disposal, the foreign exchange differences recognized in profit or loss are determined based on direct consolidation of the foreign operation in the Group's financial statements.

f) Translation of foreign currency transactions and foreign currency derivatives

Transactions denominated in currencies other than the presentation currencies of Group entities are translated into euros at the exchange rate prevailing at the transaction date.

At the end of the reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the closing rate. Any resulting foreign exchange gains and losses are recognized in "Financial income (loss)" for the period, except for translation differences relating to a financial instrument designated as a net investment hedge, which are reported in other comprehensive income (see Note 2.w). Advances and downpayments paid or received, prepaid expenses and deferred income continue to be recorded on the balance sheet at the initial amount for which they were recognized.

Long-term monetary assets held by a Group entity on a foreign subsidiary for which settlement is neither planned nor likely to occur in the foreseeable future, represent an investment in a foreign operation. In accordance with IAS 21, "The Effects of Changes in Foreign Exchange Rates", foreign exchange differences arising on these items are recorded in other comprehensive income (OCI) up to the date on which the investment is sold, when they are recognized as part of the gain or loss on disposal. If the transaction does not qualify as a net investment in a foreign operation, the corresponding exchange differences are recognized in the income statement.

The Group uses currency derivatives to manage and hedge its exposure to fluctuations in exchange rates which can impact revenue net of foreign-currency denominated purchases. The Group's forex hedging strategy along with the forward currency contracts and options it uses are described in Note 31, "Management of market risks and derivatives".

Pursuant to IFRS 9, these foreign currency derivatives are recognized in the balance sheet at their fair value at the end of the reporting period. In view of the constraints resulting from applying IFRS 3 to the Sagem-Snecma business combination and the fact that most derivative instruments used by Safran do not qualify for hedge accounting under IFRS 9, the Group decided not to apply hedge accounting to any of its foreign currency derivatives. Accordingly, any changes in the fair value of these derivatives are recognized in "Financial income (loss)".

g) Income from operations

The main customer contract types identified within the Group are:

- sales of original equipment engines and spare engines, serial production equipment and spare parts;
- sales of installed base maintenance and support contracts;
- sales of time and materials service contracts;
- sales of contracts with multiple elements ("combined contracts");
- sales of studies.

The IFRS 15 revenue recognition rules applicable to each of these contract types are outlined below.

On rare occasions, the impact of a financing component will also be taken into account in recognizing revenue, when the component is significant relative to the contract transaction price.

Sales of original equipment engines and spare engines, serial production equipment and spare parts

For sales of engines, production equipment and spare parts, the performance obligation is generally defined for each individual product or service and not for a series of products and services.

Development work may be carried out prior to production and be wholly or partly financed by the customer.

Sales of development work primarily concern the Aircraft Equipment, Defense and Aerosystems and Aircraft Interiors sectors.

Development work financed by customers is generally inseparable from serial production and does not therefore represent a separate performance obligation. Accordingly, customer-financed development work will be recognized within contract liabilities in the balance sheet when the funding is received, and subsequently taken to "serial" revenue in full as and when the related products are delivered.

However, financed development work that represents a separate performance obligation is recognized in revenue upon completion of the performance obligation when control is transferred at a point in time, or on a percentage-of-completion basis (cost-to-cost method) if control is transferred over time.

Extended warranties granted in connection with sales of engines or production equipment represent a separate performance obligation when the warranty is an additional service that is not granted to all customers (unlike a standard warranty). In this case, a portion of the transaction price of the engines or production equipment is allocated to this warranty and recognized within contract liabilities.

The contract liability will be reversed against revenue as and when the warranty costs are incurred.

Revenue recognized for each engine, item of production equipment or spare part is net of any discounts granted in any form whatsoever, including guarantees resembling trade discounts (performance bonds, fuel consumption, etc.) and any products or services granted free of charge which do not represent separate performance obligations.

When products or services granted free of charge are transferred to customers before the revenue recognition date, they are recognized in the balance sheet within contract assets until the date revenue is recognized.

Revenue is recognized when control of each product is transferred, which is usually upon delivery (i.e., at a point in time).

Where there is a risk of the transaction being canceled or the receivable not being recovered at the inception of the contract, no revenue is recognized. When the risk no longer exists, revenue is recorded.

When a contract is onerous, the Group recognizes a loss on delivery commitments (see Note 2.s).

Downpayments from customers are included in contract liabilities when they are received and taken to revenue when control of the products to which they relate is transferred.

Sales of installed base maintenance and support contracts

Certain maintenance and support contracts require a fleet of engines or various equipment to be kept in flying condition. These contracts are billed based on the number of flight hours or landings for the engines/equipment concerned.

The different services provided under each such contract represent a single performance obligation since the services are related when the contracts are fulfilled.

Revenue is recognized if:

- the stage of contract completion can be measured reliably; and
- the costs incurred in respect of the contract and the costs to complete the contract can be measured reliably.

If control is transferred over time, revenue is recognized on a percentage-of-completion basis (cost-to-cost method).

If contract income cannot be measured reliably, revenue is only recognized to the extent of the contract costs incurred.

Forecast contract margins are reviewed on a regular basis. A provision is set aside for any losses on completion as soon as such losses are foreseeable (see Note 2.s).

Contract modifications do not generally result in the addition of separate goods or services to the original contract. Accordingly, the associated revenue adjustment at that date results in an immediate adjustment to profit or loss ("catch-up method").

Amounts billed to customers for which payment has generally been received but which have not yet been recognized in revenue, are included within contract liabilities (deferred income) at the end of the reporting period. In contrast, revenue which has been recognized but which has not yet been billed is recorded within contract assets in the balance sheet at the reporting date.

Sales of time and materials service contracts

These contracts may cover engines or production equipment and are generally entered into on a short-term basis.

They represent a single performance obligation.

Revenue generated on these contracts is recognized once the repair service has been provided (i.e., at a point in time).

Sales of contracts with multiple elements

Contracts with multiple elements are contracts that include the sale of specific development work as well as the sale of both goods and services.

The Group identifies separate performance obligations for each contract and determines the date on which control is transferred.

In general, for these contracts:

- the specific development work or customization assignments for a given contract and customer do not represent a separate performance obligation since the development and customization are inseparable from serial production. Costs associated with the development and installation are initially recognized in assets within contract costs if they are recoverable, and subsequently expensed over the contract term;

- financing received from the customer for the development work or customization assignment is recognized as revenue as and when the various performance obligations under the contract are satisfied;
- revenue generated on the serial production and service portion of the contract is recognized either on delivery of the goods, or on a percentage-of-completion basis (cost-to-cost method), depending on the nature of the performance obligation.

Sales of studies

These types of contract are found in all of the Group's business sectors. Generally speaking, each study represents a separate performance obligation since control of the development work is transferred to the customer, often through the transfer of intellectual property.

Revenue is recognized on a percentage-of-completion basis (cost-to-cost method) when control is transferred over time, or once the performance obligation has been satisfied if control is transferred at a point in time.

IFRS 15 may result in the recognition in the balance sheet of contract assets and liabilities and of contract costs:

- a contract asset denotes the Group's right to consideration in exchange for goods or services that it has transferred, when that right is conditioned on something other than the passage of time. Contract assets mainly include amounts relating to revenue recognized on a percentage-of-completion basis where Safran does not have the right to immediately bill the customer. A contract asset is written down, where appropriate, using the simplified impairment model set out in IFRS 9 (see Note 2.n);
- a contract liability denotes the Group's obligation to transfer goods or services to a customer for which it has received consideration in cash or in kind.

  Contract liabilities include advances and downpayments received, deferred income and concession liabilities;
- contract costs include costs to fulfill contracts that do not fall within the scope of other standards (IAS 16, IAS 38 and IAS 2 in particular) and costs to obtain contracts paid to third parties (commission, etc.).

h) Current and deferred tax

Tax expense (tax income) is the aggregate of current tax and deferred tax recorded in the income statement.

Current tax expense is the amount of income tax payable for a period, calculated in accordance with the rules established by the relevant tax authorities on the basis of taxable profit for the period. Current tax expense also includes any penalties recognized in respect of tax adjustments recorded in the period. The tax expense is recognized in profit or loss unless it relates to items recognized directly in equity, in which case the tax expense is recognized directly in equity.

Deferred tax assets and liabilities are calculated for each entity on temporary differences arising between the carrying amount of assets and liabilities and their corresponding tax base. The tax base depends on the tax regulations prevailing in the countries where the Group manages its activities. Tax losses and tax credits that can be carried forward are also taken into account.

Deferred tax assets are recognized in the balance sheet if it is likely that they will be recovered in subsequent years. The value of deferred tax assets is reviewed at the end of each annual reporting period.

Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset when tax is levied by the same tax authority and offsetting is permitted by the local tax authorities.

The liability method is applied and the impact of changes in tax rates is recognized in profit or loss for the period in which the corresponding tax law was enacted and the change in tax rate decided, unless the transactions concerned are recognized directly in equity.

Research tax credits in France, or any similar tax arrangements in other jurisdictions, are considered as operating subsidies related to research and development expenditures incurred during the period. Accordingly, they are classified under the heading "Other income" in the income statement, and not as a decrease in income tax expense. The recognition of all or part of research tax credits received in the year as revenue can be deferred over several periods provided the tax credits relate to development expenditures capitalized in the Group's consolidated financial statements.

i) Earnings per share

Basic earnings per share is calculated by dividing attributable profit by the weighted average number of ordinary shares issued and outstanding during the period, excluding the average number of ordinary shares purchased and held as treasury shares.

Diluted earnings per share is calculated by dividing attributable profit by the weighted average number of shares issued or to be issued at the end of the reporting period, excluding treasury shares and including the impact of all potentially dilutive ordinary shares, particularly those resulting from convertible bonds or an outstanding share buyback program. The dilutive impact of convertible bonds results from the shares that may be created if all bonds issued were to be converted. The dilutive impact of share buyback programs is calculated using the reverse treasury stock method which compares the closing share price with the average share price for the period concerned.

j) Intangible assets

Intangible assets are recognized on the balance sheet at fair value, historical cost or production cost, depending on the method of acquisition. Borrowing costs directly attributable to the acquisition, construction or production of an intangible asset are included in the cost of that asset when a significant period of time is needed to prepare the asset for its intended use or sale (generally more than 12 months). The initial amount recorded on the balance sheet is reduced by accumulated amortization and impairment losses, where appropriate.

Intangible assets acquired in a business combination

These assets are recognized at fair value at the date control was acquired and are amortized on a straight-line basis, as described below:

- intangible assets recognized at the time of the 2005 Sagem-Snecma merger and on the acquisition of Rolls Royce's stake in the RTM322 program and classified under "Aircraft programs" are accounted for by program (the fair value of each recognized aircraft program, covering several types of intangible asset such as technologies, backlogs and customer relations) and are amortized over the residual useful life of the programs, not to exceed 20 years;

- intangible assets acquired as part of a business combination carried out since the Group was established (also including technologies, customer relations and other intangible assets acquired) are amortized over the estimated useful life of each identified intangible asset (1 to 23 years).

Separately acquired intangible assets

Software is recognized at acquisition cost and amortized on a straight-line basis over its useful life (between one and five years).

Patents are capitalized at acquisition cost and amortized over their useful life, i.e., the shorter of the period of legal protection and their economic life.

Contributions paid to third parties in connection with aircraft programs (participation in certification costs, etc.) are considered as acquired intangible assets and are therefore capitalized unless the program proves unprofitable.

Research and development costs

Research and development costs are recognized as expenses in the period in which they are incurred. However, development expenditures are capitalized if the entity can demonstrate all of the following:

- the technical feasibility of completing the intangible asset and the intention and ability (availability of technical, financial and other resources) to complete the intangible asset and use or sell it;
- the probability that future economic benefits will flow from the asset;
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

In the Group's businesses, all criteria for capitalizing development expenditures are met when the decision to launch the development concerned is taken by management and program/project profitability as validated by relevant internal or external sources can be demonstrated. Development expenditures cannot be capitalized before this time.

Capitalization of development expenditures ceases as soon as the product to which the expenditures relate is brought into service or the criteria for capitalization are no longer met.

Capitalized development expenditures are stated at production cost and amortized primarily using the straight-line method as from the initial delivery of the product, over a useful life not exceeding 20 years. In some restricted cases within the Group, certain capitalized development expenditures are amortized based on production units.

Intangible assets are tested for impairment in accordance with the methods set out in Note 2.m.

k) Property, plant and equipment

Property, plant and equipment are recorded in the balance sheet at historical purchase cost or production cost less accumulated depreciation and impairment losses.

The main useful lives applied to calculate the depreciation schedule are as follows:

Buildings	15-40 years
Technical facilities	5-40 years
Equipment, tooling and other	3-15 years

Borrowing costs directly attributable to the acquisition, construction or production of an item of property, plant and equipment are included in the cost of that item when a significant period of time is needed to prepare the asset for its intended use or sale (generally more than 12 months).

Replacement and major overhaul costs are identified as components of property, plant and equipment. Other repair and maintenance costs are expensed as incurred.

Property, plant and equipment are tested for impairment in accordance with the methods set out in Note 2.m.

l) Leases

All property leases together with the Group's main leases of groups of assets (vehicles, handling equipment, etc.) are accounted for in accordance with IFRS 16.

At the commencement of the lease:

- a lease liability is recognized for the present value of the lease payments to be made over the estimated term of the lease (fixed payments, plus variable lease payments that depend on an index or rate plus amounts expected to be payable by the lessee under residual value guarantees plus the exercise price of a purchase or extension option if the lessee is reasonably certain to exercise that option plus payments of penalties for terminating the lease, unless these are unlikely);
- a right-of-use asset is recognized for the amount of the lease liability, plus the amount of any lease payments made at or before the commencement date, any initial direct costs incurred by the lessee (fees and commission) and an estimate of costs to be incurred in dismantling and removing the asset and/or restoring the site on which it is located or restoring the asset to the condition required by the lease.

A deferred tax asset is recognized based on the amount of the lease liability, while a deferred tax liability is recognized based on the carrying amount of the right-of-use asset.

The term of the lease is determined taking into account contractual provisions and provisions resulting from applicable laws and regulations.

A nine-year term was initially adopted for "3/6/9"-type commercial leases in France following the introduction of IFRS 16. In December 2019, the IFRIC issued an agenda decision stating that the term to be used to measure lease assets and liabilities had to reflect the period during which the lessee is reasonably certain to continue the lease. The Group analyzes its "3/6/9"-type commercial leases every year and, where necessary, adjusts the lease terms in line with the IFRIC decision. The impact was not material for the Group.

After initial recognition of the lease:

- the lease liability is measured at amortized cost using the effective interest rate, which is equal to the discount rate initially applied;
- the right-of-use asset is depreciated on a straight-line basis over the term of the lease or over the useful life of the underlying asset if the purchase option is reasonably certain to be exercised. Where appropriate, an impairment loss may be recognized against the right-of-use asset.

In the event of a change in future lease payments resulting from a change in an index or rate used to determine those payments, the lease liability is remeasured using the initial discount rate.

If the lease term is extended following the exercise of an extension option that was not initially taken into account, the lease liability is remeasured using a revised discount rate as determined at the date the option is exercised.

In such cases, the change in the amount of the lease liability is recognized against a matching change in the amount of the right-of-use asset.

In accordance with the practical expedients offered by the standard, the Group has chosen not to apply IFRS 16 to short-term leases or leases of low-value assets. Payments made under such leases are expensed over the term of the lease.

m) Impairment of non-current assets

Non-current assets, and particularly goodwill acquired in a business combination, are allocated to cash-generating units (CGUs)[1]. Two types of CGUs are defined within the Group:

- CGUs corresponding to programs, projects, or product families associated with specific assets: development expenditures, property, plant and equipment used in production;
- CGUs to which goodwill is allocated, corresponding to the business segments monitored by Group management and relating chiefly to the Group's main subsidiaries.

In the event of a sale or restructuring of the Group's internal operations which affects the composition of one or more of the CGUs to which goodwill has been allocated, the allocations are revised using a method based on relative value. This method takes the proportion represented by the business sold or transferred in the cash flows and terminal value of the original CGU at the date of sale or transfer.

Impairment tests are performed at least once a year (in the second half of the year) on assets with indefinite useful lives or on non-amortizable assets such as goodwill. Impairment tests are also carried out on amortizable/depreciable assets, where the amortization/depreciation period has not yet begun. Impairment testing is carried out whenever there is an indication of impairment irrespective of whether the assets are amortizable/depreciable.

At the end of each reporting period, the Group's entities assess whether there are events or circumstances indicating that an asset may be impaired. Such events or circumstances notably include material adverse changes which, in the long term, impact the economic environment (commercial prospects, procurement sources, index or cost movements, changes linked to climate change, etc.) or the Group's assumptions or objectives (medium-term business plan, profitability analyses, market share, backlog, regulations, disputes and litigation, etc.).

If such events or circumstances exist, the recoverable amount of the asset is estimated. If the carrying amount of the asset exceeds its recoverable amount, the asset is considered as impaired and its carrying amount is reduced to its recoverable amount by recognizing an impairment loss under "Profit from operations".

Recoverable amount is defined as the higher of an asset's or group of assets' fair value less costs to sell and value in use. Value in use is the present value of expected future cash flows, determined using a benchmark discount rate that reflects the Group's weighted average cost of capital (WACC), plus any risk premium where appropriate. This discount rate is a post-tax rate applied to post-tax cash flows, which gives the same result as that which would have been obtained by applying a pretax rate to pre-tax cash flows, as required by IAS 36.

Future cash flows are calculated differently depending on the assets tested:

(i) assets allocated to programs, projects or product families: expected future cash flows are projected over the life of the development programs or projects, capped at 40 years, and are discounted at the benchmark rate. Certain programs or projects are also subject to a specific risk premium. This long timeframe better reflects the characteristics of the Group's operating cycles (aircraft and defense), where assets tend to have a long useful life and slow product development;

(ii) goodwill: expected future cash flows are calculated based on the medium-term business plans established for the next four years and estimated cash flows for years five to ten (or beyond year ten for certain activities with a longer development and production cycle), and are discounted at the benchmark rate. The value in use of the assets is the sum of the present value of these cash flows and the terminal value, calculated based on standardized flows representing long-term activities for years five to ten (or beyond year ten for certain activities), taking into account a perpetual growth rate.

Should a test on a CGU's assets indicate an impairment loss, the Group first establishes the recoverable amount of the assets considered separately. Any impairment loss is initially allocated to goodwill and then to the assets of the CGU pro rata to their carrying amount.

In the event of an identified loss in value, any impairment loss recognized against goodwill cannot be reversed. For other assets, indications of impairment are analyzed at the end of each subsequent reporting period, and if there are favorable changes in the estimates which led to the recognition of the impairment, the impairment loss is reversed through profit or loss.

(1) *A CGU is the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.*

n) Equity investments, loans and receivables

Equity investments in non-consolidated companies are classified at fair value through profit or loss, since:

- these assets by nature do not generate cash flows that are solely payments of principal and interest on the principal amount outstanding at the dates indicated; and
- the Group did not opt to classify these assets at fair value through equity (OCI) not to be reclassified to profit.

The fair value of listed investments corresponds to their market value. The fair value of unlisted investments corresponds to their cost, provided that this approximates their fair value. If this is not the case, an appropriate valuation technique is used.

Loans to non-consolidated companies are classified at amortized cost. They are written down using the general impairment approach set out in IFRS 9, under which any credit losses expected within the following 12 months are taken into account when initially measuring the loans. In the event of a significant subsequent increase in the loan's credit risk, impairment is calculated based on expected losses through to loan maturity (lifetime expected credit losses).

Trade receivables and contract assets are written down using the IFRS 9 simplified impairment approach, as they generally fall due in the short term. This approach involves calculating impairment at an amount equal to lifetime expected credit losses.

Changes in the credit risk associated with these assets are assessed on both an individual and collective basis.

On a collective assessment basis, the allowance for expected credit losses is calculated for amounts owed by all customers, except major customers deemed low risk or the government, for which no allowance is generally recognized on a collective basis.

This collective assessment is made for each region using an indicator based on the credit ratings of airline companies (i.e., official agency ratings or analyses available), since airlines represent the Group's main credit risk exposure.

On an individual assessment basis, an additional loss allowance is recognized if there has been a significant increase in the credit risk associated with a given customer in any sense whatsoever (payment default at maturity, insolvency proceedings, etc.), such that the amount owed by the customer is likely to be written off.

o) Inventories and work-in-progress

Inventories and work-in-progress are measured at the lower of cost determined using the weighted average cost formula, and net realizable value.

Cost is calculated based on normal production capacity and therefore excludes any idle capacity costs.

Net realizable value represents the estimated selling price less the costs required to complete the asset or make the sale.

Borrowing costs incurred during the production phase are included in the value of inventories when the eligibility conditions are met.

p) Cash and cash equivalents

Cash and cash equivalents include available funds, highly liquid short-term investments (three months or less) and term deposits with exit options exercisable at no penalty within less than three months that are readily convertible into known amounts of cash and subject to an insignificant risk of changes in value.

These assets are recognized at market value (fair value) or amortized cost, as appropriate. Assets carried at amortized cost are written down using the general impairment approach set out in IFRS 9.

Cash equivalents subject to usage restriction (e.g., pledges) are recorded under other financial assets for the duration of the restriction.

q) Treasury shares

All treasury shares held by the Group are deducted from consolidated equity based on their acquisition price, regardless of whether they were repurchased in connection with a liquidity agreement or under a share buyback program initiated by the Group. Gains and losses on the disposal of treasury shares are recorded directly in equity and do not impact profit or loss for the period.

For share buyback programs outstanding at the end of the reporting period, the firm obligation to repurchase shares is recognized in the form of a liability for the acquisition of shares, against a reduction in consolidated reserves. This liability, which is not included in calculations of the Group's net financial position, is cleared as and when the disbursements relating to the share buybacks are made.

r) Share-based payment

The Group grants various share-based payments to its employees, including free shares, long-term variable compensation in the form of performance shares and leveraged or unleveraged savings plans.

In accordance with IFRS 2, "Share-based Payment", these arrangements are measured at fair value, taking into account any lock-up period for shares granted and less the present value of dividends not received by employees during the vesting period. The fair value of equity-settled instruments is determined at the grant date. The fair value of cash-settled instruments is revised up to the date of payment. For plans that are subject to performance conditions, the external conditions are included in the per-share fair value at the grant date and the internal conditions are reflected in the number of instruments.

These employee benefits represent personnel costs and are recognized on a straight-line basis over the vesting period, with an offsetting entry to consolidated reserves for equity-settled plans and to liabilities for cash-settled plans.

s) Provisions

The Group records provisions when it recognizes a present probable or potential (in the event of a business combination) legal or constructive obligation as a result of a past event for which an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of that obligation.

For taxes levied by public authorities, the liability is recognized at the date of the obligating event for each levy, such as that defined by applicable local regulations.

Provisions for losses on completion and losses arising on delivery commitments

A provision for losses on completion is recognized for contracts managed on a percentage-of-completion basis, and a provision for losses arising on delivery commitments is recognized for sales contracts, when:

- a contract (or combination of contracts), signed before the end of the reporting period, gives rise to obligations for the Group in the form of the delivery of goods, the provision of services or the payment of termination indemnities;
- the Group's obligation and the expected economic benefits can be measured reliably;
- it is highly probable that the contract (or combination of contracts) will be onerous (the unavoidable costs of meeting the obligations under the contract [or combination of contracts] exceed the expected economic benefits).

Unavoidable costs for which a provision is recognized represent the lower of the net cost of executing the contract (i.e., the forecast loss on the contract) and the cost of failing to execute the contract (e.g., withdrawal costs in the event of early termination).

In the case of original equipment sales contracts, the expected economic benefits correspond to the contract cash flows associated with the highly probable cash flows from the spare part activities provided under the contracts.

The cash flows used in this analysis are discounted to take into account their spread over time.

Under onerous contracts, losses arising on delivery commitments are recognized primarily as a deduction from inventories and work-in-progress (for the completed portion of the contract and directly related to the contract or combination of contracts), and shown in provisions for work to be completed.

Provisions for operating warranties

These provisions are recorded to cover the Group's share of probable future disbursements under operating warranties. They are calculated as appropriate based on technical files or statistics, particularly with respect to the return of parts under warranty and the estimated cost of repairs.

Provisions for restructuring costs

These provisions are recognized when the plan has raised a valid expectation in third parties and has been announced before the end of the reporting period.

t) Commitments

Financial commitments linked to the sale of Group products

The Group may enter into financial commitments as part of certain civil aircraft engine sales campaigns. These commitments form part of financing packages proposed by aircraft manufacturers to airlines. The commitments are made by the Group together with its partner General Electric alongside aircraft manufacturers, and generally correspond to the share represented by engines in the financing of the aircraft concerned. They can take the form of backstop aircraft financing, backstop guarantees granted to lending institutions for aircraft financing, asset value guarantees at a given date, or trade-ins of used aircraft at a given date and at a given price.

Unlike asset value guarantees and used aircraft trade-ins, backstop commitments are in fact financing commitments granted in principle when an order is placed but which only take effect at the customer's request when the ordered aircraft are delivered. These financing commitments are not included in the Group's off-balance sheet commitments since (i) the probability that they will be called by the airline is too uncertain because the deliveries are too far in the future, and (ii) in the past, few commitments have been called due to their incentiveless financing terms and to the fact that they represent a "last recourse" after the active leasing, banking, credit insurance and investor markets.

Accordingly, the Group's off-balance sheet commitments only include the total gross amount of commitments actually in place at the reporting date. However, this amount does not reflect the actual risk to which Safran is exposed, as the commitments are counter-guaranteed by the value of the underlying assets, i.e., the aircraft pledged or eventually owned.

A provision is recognized for the net risk relating to each reported off-balance sheet commitment based on a probability model of events likely to generate a future net outflow of resources for the Group.

Post-employment benefits

In compliance with the laws and practices of each country in which it operates, the Group grants its employees post-employment benefits (pensions, termination payments, early retirement plans, etc.) as well as other long-term benefits including long-service awards, jubilee benefits and loyalty premiums.

For its basic plans and other defined contribution plans, the contribution paid in the period is recognized in expenses when due. No provision is recorded.

Provisions recognized for obligations under defined benefit plans are measured using the projected unit credit method. This determines, for each employee, the present value of the benefits to which the employee's current and past services will grant entitlement on retirement. The actuarial calculations include demographic (retirement date, employee turnover rate, etc.) and financial (discount rate, salary increase rate, etc.) assumptions, and are performed at the end of each reporting period for which accounts are published.

When plans are funded, the plan assets are placed with entities that are responsible for paying the benefits in the countries concerned. These assets are measured at fair value. Provisions are recorded to cover shortfalls in the fair value of plan assets compared with the present value of the Group's obligations.

An asset surplus is only recognized in the balance sheet when it represents future economic benefits effectively available to the Group.

In accordance with the revised IAS 19, changes in actuarial gains and losses arising on defined benefit plans are recognized in "Other comprehensive income" within equity and not subsequently reclassified to profit.

The Group distinguishes between operating components and financial components when presenting defined benefit expense:

- service cost for the period is shown in profit from operations, along with past service costs arising on the introduction of a new plan or curtailments or settlements of an existing plan, which are recognized immediately in this caption;
- the cost relating to unwinding the discount on the net pension liability (asset) is shown in financial income (loss).

u) Borrowings subject to specific conditions

The Group receives public financing in the form of repayable advances to develop aircraft and defense projects. Repayment of these advances is based on revenues from future sales of engines or equipment, and potentially from sales of spare parts.

Repayable advances are treated as sources of financing and are recognized in liabilities in the consolidated balance sheet under the heading "Borrowings subject to specific conditions".

At inception, they are measured at the amount of cash received or, when acquired, at the value of probable future cash flows discounted at market terms at the acquisition date. They are subsequently measured at amortized cost at the end of each reporting period, taking into account the most recent repayment estimations.

The present value of estimated repayments, based on management's best estimates, is regularly compared with the net carrying amount of repayable advances, defined as the sum of amounts received, plus any interest capitalized at the end of the reporting period, less repayments made. If as a result of this analysis the present value of estimated repayments is durably more or less than the carrying amount of the repayable advances over three consecutive years, that unrecognized portion of the present value of the advance which is higher or lower than the carrying amount is taken to profit or loss.

For certain contracts, the Group has to pay a fee based on replacement sales realized under the program once the advance has been fully repaid. This fee is not considered as repayment of an advance but as an operating expense.

v) Interest-bearing financial liabilities

On initial recognition, interest-bearing financial liabilities are measured at the fair value of the amount received, less any directly attributable transaction costs. Besides the specific conditions applicable to hedge accounting (see Note 2.w), interest-bearing financial liabilities are subsequently carried at amortized cost using the effective interest rate method.

w) Derivatives and hedge accounting

The Group uses derivative instruments to hedge potential risks arising from its operating and financial activities. These instruments are primarily used to hedge its exposure to the risk of fluctuations in exchange rates, and more marginally, to risks of changes in interest rates. The derivatives used can include forward currency contracts and currency options or interest rate swaps. The Group's market risk management policy is described in Note 31, "Management of market risks and derivatives".

Most derivatives are traded over-the-counter and no quoted prices are available. Consequently, they are measured using models commonly used by market participants to price such instruments (discounted cash flow method or option pricing models). Counterparty risk and proprietary credit risk are taken into account when measuring derivatives.

For a derivative or non-derivative hedging instrument to be eligible for hedge accounting, the hedging relationship must be formally designated and documented at inception and its effectiveness must be demonstrated throughout the life of the instrument using documented effectiveness tests.

The accounting principles applicable to foreign currency derivatives used to hedge foreign exchange risk are set out in Note 2.f.

Certain derivatives used to hedge interest rate risk on fixed-rate financial assets and liabilities may be designated as hedging instruments in a fair value hedging relationship. In this case, the borrowings hedged by the interest rate derivatives (mainly interest rate swaps) are adjusted to reflect the change in fair value attributable to the hedged risk. Changes in the fair value of hedged items are taken to profit or loss for the period and offset by symmetrical changes in the fair value of the interest rate swaps (effective portion).

x) Sale of receivables

The Group sells some of its trade receivables to financial institutions, generally within the scope of confirmed factoring facilities. The related assets may only be removed from the balance sheet if the rights to the future cash flows from the receivables are transferred, along with substantially all of the associated risks and rewards (payment default, late-payment risk, etc.).

y) Structure of the consolidated balance sheet

The Group is engaged in a variety of activities, most of which have long operating cycles. Consequently, assets and liabilities generally realized or unwound within the scope of the operating cycle (inventories and work-in-progress, receivables, advances and downpayments received from customers, trade and other payables, and foreign currency derivatives, etc.) are presented with no separation between current and non-current portions. However, other financial assets and liabilities as well as provisions are considered as current if they mature within 12 months of the end of the reporting period. All other financial assets, liabilities and provisions are considered non-current.

z) Recurring operating income

To make the Group's operating performance more transparent, it includes an intermediate operating indicator known as "Recurring operating income" in its reporting.

This sub-total includes the share of profit from joint ventures accounted for under the equity method, since all joint ventures are involved in businesses directly related to the Group's core activities.

This sub-total excludes income and expenses which are largely unpredictable because of their unusual, infrequent and/or material nature, such as:

- impairment losses recognized against goodwill, impairment losses or reversals of impairment losses recognized against intangible assets relating to programs, projects or product families as a result of an event that substantially alters the economic profitability of such programs, projects or product families (e.g., significant decrease in forecast volumes, difficulties encountered during the development phase, renegotiated sales agreements, changes in the production process, etc.), including for equity-accounted companies;
- capital gains and losses on disposals of operations;
- gains on remeasuring any previously held equity interests in the event of step acquisitions or transfers made to joint ventures;
- other unusual and/or material items not directly related to the Group's ordinary operations, in particular restructuring costs.

NOTE 3 MAIN SOURCES OF ESTIMATES

The preparation of consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) described above requires management to make certain estimates and assumptions that affect the reported amounts of consolidated assets, liabilities, income and expenses.

The assumptions used vary from one business to the next, but are considered reasonable and realistic in all cases. The resulting estimates are based on the Group's past experience and factor in the economic conditions prevailing at the end of the reporting period and any information available as of the date of preparation of the financial statements, in particular of a contractual or commercial nature.

Estimates and underlying assumptions are reviewed on an ongoing basis. They take into account the direct and indirect consequences of the situation in Ukraine and the sanctions imposed on Russia and Belarus.

When unforeseen developments in events and circumstances occur, particularly as regards global economic trends and the Group's own business environment, actual results may differ from these estimates. In such cases, the assumptions and, where appropriate, the reported amounts of assets and liabilities concerned are adjusted accordingly.

The Group also tests its sensitivity to changes in the assumptions underlying its main estimates in order to analyze the impact of volatility and lack of visibility in the global economic environment and particularly in certain Group segments. These analyses are regularly reviewed by management.

The main accounting policies which require the use of estimates are described below.

a) Estimates relating to programs and contracts

The main material estimates used by the Group to prepare its financial statements relate to forecasts of future cash flows under programs and contracts (business plans). Forecast future total cash flows under programs and contracts represent management's best estimate of the rights and obligations expected to derive from the program or contract.

The assumptions applied and resulting estimates used for programs and contracts cover periods that are sometimes very long (up to several decades), and take into account the technological, commercial and contractual constraints as well as the impacts of the climate strategy of each such program and contract.

These estimates primarily draw on assumptions about the volumes, output and selling prices of products sold and associated production costs, including inflation assumptions. They also draw on exchange rates for foreign-currency denominated sales and purchases as well as normal risks and uncertainties in respect of forecast cost overruns and, for discounted future cash flows, the discount rate adopted for each program and contract.

The Group's volume assumptions are prepared internally for each market in which Group companies are present (e.g., commercial, business and military aviation; helicopters, etc.). For short-term estimates, these assumptions are based on available inputs (programs, orders, etc.), while external inputs (publications, airframer press releases, IATA announcements, market surveys, etc.) are used for estimates covering the medium to long term. The assumptions are regularly revised, particularly those used for short-term estimates, in order to reflect the latest developments in the Group's programs, and all assumptions used for medium- to long-term forecasts are validated by management at least once a year.

Cash flow forecasts, which may or may not be discounted, are used to determine the following:

- **impairment of non-current assets:** goodwill and assets allocated to programs (aircraft programs, development expenditure and property, plant and equipment used in production) are tested for impairment as described in Note 2.m. The recoverable amount of these assets is generally determined using cash flow forecasts;
- **capitalization of development expenditures**: the conditions for capitalizing development expenditures are set out in Note 2.j. Determining whether future economic benefits are expected to flow to the Group is instrumental in deciding whether project costs can be capitalized. This analysis is carried out based on future cash flow forecasts. The Group also uses estimates when determining the useful life of its projects;

- **profit (loss) on completion of contracts accounted for on a percentage-of-completion basis:** the Group accounts for contracts on a percentage-of-completion basis (cost-to-cost method). Under this method, revenue is recognized based on the percentage of work completed, calculated by reference to the costs incurred. This method requires an estimate of results on completion using future cash flow forecasts that take into account contractual indexes and commitments as well as other factors inherent to the contract based on historical and/or forecast data. This method also requires an estimate of the contract's stage of completion.

  Contingencies are factored into estimates of LEAP engine maintenance costs, given the engine's recent commissioning. Assumptions are updated in line with technical milestones and with the experience acquired in terms of engine maintenance costs. The profit amount currently recognized is close to zero: it will gradually increase as the uncertainties surrounding the maintenance costs are resolved.

  When the total costs that are necessary to cover the Group's risks and obligations under the contract are likely to exceed total contract revenue, the expected loss (i) is recognized within provisions for losses on completion or (ii) leads to the write-down of contract fulfillment costs (if any) and to the subsequent recognition of a provision for losses on completion for the remaining amount of the loss;
- **timing of revenue recognition:** the recognition of revenue under certain contracts is based on delivery volume assumptions. These assumptions therefore influence the timing of revenue recognition;
- **variable consideration:** the transaction price may be comprised of both a fixed amount and a variable amount. This variable amount may, in particular, depend on volume assumptions which therefore require the use of estimates;
- **losses arising on delivery commitments:** sales contracts (or combinations of contracts) may be onerous. For all sales contracts or combinations of contracts, the Group estimates the volume of goods to be delivered as well as spare parts and services directly related to the delivery commitment, which may be contractual or highly probable. Accordingly, the Group recognizes a provision for losses arising on delivery commitments when the combination of contracts is onerous and a loss is likely to be incurred. It uses estimates, notably as regards the volume of goods to be produced and delivered under the sales contracts or combinations of contracts, as well as the volume of directly-related spare parts and services, projected production costs and the expected economic benefits;
- **repayable advances:** the forecast repayment of advances received from public bodies is based on revenue from future sales of engines, equipment and spare parts, as appropriate. As a result, the forecasts are closely related to the business plans prepared by the operating divisions.

Any changes in estimates and assumptions underlying cash flow forecasts for programs and contracts could have a material impact on the Group's future earnings and/or the amounts reported in its balance sheet. Consequently, the sensitivity of key estimates and assumptions to such changes is systematically tested and the results of these tests reviewed by management on a regular basis.

b) Provisions

Provisions reflect management's best estimates using available information, past experience and, in some cases, estimates by independent experts.

When estimating provisions relating to the Group's contractual commitments on timeframes and technical specifications in connection with the development phase, the general stage of development of each of the Group's programs is taken into account, particularly as regards any changes made to specifications during the development phase. Contractually defined liability limits are also taken into account.

Contractual provisions relating to performance warranties given by the Group take into account factors such as the frequency and estimated cost of repairs. The value of these commitments may be based on a statistical assessment.

Provisions relating to financial guarantees given by the Group are based on the estimated value of the underlying assets, the probability that the customers concerned will default, and, where appropriate, the discount rate applied to cash flows.

The costs and penalties actually incurred or paid may differ significantly from these initial estimates when the obligations unwind, and this may have a material impact on the Group's future earnings.

At the date of this report, the Group has no information suggesting that these inputs are not appropriate taken as a whole.

Provisions for restructuring costs represent the best estimate of the costs at the end of the reporting period.

c) Post-employment benefits

The Group uses statistical data and other forward-looking inputs to determine assets and liabilities relating to post-employment benefits. These inputs include actuarial assumptions such as the discount rate, salary increase rate, retirement age, and employee turnover and mortality. Actuarial calculations are performed by independent actuaries. At the date of preparation of the consolidated financial statements, the Group considers that the assumptions used to measure its commitments are appropriate and justified.

However, if circumstances or actuarial assumptions – especially the discount rate – prove significantly different from actual experience, the amount of post-employment liabilities shown in the balance sheet could change significantly, along with equity.

d) Trade receivables, contract assets and other receivables

The Group estimates any collection risks based on commercial information, prevailing economic trends, and information concerning the solvency of each customer, in order to determine any necessary write-downs on a case-by-case basis. These write-downs are in addition to any allowances recognized for expected losses, which are calculated on a collective basis for all customers except major customers deemed low risk and the government.

The specific nature of any receivables from government-backed entities is taken into account when determining bad debt risk for each receivable and therefore when estimating the amount of any impairment loss.

e) Allocation of the cost of business combinations

Business combinations are recorded using the acquisition (purchase) method. Identifiable assets acquired and liabilities and contingent liabilities assumed are measured at fair value at the date control is acquired.

One of the most important areas in which estimates are used in accounting for a business combination concerns the calculation of the fair value of assets acquired and liabilities assumed and the underlying assumptions applied. The fair value of certain items acquired in a business combination can be measured reliably, for example property, plant and equipment using market prices. However, the fair value of other items such as intangible assets or contingent liabilities may prove more difficult to establish. These complex measurements are usually performed by independent experts based on a series of assumptions. These experts are generally required to estimate the impact of future events that are uncertain at the date of the combination.

f) Disputes and litigation

Certain Group subsidiaries may be party to regulatory, legal or arbitration proceedings which, because of their inherent uncertainty, could have a material impact on the Group's financial position (see Note 35, "Disputes and litigation").

The Group's management takes stock of any outstanding proceedings and monitors their progress on a regular basis. It also decides whether to book a provision or adjust the amount of any existing provision if events arise during the proceedings that require a reassessment of the risk involved. The Group consults legal experts both within and outside the Group in estimating the risk and determining the costs that may be incurred.

The decision to book a provision in respect of a given risk and the amount of any such provisions are based on an assessment of the risk associated with each individual case, management's estimate of the likelihood that an unfavorable decision will be issued in the proceedings in question, and the Group's ability to estimate the amount of the provision reliably.

NOTE 4 SCOPE OF CONSOLIDATION

Main changes in the scope of consolidation in 2023

a) Disposals

Disposal of Safran Cabin Catering and Safran Cabin Cargo

On December 6, 2022, the Group entered into exclusive negotiations to sell the Safran Cabin Catering and Safran Cabin Cargo businesses. A memorandum of understanding was signed between the parties on January 13, 2023.

The Safran Cabin Catering and Safran Cabin Cargo businesses, which were classified as assets held for sale at December 31, 2022, were sold on May 31, 2023.

The capital loss on the disposal was recognized in non-recurring operating income in the amount of €10.1 million, taking into account the final contingent consideration in the second half of the year (see Note 7 "Breakdown of the other main components of profit from operations").

b) Acquisitions

Acquisition of Aubert & Duval

After signing a memorandum of understanding with the mining and metallurgical group Eramet on February 22, 2022 to acquire its subsidiary Aubert & Duval, the consortium comprising Safran, Airbus and Tikehau Ace Capital signed a purchase agreement on June 21, 2022.

In May 2022, Safran, Airbus and Tikehau Ace Capital set up a new company, AD Holding, equally owned by the three shareholders (33.33% each), to acquire Aubert & Duval.

On December 22, 2022, the European Commission authorized Safran, Airbus and Tikehau Ace Capital to acquire Aubert & Duval, a subsidiary of the Eramet group, subject to approval by the Chinese competition authorities.

On April 28, 2023, all the requisite conditions having been met, AD Holding finalized the acquisition of Aubert & Duval from the Eramet group.

Aubert & Duval's cutting-edge know-how in specialty steels and superalloys, and its more recently acquired expertise in titanium, are crucial to the aerospace, transportation, energy, defense and medical markets.

The company generated revenue of €521 million in 2023 following its inclusion within the Group's reporting scope.

The acquisition has been accounted for under the equity method in Safran's financial statements since May 1, 2023, within the Propulsion segment. The consolidated financial statements include eight months of activity for Aubert & Duval, representing a negative contribution of €1 million under "Share in profit (loss) from joint ventures".

The purchase price allocation is currently underway, with the assistance of our external experts. The preliminary allocation of the purchase price to the assets acquired and liabilities assumed as measured at fair value generated provisional goodwill of zero.

The provisional allocation of the purchase price is as follows:

(in € millions)	Fair value at acquisition date
Non-current assets	96
Inventories	526
Trade receivables	66
Other assets	37
Provisions	(178)
Trade payables	(282)
Other liabilities	(132)
Net debt	45
Aubert & Duval net assets – Group share (100%)	**176**
Share of Aubert & Duval net assets excluding goodwill (33.33%)	58
Purchase price (Safran share 33.33%)	**58**
Provisional goodwill	**-**

The carrying amount of this acquisition shown in equity-accounted investments in the balance sheet at December 31, 2023 is €110 million, taking into account the capital increases during the year and profit (loss) for the period.

Acquisition of Thales' aeronautical electrical systems business

On October 2, 2023 Safran completed the acquisition of Thales's aeronautical electrical systems business, which covers electric conversion, power generation and motors for civil and military aircraft.

Present in power generation and electric motors for the civil and military aeronautics sector, the acquisition strengthens Safran's positions in electrical systems, thanks notably to the incorporation of industry-leading electric conversion expertise.

This acquisition includes Thales Avionics Electrical Systems and Thales Avionics Electrical Motors in France, with sites at Chatou, Meru and Conflans-Ste Honorine. It also includes the support, maintenance and production activities for aeronautical electrical equipment in Orlando (US) and Singapore.

Control of the business activities in France has been transferred. Control of the business activities in the US and Singapore will be transferred at the end of a transition period, during which the necessary certification approvals will be obtained. The price paid in advance for these activities was recorded within financial receivables for €26.1 million.

The business activities in France have been fully consolidated (100%) in the Group's financial statements since October 1, 2023, within the Safran Electrical & Power CGU.

Since their consolidation, these activities have contributed €39 million to consolidated revenue and €6 million to profit from operations.

If these activities had been consolidated on January 1, 2023, they would have contributed €157 million to consolidated revenue and €15 million to profit from operations for the year.

Work is currently underway with the support of an external firm to measure the fair value of the identifiable assets acquired and liabilities assumed. This resulted in the recognition of provisional goodwill for €109 million.

The provisional allocation of the purchase price is as follows:

(in € millions)	Fair value at acquisition date
Non-current assets	25
Inventories	67
Other current and non-current assets and liabilities	(80)
Cash and cash equivalents	5
Net assets	**17**
Purchase price of shares	**126**
Provisional goodwill	**109**

c) Transactions in progress

Acquisition of Air Liquide's aeronautical oxygen and nitrogen activities

On June 1, 2023, Safran announced that it had entered into exclusive negotiations with Air Liquide to acquire its aeronautical oxygen and nitrogen technology activities.

Based in Isère, France, Air Liquide's aeronautical technology activities are focused primarily on oxygen and nitrogen equipment and systems. They employ nearly 220 people and generated revenue of more than €40 million in 2022.

The acquisition would round out Safran Aerosystems' range of products. In particular, acquiring Air Liquide's onboard oxygen generation systems (OBOGS) would see Safran Aerosystems become a leading player through systems integration.

Acquisition of Collins Aerospace's actuation and flight control business

Safran announced on July 21, 2023 the contemplated acquisition of Collins Aerospace's high-technology actuation and flight control activities, which are mission critical for commercial & military aircraft and helicopters by Cash offer based on a USD 1.8 billion enterprise value.

The business has around 3,700 employees across eight facilities in Europe (France, the United Kingdom and Italy) and in Asia, and also benefits from MRO and engineering capabilities. It is expected to generate revenue of approximately USD 1.5 billion.

Acquisition would be a unique opportunity for Safran to become a global leader in critical flight control (ATA27) and actuation functions.

On November 20, 2023, Safran was informed of the Italian government's decision to exercise its "Golden Power", thus opposing the sale to Safran of Microtecnica S.r.l, the company holding the assets located in Italy.

Following this decision, Safran remains committed to the transaction and is working with all parties to determine the appropriate next steps.

The completion of this acquisition also notably remains subject to obtaining other regulatory approvals and to customary closing conditions.

Main changes in the scope of consolidation in 2022

d) Disposals

Disposal of Safran Arresting Systems (emergency ground arresting systems for military aircraft business)

On January 21, 2022, Safran signed an agreement with Curtiss-Wright to sell the assets of its "emergency ground arresting systems for military aircraft" business in France and the United States. The transaction was subject to the usual regulatory approvals and was completed on June 30, 2022.

Disposal of Pioneer Aerospace Corporation

On April 15, 2022, Safran sold its subsidiary Pioneer Aerospace Corporation, an aviation market player specialized in safety control systems and parachute release and launch platforms.

These two disposals represented a capital gain of €63 million, recognized in non-recurring operating income.

e) Acquisitions

Acquisition of Orolia

As part of the acquisition of Orolia from Eurazeo alongside the founders and management, a share sale agreement was signed on January 11, 2022.

The transaction was finalized on July 7, 2022 following the receipt of the necessary regulatory approvals.

Orolia is one of the world leaders in Resilient Positioning, Navigation and Timing (PNT) solutions which improve the reliability, performance and safety of critical civilian, military and space operations, including in harsh or altered Global Navigation Satellite System (GNSS) environments.

The purchase price amounted to €419 million.

Orolia has been fully consolidated in the Group's financial statements since July 1, 2022, within the Safran Electronics & Defense CGU.

The company generated revenue of around €80 million in second-half 2022.

At December 31, 2022, the preliminary allocation of the purchase price to the assets and liabilities measured at fair value generated provisional goodwill of €297 million.

During first-half 2023, the allocation of the purchase price of Orolia was finalized in accordance with IFRS 3, "Business Combinations".

Following the finalization of the purchase price allocation, definitive goodwill was recognized in an amount of €258 million.

The final allocation of the purchase price is as follows:

(in € millions)	Fair value at acquisition date
Intangible assets	204
Property, plant and equipment	17
Financial assets	27
Inventories	38
Other current and non-current assets and liabilities	(16)
Net debt	(65)
Deferred tax liabilities	(44)
Net assets	**161**
Purchase price of shares	**419**
Definitive goodwill	**258**

Acquisition of a stake in CILAS

On November 2, 2022, Safran and MBDA completed the acquisition of a 63% stake in Compagnie Industrielle des Lasers (CILAS), previously held by ArianeGroup SAS and consolidated within ArianeGroup. The acquisition was carried out through a specially created 50-50 joint company, HMS Laser.

CILAS is a recognized expert in laser and optronics. The defense company is specialized in laser rangefinders for tanks, helicopters, naval firing control systems and laser designators for guided weapons.

HMS Laser and its subsidiary CILAS have been accounted for under the equity method in the Group's consolidated financial statements since November 1, 2022.

The impact of the change in the ownership structure of CILAS is not material.

NOTE 5 SEGMENT INFORMATION

Segments presented

In accordance with IFRS 8, "Operating Segments", segment information reflects Safran's different businesses.

The Group's operating segments reflect the organization of subsidiaries around tier-one entities ("consolidation sub-groups").

For monitoring purposes, Safran has three operating segments which are organized based on the type of products and services they sell and the markets they serve.

Aerospace Propulsion

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

Aircraft Equipment, Defense and Aerosystems

Safran covers the full life cycle of systems and equipment for civil and military aircraft and helicopters.

The Group is involved in landing gear and brakes, nacelles and reversers, avionics (flight controls and onboard information systems), security systems (evacuation slides and oxygen masks), onboard computers, and fuel systems.

It also operates at the different phases of the electrical cycle and provides electrical power management systems and associated engineering services.

It includes all activities serving the naval and land defense markets, including optronic equipment and sights, navigation equipment and sensors, modernized infantry, and drones.

This segment also includes maintenance, repair and overhaul (MRO) activities and the sale of spare parts.

Aircraft Interiors

The Aircraft Interiors business includes all operations related to the buyer-furnished equipment (BFE) market, whose direct customers are mostly airline companies. The Group designs, develops, manufactures and markets, for example, aircraft seats for passengers (First, Business and Economy Class) and crew, as well as cabin equipment, overhead bins, class dividers, passenger service units, cabin interior solutions, chilling systems, galleys, and electrical inserts and trolleys.

This segment also includes complex cabin equipment and passenger comfort-focused solutions such as water distribution, lavatories, air systems, and in-flight entertainment and connectivity (IFEC).

Holding company and other

In "Holding company and other", the Group includes Safran SA's activities and holding companies in various countries.

Business segment performance indicators

Segment information presented in the tables below is included within the information presented to the Chief Executive Officer who – in accordance with the Group's governance structure – has been designated as the "Chief Operating Decision Maker" for the assessment of the performance of business segments and the allocation of resources between the different businesses.

The assessment of each business segment's performance by the Chief Executive Officer is based on adjusted contribution figures as explained in the Foreword (see section 2.1).

Data for each business segment are prepared in accordance with the same accounting principles as those used for the consolidated financial statements (see Note 2, "Accounting policies"), except for the restatements made in respect of adjusted data (see section 2.1).

Inter-segment sales are performed on an arm's length basis.

Free cash flow represents cash flow from operating activities less any net disbursements relating to acquisitions of property, plant and equipment and intangible assets.

Gross operating working capital represents the gross balance of trade receivables, inventories and trade payables.

Segment assets represent the sum of goodwill, intangible assets, property, plant and equipment, right-of-use assets, investments in equity-accounted joint ventures and all current assets except cash and cash equivalents and tax assets.

Non-current assets comprise goodwill, property, plant and equipment, intangible assets, right-of-use assets and investments in equity-accounted associates and joint ventures.

Quantified segment information for 2022 and 2023 is presented below.

Segment information

At December 31, 2023

(in € millions)	Aerospace Propulsion	Aircraft Equipment, Defense and Aerosystems	Aircraft Interiors	Total operating segments	Holding company and other	Total adjusted data	Currency hedges	Impacts of business combinations	Total consolidated data
Revenue	**11,876**	**8,835**	**2,477**	**23,188**	**11**	**23,199**	**452**	**-**	**23,651**
Recurring operating income (loss)[1]	**2,390**	**992**	**(116)**	**3,266**	**(100)**	**3,166**	**462**	**(319)**	**3,309**
Other non-recurring operating income and expenses	(52)	(13)	(428)	(493)	(18)	(511)	-	-	(511)
Profit (loss) from operations	**2,338**	**979**	**(544)**	**2,773**	**(118)**	**2,655**	**462**	**(319)**	**2,798**
Free cash flow	**2,700**	**538**	**(277)**	**2,961**	**(16)**	**2,945**	**-**	**-**	**2,945**
Gross operating working capital	**(3,969)**	**1,667**	**1,135**	**(1,167)**	**(132)**	**(1,299)**	**-**	**-**	**(1,299)**
Segment assets	**19,271**	**14,297**	**4,544**	**38,112**	**3,144**	**41,256**	**-**	**-**	**41,256**
■ *o/w depreciation, amortization and increase in provisions, net of use*	*(361)*	*(443)*	*(127)*	*(931)*	*(62)*	*(993)*	*7*	*(296)*	*(1,282)*
■ *o/w asset impairment*	*(25)*	*(5)*	*(23)*	*(53)*	*2*	*(51)*	-	*1*	*(50)*

At December 31, 2022

(in € millions)	Aerospace Propulsion	Aircraft Equipment, Defense and Aerosystems	Aircraft Interiors	Total operating segments	Holding company and other	Total adjusted data	Currency hedges	Impacts of business combinations	Total consolidated data
Revenue	**9,506**	**7,535**	**1,978**	**19,019**	**16**	**19,035**	**488**	**-**	**19,523**
Recurring operating income (loss)[1]	**1,710**	**874**	**(140)**	**2,444**	**(36)**	**2,408**	**475**	**(390)**	**2,493**
Other non-recurring operating income and expenses	(144)	40	(346)	(450)	-	(450)	-	-	(450)
Profit (loss) from operations	**1,566**	**914**	**(486)**	**1,994**	**(36)**	**1,958**	**475**	**(390)**	**2,043**
Free cash flow	**2,448**	**607**	**(483)**	**2,572**	**94**	**2,666**	**-**	**-**	**2,666**
Gross operating working capital	**(2,981)**	**1,438**	**1,062**	**(481)**	**(120)**	**(601)**	**-**	**-**	**(601)**
Segment assets	**17,335**	**13,076**	**4,756**	**35,167**	**2,050**	**37,217**	**-**	**-**	**37,217**
■ *o/w depreciation, amortization and increase in provisions, net of use*	*(385)*	*(344)*	*(68)*	*(797)*	*(14)*	*(811)*	*(3)*	*(360)*	*(1,174)*
■ *o/w asset impairment*	*(241)*	*11*	*(19)*	*(249)*	*(3)*	*(252)*	-	-	*(252)*

Revenue (adjusted data)

(in € millions)	2022	2023
AEROSPACE PROPULSION		
Original equipment and related products and services	3,332	4,288
Services	5,991	7,311
Sales of studies	102	147
Other	81	130
Sub-total	**9,506**	**11,876**
AIRCRAFT EQUIPMENT, DEFENSE AND AEROSYSTEMS		
Original equipment and related products and services	4,349	4,996
Services	2,825	3,466
Sales of studies	233	263
Other	128	110
Sub-total	**7,535**	**8,835**
AIRCRAFT INTERIORS		
Original equipment and related products and services	1,353	1,565
Services	589	881
Sales of studies	17	22
Other	19	9
Sub-total	**1,978**	**2,477**
HOLDING COMPANY AND OTHER		
Sales of studies and other	16	11
Sub-total	**16**	**11**
TOTAL	**19,035**	**23,199**

Information by geographic area

At December 31, 2023

(in € millions)	France	Europe (excl. France)	Americas	Asia and Oceania	Africa & Middle East	Total adjusted data	Currency hedges	Total consolidated data
Revenue by location of customers	4,493	5,568	8,078	3,053	2,007	23,199	452	23,651
%	*20%*	*24%*	*35%*	*13%*	*9%*			
Non-current assets by location[(1)(2)]	13,675	1,926	3,172	282	112			19,167
%	*71%*	*10%*	*17%*	*1%*	*1%*			

(1) Excluding financial assets, derivatives and deferred tax assets.
(2) Intangible assets recognized when allocating the purchase price of a business combination are typically allocated to tier-one subsidiaries acting as the heads of consolidation sub-groups and not to each of their subsidiaries.

At December 31, 2022

(in € millions)	France	Europe (excl. France)	Americas	Asia and Oceania	Africa & Middle East	Total adjusted data	Currency hedges	Total consolidated data
Revenue by location of customers	4,050	3,790	7,151	2,402	1,642	19,035	488	19,523
%	*21%*	*20%*	*38%*	*13%*	*8%*			
Non-current assets by location[(1)(2)]	13,869	1,816	3,391	299	102			19,477
%	*71%*	*9%*	*17%*	*2%*	*1%*			

(1) Excluding financial assets, derivatives and deferred tax assets.
(2) Intangible assets recognized when allocating the purchase price of a business combination are typically allocated to tier-one subsidiaries acting as the heads of consolidation sub-groups and not to each of their subsidiaries.

As in the previous year, Safran carried out sales with three major customers during 2023:

- Airbus group: sales of original equipment engines for aircraft and helicopters for Aerospace Propulsion; landing and braking systems, wiring and electrical connection systems, nacelles, navigation systems, flight control systems, flight-data recording systems and other equipment for Aircraft Equipment and Defense; and cabin interiors and seats for Aircraft Interiors;
- Boeing group: sales of original equipment engines for aircraft for Aerospace Propulsion; landing and braking systems and wiring and electrical connection systems for Aircraft Equipment; and cabin interiors and seats for Aircraft Interiors;
- General Electric group: sales of fleet maintenance spare parts for engines for Aerospace Propulsion.

NOTE 6 REVENUE

Breakdown of revenue by business

2023

(in € millions)	Aerospace Propulsion	Aircraft Equipment, Defense and Aerosystems	Aircraft Interiors	Holding company and other	Total
DESCRIPTION OF PRODUCTS/SERVICES					
Sales of original equipment and other equipment	4,413	5,050	1,571	-	11,034
Services	7,524	3,504	885	-	11,913
Sales of studies	151	266	22	3	442
Other	134	111	9	8	262
TOTAL REVENUE	**12,222**	**8,931**	**2,487**	**11**	**23,651**
TIMING OF REVENUE RECOGNITION					
At a point in time	9,893	7,892	2,463	11	20,259
Over time	2,329	1,039	24	-	3,392
TOTAL REVENUE	**12,222**	**8,931**	**2,487**	**11**	**23,651**

2022

(in € millions)	Aerospace Propulsion	Aircraft Equipment, Defense and Aerosystems	Aircraft Interiors	Holding company and other	Total
DESCRIPTION OF PRODUCTS/SERVICES					
Sales of original equipment and other equipment	3,439	4,444	1,363	-	9,246
Services	6,182	2,887	595	-	9,664
Sales of studies	105	238	17	8	368
Other	84	131	22	8	245
TOTAL REVENUE	**9,810**	**7,700**	**1,997**	**16**	**19,523**
TIMING OF REVENUE RECOGNITION					
At a point in time	7,772	6,836	1,987	12	16,607
Over time	2,038	864	10	4	2,916
TOTAL REVENUE	**9,810**	**7,700**	**1,997**	**16**	**19,523**

Revenue is broken down into four categories which best reflect the Group's main businesses:

- Sales of original equipment and other equipment

  These sales reflect quantities delivered under contracts or aircraft, helicopter and defense programs as well as contractual financing received from customers to develop these products.

- Services, which include deliveries of spare parts and maintenance contracts

  These sales are contingent on repairs and maintenance requested by airline or helicopter companies and correspond to services and volumes that are less predictable since they depend on the condition of fleets.

- Sales of studies, research and development

  Contracts are drawn up for all such development work, which represents separate performance obligations. This category relates to specific work carried out for a given project or program.

- Miscellaneous activities, which are included in "Other"

In terms of revenue recognition, it should be noted for each of the business segments that:

Most revenue within the Group is recognized "at a point in time".

Revenue recognized on a percentage-of-completion basis ("over time") mainly concerns service and after-sales support contracts in the Propulsion segment and aerospace activities in the Aircraft Equipment, Defense and Aerosystems segment.

Revenue from contract-related activities accounted for as an overall performance obligation is also recognized on a percentage-of-completion basis.

Remaining performance obligations

(in € millions)	One year or less	More than one year	Total
Remaining performance obligations at December 31, 2022	11,456	52,879	64,335
Remaining performance obligations at December 31, 2023	13,995	59,379	73,374

Remaining performance obligations relate to firm quantities/products/services still to be delivered and/or performed under contracts in force at the end of the reporting period.

They increased by €9,039 million over the year, reflecting an increase in original equipment business and new service contracts in the Propulsion segment.

NOTE 7 BREAKDOWN OF THE OTHER MAIN COMPONENTS OF PROFIT FROM OPERATIONS

Other income

(in € millions)	2022	2023
Research tax credit	151	159
Other operating subsidies[1]	261	288
Other operating income	28	27
TOTAL	**440**	**474**

(1) *Including €266 million in research and technology subsidies in 2023 (€242 million in 2022).*

Raw materials and consumables used

This caption breaks down as follows for the period:

(in € millions)	2022	2023
Raw materials, supplies and other	(4,423)	(5,126)
Bought-in goods	(24)	(167)
Changes in inventories	361	498
Contract costs	118	121
Sub-contracting	(4,549)	(5,395)
Purchases not held in inventory	(621)	(742)
External service expenses	(2,586)	(3,261)
TOTAL	**(11,724)**	**(14,072)**

Personnel costs

(in € millions)	2022	2023
Wages and salaries	(3,797)	(4,330)
Social security contributions	(1,458)	(1,638)
Statutory employee profit-sharing	(154)	(202)
Optional employee profit-sharing	(174)	(207)
Additional contributions	(2)	(94)
Corporate social contribution	(64)	(98)
Other employee costs	(143)	(198)
TOTAL	**(5,792)**	**(6,767)**

Personnel costs include income of €6 million in respect of the pension reform.

The Group examined developments in case law concerning entitlement to paid leave and determined that they do not impact its 2023 financial statements.

The average number of permanent employees, excluding jointly controlled entities, was 87,055 in 2023 versus 79,793 in 2022.

Depreciation, amortization and increase in provisions, net of use

(in € millions)	2022	2023
NET DEPRECIATION AND AMORTIZATION EXPENSE		
■ intangible assets	(668)	(646)
■ property, plant and equipment	(600)	(584)
■ right-of-use assets	(103)	(106)
Total net depreciation and amortization expense[1]	**(1,371)**	**(1,336)**
Net reversals from provisions	**197**	**54**
DEPRECIATION, AMORTIZATION AND INCREASE IN PROVISIONS, NET OF USE	**(1,174)**	**(1,282)**

(1) Of which depreciation and amortization of assets measured at fair value at the time of the Sagem SA-Snecma merger: €38 million in 2023 and €38 million in 2022; during the acquisition of the former Zodiac Aerospace: €198 million in 2023 and €276 million in 2022; and during other acquisitions: €60 million in 2023 and €46 million in 2022.

Asset impairment

	Impairment expense		Reversals	
(in € millions)	2022	2023	2022	2023
Intangible assets, property, plant and equipment, and right-of-use assets	(17)	(3)	22	15
Financial assets	(3)	(4)	1	3
Contract costs	(17)	(13)	6	4
Inventories and work-in-progress	(553)	(409)	335	363
Receivables	(99)	(86)	74	81
Contract assets	(1)	-	-	(1)
TOTAL	**(690)**	**(515)**	**438**	**465**

Other recurring operating income and expenses

(in € millions)	2022	2023
Capital gains and losses on asset disposals	(37)	(9)
Royalties, patents and licenses	(7)	(11)
Losses on irrecoverable receivables	(7)	(33)
Other operating income and expenses	154	137
TOTAL	**103**	**84**

Other non-recurring operating income and expenses

(in € millions)	2022	2023
Capital gains and losses on asset disposals	63	(10)
Asset impairment net of reversals	(466)	(432)
Other non-recurring items	(47)	(69)
TOTAL	**(450)**	**(511)**

In 2023, capital losses on asset disposals result from the disposals outlined in Note 4, “Scope of consolidation”.

In 2023, write-downs of €432 million taken against intangible assets break down as follows:

- €150 million relating to impairment of the goodwill of the Safran Cabin CGU;
- €177 million relating to impairment of the goodwill of the Safran Seats CGU;
- €48 million relating to aircraft programs in the Aerospace Propulsion segment;
- €57 million relating to non-current assets in the Aircraft Interiors segment.

Other non-recurring items, representing an expense of €69 million, relate to:

- restructuring costs including adaptation plans and costs relating to site closures totaling €45 million;
- transaction and integration costs totaling €24 million.

In 2022, the impairment expense recognized by the Group in non-recurring income and expenses mainly comprised write-downs of €466 million taken against intangible assets, breaking down as follows:

- €340 million, of which €319 million relating to impairment of the goodwill of the Safran Cabin CGU, €6 million relating to impairment of an intangible asset and €15 million relating to an aircraft program in the Aircraft Interiors segment;
- €66 million relating to an aircraft program in the Aerospace Propulsion segment impacted by the Russo-Ukrainian crisis;
- €58 million (net of tax) relating to the intangible assets of an equity-accounted company.

Other non-recurring items, representing an expense of €47 million, mainly related to:

- asset impairment totaling €37 million;
- capital gains on the sale of land for €5 million;
- transaction and integration costs totaling €13 million.

NOTE 8 FINANCIAL INCOME (LOSS)

(in € millions)	2022	2023
Financial expense on interest-bearing financial liabilities	(94)	(118)
Financial income on cash and cash equivalents	38	230
Cost of net debt	**(56)**	**112**
Gain (loss) on foreign currency hedging instruments	(4,499)	2,239
Foreign exchange gain (loss)	(518)	(417)
Net foreign exchange gain (loss) on provisions	(55)	28
Foreign exchange gain (loss)	**(5,072)**	**1,850**
Gain (loss) on interest rate hedging instruments	6	(1)
Capital gain (loss) on financial asset disposals	1	(1)
Change in the fair value of assets at fair value through profit or loss	(52)	15
Impairment of loans and other financial receivables	(13)	-
Dividends received	7	7
Other financial provisions	(1)	(2)
Interest component of IAS 19 expense	(6)	(18)
Impact of unwinding the discount	29	(16)
Other	(6)	12
Other financial income and expense	**(35)**	**(4)**
FINANCIAL INCOME (LOSS)	**(5,163)**	**1,958**
■ Of which financial expense	(5,244)	(573)
■ Of which financial income	81	2,531

In 2023, the €2,239 million gain on foreign currency hedging instruments reflects changes in the fair value of these instruments attributable to operating cash flows that will be recognized in profit or loss in future periods.

The fair value of the portfolio reflects the immediate liquidation value of the portfolio at the closing rate for the period (USD 1.1051 to €1) compared with the average rate of the portfolio. The change in the fair value is theoretical for the Group, as currency hedges are unwound when future dollar inflows are received.

The €417 million foreign exchange loss includes:

- a €455 million foreign exchange loss, reflecting the loss on unwinding currency derivatives hedging operating cash flows recognized in profit or loss in the period. This foreign exchange loss represents the difference between the EUR/USD exchange rate guaranteed by the currency derivatives unwound in the period (USD 1.13 to €1) and the actual EUR/USD exchange rate observed during the period;
- a net foreign exchange gain of €38 million primarily attributable to the remeasurement of monetary items at the closing exchange rate.

Net foreign exchange gains amounting to €28 million on provisions carried in USD were recorded in the Propulsion segment and result from the impact of fluctuations in the EUR/USD exchange rate between the start of the period (USD 1.0675 to €1 at December 31, 2022) and the end of the period (USD 1.1051 to €1 at December 31, 2023) on the opening amount of the provision.

NOTE 9 INCOME TAX

Income tax expense

Income tax expense breaks down as follows:

(in € millions)	2022	2023
Current income tax benefit (expense)	(585)	(928)
Deferred tax benefit (expense)[1]	1,279	(308)
TOTAL TAX BENEFIT (EXPENSE)	**694**	**(1,236)**

(1) *The increase in the deferred tax expense is mainly due to changes in the fair value of currency hedging instruments.*

Effective tax rate

The effective tax rate breaks down as follows:

(in € millions)	2022	2023
Profit (loss) before tax (a)	**(3,120)**	**4,756**
Standard tax rate applicable to the parent company	25.83%	25.83%
Tax benefit (expense) at standard rate	**806**	**(1,228)**
Impact of permanent differences	(139)	(80)
Impact of research tax credits	45	45
Impact of different tax rates (France/international)	13	9
Impact of unrecognized tax	(4)	(2)
Impact of changes in tax rates on deferred taxes	1	-
Impact of joint ventures	4	26
Impact of other items	(32)	(6)
Current income tax benefit (expense) recognized in profit or loss (b)	**694**	**(1,236)**
EFFECTIVE TAX RATE (B)/(A) *(in %)*	**22.24%**	**25.99%**

The corporate income tax rate was 25.83% for 2023 (including the additional contribution). Deferred tax assets and liabilities have therefore been calculated on this basis.

The impact of permanent differences mainly relates to the non-taxation of items derecognized following disposals and to goodwill impairment, as well as to the impact of the reduced rate of taxation applicable to "innovation income" in Belgium.

In 2023, tax credits represent €49 million (of which €45 million in research tax credits) and reduce the effective tax rate.

The impact of joint ventures arises from the fact that joint ventures' share of income as included in consolidated profit (loss) from operations is net of tax.

Deferred tax assets and liabilities

Deferred tax assets (liabilities) in the balance sheet

(in € millions)	Assets	Liabilities	Net
Net deferred tax assets (liabilities) at December 31, 2022	**1,576**	**1,164**	**412**
Deferred taxes recognized in profit or loss	**(480)**	**(172)**	**(308)**
Deferred taxes recognized directly in equity	1	1	-
Reclassifications	24	23	1
Foreign exchange differences	(2)	1	(3)
Changes in scope of consolidation	3	5	(2)
NET DEFERRED TAX ASSETS (LIABILITIES) AT DECEMBER 31, 2023	**1,122**	**1,022**	**100**

Deferred tax bases

(in € millions)	Dec. 31, 2022	Dec. 31, 2023
Deferred tax bases		
Intangible assets, property, plant and equipment, and right-of-use assets	(7,746)	(7,440)
Inventories	465	607
Current assets/liabilities	2,745	2,800
Financial assets/liabilities(1)	5,174	3,600
Provisions	865	899
Tax adjustments	(763)	(793)
Losses carried forward and tax credits	1,127	1,037
TOTAL DEFERRED TAX BASES	**1,867**	**710**
Total gross deferred tax balance (a)	**468**	**155**
Total unrecognized deferred tax assets (b)	**56**	**55**
TOTAL NET DEFERRED TAXES RECOGNIZED (A)-(B)	**412**	**100**

(1) The decrease in the tax base is related to the fair value of hedging instruments.

Current tax assets and liabilities

Current tax assets and liabilities break down as follows:

(in € millions)	Assets	Liabilities	Net
Net tax assets (liabilities) at December 31, 2022	**358**	**105**	**253**
Movements during the period	67	(1)	68
Changes in scope of consolidation	2	1	1
Foreign exchange differences	(1)	1	(2)
Other movements	(4)	(2)	(2)
NET TAX ASSETS (LIABILITIES) AT DECEMBER 31, 2023	**422**	**104**	**318**

Global minimum corporate taxation

In December 2021, the Organisation for Economic Cooperation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting released the Global Anti-Base Erosion Model Rules ("GloBE Rules" or "Pillar Two model rules"). The rules aim at reforming international corporate taxation by ensuring that multinational enterprises with a global revenue exceeding €750 million incur a minimum GLoBE effective tax of 15% for each jurisdiction in which they operate. As part of the 2024 French Finance Act, France has enacted the Pillar Two legislation with mandatory application for accounting periods commencing on or after January 1, 2024.

Since the Pillar Two legislation was not effective at the reporting date, the Group has no current tax exposure as at December 31, 2023. In addition, the Group applies the exception to recognizing and disclosing information regarding deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued on May 23, 2023 and approved by the European Commission.

The Group made a preliminary assessment of Pillar Two impacts using 2023 financial data. Using the accounting effective tax rate (ETR) as a proxy for the GloBE, and after deducting a substance-based income exclusion (fixed rate applied on payroll expenses and property, plant and equipment), the impact of the top-up tax due would not be material for the Group in 2023.

In 2024, the Group will closely monitor any additional comments published by the OECD and/or jurisdictions in which the Group operates, to be fully compliant with Pillar Two rules.

NOTE 10 EARNINGS PER SHARE

	Index	2022	2023
Numerator *(in € millions)*			
Profit (loss) for the period attributable to owners of the parent	(a)	(2,459)	3,444
Diluted profit (loss) for the period attributable to owners of the parent	(a')	(2,459)	3,480
Denominator *(in shares)*			
Total number of shares	(b)	427,245,970	427,260,541
Number of treasury shares held	(c)	2,687,189	13,733,425
Number of shares excluding treasury shares	(d)=(b-c)	424,558,781	413,527,116
Weighted average number of shares (excluding treasury shares)	(d')	426,680,657	417,795,492
Potentially dilutive ordinary shares	(e)	13,479,272	13,578,069
Weighted average number of shares after dilution	(f)=(d'+e)	440,159,929	431,373,561
Ratio: earnings per share *(in €)*			
Basic earnings (loss) per share*	(g)=(a*1million)/(d')	(5.76)	8.24
Diluted earnings (loss) per share*	(h)=(a'*1million)/(f)	(5.76)	8.07

* *In accordance with IAS 33, when basic earnings per share are negative, basic and diluted earnings per share are identical.*

Basic earnings per share are calculated by dividing profit attributable to equity holders of the Company by the weighted average number of shares outstanding during the period. Treasury shares are not considered as outstanding shares and therefore reduce the number of shares used to calculate earnings per share.

Diluted earnings per share are calculated by adjusting the weighted average number of shares outstanding for the effects of dilutive options and other dilutive potential shares.

At December 31, 2023, the only potentially dilutive instruments for the Group are the bonds convertible into new shares and/or exchangeable for existing shares (OCEANE 2020 – 2027 and OCEANE 2021 – 2028: see Note 23.d, "Convertible bond issues") and the free share plan discussed in Note 23 c.

NOTE 11 GOODWILL

Goodwill breaks down as follows:

(in € millions)	Dec. 31, 2022 Net	Change in scope of consolidation	Impairment	Price adjustments and allocation to identifiable assets and liabilities[1]	Effect of changes in foreign exchange rates and other	Dec. 31, 2023 Net
Safran Aircraft Engines	392	-	-	-	-	392
Safran Helicopter Engines	308	-	(2)	-	-	306
Safran Aero Boosters	47	-	-	-	-	47
Other Propulsion	1	-	-	-	-	1
Safran Electronics & Defense	651	-	-	(39)	1	613
Safran Nacelles	213	-	-	-	-	213
Safran Engineering Services	74	-	-	-	-	74
Safran Electrical & Power	706	109	-	-	(4)	811
Safran Landing Systems	190	-	-	-	-	190
Safran Aerosystems	724	-	-	-	1	725
Safran Seats	765	-	(177)	-	-	588
Safran Cabin	923	-	(150)	-	(27)	746
TOTAL	**4,994**	**109**	**(329)**	**(39)**	**(29)**	**4,706**

(1) *The definitive allocation of the purchase price of Orolia generated a €39 million reduction in goodwill for the Safran Electronics & Defense CGU (see Note 4, "Scope of consolidation").*

In the second half of the year, the Group carried out its annual impairment tests on all of its CGUs, based on the data in the medium-term business plan as updated and validated by Executive Management and the Board of Directors. The tests were carried out by comparing the CGUs' value in use with their net carrying amount at December 31, 2023.

The measurement method used to determine the value in use of the CGUs was the same as that used at December 31, 2022.

The value in use of the CGUs was determined based on the following method:

- expected future cash flows are determined over a period consistent with the useful life of the assets in each CGU. This is estimated at 10 years for all CGUs;
- the projections are drawn from the medium-term business plan, as prepared in the second half of 2023 for the next four years, and for the following six years are based on the best estimate of the long-term scenario. They take into account orders and delivery schedules, airframers' production rates, IATA forecasts, the impacts of decarbonization and any other available information;
- the projections take into account general economic data, specific inflation rates for each geographic area, a USD exchange rate based on available market information and mid- to long-term macroeconomic assumptions;
- the value in use of the CGUs is equal to the sum of these discounted estimated future cash flows plus a terminal value, calculated by reference to normative cash flows representing long-term business activity, which usually corresponds to the last year of available forecasts plus an estimated growth rate for the activities concerned;
- the growth rate used to calculate the terminal value was set at 2.5% (2.5% in 2022) for all CGUs;
- the benchmark post-tax discount rate used is 8.5% (8.5% in 2022) and is applied to post-tax cash flows;
- the hedged USD exchange rates adopted for 2024-2027 are between USD 1.12 and USD 1.14 to €1. This exchange rate assumption takes into account the available foreign currency hedging portfolio (see Note 31, "Management of market risks and derivatives"). For an intermediate period covering the three years following the medium-term business plan, a rate of 1.20 – corresponding to the best estimate of Safran's hedging ability for that period – is adopted. A rate of 1.25 is adopted thereafter. In the specific case of the Safran Cabin CGU, the impairment test was performed at the December 31, 2023 closing rate for all cash flows in USD not subject to currency hedging, thereby ensuring that assets carried in USD and the future cash flows determining value in use are converted into EUR in the same way.

At June 30, 2023, Safran reviewed its cash-generating units (CGUs).

Despite supply chain difficulties, the Group did not identify any indications of impairment, except for the Safran Seats CGU, which saw a decline in cash generation. However, due to the headroom observed in the impairment test, no impairment was recognized in the financial statements.

In the second half of the year, contingencies in terms of cash generation were taken into account in the Safran Cabin and Safran Seats businesses in order to cover risks in executing turnaround plans.

Based on these tests, the recoverable amount of each CGU tested wholly justifies its net asset value, including the goodwill balances recorded in Group assets, with the exception of the Safran Cabin and Safran Seats CGUs.

Goodwill allocated to the Safran Cabin CGU and Safran Seats CGU was therefore written down in the 2023 financial statements by €150 million and €177 million, respectively.

No impairment of goodwill was recognized as a result of the annual impairment test carried out in 2022 for the Safran Seats CGU, while an impairment loss of €319 million was recognized for the Safran Cabin CGU.

Sensitivity of all of the CGUs to the following changes in main assumptions was tested:

- a 5% increase or decrease in the EUR/USD exchange rate;
- a 0.5% increase in the benchmark discount rate;
- a 0.5% decrease in the perpetual growth rate.

The worst-case scenario would be a 0.5% increase in the discount rate, leading to the recognition of additional impairment of approximately €115 million against the value of the Safran Seats CGU and €187 million against the value of the Safran Cabin CGU.

Given the downward revision of medium- and long-term profitability forecasts and the contingencies taken into account, it was not deemed necessary to carry out any additional sensitivity analyses on the Safran Cabin and Safran Seats CGUs using higher rates.

NOTE 12 INTANGIBLE ASSETS

Intangible assets break down as follows:

	Dec. 31, 2022			Dec. 31, 2023		
(in € millions)	Gross	Amortization/ impairment	Net	Gross	Amortization/ impairment	Net
Aircraft programs	2,336	(1,889)	447	2,325	(1,953)	372
Development expenditures	7,245	(3,322)	3,923	7,528	(3,605)	3,923
Commercial agreements	916	(263)	653	913	(297)	616
Software	764	(699)	65	831	(738)	93
Trademarks[(1)]	717	-	717	721	-	721
Commercial relationships	1,925	(735)	1,190	1,924	(847)	1,077
Technology	1,296	(739)	557	1,264	(828)	436
Other	917	(373)	544	984	(392)	592
TOTAL	**16,116**	**(8,020)**	**8,096**	**16,490**	**(8,660)**	**7,830**

(1) As trademarks are not amortized, they are tested for impairment based on their respective CGUs.

Movements in intangible assets break down as follows:

(in € millions)	Gross	Amortization/ impairment	Net
At December 31, 2022	**16,116**	**(8,020)**	**8,096**
Capitalization of R&D expenditure[(1)]	323	-	323
Capitalization of other intangible assets	69	-	69
Acquisitions of other intangible assets	68	-	68
Disposals and retirements	(19)	10	(9)
Amortization	-	(647)	(647)
Impairment losses recognized in profit or loss	-	(85)	(85)
Reclassifications	(63)	62	(1)
Changes in scope of consolidation	52	(6)	46
Foreign exchange differences	(56)	26	(30)
AT DECEMBER 31, 2023	**16,490**	**(8,660)**	**7,830**

(1) Including €4 million in capitalized interest on R&D expenditure at December 31, 2023 (€5 million at December 31, 2022).

Research and development expenditure recognized in recurring operating income for the period totaled €1,421 million including amortization (€1,219 million in 2022). This amount does not include the research tax credit or other operating subsidies recognized in the income statement within "Other income" (see Note 7, "Breakdown of the other main components of profit from operations").

Amortization recognized in the period includes €183 million relating to the remeasurement of intangible assets within the scope of the acquisition of the former Zodiac Aerospace, €38 million relating to the remeasurement of aircraft programs in connection with the Sagem-Snecma merger, and €60 million relating to assets identified as part of other business combinations.

The impairment tests carried out at December 31, 2023 on assets allocated to programs, projects or product families were based on the approach described in Note 2.m, "Impairment of non-current assets", which uses assumptions taken from the medium-term business plan as updated and validated by management.

An 8.5% discount rate was used, plus a risk premium depending on the programs tested.

As a result of the impairment tests carried out at December 31, 2023, intangible assets relating to various aircraft programs were written down in an amount of €83 million, charged against non-recurring operating income.

As a result of the impairment tests carried out at December 31, 2022, intangible assets relating to a program were written down by €83 million (see Note 7, "Breakdown of the other main components of profit from operations").

NOTE 13 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment break down as follows:

(in € millions)	Dec. 31, 2022 Gross	Dec. 31, 2022 Depreciation/ impairment	Dec. 31, 2022 Net	Dec. 31, 2023 Gross	Dec. 31, 2023 Depreciation/ impairment	Dec. 31, 2023 Net
Land	223	-	223	230	-	230
Buildings	2,319	(1,272)	1,047	2,398	(1,367)	1,031
Technical facilities, equipment and tooling	6,652	(4,813)	1,839	6,993	(5,121)	1,872
Assets in progress, advances	565	(50)	515	766	(44)	722
Site development and preparation costs	80	(47)	33	89	(52)	37
Buildings on land owned by third parties	89	(45)	44	90	(48)	42
Computer hardware and other equipment	691	(545)	146	751	(564)	187
TOTAL	**10,619**	**(6,772)**	**3,847**	**11,317**	**(7,196)**	**4,121**

Movements in property, plant and equipment break down as follows:

(in € millions)	Gross	Depreciation/ impairment	Net
At December 31, 2022	**10,619**	**(6,772)**	**3,847**
Internally produced assets	87	-	87
Additions	786	-	786
Disposals and retirements	(193)	180	(13)
Depreciation(1)	-	(584)	(584)
Net impairment losses recognized in profit or loss	-	9	9
Reclassifications	(26)	12	(14)
Changes in scope of consolidation	66	(54)	12
Foreign exchange differences	(22)	13	(9)
AT DECEMBER 31, 2023	**11,317**	**(7,196)**	**4,121**

(1) *Including €15 million relating to the remeasurement of property, plant and equipment within the scope of the acquisition of the former Zodiac Aerospace.*

NOTE 14 LEASES

a) Right-of-use assets

Right-of-use assets break down as follows:

	Dec. 31, 2022			Dec. 31, 2023		
(in € millions)	Gross	Depreciation/ impairment	Net	Gross	Depreciation/ impairment	Net
Right-of-use assets relating to property	834	(282)	552	934	(367)	567
Right-of-use assets relating to transport equipment	7	(3)	4	13	(5)	8
Right-of-use assets relating to other assets	21	(11)	10	21	(14)	7
TOTAL	**862**	**(296)**	**566**	**968**	**(386)**	**582**

Movements in right-of-use assets break down as follows:

(in € millions)	Gross	Depreciation/ impairment	Net
At December 31, 2022	**862**	**(296)**	**566**
Increases	108	-	108
Disposals and retirements	(13)	11	(2)
Depreciation	-	(106)	(106)
Reclassifications	(3)	3	-
Changes in scope of consolidation	12	3	15
Foreign exchange differences	2	(1)	1
AT DECEMBER 31, 2023	**968**	**(386)**	**582**

b) Lease liabilities

The maturity of lease liabilities can be analyzed as follows at December 31, 2023:

(in € millions)	Dec. 31, 2022	Dec. 31, 2023
Maturing in:		
1 year or less	106	111
More than 1 year and less than 5 years	292	296
Beyond 5 years	189	173
TOTAL	**587**	**580**

c) Lease items presented in the income statement

In 2023, rental expenses recognized in "Profit from operations" (see Note 7, "Breakdown of the other main components of profit from operations") under "External services" totaled €198 million. These expenses have not been restated due to the application of the practical expedients allowed under IFRS 16 (exemption for short-term leases, leases of low-value assets or licensing agreements, such as for IT equipment).

Interest expense on lease liabilities recognized in "Financial income (loss)" under "Cost of net debt" amounted to €10 million in 2023 (see Note 8, "Financial income (loss)").

d) Lease items presented in the cash flow statement

In 2023, disbursements under leases recognized in the cash flow statement and relating to the repayment of lease liabilities represented €128 million and are shown within "Cash flow used in financing activities". They are increased by payments of interest on lease liabilities, which are included within "Cash flow from operating activities".

NOTE 15 CURRENT AND NON-CURRENT FINANCIAL ASSETS

Financial assets include:

	Dec. 31, 2022			Dec. 31, 2023		
(in € millions)	Gross	Impairment	Net	Gross	Impairment	Net
Non-consolidated investments			313			383
Other financial assets	823	(142)	681	960	(76)	884
TOTAL			**994**			**1,267**

Equity investments in non-consolidated companies are classified at fair value through profit or loss, in accordance with the methods described in Note 2.n.

Other financial assets are measured at amortized cost.

The Group tested its other financial assets for impairment and wrote them down where necessary.

Other financial assets

Other financial assets break down as follows:

(in € millions)	Dec. 31, 2022	Dec. 31, 2023
Loans to non-consolidated companies	150	142
Loans to employees	35	33
Deposits and guarantees	17	21
Investments that do not qualify as cash and cash equivalents	300	415
Other	179	273
TOTAL	**681**	**884**
Non-current	**439**	**414**
Current	**242**	**470**

Loans to non-consolidated companies correspond to revolving credit agreements.

The table below shows movements in other financial assets:

(in € millions)	
At December 31, 2022	**681**
Increase	255
Decrease	(101)
Impairment (reversals/additions)	65
Effect of changes in foreign exchange rates	(2)
Reclassifications	(7)
Change in scope of consolidation	(7)
AT DECEMBER 31, 2023	**884**

NOTE 16 INVESTMENTS IN EQUITY-ACCOUNTED COMPANIES

The Group's share in the net equity of equity-accounted companies breaks down as follows:

(in € millions)	Dec. 31, 2022	Dec. 31, 2023
ArianeGroup	1,268	1,240
Other joint ventures	706	688
TOTAL	**1,974**	**1,928**

Movements in this caption during the period break down as follows:

(in € millions)	
At December 31, 2022	**1,974**
Share in profit (loss) from ArianeGroup	(32)
Share in profit from other joint ventures	131
Dividends received from joint ventures	(16)
Change in scope of consolidation	109
Foreign exchange differences	(33)
Other movements(1)	(205)
AT DECEMBER 31, 2023	**1,928**

(1) *Mainly related to the elimination of the share in intragroup transactions.*

The Group's off-balance sheet commitments with joint ventures are described in Note 33, "Related parties".

The Group has interests in the following joint ventures which are accounted for using the equity method. The breakdown by operating segment is as follows:

- Aerospace Propulsion:
  - CFM Materials LP: sale of used CFM56 parts;
  - Shannon Engine Support Ltd: leasing of CFM56 and LEAP engines, modules, equipment and tooling to airline companies;
  - Initium Aerospace: design and manufacture of auxiliary power units;
  - ArianeGroup and its subsidiaries: space launchers and military activities;
  - AD Holding and its subsidiaries: specialty steels and superalloys;
  - Roxel SAS: holding company;
  - Roxel France SA: motors for tactical missiles;
  - Roxel Ltd: motors for tactical missiles.
- Aircraft Equipment, Defense and Aerosystems:
  - Fadec International LLC: digital engine control systems;
  - HMS Laser: holding company and its subsidiary CILAS: manufacture of military lasers;
  - Lynred: manufacture of infrared detectors;
  - Safran Martin-Baker France: manufacture of ejectable seating;
  - SAIFEI: electrical wiring;
  - Xi'an Cea Safran Landing Systems Co., Ltd: landing gear maintenance;
  - A-Pro: repair of landing gear for regional and business jets.
- Aircraft Interiors:
  - EZ Air Interior Ltd: cabin interiors.

ArianeGroup is the Group's sole material joint venture.

Financial information for ArianeGroup can be summarized as follows:

(in € millions)	Dec. 31, 2022	Dec. 31, 2023
Non-current assets	1,643	1,667
Current assets	6,841	7,362
■ of which: cash and cash equivalents	1,409	1,219
Non-current liabilities	(909)	(1,116)
■ of which: non-current financial liabilities	(358)	(334)
Current liabilities	(7,790)	(8,155)
■ of which: current financial liabilities	(59)	(85)
Non-controlling interests	2	16
Net assets of ArianeGroup (excl. goodwill and PPA) – Attributable to owners of the parent (based on a 100% interest)	**(213)**	**(226)**
Equity share in net assets of ArianeGroup (excl. goodwill and PPA) (based on a 50% interest)	(107)	(113)
Purchase price allocation, net of deferred taxes	201	179
Safran equity share – Net assets of ArianeGroup	**94**	**66**
Goodwill	**1,174**	**1,174**
CARRYING AMOUNT OF INVESTMENT IN ARIANEGROUP	**1,268**	**1,240**

(in € millions)	2022	2023
Revenue	2,357	2,298
Depreciation, amortization and impairment	(7)	(122)
Cost of borrowings	(10)	(10)
Interest income	2	38
INCOME TAX BENEFIT (EXPENSE)	**(19)**	**4**

(in € millions)	2022	2023
Profit (loss) for the period attributable to ArianeGroup	**32**	**(19)**
Other comprehensive income	71	6
Total comprehensive income (expense) attributable to ArianeGroup	**103**	**(13)**
Safran equity share – Profit (loss) for the period	16	(10)
Amortization of purchase price allocation, net of deferred taxes	(24)	(22)
Changes in scope of consolidation	(2)	-
Safran equity share – Profit (loss) of ArianeGroup	**(10)**	**(32)**
Impairment losses	(58)	-
Safran equity share – Other comprehensive income	35	3
Safran equity share – Comprehensive income (expense) of ArianeGroup	**(33)**	**(29)**

ArianeGroup did not pay any dividends in 2023.

ArianeGroup has announced the postponement of the inaugural flight of the Ariane 6 launcher until summer 2024.

The impairment test on the equity-accounted investments was updated at December 31, 2023, using the information available at that date.

The growth rate used to calculate the terminal value was set at 2%, unchanged from 2022. The benchmark discount rate used was 8.5%.

Based on this test, no write-down was recognized.

The Group analyzed the sensitivity of the investments to a 0.5% increase in the benchmark discount rate used (i.e., a rate of 9%). Under this assumption, the recoverable amount of the investments would be slightly below their carrying amount in the Group's consolidated financial statements.

The contribution of other joint ventures to the Group's comprehensive income was as follows:

(in € millions)	2022	2023
Profit for the period	83	131
Other comprehensive income (expense)	32	(26)
TOTAL COMPREHENSIVE INCOME	**115**	**105**

NOTE 17 INVENTORIES AND WORK-IN-PROGRESS

Inventories and work-in-progress break down as follows:

(in € millions)	Dec. 31, 2022 Net	Dec. 31, 2023 Net
Raw materials and supplies	1,543	1,934
Finished goods	2,953	3,429
Work-in-progress	1,895	2,410
Bought-in goods	17	130
TOTAL	**6,408**	**7,903**

Movements in inventories and work-in-progress can be analyzed as follows:

(in € millions)	Gross	Impairment	Net
At December 31, 2022	**7,470**	**(1,062)**	**6,408**
Movements during the period	1,492	-	1,492
Net impairment expense	-	(58)	(58)
Reclassifications	14	1	15
Changes in scope of consolidation	91	(17)	74
Foreign exchange differences	(29)	1	(28)
AT DECEMBER 31, 2023	**9,038**	**(1,135)**	**7,903**

NOTE 18 CONTRACT COSTS

Changes in assets recognized in respect of costs incurred to obtain or fulfill contracts entered into with customers can be analyzed as follows:

	Dec. 31, 2022			Dec. 31, 2023		
(in € millions)	Gross	Impairment	Net	Gross	Impairment	Net
Costs to obtain contracts	-	-	-	-	-	-
Costs to fulfill contracts	719	(55)	664	818	(65)	753
CONTRACT COSTS	**719**	**(55)**	**664**	**818**	**(65)**	**753**

NOTE 19 TRADE AND OTHER RECEIVABLES

(in € millions)	Dec. 31, 2022 Net	Movements during the period	Impairment/ reversal	Changes in scope of consolidation	Reclassifications	Effect of changes in foreign exchange rates	Dec. 31, 2023 Net
Operating receivables	**6,981**	**1,254**	**2**	**31**	**(9)**	**(19)**	**8,240**
Debit balances on trade payables/ advance payments to suppliers	972	424	(2)	1	1	-	1,396
Trade receivables	5,999	831	4	30	(10)	(19)	6,835
Operating current accounts	2	(1)	-	-	-	-	1
Employee-related receivables	8	-	-	-	-	-	8
Other receivables	**923**	**235**	**(2)**	**20**	**2**	**(1)**	**1,177**
Prepayments	131	55	-	1	-	-	187
VAT receivables	530	178	-	13	(1)	3	723
Other State receivables	59	13	-	-	-	-	72
Other receivables	203	(11)	(2)	6	3	(4)	195
TOTAL	**7,904**	**1,489**	**-**	**51**	**(7)**	**(20)**	**9,417**

The table below shows changes in trade and other receivables:

(in € millions)	Gross	Impairment	Net
At December 31, 2022	**6,381**	**(382)**	**5,999**
Short-term changes	831	-	831
Net impairment	-	4	4
Reclassifications	(8)	(2)	(10)
Changes in scope of consolidation	30	-	30
Foreign exchange differences	(20)	1	(19)
AT DECEMBER 31, 2023	**7,214**	**(379)**	**6,835**

Trade and other receivables fall due as shown below:

(in € millions)	Carrying amount at year-end	Not past due	Past due at year-end (in days)					Total past due
			< 30	31-90	90-180	181-360	> 360	
At December 31, 2022								
Trade receivables	5,999	5,197	257	180	119	83	163	802
AT DECEMBER 31, 2023								
Trade receivables	6,835	5,964	367	188	132	95	89	871

In both 2023 and 2022, the Group sold trade receivables as part of an agreement described in further detail in Note 27, “Interest-bearing financial liabilities”. Under IFRS, these receivables must be removed from the balance sheet.

NOTE 20 CONTRACT ASSETS AND LIABILITIES

Contract assets can be analyzed as follows:

(in € millions)	Dec. 31, 2022	Dec. 31, 2023
Contract assets, gross	1,998	2,173
Impairment	(16)	(16)
CONTRACT ASSETS, NET	**1,982**	**2,157**

Changes in contract assets can be analyzed as follows:

(in € millions)	
At December 31, 2022	**1,982**
Reclassification of contract assets in trade and other receivables	(474)
Changes relating to revenue recognized over time	612
Other changes	38
Impairment	-
Foreign exchange differences	(1)
AT DECEMBER 31, 2023	**2,157**

Contract liabilities can be analyzed as follows:

(in € millions)	Dec. 31, 2022	Dec. 31, 2023
Advances and downpayments received	5,878	7,132
Deferred income	5,101	5,818
Other contract liabilities	1,777	2,079
TOTAL	**12,756**	**15,029**

Changes in contract liabilities can be analyzed as follows:

(in € millions)	
At December 31, 2022	**12,756**
Increase in amounts received net of revenue recognized in the period	4,044
Revenue recognized in the period and included in the opening balance of contract liabilities	(1,733)
Other changes	(61)
Change in scope of consolidation	34
Foreign exchange differences	(11)
AT DECEMBER 31, 2023	**15,029**

Deferred income mainly includes funding received for development work and under service contracts based on flight hours or landings that has not yet been recognized in revenue. In 2023, funding received for development work and under service contracts based on flight hours or landings was €675 million more than the revenue recognized.

NOTE 21 CASH AND CASH EQUIVALENTS

The main types of investments used by Safran are summarized in the table below:

(in € millions)	Dec. 31, 2022	Dec. 31, 2023
Money-market funds and marketable securities[1]	76	842
Term deposits	4,246	4,108
Sight deposits	2,365	1,726
TOTAL	**6,687**	**6,676**

(1) Including €92 million in money-market funds at December 31, 2023 (€76 million at December 31, 2022).

Money-market funds are classified within Level 1 of the IFRS 13 fair value hierarchy.

Term deposits at December 31, 2023 include €2,000 million in investments falling within the scope of master agreements governing the subscription of OTC derivatives with bank counterparties (see Note 22, "Summary of financial assets").

The table below presents changes in cash and cash equivalents:

(in € millions)	
At December 31, 2022	**6,687**
Movements during the period	(26)
Changes in scope of consolidation	16
Foreign exchange differences	(1)
AT DECEMBER 31, 2023	**6,676**

NOTE 22 SUMMARY OF FINANCIAL ASSETS

The following table presents the carrying amount of the Group's financial assets at December 31, 2023 and 2022:

	Carrying amount				
	At amortized cost	At fair value			Total
At December 31, 2023 *(in € millions)*	Amortized cost (a)	Fair value through profit or loss (b)	Fair value through equity (OCI) to be reclassified (c)	Fair value through equity (OCI) not to be reclassified (d)	= a+b+c+d
Non-current financial assets					
Non-consolidated investments		383			383
Non-current derivatives (positive fair value)		-			-
Other non-current financial assets	414				414
Sub-total: non-current financial assets	**414**	**383**	**-**	**-**	**797**
Other current financial assets	470				470
Current derivatives (positive fair value)		1,577			1,577
Trade receivables	6,835				6,835
Operating current accounts and other receivables	196				196
Cash and cash equivalents	6,584	92			6,676
Sub-total: current financial assets	**14,085**	**1,669**	**-**	**-**	**15,754**
TOTAL FINANCIAL ASSETS	**14,499**	**2,052**	**-**	**-**	**16,551**

	Carrying amount				
	At amortized cost	At fair value			Total
At December 31, 2022 *(in € millions)*	Amortized cost (a)	Fair value through profit or loss (b)	Fair value through equity (OCI) to be reclassified (c)	Fair value through equity (OCI) not to be reclassified (d)	= a+b+c+d
Non-current financial assets					
Non-consolidated investments		313			313
Non-current derivatives (positive fair value)		18			18
Other non-current financial assets	439				439
Sub-total: non-current financial assets	**439**	**331**	**-**	**-**	**770**
Other current financial assets	242				242
Current derivatives (positive fair value)		540			540
Trade receivables	5,999				5,999
Operating current accounts and other receivables	205				205
Cash and cash equivalents	6,611	76			6,687
Sub-total: current financial assets	**13,057**	**616**	**-**	**-**	**13,673**
TOTAL FINANCIAL ASSETS	**13,496**	**947**	**-**	**-**	**14,443**

Impairment of financial assets/Credit risk exposure

Within financial assets carried at amortized cost, only trade receivables are written down using the simplified impairment approach set out in IFRS 9.

Reclassification of financial assets

The Group did not reclassify any financial assets between the "amortized cost" and "fair value" categories in either 2023 or 2022.

Fair value of financial assets

The fair value of financial assets recorded at amortized cost is close to their carrying amount.

Safran uses the fair value hierarchy set out in IFRS 13 to determine the classification of financial assets at fair value:

- Level 1: inputs that reflect quoted prices for identical assets or liabilities in active markets;
- Level 2: directly or indirectly observable inputs other than quoted prices for identical assets or liabilities in active markets;
- Level 3: unobservable inputs.

At December 31, 2023, the Group carried the following financial assets at fair value:

(in € millions)	Level 1	Level 2	Level 3	Total
Non-consolidated investments	-	-	383	383
Derivatives (positive fair value)	-	1,577	-	1,577
Cash and cash equivalents	92	-	-	92
TOTAL	**92**	**1,577**	**383**	**2,052**

At December 31, 2022, the Group carried the following financial assets at fair value:

(in € millions)	Level 1	Level 2	Level 3	Total
Non-consolidated investments	-	-	313	313
Derivatives (positive fair value)	-	558	-	558
Cash and cash equivalents	76	-	-	76
TOTAL	**76**	**558**	**313**	**947**

No items were transferred between Level 1 and Level 2 or to/from Level 3 in either 2023 or 2022.

Offsetting of financial assets and financial liabilities

At December 31, 2023 *(in € millions)*	Gross carrying amount (a)	Amount offset (b)	Net amount on the balance sheet[1] (c)	Amount subject to offset agreement but not offset (d)	Net (c) – (d)
Derivatives (positive fair value)	1,577	-	1,577	555	1,022

(1) See Note 31, "Management of market risks and derivatives".

At December 31, 2022 *(in € millions)*	Gross carrying amount (a)	Amount offset (b)	Net amount on the balance sheet[1] (c)	Amount subject to offset agreement but not offset (d)	Net (c) – (d)
Derivatives (positive fair value)	558	-	558	555	3

(1) See Note 31, "Management of market risks and derivatives".

The tables above show the financial assets for which an offsetting agreement exists with respect to financial liabilities.

The Group does not offset financial assets against financial liabilities in its balance sheet at December 31, 2023 or December 31, 2022, since the requisite conditions set out in IAS 32 are not met. Master offsetting (netting) agreements governing the subscription of OTC derivatives with bank counterparties provide for a right of set-off only in the event of default, insolvency or bankruptcy of one of the parties to the agreement.

The amounts subject to an offset agreement but not offset comprise a portion of the Group's derivatives with a negative fair value, since amounts can only be offset if they relate to the same counterparty.

NOTE 23 CONSOLIDATED SHAREHOLDERS' EQUITY

a) Share capital

At December 31, 2023, Safran's share capital amounted to €85,452,108.20, comprising 427,260,541 fully paid-up shares with a par value of €0.20 each, all in the same class.

Safran's equity does not include any equity instruments issued other than its shares.

b) Breakdown of share capital and voting rights

Changes in the breakdown of share capital and voting rights are as follows:

December 31, 2022

Shareholders	Number of shares	% share capital	Number of voting rights[1]	% voting rights[1]
Free float	347,795,090	81.40%	388,799,278	71.95%
French State	47,983,131	11.23%	95,966,262	17.76%
Employees[2]	28,780,560	6.74%	55,590,234	10.29%
Treasury shares	2,687,189	0.63%	-	-
TOTAL	**427,245,970**	**100.00%**	**540,355,774**	**100.00%**

(1) Exercisable voting rights.
(2) Employee shareholding within the meaning of Article L.225-102 of the French Commercial Code.

December 31, 2023

Shareholders	Number of shares	% share capital	Number of voting rights[1]	% voting rights[1]
Free float	339,335,048	79.42%	380,742,136	72.12%
French State	47,983,131	11.23%	95,966,262	18.18%
Employees[2]	26,208,937	6.13%	51,256,826	9.71%
Treasury shares	13,733,425	3.22%	-	-
TOTAL	**427,260,541**	**100.00%**	**527,965,224**	**100.00%**

(1) *Exercisable voting rights.*
(2) *Employee shareholding within the meaning of Article L.225-102 of the French Commercial Code.*

Each share carries entitlement to one vote. Shares held in registered form for over two years have double voting rights.

The 13,733,425 treasury shares have no voting rights.

At December 31, 2023, the total number of shares includes 14,571 shares issued during first-half 2023 further to the exercise of stock subscription options resulting from employee commitments undertaken by Zodiac Aerospace, transferred to Safran following the Zodiac Aerospace merger on December 1, 2018, based on the exchange ratio used for the merger.

The last stock subscription option plan expired in February 2023.

Treasury shares

The number of treasury shares has increased since December 31, 2022 following:

- the purchase of 7,089,693 shares as part of the liability management transaction in respect of the 2027 OCEANEs, announced in October 2022 and aimed at neutralizing the potential dilutive effect of the convertible bonds;
- the purchase of 2,030,720 shares in connection with the implementation of a new share buyback program with the aim of neutralizing the potential dilutive effect of convertible bonds (OCEANE 2028);
- the purchase of 2,055,693 shares in connection with the implementation of a share buyback program for allocation or sale to employees or corporate officers of Group companies;
- the sale of 127,704 shares under the Group's liquidity agreement, net of shares purchased;
- the delivery of 2,166 shares under employee shareholding plans.

The Annual General Meeting has authorized the Board of Directors to buy and sell shares in the Company in accordance with the applicable laws and regulations.

An authorization granted by the Annual General Meeting of May 25, 2023 and valid for 18 months set the maximum purchase price at €175 per share, thereby superseding the authorization granted by the Annual General Meeting of May 25, 2022.

Pursuant to these authorizations and to the liquidity agreement signed in 2012 with Oddo BHF, during 2023 the Company purchased 2,723,347 shares for €389 million and sold 2,851,051 shares for €407 million.

At December 31, 2023, 94,431 shares were held in connection with the liquidity agreement.

On October 28, 2022, upon the publication of its third-quarter revenue, Safran announced a liability management transaction in respect of the 2027 OCEANEs, with the buyback of up to 9.4 million shares to hedge the potential dilution of the 2027 convertible bonds.

After having launched a buyback tranche of €275 million for 2,373,547 shares in 2022, in 2023 Safran signed:

- a share purchase agreement with an investment services firm on January 13, 2023 for a second buyback tranche of up to €650 million, expiring on March 31, 2023 at the latest;
- a share purchase agreement with an investment services firm on April 7, 2023 for a third buyback tranche of up to €350 million, expiring on June 9, 2023 at the latest.

The three tranches have been completed, involving the purchase of 9,463,240 shares for €1,222 million. The entire 9.4 million share buyback program has therefore been completed.

These treasury shares will be delivered to holders of 2027 OCEANE bonds if and when they exercise their conversion right.

On July 28, 2023, Safran entered into an agreement with an investment services provider to buy back its own shares for allocation to employees or corporate officers, up to a maximum of €300 million.

This program ran from August 1, 2023 to September 11, 2023, with 2,055,693 shares bought back for a total of €300 million.

At the time of publishing its first-half earnings on July 27, 2023, Safran announced the launch of a share buyback program under which it would repurchase up to approximately 4 million of its own shares (around 0.95% of its capital) to hedge the potential dilution related to its OCEANE convertible bonds maturing in 2028.

On September 22, 2023, Safran entered into an agreement with an investment services provider for the implementation of a first tranche of this buyback program for up to €350 million, to be completed no later than November 17, 2023. The first tranche has been successively completed, with a total of 2,030,720 shares bought back under the agreement for a total amount of €302 million.

On January 12, 2024, Safran entered into an agreement with an investment services provider for the implementation of a new tranche of the repurchase of its own shares in order to enable, on the one hand, the delivery of shares in case of conversion of its convertible bonds maturing in 2028, and on the other hand, the allocation or sale of shares to employees or officers of Safran or other Group companies. Under the terms of this agreement, Safran will repurchase ordinary shares for a maximum amount of €450 million from January 16, 2024 and no later than March 1, 2024. This operation will be carried out in accordance with the share buyback authorization granted on May 25, 2023 by the Annual General Meeting, which has set the maximum purchase price at €175 per share.

c) Share-based payment

Performance shares

The Board of Directors periodically grants performance shares to Group employees and corporate officers.

The plans set up are considered equity-settled under IFRS 2, as they are settled in shares.

The vesting of these performance shares is subject to the achievement of internal and external performance conditions, which are assessed over three full consecutive fiscal years, including the year in which the performance shares are granted. In addition, the shares will only vest if the beneficiaries still form part of the Group at the vesting date (see section 6.6.5.2 of the 2022 Universal Registration Document).

The rights to the free shares were measured at fair value at the grant date. The Black & Scholes model was used to model the fair value of the free shares subject to the performance condition linked to trends in the Safran share price over the three-year vesting period. In accordance with IFRS 2, the fair value measurement takes into account the opportunity cost of not receiving dividends during the vesting period.

Safran periodically reviews the number of free shares to be delivered in light of the continuing service conditions and internal and external performance conditions.

In the Group's consolidated financial statements, the payroll cost relating to plans not yet fully vested is recognized against equity on a straight-line basis over the vesting period (i.e., 36 months). The expense is determined on the basis of previous valuations and revised assumptions concerning internal conditions and the number of shares still outstanding.

The Group set up a performance share plan on March 23, 2023 covering 799,866 shares. Shares under this plan will only vest if certain internal and external performance conditions are met, as assessed over three fiscal years, and provided the beneficiaries still form part of the Group at the vesting date.

Key details of outstanding performance share plans at December 31, 2023 are shown below:

	2021 performance shares	2022 performance shares	2023 performance shares
Shareholder authorization	May 23, 2019	May 26, 2021	May 26, 2021
Grant date by the Board of Directors	March 24, 2021	March 24, 2022	March 23, 2023
Vesting date	March 25, 2024	March 25, 2025	March 23, 2026
Share price at the grant date	€116.65	€104.56	€134.70
Number of beneficiaries at the grant date	760	964	1,127
Number of performance shares granted	730,940	784,171	799,866
Number of shares canceled or forfeited	(67,664)	(19,929)	(6,600)
Number of shares delivered	(2,080)	(1,920)	-
NUMBER OF PERFORMANCE SHARES OUTSTANDING AT DECEMBER 31, 2023	**661,196**	**762,322**	**793,266**

The share-based payment expense for these performance share plans, recognized within personnel costs under “Other employee costs”, totaled €64.2 million in 2023 (€32.9 million in 2022).

Free Share Grant

In accordance with the authorization granted by the Annual General Meeting of May 25, 2023, the Board of Directors decided at its meeting on the same date to grant free Company shares to Safran Group employees.

Under the grant, employees of Group companies worldwide and on the payroll at February 25, 2023, i.e., 85,519 employees, each received 10 shares.

The shares granted are subject to a two-year vesting period. They do not include any specific performance conditions, other than beneficiaries forming part of the Group during the vesting period (continuing service condition).

All the free shares granted by Safran will be equity-settled, except in countries where regulatory, tax or labor conditions do not allow for free share grants. In such countries, plan beneficiaries (1,384 employees outside France identified at the grant date) will receive a cash amount valued at the average price of the Safran share over the 20 trading days preceding the delivery date of the shares.

The rights to the free shares were measured at fair value at the grant date. The value of the shares at the grant date was reduced by the estimated present value of the future dividends that will not be paid to employees during the vesting period.

As the plan is paid out in the form of equity instruments, the total cost of the plan is calculated and fixed at the grant date.

The number of instruments that Safran expects to deliver to beneficiaries includes the impact of employee turnover.

As the vesting of the free shares is subject to a continuing service condition, the payroll cost is recognized on a straight-line basis over the vesting period (i.e., 24 months), with an offsetting entry in equity. Safran will periodically review the number of free shares to be delivered according to employee turnover assumptions. Where appropriate, the impact of revised estimates will be reflected in the income statement.

The expense recognized at December 31, 2023 in respect of the free shares, including social security contributions, was €31 million.

Terms and conditions of the free share grant

	France	International
Date of the Annual General Meeting	May 25, 2023	May 25, 2023
Grant date(1)	May 25, 2023	May 25, 2023
Vesting date(2)	May 28, 2025	May 28, 2025
Estimated number of beneficiaries at the grant date	45,954	39,565
Number of shares per employee	10	10
Total number of shares approved at the grant date	459,540	395,650
Probable number of shares to be delivered including impact of employee turnover	391,495	232,150
Share price at the grant date	€137.14	€137.14
Fair value of the shares at the grant date(3)	€134.04	€134.04

(1) Date of the Board of Directors' decision to grant the shares.
(2) The shares will vest subject to the beneficiary forming part of the Group at the vesting date.
(3) The fair value of the shares is determined on the basis of the share price at the grant date, as adjusted for dividends expected during the vesting period.

d) Convertible bond issues

2020-2027 OCEANEs

On May 15, 2020, Safran issued 7,391,665 bonds convertible into new shares and/or exchangeable for existing shares ("OCEANEs") (the "initial bonds"), each with a par value of €108.23, i.e., representing a total nominal amount of €800 million. The issue price of the initial bonds was 100% of par.

On October 12, 2020, Safran carried out a tap issue of 1,847,916 bonds convertible into new shares and/or exchangeable for existing shares ("OCEANEs") (the "additional bonds"), each with a par value of €108.23, i.e., representing a total nominal amount of €200 million. The additional bonds were issued at a price of €118 per bond, representing a total issue price of €218 million.

The additional bonds carry the same terms and conditions (with the exception of the issue price) as the initial bonds, with which they are fully fungible and with which they form a single series.

The bonds bear interest at an annual rate of 0.875%, payable annually in arrears.

Bondholders have the option of converting their bonds into shares. This option can be exercised at any point from the issue date until the seventh trading day (exclusive) preceding the standard or early redemption date.

Following the June 1, 2023 dividend payment and in accordance with the terms and conditions of the bonds, the bond conversion ratio has been 1.019 shares for 1 bond since June 1, 2023. This conversion ratio, which was previously 1.009 shares for 1 OCEANE 2027 bond, was calculated by the bond calculation agent in accordance with the calculation formula stipulated in the terms and conditions of the bonds based on the following inputs:

- previous bond conversion ratio: 1.009 shares for 1 bond;
- share price: €138.22909;
- dividend per share paid in 2023 in respect of 2022: €1.35.

The bonds come with an early redemption option that the bearer may trigger in the event of a change of control and that the issuer may trigger (i) as from June 5, 2024, if the share price multiplied by the bond conversion ratio exceeds 130% of the par value of the bonds or (ii) at any time, if the number of bonds outstanding represents less than 20% of the number of bonds originally issued.

Unless converted, redeemed or repurchased and canceled prior to maturity, the bonds are redeemable at par on May 15, 2027.

The potential dilution of the 2027 OCEANEs was hedged by the share buyback program (9.4 million shares) as described in Note 18.b above.

OCEANEs are deemed a hybrid instrument comprising equity and debt.

After deducting issuance fees, a total of €760 million was recognized under interest-bearing financial liabilities for the initial bonds on the issue date, corresponding to the present value of cash flows from a similar bond with no conversion rights (see Note 27, "Interest-bearing financial liabilities").

The effective annual interest rate on the liability component is 1.63% including issuance fees.

After deducting issuance fees, a total of €197 million was recognized under interest-bearing financial liabilities for the additional bonds on the issue date, corresponding to the present value of cash flows from a similar bond with no conversion rights (see Note 27, "Interest-bearing financial liabilities").

The effective annual interest rate on the liability component is 1.154% including issuance fees.

The option component recognized in equity for the initial bonds was valued at €33 million on the issue date, or €24 million after the deferred tax impact.

The option component recognized in equity for the additional bonds was valued at €20 million on the issue date, or €15 million after the deferred tax impact.

2021-2028 OCEANEs

On June 14, 2021, Safran issued 4,035,601 bonds convertible into new shares and/or exchangeable for existing shares ("OCEANEs"), each with a par value of €180.89, i.e., representing a total nominal amount of €730 million.

The bonds do not carry any coupon.

The bonds were issued at a price of €187.22 per bond, representing a total issue price of €756 million.

Bondholders have the option of converting their bonds into shares. This option can be exercised at any point from the issue date until the seventh trading day (exclusive) preceding the standard or early redemption date.

Following the June 1, 2023 dividend payment and in accordance with the terms and conditions of the bonds, the bond conversion ratio has been 1.003 shares for 1 bond since June 1, 2023. This conversion ratio, which was previously 1 share for 1 OCEANE 2028 bond, was calculated by the bond calculation agent in accordance with the calculation formula stipulated in the terms and conditions of the bonds based on the following inputs:

- previous bond conversion ratio: 1 share for 1 bond;
- share price: €138.22909;
- dividend per share paid in 2023 in respect of 2022: €1.35.

The bonds come with an early redemption option that the bearer may trigger in the event of a change of control and that the issuer may trigger (i) as from April 1, 2025, if the share price multiplied by the bond conversion ratio exceeds 130% of the par value of the bonds or (ii) at any time, if the number of bonds outstanding represents less than 20% of the number of bonds originally issued.

Unless converted, redeemed or repurchased and canceled prior to maturity, the bonds are redeemable at par on April 1, 2028.

OCEANEs are deemed a hybrid instrument comprising equity and debt.

After deducting issuance fees, a total of €712 million was recognized under interest-bearing financial liabilities, corresponding to the present value of cash flows from a similar bond with no conversion rights (see Note 27, "Interest-bearing financial liabilities").

The effective annual interest rate on the liability component is 0.376% including issuance fees.

The option component recognized in equity was valued at €39 million on the issue date, or €29 million after the deferred tax impact.

e) Dividend distribution

At the Annual General Meeting of May 25, 2023, the shareholders approved a dividend payment of €1.35 per share in respect of 2022. The dividend was paid on June 1, 2023, entirely in cash.

At the Annual General Meeting to be held on May 23, 2024 to approve the financial statements for the year ended December 31, 2023, the Board of Directors will recommend a dividend payment of €2.20 per share in respect of 2023, representing a total payout of €940 million.

NOTE 24 PROVISIONS

Provisions break down as follows:

			Reversals					
(in € millions)	Dec. 31, 2022	Additions	Utilizations(1)	Reclassifications(1)	Surplus(2)	Changes in scope of consolidation	Other	Dec. 31, 2023
Performance warranties	1,068	295	(145)	(1)	(185)	4	(2)	1,034
Financial commitments linked to the sale of Group products	-	3	-	-	-	-	(1)	2
Post-employment benefits(3)	622	63	(73)	-	(1)	10	69	690
Sales agreements	188	80	(41)	-	(52)	-	(1)	174
Provisions for losses on completion and losses arising on delivery commitments	325	74	(32)	(3)	(93)	7	(1)	277
Disputes and litigation	34	9	(11)	-	(6)	16	(1)	41
Other	330	169	(81)	-	(20)	(7)	2	393
TOTAL	**2,567**	**693**	**(383)**	**(4)**	**(357)**	**30**	**65**	**2,611**
Non-current	**1,549**							**1,547**
Current	**1,018**							**1,064**

(1) These reversals in respect of expenses for the period or reclassifications had no impact on profit for the period.
(2) Including the foreign exchange difference resulting from fluctuations in the EUR/USD exchange rate in 2023.
(3) Of which a positive €64 million within "Other", corresponding to the impact of changes in the discount and inflation rates, which is recorded through equity.

The impacts on the income statement of overall movements in provisions can be analyzed as follows:

(in € millions)	2023
Additions (-)/Reversals (+) recognized in recurring operating income with income statement impact	(321)
Utilization of provisions against operating expenses and therefore with no income statement impact	375
Additions (-)/Reversals (+) recognized in non-recurring operating income	1
Additions (-)/Reversals (+) recognized in financial income (loss)	(4)
TOTAL	**51**

NOTE 25 POST-EMPLOYMENT BENEFITS

The Company has various obligations under defined benefit plans, retirement termination benefits and other commitments, mainly in France, the United States and the United Kingdom. The accounting treatment applied to these commitments is detailed in Note 2.t., "Commitments".

In addition, French law no. 2023-270 of April 14, 2023 amending the Social Security Financing Act for 2023 has reformed pensions in France by changing the conditions for exercising rights under pension plans, namely increasing the retirement age and extending the contribution period.

The consequences of the reform constitute a plan amendment within the meaning of IAS 19, whose impact is recognized directly in the income statement under past service cost.

In 2023, the impact of the pension reform on all plans operated by French entities was income of €6 million.

a) Presentation of post-employment benefits

France

Defined benefit pension plans

This heading includes a defined benefit supplementary pension plan that was closed to new entrants on December 31, 2017 and under which all conditional entitlements were frozen as of December 31, 2016.

The beneficiaries of this closed plan are Group executive managers with five years' service at December 31, 2017.

Retirement termination benefits

This heading includes obligations in respect of statutory termination benefits due on retirement and supplementary payments required by the collective bargaining agreement for the metallurgy industry.

Other long-term benefits

In France, other long-term benefits mainly comprise obligations in respect of long-service awards and bonuses.

United Kingdom

Defined benefit pension plans

There are three pension funds in place at Safran Landing Systems UK Ltd/Safran Landing Systems Services UK Ltd, Safran Nacelles Ltd and Safran UK. These pension funds have been contracted out, which means they replace the mandatory supplementary pension plan. The funds are managed by trustees. Beneficiaries no longer accrue any rights under these plans.

The pension funds include benefits payable by the British government. Safran has taken note of the Virgin Media Ltd. case heard by the High Court which, in the case of plan amendments, requires a certificate be provided showing that the changes made comply with applicable laws. Plans cannot be amended if no such certificate can be provided. Safran is currently analyzing the potential risks to its funds arising from this case law. It is unable to quantify the related impact of this decision (if any) at the reporting date.

Rest of the world

The Group offers its other employees post-employment benefits and long-service bonuses in accordance with local laws and practices. The main regions concerned in relation to continuing operations are:

- Americas: pension funds in the United States (now frozen) and Canada, retirement termination benefits in Mexico;
- Europe: pension funds in Switzerland, pension funds and retirement termination benefits in Belgium, pension funds and long-service bonuses in Germany, and retirement termination benefits and long-service bonuses in Poland.

b) Financial position

(in € millions)	Dec. 31, 2022	Dec. 31, 2023	France	United Kingdom	Rest of the world
Gross obligation	1,230	1,333	571	414	348
Plan assets	670	686	3	431	252
Provision recognized in the accounts	**622**	**690**	**568**	**24**	**98**
■ Defined benefit pension plans	92	110	11	24	75
■ Retirement termination benefits	479	526	508	-	18
■ Long-service bonuses and other employee benefits	51	54	49	-	5
RECOGNIZED NET PLAN ASSETS	**(62)**	**(43)**	**-**	**(41)**	**(2)**

(in € millions)	Dec. 31, 2022	Dec. 31, 2023	Defined benefit pension plans	Retirement termination benefits	Long-service bonuses and other long-term benefits
Gross obligation	1,230	1,333	753	526	54
Plan assets	670	686	686	-	-
Provision recognized in the accounts	**622**	**690**	**110**	**526**	**54**
RECOGNIZED NET PLAN ASSETS	**(62)**	**(43)**	**(43)**	**-**	**-**

The increase in the gross obligation results from the following cumulative impacts:

- an increase in the obligation resulting from the revised financial assumptions (discount and inflation rates) used to determine the benefit obligation in the United Kingdom and the eurozone;
- an increase in the obligation resulting from the appreciation of the pound sterling.

The value of plan assets also increased during the year due to the returns on pension fund assets in the United Kingdom relative to the discount rate and the appreciation of the pound sterling.

The cost of the Group's pension obligations in 2022 and 2023 can be analyzed as follows:

(in € millions)	2022	2023
Current service cost	(54)	(45)
Actuarial gains and losses recognized (on other long-term benefits)	12	2
Plan implementation, amendment and settlement	(7)	8
Plan administration costs	(1)	(1)
Total operating component of the pension expense	**(50)**	**(36)**
Interest cost on the net benefit obligation	(6)	(18)
Total financing component of the pension expense	**(6)**	**(18)**
TOTAL	**(56)**	**(54)**

The Group expects to pay a total of €23 million into its defined benefit pension plans in 2024.

Main assumptions used to calculate the gross benefit obligation:

		Eurozone	United Kingdom
Discount rate	2022	3.70%	4.70%
	2023	**3.20%**	**4.50%**
Inflation rate	2022	2.00%	3.25%
	2023	**2.00%**	**3.00%**
Rate of annuity increases	2022	1.00%	3.25%
	2023	**1.00%**	**3.00%**
Rate of future salary increases	2022	0.81%-5.43%	N/A
	2023	**0.81%-5.43%**	**N/A**
Retirement age	2022	Managerial: 64/65 years	65 years
		Non-managerial: 62/65 years	
	2023	**Age at full rate**	**65 years**

The discount rates are determined by reference to the yield on private investment-grade bonds (AA). The Group refers to the iBoxx index to calculate the benefit obligations in its two main regions (eurozone and United Kingdom).

Sensitivity analysis

An increase or decrease of 0.5% in the main assumptions would have the following impacts on the amount of the gross benefit obligation at December 31, 2023:

(in € millions)		
Sensitivity (basis points)	**-0.50%**	**+0.50%**
Discount rate	80	(72)
Inflation rate	(30)	30
Rate of future salary increases	(33)	36

For the purpose of the analysis, it was assumed that all other variables remained the same.

The change in the value of the gross projected benefit obligation would have mainly affected actuarial gains and losses recognized in other comprehensive income.

c) Change in the gross benefit obligation and plan assets

Change in the gross benefit obligation

(in € millions)	2022	2023	Defined benefit pension plans	Retirement termination benefits	Long-service bonuses and other employee benefits
GROSS BENEFIT OBLIGATION AT BEGINNING OF PERIOD	**1,654**	**1,230**	**700**	**479**	**51**
A. PENSION EXPENSE					
Current service cost	54	45	11	29	5
Actuarial gains and losses recognized (on other long-term benefits)	(12)	(2)	-	-	(2)
Plan implementation, amendment and settlement	7	(8)	-	(8)	-
Interest cost	24	47	29	16	2
Total expense recognized in the income statement	**73**	**82**	**40**	**37**	**5**
B. ACTUARIAL GAINS AND LOSSES ARISING IN THE PERIOD ON POST-EMPLOYMENT PLANS					
Actuarial gains and losses resulting from changes in demographic assumptions	12	(7)	(8)	1	-
Actuarial gains and losses resulting from changes in financial assumptions	(461)	36	14	22	-
Experience adjustments	34	37	25	12	-
Total revaluation recognized in other comprehensive income for the period	**(415)**	**66**	**31**	**35**	**-**
C. OTHER ITEMS					
Employee contributions	3	4	4	-	-
Benefits paid	(90)	(74)	(36)	(34)	(4)
Changes in scope of consolidation	23	10	-	9	1
Foreign exchange differences	(18)	15	14	-	1
Total other items	**(82)**	**(45)**	**(18)**	**(25)**	**(2)**
GROSS BENEFIT OBLIGATION AT END OF PERIOD	**1,230**	**1,333**	**753**	**526**	**54**
Average weighted term of pension plans	**12**	**13**	**15**	**10**	**8**

Change in the fair value of plan assets

(in € millions)	2022	2023	Defined benefit pension plans	Retirement termination benefits	Long-service bonuses and other employee benefits
FAIR VALUE OF PLAN ASSETS AT BEGINNING OF PERIOD	**944**	**670**	**670**	**-**	**-**
A. INCOME					
Interest income on plan assets	18	29	29	-	-
Plan administration costs	(1)	(1)	(1)	-	-
Total income recognized in the income statement	**17**	**28**	**28**	**-**	**-**
B. ACTUARIAL GAINS AND LOSSES ARISING IN THE PERIOD ON POST-EMPLOYMENT PLANS					
Return on plan assets (excluding interest income component)	(271)	(20)	(20)	-	-
Total revaluation recognized in other comprehensive income for the period	**(271)**	**(20)**	**(20)**	**-**	**-**
C. OTHER ITEMS					
Employee contributions	3	4	4	-	-
Employer contributions	28	24	24	-	-
Benefits paid	(45)	(34)	(34)	-	-
Changes in scope of consolidation	17	1	1	-	-
Foreign exchange differences	(23)	13	13	-	-
Total other items	**(20)**	**8**	**8**	**-**	**-**
FAIR VALUE OF PLAN ASSETS AT END OF PERIOD	**670**	**686**	**686**	**-**	**-**

d) Asset allocation

	United Kingdom % allocation at		Other European countries % allocation at	
	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023
Shares	0.00%	3.68%	26.85%	22.64%
Bonds and debt instruments	78.91%	79.17%	53.26%	58.55%
Property	3.23%	3.09%	13.00%	12.64%
Mutual funds and other diversified funds	13.33%	11.44%	0.59%	0.45%
Cash and cash equivalents	4.53%	2.62%	5.60%	5.30%
Other	0.00%	0.00%	0.70%	0.42%

An active market price exists for all plan assets except property.

In the United Kingdom, the Group's long-term aim is to limit its exposure to defined benefit plans and ultimately endeavor to contract out these obligations to insurance firms under favorable market conditions. In the meantime, the Group is committed to ensuring that its pension obligations are adequately funded.

The Group's investment policy for pension funds in the United Kingdom combines safe harbor investments (in monetary funds, government bonds, bond funds), to secure the medium-term funding of obligations, with riskier investments such as in equity funds and real estate funds, whose expected profitability over the long term guarantees the financial stability of the plans.

e) Contributions to defined contribution plans

Defined contribution plans include statutory, supplementary and additional pension plans (in France: the "Article 83" plan for engineers and managerial-grade employees (*cadres*) and the additional "Article 83" plan and "Article 82" plan for executive managers).

The expense for 2023 recognized in respect of defined contribution plans for continuing operations represented €342 million (€327 million in 2022).

NOTE 26 BORROWINGS SUBJECT TO SPECIFIC CONDITIONS

This caption includes repayable advances granted by public bodies.

Movements in this caption break down as follows:

(in € millions)	
At December 31, 2022	**302**
New advances received	13
Advances repaid	(18)
Sub-total: changes with a cash impact	**(5)**
Cost of borrowings and discounting	7
Foreign exchange differences	-
Other	(1)
Change in scope of consolidation	1
Adjustments to the probability of repayment of advances	(12)
Sub-total: changes with no cash impact	**(5)**
AT DECEMBER 31, 2023	**292**

Estimates as to the repayable amounts and the timing of repayments are made regarding borrowings subject to specific conditions.

Adjustments to the probability of repayment of advances mainly concern civil aircraft programs.

NOTE 27 INTEREST-BEARING FINANCIAL LIABILITIES

Breakdown of interest-bearing financial liabilities:

(in € millions)	Dec. 31, 2022	Dec. 31, 2023
Bond issue	1,595	1,396
Convertible bonds (OCEANEs)	1,692	1,701
Senior unsecured notes (USPP)	1,028	568
Lease liabilities	481	469
Long-term borrowings	582	557
Total non-current interest-bearing financial liabilities (portion maturing in more than 1 year at inception)	**5,378**	**4,691**
Bond issue	-	197
Senior unsecured notes (USPP)	-	453
Lease liabilities	106	111
Long-term borrowings	538	251
Accrued interest not yet due	8	9
Current interest-bearing financial liabilities, long-term at inception	**652**	**1,021**
Negotiable European Commercial Paper (NEU CP)	200	200
Short-term bank facilities and equivalent	425	387
Current interest-bearing financial liabilities, short-term at inception	**625**	**587**
Total current interest-bearing financial liabilities (less than 1 year)	**1,277**	**1,608**
TOTAL INTEREST-BEARING FINANCIAL LIABILITIES(1)	**6,655**	**6,299**

(1) The fair value of interest-bearing financial liabilities amounts to €6,098 million (€6,278 million at December 31, 2022).

Movements in this caption break down as follows:

(in € millions)	
At December 31, 2022	**6,655**
Increase in long-term borrowings at inception (excluding lease liabilities)	17
Decrease in long-term borrowings at inception	(311)
Change in short-term borrowings	(161)
Sub-total: changes with a cash impact	**(455)**
Net increase in lease liabilities	106
Accrued interest	1
Changes in scope of consolidation	17
Foreign exchange differences	(45)
Change in the fair value of borrowings hedged with interest rate instruments[1]	15
Reclassifications and other	5
Sub-total: changes with no cash impact	**99**
AT DECEMBER 31, 2023	**6,299**

(1) See Note 31, "Management of market risks and derivatives".

Analysis by maturity:

(in € millions)	Dec. 31, 2022	Dec. 31, 2023
Maturing in:		
■ 1 year or less	1,277	1,608
■ More than 1 year and less than 5 years	2,685	3,043
■ Beyond 5 years[1]	2,693	1,648
TOTAL	**6,655**	**6,299**

(1) Mainly OCEANEs, other bonds and the USPP 2030 and 2032.

Analysis by currency before hedging:

	Dec. 31, 2022		Dec. 31, 2023	
(in millions of currency units)	Currency	EUR	Currency	EUR
EUR	5,474	5,474	5,190	5,190
USD	1,082	1,013	1,054	954
CAD	14	10	6	4
GBP	23	26	19	22
Other	N/A	132	N/A	129
TOTAL		**6,655**		**6,299**

Analysis by currency after hedging:

	Dec. 31, 2022		Dec. 31, 2023	
(in millions of currency units)	Currency	EUR	Currency	EUR
EUR	6,213	6,213	5,926	5,926
USD	291	274	240	218
CAD	14	10	6	4
GBP	23	26	19	22
Other	N/A	132	N/A	129
TOTAL		**6,655**		**6,299**

Analysis by type of interest rate:

- Analysis by type of interest rate (fixed/floating), before hedging:

	Total		Non-current				Current			
	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022		Dec. 31, 2023		Dec. 31, 2022		Dec. 31, 2023	
(in € millions)	Base	Base	Base	Average interest rate	Base	Average interest rate	Base	Average interest rate	Base	Average interest rate
Fixed rate	6,184	5,950	5,258	1.36%	4,601	0.90%	926	0.15%	1,349	3.60%
Floating rate	471	349	120	1.07%	90	2.70%	351	0.08%	259	3.82%
TOTAL	**6,655**	**6,299**	**5,378**	**1.35%**	**4,691**	**0.93%**	**1,277**	**0.13%**	**1,608**	**3.64%**

- Analysis by type of interest rate (fixed/floating), after hedging:

	Total		Non-current				Current			
	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022		Dec. 31, 2023		Dec. 31, 2022		Dec. 31, 2023	
(in € millions)	Base	Base	Base	Average interest rate	Base	Average interest rate	Base	Average interest rate	Base	Average interest rate
Fixed rate	5,995	5,753	5,069	1.35%	4,601	0.84%	926	0.15%	1,152	2.68%
Floating rate	660	546	309	1.33%	90	2.69%	351	0.08%	456	4.55%
TOTAL	**6,655**	**6,299**	**5,378**	**1.35%**	**4,691**	**0.88%**	**1,277**	**0.13%**	**1,608**	**3.21%**

The Group's net debt position is as follows:

(in € millions)	Dec. 31, 2022	Dec. 31, 2023
Cash and cash equivalents (A)	6,687	6,676
Interest-bearing financial liabilities (B)	6,655	6,299
Fair value of interest rate derivatives used as fair value hedges of borrowings (C)	(18)	(3)
TOTAL (A) – (B) + (C)	**14**	**374**

The Group's gearing ratio is shown below:

(in € millions)	Dec. 31, 2022	Dec. 31, 2023
Net debt	14	374
Total equity	10,866	12,088
GEARING RATIO	**-0.13%**	**-3.09%**

Main long-term borrowings at inception

- US private placement (USPP) of senior unsecured notes issued by the Group on February 9, 2012, under which USD 505 million of 12-year notes due February 2024 at a 4.43% fixed-rate coupon was outstanding at December 31, 2023.

  An interest rate hedge in the form of a cross currency swap (USD floating-rate borrower at inception, followed by EUR fixed-rate borrower from March 2019) was set up on these notes, allowing the USD fixed-rate debt to be fully swapped for EUR fixed-rate debt.

  At December 31, 2023, the average interest rate of the issue came out at 1.76% after taking into account the impact of interest rate derivatives.

- US private placement (USPP) of senior unsecured notes issued by the Group on June 29, 2020 for a nominal amount equivalent to €564 million, comprising:
  - USD 181 million of 10-year notes due June 2030 at a 3.10% fixed-rate coupon (tranche A),
  - USD 133 million of 12-year notes due June 2032 at a 3.30% fixed-rate coupon (tranche B),
  - €122 million of 10-year notes due June 2030 at a 2.00% fixed-rate coupon (tranche C),
  - €164 million of 12-year notes due June 2032 at a 2.05% fixed-rate coupon (tranche D).

  A EUR/USD cross currency swap (EUR fixed-rate borrower and USD fixed-rate lender) was set up on tranches A and B on July 21, 2020, swapping USD fixed-rate debt for EUR fixed-rate debt.

  After taking this hedge into account, tranche A bears fixed-rate interest at 2.04% and has a notional amount of €158 million, while tranche B bears fixed-rate interest at 2.22% and has a notional amount of €116 million.

  After taking this hedge into account, the 10-year notes (tranches A and C) of the USPP carry an effective coupon of 2.02% and have a notional amount of €280 million, while the 12-year notes (tranches B and D) carry an effective coupon of 2.12% and have a notional amount of €280 million.

- Issuance on April 11, 2014 of 10-year, 2.875% fixed-rate bonds for €200 million (maturing in April 2024). The bonds were issued at 99.529% of par. A floating-rate swap was set up on the issue. The effective coupon in 2023 was 5.506% after taking into account the impact of interest rate derivatives.

- Issuance on March 16, 2021 of:
  - 5-year, 0.125% fixed-rate bonds for €700 million (maturing on March 16, 2026). The bonds were issued at 99.231% of par,
  - 10-year, 0.750% fixed-rate bonds for €700 million (maturing on March 17, 2031). The bonds were issued at 99.349% of par,
  - since their issuance, the bonds have been rated by Standard & Poor's in line with Safran's long-term credit rating (BBB+ when the bonds were issued and A- since December 2, 2022).
- Bonds convertible into new shares and/or exchangeable for existing shares ("OCEANEs") on May 15, 2020 for a nominal amount of €800 million. The bonds bear interest at 0.875% and were offered at an issue price representing 100% of par, or a gross yield to maturity at the issue date of 0.875%. Unless converted, redeemed or repurchased and canceled prior to maturity, the bonds are redeemable at par on May 15, 2027. The effective annual interest rate on the liability component of the OCEANEs is 1.63% including issuance fees (see Note 23.d, "Convertible bond issues").
- Tap issue of bonds convertible into new shares and/or exchangeable for existing shares ("OCEANEs") on October 12, 2020 for a nominal amount of €200 million. The bonds bear interest at 0.875% and were offered at an issue price representing 109.03% of par, or a gross negative yield to maturity at the issue date of 0.419%. The bonds carry the same terms and conditions as those issued on May 15, 2020, with which they are fully fungible and with which they form a single series. The effective annual interest rate on the liability component of the OCEANEs issued on October 12, 2020 is 1.154% including issuance fees (see Note 23.d, "Convertible bond issues").
- Bonds convertible into new shares and/or exchangeable for existing shares ("OCEANEs") on June 14, 2021 for a nominal amount of €730 million. The bonds do not carry a coupon and were offered at an issue price representing 103.5% of par, or a gross negative yield to maturity at the issue date of 0.50%. Unless converted, redeemed or repurchased and canceled prior to maturity, the bonds are redeemable at par on April 1, 2028. The effective annual interest rate on the liability component of the OCEANEs is 0.38% including issuance fees (see Note 23.d, "Convertible bond issues").
- A bank loan from the European Investment Bank (EIB) for €500 million, at a fixed rate of 1.091%. It was signed on March 4, 2021 and drawn down in full on February 21, 2022 for 10 years (maturing in February 2032). The loan is being used to finance some of the Group's research into innovative propulsion systems for the next generation of single-aisle commercial aircraft, marking a major step forward in Safran's roadmap towards achieving carbon-free air transportation.
- Negotiable European Commercial Paper (NEU CP) subscribed by a corporate mutual fund of the Group employee savings plan and amounting to €275 million at December 31, 2023. The average interest rate payable by Safran on this commercial paper was 3.92% at December 31, 2023. The sums managed by the corporate mutual fund and reinvested in Safran NEU CP are frozen for an initial period of five years. In view of the fund's commitments, the NEU CP is classified within long-term borrowings. At December 31, 2023, 79% of the sums managed by the corporate mutual fund will be available within one year. Accordingly, 79% of the €275 million in NEU CP is classified within the current portion of long-term borrowings.
- Lease liabilities recognized in accordance with IFRS 16 (including former finance lease liabilities) totaling €580 million at December 31, 2023.

The Group's other long- and medium-term borrowings are not material taken individually.

On March 10, 2023, the following borrowings were redeemed at maturity:

- Euro private placement (Euro PP) in the form of a syndicated loan with an original maturity of seven years, contracted by Zodiac Aerospace on March 10, 2016, on which €180 million was outstanding at an adjustable rate of 2.902%.

Main short-term borrowings

- Negotiable European Commercial Paper (NEU CP): €200 million (€200 million at December 31, 2022).
- Financial current accounts with non-consolidated subsidiaries and joint ventures: €373 million (€365 million at December 31, 2022). Remuneration indexed to overnight rates corresponds to the currency of the current account.

Other short-term borrowings consist mainly of bank overdrafts.

Sale of receivables without recourse

Net debt at both December 31, 2023 and December 31, 2022 does not include the committed factoring facility of trade receivables sold without recourse relating to CFM International Inc. (joint operation).

This facility, rolled over in February 2023, is capped at USD 1,200 million until February 2024.

A total of USD 201 million (USD 101 million based on a 50% interest) had been drawn on the facility at December 31, 2023, versus USD 534 million (USD 267 million based on a 50% interest) at December 31, 2022.

The facility may be terminated by the bank counterparties if there is a significant deterioration in the credit rating of the obligor.

NOTE 28 TRADE AND OTHER PAYABLES

(in € millions)	Dec. 31, 2022	Movements during the period	Changes in scope of consolidation	Foreign exchange differences	Reclassifications	Dec. 31, 2023
Operating payables	**5,732**	**1,719**	**45**	**(19)**	**(3)**	**7,474**
Credit balances on trade receivables	1,172	62	1	(1)	-	1,234
Trade payables	3,108	1,170	29	(16)	(3)	4,288
Operating current account	1	-	-	-	-	1
Employee-related liabilities	1,451	487	15	(2)	-	1,951
Other liabilities	**566**	**40**	**16**	**(1)**	**2**	**623**
State aid, accrued payables	36	7	-	-	-	43
State, other taxes and duties	290	6	11	-	(1)	306
Deferred income	96	(9)	-	-	-	87
Other	144	36	5	(1)	3	187
TOTAL	**6,298**	**1,759**	**61**	**(20)**	**(1)**	**8,097**

Trade and other payables fall due as shown below:

(in € millions)	Total	Less than 12 months	More than 12 months
Operating payables	7,474	7,444	30
Other liabilities	623	560	63
TOTAL	**8,097**	**8,004**	**93**

NOTE 29 OTHER CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

(in € millions)	Dec. 31, 2022	Movements during the period	Changes in scope of consolidation	Foreign exchange differences	Reclassifications	Dec. 31, 2023
Payables on purchases of property, plant and equipment and intangible assets	188	(10)	-	(3)	-	175
Payables on purchases of investments	12	(4)	-	-	-	8
TOTAL	**200**	**(14)**	**-**	**(3)**	**-**	**183**
Non-current	**75**					**33**
Current	**125**					**150**

These liabilities are not included in the Group's net financial position at December 31, 2023.

NOTE 30 SUMMARY OF FINANCIAL LIABILITIES

The following table presents the carrying amount of the Group's financial liabilities at December 31, 2023 and December 31, 2022:

At December 31, 2023 *(in € millions)*	Carrying amount: Financial liabilities at amortized cost[1]	Carrying amount: Financial liabilities at fair value	Total
Borrowings subject to specific conditions	292		292
Non-current interest-bearing financial liabilities	4,691		4,691
Current interest-bearing financial liabilities	1,608		1,608
Trade payables	4,288		4,288
Payables on purchases of investments	8	-	8
Payables on purchases of property, plant and equipment and intangible assets	175		175
Operating current accounts	1		1
Non-current derivatives (negative fair value)		8	8
Current derivatives (negative fair value)		4,735	4,735
TOTAL FINANCIAL LIABILITIES	**11,063**	**4,743**	**15,806**

(1) Including financial liabilities hedged by fair value hedging instruments. The adjustment to the fair value of interest-bearing financial liabilities hedged by fair value hedging instruments represented €3 million at December 31, 2023.

At December 31, 2022 *(in € millions)*	Carrying amount: Financial liabilities at amortized cost[1]	Carrying amount: Financial liabilities at fair value	Total
Borrowings subject to specific conditions	302		302
Non-current interest-bearing financial liabilities	5,378		5,378
Current interest-bearing financial liabilities	1,277		1,277
Trade payables	3,108		3,108
Payables on purchases of investments	12	-	12
Payables on purchases of property, plant and equipment and intangible assets	188		188
Operating current accounts	1		1
Non-current derivatives (negative fair value)		18	18
Current derivatives (negative fair value)		5,848	5,848
TOTAL FINANCIAL LIABILITIES	**10,266**	**5,866**	**16,132**

(1) Including financial liabilities hedged by fair value hedging instruments. The adjustment to the fair value of interest-bearing financial liabilities hedged by fair value hedging instruments represented €18 million at December 31, 2022.

The fair value of financial liabilities is determined by reference to the future cash flows associated with each liability, discounted at market interest rates at the end of the reporting period, with the exception of borrowings subject to specific conditions, whose fair value cannot be estimated reliably given the uncertainties regarding the amounts to be repaid and the timing of repayment.

In both 2023 and 2022, the fair value of financial liabilities approximates their carrying amount, except in the case of the following items:

	Dec. 31, 2022		Dec. 31, 2023	
(in € millions)	Carrying amount	Fair value	Carrying amount	Fair value
Interest-bearing financial liabilities[1]	6,655	6,278	6,299	6,098

(1) This fair value measurement relates to Level 2 in the fair value hierarchy (see Note 22, "Summary of financial assets").

Safran uses the fair value hierarchy described in Note 22, "Summary of financial assets" to determine the classification of financial liabilities at fair value.

The Group carried the following financial liabilities at fair value at December 31, 2023:

(in € millions)	Level 1	Level 2	Level 3	Total
Derivatives (negative fair value)	-	4,743	-	4,743
TOTAL	**-**	**4,743**	**-**	**4,743**

The Group carried the following financial liabilities at fair value at December 31, 2022:

(in € millions)	Level 1	Level 2	Level 3	Total
Derivatives (negative fair value)	-	5,866	-	5,866
TOTAL	**-**	**5,866**	**-**	**5,866**

No items were transferred between Level 1 and Level 2 or to/from Level 3 in either 2023 or 2022.

Offsetting of financial liabilities and financial assets

At December 31, 2023

	Gross carrying amount	Amount offset	Net amount on the balance sheet[1]	Amount subject to offset agreement but not offset	Net
(in € millions)	(a)	(b)	(c)	(d)	(c) – (d)
Derivatives (negative fair value)	4,743	-	4,743	555	4,188

(1) *See Note 31, "Management of market risks and derivatives".*

At December 31, 2022

	Gross carrying amount	Amount offset	Net amount on the balance sheet[1]	Amount subject to offset agreement but not offset	Net
(in € millions)	(a)	(b)	(c)	(d)	(c) – (d)
Derivatives (negative fair value)	5,866	-	5,866	555	5,311

(1) *See Note 31, "Management of market risks and derivatives".*

The tables above show the financial liabilities for which an offsetting agreement exists with respect to financial assets.

The Group does not offset financial assets against financial liabilities in its balance sheet at December 31, 2023 or December 31, 2022, since the requisite conditions set out in IAS 32 are not met. Master offsetting (netting) agreements governing the subscription of OTC derivatives with bank counterparties provide for a right of set-off only in the event of default, insolvency or bankruptcy of one of the parties to the agreement.

The amounts subject to an offsetting agreement but not offset comprise a portion of the Group's derivatives with a positive fair value, since amounts can only be offset if they relate to the same counterparty.

In addition, the Group makes investments falling within the scope of master agreements governing the subscription of OTC derivatives with bank counterparties (see Note 21, "Cash and cash equivalents").

NOTE 31 MANAGEMENT OF MARKET RISKS AND DERIVATIVES

The main market risks to which the Group is exposed are foreign currency risk, interest rate risk, counterparty risk and liquidity risk.

The carrying amount of derivatives used to manage market risks is shown below:

	Dec. 31, 2022		Dec. 31, 2023	
(in € millions)	Assets	Liabilities	Assets	Liabilities
Interest rate risk management	**18**	**(18)**	**-**	**(8)**
■ Floating-for-fixed interest rate swaps	18	-	-	(5)
■ Fixed-for-floating interest rate swaps	-	(18)	-	(3)
Foreign currency risk management	**540**	**(5,848)**	**1,577**	**(4,735)**
■ Currency swaps	44	-	18	-
■ Purchase and sale of forward currency contracts	86	(390)	2	(45)
■ Currency option contracts	410	(5,458)	1,557	(4,690)
TOTAL	**558**	**(5,866)**	**1,577**	**(4,743)**

Foreign currency risk management

Most revenue earned in the civil aviation sector is denominated in US dollars, which is the industry's benchmark currency. The annual net surplus delivered to the Group's banking counterparties for these activities totaled approximately USD 10.4 billion in 2023.

To protect its earnings, the Group implements a hedging policy (see below) with the aim of reducing uncertainty factors affecting operating profitability and allowing it to adapt its cost structure to a volatile monetary environment.

Hedging policy

Three basic principles underscore the foreign currency risk management policy defined by Safran for most of its subsidiaries:

- to protect the Group's economic performance from random fluctuations in the US dollar;
- to optimize the quality of hedging whenever possible, without jeopardizing the Group's economic performance (first principle);
- to provide visibility as regards the exchange rate applied in the Group's consolidated financial statements.

Protecting economic performance means setting a minimum USD exchange rate parity over an applicable term in order to allow frontline employees to conduct their business based on predictable exchange rates. Hedging arrangements have been made accordingly over a timeframe of three to four years.

Management policy

The hedging policy is based on managing the financial instrument portfolio in order to guarantee a predefined minimum parity.

In building up its hedging portfolio, the Group primarily uses forward sales, accumulators and a combination of options. Certain instruments include knock-in or knock-out barrier options, representing a risk to the size of the hedge book and to targeted hedge rates in certain cases of exchange rate fluctuations.

Optimization measures are also used with a view to improving the minimum exchange rate parity, and seek to protect the Group's economic performance at all times. They are based on products that allow the Group to take advantage of any improvement in the underlying exchange rate parities.

As most of the derivatives in the portfolio have a maturity of less than one year, Safran extends derivatives in order to align their maturity with that of the flows hedged. Such extensions do not have a cash impact ("historical cost method").

Foreign currency derivatives

The portfolio of foreign currency derivatives breaks down as follows:

	Dec. 31, 2022				Dec. 31, 2023			
(in millions of currency units)	Fair value[(1)]	Notional amount[(1)]	Less than 1 year	1 to 5 years	Fair value[(1)]	Notional amount[(1)]	Less than 1 year	1 to 5 years
Forward exchange contracts	**(304)**				**(43)**			
Short USD position	(386)	4,950	4,950	-	(32)	400	400	-
Of which against EUR	*(386)*	*4,950*	*4,950*	-	*(32)*	*400*	*400*	-
Long USD position	-	-	-	-	(11)	(700)	(700)	-
Of which against EUR	-	-	-	-	*(11)*	*(700)*	*(700)*	-
Long GBP position against EUR	16	(193)	(193)	-	-	-	-	-
Long CAD position against EUR	2	(17)	(17)	-	-	-	-	-
Short CAD position against EUR	(2)	17	17	-	-	-	-	-
Long MXN position against EUR	67	(11,110)	(11,110)	-	-	-	-	-
Short MXN position against EUR	(1)	234	234	-	-	-	-	-
Currency swaps	**44**				**18**			
Cross currency swaps	*44*	*(819)*	-	*(819)*	*18*	*(819)*	*(505)*	*(314)*
Currency option contracts	**(5,048)**				**(3,133)**			
USD put purchased against EUR	278	40,852	40,852	-	777	59,499	59,499	-
USD call purchased against EUR	24	(1,699)	(1,699)	-	496	(16,460)	(16,460)	-
USD put sold against EUR	(116)	(3,166)	(3,166)	-	(141)	(8,900)	(8,900)	-
USD call sold against EUR	(5,069)	106,622	106,622	-	(4,443)	138,014	138,014	-
CAD call purchased against EUR	14	(748)	(748)	-	16	(1,120)	(1,120)	-
CAD put sold against EUR	(35)	(1,376)	(1,376)	-	(35)	(2,240)	(2,240)	-
GBP call purchased against EUR	28	(706)	(706)	-	59	(1,201)	(1,201)	-
GBP put sold against EUR	(25)	(1,412)	(1,412)	-	(24)	(2,245)	(2,245)	-
MXN call purchased against EUR	6	(2,818)	(1,772)	(1,046)	123	(21,404)	(21,404)	-
MXN put sold against EUR	(12)	(5,636)	(3,544)	(2,093)	(35)	(41,374)	(41,374)	-
Accumulators – sell USD for EUR[(2)]	(190)	5,485	2,563	2,922	16	3,493	1,769	1,724
Accumulators – buy USD for EUR[(2)]	50	(2,723)	(1,425)	(1,298)	58	(1,807)	(934)	(874)
TOTAL	**(5,308)**				**(3,158)**			

(1) Fair values are expressed in millions of euros; notional amounts are expressed in millions of currency units.
(2) Notional amounts for accumulators represent the maximum cumulative amount until the instrument is unwound.

In the balance sheet, changes in the fair value of outstanding currency hedging instruments between December 31, 2022 and December 31, 2023 represent a positive €2,150 million.

In the income statement, the Group has chosen not to apply hedge accounting to these derivatives. As a result, any changes in the fair value of these instruments are recognized in full in "Financial income (loss)".

Exposure and sensitivity to foreign currency risk

The exposure of the Group's financial instruments to EUR/USD foreign currency risk can be summarized as follows:

(in USD millions)	Dec. 31, 2022	Dec. 31, 2023
Total assets excluding derivatives	2,269	2,890
Total liabilities excluding derivatives	(3,063)	(3,632)
Derivatives hedging balance sheet positions[(1)]	715	717
NET EXPOSURE AFTER THE IMPACT OF DERIVATIVES HEDGING BALANCE SHEET POSITIONS	**(79)**	**(25)**

(1) Notional amount.

Assets and liabilities excluding derivatives primarily consist of operating receivables and payables denominated in USD in the balance sheets of Group subsidiaries whose functional currency is the euro, and unsecured notes issued by Safran on the US private placement market for USD 0.8 billion. After setting up the cross currency swap to hedge the foreign currency risk on USD unsecured notes (see "Exposure to USD interest rate risk"), virtually all of these assets and liabilities are hedged by foreign currency hedging derivatives.

In addition to this net exposure, the Group has EUR/USD currency derivatives hedging revenue net of future purchases. These instruments had a negative fair value of USD 3,643 million, compared to a total negative fair value of USD 3,626 million for EUR/USD currency derivatives at December 31, 2023 (negative fair value of USD 5,819 million and USD 5,775 million, respectively, at December 31, 2022).

The sensitivity of financial instruments to a 5% increase or decrease in the EUR/USD exchange rate is as follows:

Impact on balance sheet positions *(in € millions)*	Dec. 31, 2022 USD		Dec. 31, 2023 USD	
Closing rate		1.07		1.11
EUR/USD exchange rate change assumptions	-5%	+5%	-5%	+5%
EUR/USD exchange rate used for sensitivity analysis	1.01	1.12	1.05	1.16
Impact recognized through profit or loss (before tax)	(4,221)	3,182	(3,058)	1,598
Impact recognized through equity (before tax)	-	-	-	-

Interest rate risk management

The Group's exposure to fluctuations in interest rates covers two types of risk:

- fair value risk in respect of fixed-rate financial assets and liabilities. Interest rate fluctuations impact the market value of these assets and liabilities as well as the Group's balance sheet;
- cash flow risks in respect of floating-rate financial assets and liabilities. Interest rate fluctuations have a direct impact on the Group's profit or loss.

Within the framework of its interest rate risk management policy, the Group arbitrates between these two types of risks using financial instruments specific to fixed-income markets (interest rate swaps and options, etc.).

Exposure to EUR interest rate risk

Interest rate swaps were taken out to convert the fixed rate payable on the €200 million bond issue carried out in first-half 2014 and maturing in April 2024 to a floating rate.

These swaps are eligible for fair value hedge accounting.

	Dec. 31, 2022					Dec. 31, 2023				
(in € millions)	Fair value	Notional amount *(€)*	Less than 1 year	1 to 5 years	More than 5 years	Fair value	Notional amount *(€)*	Less than 1 year	1 to 5 years	More than 5 years
Interest rate swaps										
Fixed-for-floating	(5)	200	-	200	-	(1)	200	200	-	-
TOTAL	**(5)**					**(1)**				

For the €200 million bond issue, changes in the fair value of the hedging instrument and the hedged item within the scope of the fair value hedge are recognized in "Financial income (loss)" as follows:

(in € millions)	Dec. 31, 2022	Dec. 31, 2023
Change in fair value of hedging instrument	(12)	3
Change in fair value of hedged item	13	(3)
IMPACT OF FAIR VALUE EUR INTEREST RATE HEDGES ON FINANCIAL INCOME (LOSS)	**1**	**-**

Exposure to EUR interest rate risk before and after hedging:

Dec. 31, 2022 *(in € millions)*	Current		Non-current		Total	
	Fixed rate	Floating rate	Fixed rate	Floating rate	Fixed rate	Floating rate
Interest-bearing financial liabilities	780	340	4,267	87	5,047	427
Other financial assets	136	107	275	83	411	190
Cash and cash equivalents	6,173	69	-	-	6,173	69
Net exposure before hedging	**(5,529)**	**164**	**3,992**	**4**	**(1,537)**	**168**
Derivatives[1]	-	-	568	200	568	200
Net exposure after hedging	**(5,529)**	**164**	**4,560**	**204**	**(969)**	**368**

(1) *Notional amount.*

Dec. 31, 2023 (in € millions)	Current		Non-current		Total	
	Fixed rate	Floating rate	Fixed rate	Floating rate	Fixed rate	Floating rate
Interest-bearing financial liabilities	799	250	4,083	58	4,882	308
Other financial assets	181	93	310	210	491	303
Cash and cash equivalents[(2)]	3,179	2,896	-	-	3,179	2,896
Net exposure before hedging	**(2,561)**	**(2,739)**	**3,773**	**(152)**	**1,212**	**(2,891)**
Derivatives[(1)]	257	200	284	-	541	200
Net exposure after hedging	**(2,304)**	**(2,539)**	**4,057**	**(152)**	**1,753**	**(2,691)**

(1) Notional amount.
(2) In 2023, the floating-rate exposure of the Group's cash and cash equivalents increased significantly, owing to a diversification of our liquidity management strategy in the specific environment of rising interest rates.

Exposure to USD interest rate risk

The interest rate on the outstanding tranche of the US private placement (USPP) issued on February 9, 2012 was converted to a floating rate at inception. A floating-rate borrower/fixed-rate lender USD swap was set up on the 12-year tranche for USD 505 million. This swap is eligible for fair value hedge accounting.

In March 2019, this 12-year tranche for USD 505 million was reset to euros by means of a cross currency swap (USD floatingrate lender/EUR fixed-rate borrower).

The interest rate portion of the cross currency swap was eligible for cash flow hedge accounting.

On July 21, 2020, a cross currency swap (USD fixed-rate lender/EUR fixed-rate borrower) was set up on two USD tranches of the June 29, 2020 senior unsecured notes issue on the US private placement market (USPP), amounting to USD 181 million bearing fixed-rate interest over a period of 10 years (tranche A) and USD 133 million bearing fixed-rate interest over a period of 12 years (tranche B). The interest rate portion of the cross currency swap was eligible for cash flow hedge accounting.

(in € millions)	Dec. 31, 2022					Dec. 31, 2023				
	Fair value	Notional amount (USD)	Less than 1 year	1 to 5 years	More than 5 years	Fair value	Notional amount (USD)	Less than 1 year	1 to 5 years	More than 5 years
USD interest rate swaps										
Fixed-for-floating	(13)	505	-	505	-	(2)	505	505	-	-
Floating-for-fixed	18	819	-	505	314	(5)	819	505	-	314
TOTAL	**5**					**(7)**				

For the senior unsecured notes issued on the US market, changes in the fair value of the hedging instrument and the hedged item within the scope of the fair value hedge are recognized in "Financial income (loss)" as follows:

(in € millions)	Dec. 31, 2022	Dec. 31, 2023
Change in fair value of hedging instrument	(28)	11
Change in fair value of hedged item	33	(12)
IMPACT OF FAIR VALUE USD INTEREST RATE HEDGES ON FINANCIAL INCOME (LOSS)	**5**	**(1)**

Exposure to USD interest rate risk before and after hedging:

Dec. 31, 2022 (in USD millions)	Current		Non-current		Total	
	Fixed rate	Floating rate	Fixed rate	Floating rate	Fixed rate	Floating rate
Interest-bearing financial liabilities	125	5	947	5	1,072	10
Other financial assets	-	5	59	-	59	5
Cash and cash equivalents	222	154	-	-	222	154
Net exposure before hedging	**(97)**	**(154)**	**888**	**5**	**791**	**(149)**
Derivatives[(1)]	-	-	(819)	-	(819)	-
Net exposure after hedging	**(97)**	**(154)**	**69**	**5**	**(28)**	**(149)**

(1) Notional amount.

Dec. 31, 2023 *(in USD millions)*	Current		Non-current		Total	
	Fixed rate	Floating rate	Fixed rate	Floating rate	Fixed rate	Floating rate
Interest-bearing financial liabilities	578	2	471	3	1,049	5
Other financial assets	-	11	86	8	86	19
Cash and cash equivalents[(2)]	89	399	-	-	89	399
Net exposure before hedging	**489**	**(408)**	**385**	**(5)**	**874**	**(413)**
Derivatives[(1)]	(505)	-	(314)	-	(819)	-
Net exposure after hedging	**(16)**	**(408)**	**71**	**(5)**	**55**	**(413)**

(1) Notional amount.
(2) In 2023, the floating-rate exposure of the Group's cash and cash equivalents increased significantly, owing to a diversification of our liquidity management strategy in the specific environment of rising interest rates.

Sensitivity to interest rate risk

The aggregate sensitivity of net exposures to EUR and USD interest rate risk after the impact of hedging is shown below:

Impact of changes in interest rates *(in € millions)*	Dec. 31, 2022	Dec. 31, 2023
Interest rate change assumptions	+1%	+1%
Impact on profit or loss (before tax)	(2)	31
Impact on equity (before tax)	-	-

Management of risks on Power Purchase Agreements

In the second half of 2023, Safran signed an off-site Virtual Power Purchase Agreement (VPPA) supplying it with power from a solar power plant in the US based on an expected total output of 247 GWh per annum (12-year agreement).

With the exception of the certificates of origin component, this VPPA is accounted for as a derivative instrument in accordance with IFRS 9, and did not have a material impact on the financial statements at December 31, 2023 (level 3 of the fair value hierarchy).

Counterparty risk management

The Group is exposed to counterparty risk on the following:

- short-term financial investments;
- derivatives;
- trade receivables;
- financial guarantees granted to customers;
- undrawn lines of credit.

Financial investments are diversified and consist of blue-chip securities that are generally traded with top-tier banks.

The sole purpose of the Group's derivative transactions is to reduce the overall exposure to foreign currency and interest rate risks resulting from its ordinary business activities. Transactions are either carried out on organized markets or over-the-counter with top-tier intermediaries.

The Group's credit facilities are taken out with top-tier banks.

During the year, the Group closely monitored its bad debt risks to ensure the collection of its current and future receivables. A provision was accrued based on a case-by-case analysis for any receivables and assets considered at risk.

The impairment rate for expected credit losses was 0.52% at end-2023 (unchanged from end-2022), based on the approach described in Note 2.n, "Accounting policies".

Note 19, "Trade and other receivables" provides a breakdown of trade receivables by maturity.

Liquidity risk management

Treasury management is centralized within the Group. Where permitted by local legislation, all surplus cash is invested with, and the financing requirements of subsidiaries met by, the parent company on an arm's length basis. Safran SA manages the Group's current and forecast financing requirements, and ensures that it has the ability to meet its financial commitments while maintaining a level of available cash funds and confirmed credit facilities commensurate with its scale and debt repayment profile.

Changes in the Group's ratings

On February 25, 2021, Safran was rated for the first time by Standard & Poor's, which assigned the Company a long-term credit rating of BBB+ with a stable outlook.

On April 29, 2022, Standard & Poor's revised the outlook on the Company's BBB+ rating from stable to positive. On December 2, 2022, Standard & Poor's raised the rating to A- with a stable outlook.

In addition, on May 4, 2022 Safran set up a €2 billion revolving credit facility, with an original maturity of May 2027. Following the exercise of the first extension option, the maturity has been extended to May 2028. Safran has a second one-year extension option, which has not yet been exercised. At December 31, 2023, the line was undrawn. The financial terms and conditions of the liquidity line are indexed to the achievement by the Group of two sustainable development criteria: CO_2 emissions (Scopes 1 and 2) and the proportion of women among senior executives. There is no contractual obligation to achieve these sustainable development criteria and failure to do so would not constitute a breach of contract. Achievement or not of the criteria has no impact on the Group's ability to use the facility.

Issues of senior unsecured notes on the US private placement market (USPP) on February 9, 2012 and June 29, 2020 are subject to a financial covenant which states that the net debt to EBITDA ratio must be 2.5 or less (see Note 27, "Interest-bearing financial liabilities"). The covenant is tested every six months and the Group complied with the applicable ratio at December 31, 2023.

The terms "net debt" and "EBITDA" used in the aforementioned covenant are defined as follows:

- net debt: interest-bearing borrowings (excluding borrowings subject to specific conditions) less cash and cash equivalents;
- EBITDA: the sum of profit (loss) from operations and the net charge to depreciation, amortization and provisions for impairment of assets (calculated based on adjusted data).

NOTE 32 INTERESTS IN JOINT OPERATIONS

The Group has interests in a number of joint operations whose contribution is recognized line-by-line in the financial statements. The joint operations are:

- CFM International Inc. and CFM International SA: coordination of the CFM56 and LEAP engine programs with General Electric and program marketing;
- Famat: manufacture of large casings subcontracted by Safran Aircraft Engines and General Electric;
- Matis: manufacture of aircraft wiring;
- CFAN: production of composite fan blades for turbo engines;
- Propulsion Technologies International: engine repair and maintenance.

The table below shows the Group's share in the various financial indicators of these joint operations, which is included in the consolidated financial statements:

(in € millions)	Dec. 31, 2022	Dec. 31, 2023
Current assets	292	328
Non-current assets	52	25
Current liabilities	143	160
Non-current liabilities	16	11
Operating income	102	118
Operating expenses	(83)	(92)
Financial income	1	10
Income tax benefit (expense)	4	(12)
Profit for the period	24	24
Other comprehensive income (expense)	17	(6)
Comprehensive income	41	18
Cash flow from (used in) operating activities(1)	(26)	42
Cash flow used in investing activities	(3)	(6)
Cash flow used in financing activities(1)	(10)	(2)

(1) See Note 27, "Interest-bearing financial liabilities" – trade receivables factoring programs at CFM Inc.

NOTE 33 RELATED PARTIES

In accordance with IAS 24, the Group has identified the following related parties: shareholders (natural persons or entities, including the French State) exercising control, joint control or significant influence over the Group; companies over which these shareholders exercise control, joint control or significant influence; associates, joint ventures and management executives.

The French State also holds:

- a golden share in Safran Ceramics allowing it to veto any change in control of the company or sale of company assets;
- similar rights over other Group entities (ArianeGroup, Safran Electronics & Defense and Safran Power Units);
- a share in Aubert & Duval to protect its strategic interests.

The following transactions were carried out with related parties other than joint ventures:

(in € millions)	2022	2023
Sales to related parties other than joint ventures	4,309	4,594
Purchases from related parties other than joint ventures	(107)	(131)

(in € millions)	Dec. 31, 2022	Dec. 31, 2023
Amounts receivable from related parties other than joint ventures	2,394	2,628
Amounts payable to related parties other than joint ventures	3,977	4,863

(in € millions)	Dec. 31, 2022	Dec. 31, 2023
Commitments given to related parties other than joint ventures(1)	2,830	2,661

(1) *See Note 34.a, "Off-balance sheet commitments and contingent liabilities relating to the Group's operating activities".*

Transactions with related parties other than joint ventures primarily concern the delivery of aviation products to Dassault Aviation, Airbus and the French Directorate General of Weapons Procurement (DGA).

The following transactions were carried out with joint ventures:

(in € millions)	2022	2023
Sales to joint ventures(1)	379	819
Purchases from joint ventures	(74)	(119)

(1) *Mainly with Shannon Engine Support Limited.*

(in € millions)	Dec. 31, 2022	Dec. 31, 2023
Amounts receivable from joint ventures	328	328
Amounts payable to joint ventures	402	418

(in € millions)	Dec. 31, 2022	Dec. 31, 2023
Commitments given to joint ventures(1)	452	849

(1) *Reservation of engine capabilities with Shannon Engine Support Limited.*

Management compensation

The Group's key management personnel comprise the members of the Board of Directors including the Chairman, the Chief Executive Officer and the other directors (14 members at end-2023, 15 at end-2022), and any persons discharging managerial responsibilities considered as having the power to take management decisions with regard to Safran's strategy and future development, and/or with regular access to inside information concerning Safran (i.e., four directors at end-2023 and end-2022).

All compensation and benefits awarded to management executives are shown on a gross basis, including the fixed portion of compensation and the provision for the variable portion to be paid in the subsequent year, and break down as follows:

(in € millions)	Dec. 31, 2022	Dec. 31, 2023
Short-term benefits[1]	7.5	8.0
Post-employment benefits	0.5	0.5
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payment	1.6	3.1

(1) Compensation, social security contributions, attendance fees and benefit payments, where applicable.

The Company's total post-employment benefit commitments and other long-term benefit commitments in respect of management executives as recorded in the balance sheet amounted to €5.7 million at December 31, 2023 and €5.5 million at December 31, 2022.

NOTE 34 OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT LIABILITIES

a) Off-balance sheet commitments and contingent liabilities relating to the Group's operating activities

Commitments given and contingent liabilities

The Group granted the following commitments in connection with its operating activities:

(in € millions)	Dec. 31, 2022	Dec. 31, 2023
Purchase commitments on intangible assets	10	9
Purchase commitments on property, plant and equipment	168	238
Guarantees given in connection with the performance of operating agreements	7,044	6,998
Lease commitments	112	131
Financial commitments linked to the sale of Group products	7	25
Other commitments given	900	2,950
TOTAL	**8,241**	**10,351**

Guarantees given in connection with the performance of operating agreements

These guarantees relate mainly to guarantees granted by Safran to customers and principals (essentially aircraft manufacturers) in which Safran or the subsidiary provide a joint and several guarantee that its subsidiaries will perform their duties under their contractual obligations. These guarantees are given in respect of research, design, development, manufacturing, marketing and product support programs in place at Group subsidiaries. They are generally granted for the term of the program concerned, and are capped at a certain amount.

Guarantees granted to Airbus are shown within "Guarantees granted to related parties" in Note 33, "Related parties".

Offset obligations

In some countries, as a condition to the Group securing major contracts, it may be required to fulfill direct, semi-direct or indirect local offset obligations, as required by law or regulations. This is particularly the case in the defense industry.

Failure to meet these obligations within the required timeframe may lead to penalties for the Group, which may, in some cases, not discharge the obligation. When there are doubts as to the Group's ability to meet its obligations, a provision is recognized as a deduction from revenue in the amount of the penalty stipulated in the contract.

Lease commitments

Lease commitments given concern leases qualifying for the IFRS 16 exemption criteria (short-term leases or leases of low-value assets), as well as leases signed but not yet started.

Financial commitments linked to the sale of Group products

The Group may enter into financial commitments as part of certain civil aircraft engine sales campaigns. These commitments form part of financing packages proposed by aircraft manufacturers to airlines. The commitments are made by the Group together with its partner General Electric alongside aircraft manufacturers, and generally correspond to the share represented by engines in the financing of the aircraft concerned. They can take the form of backstop aircraft financing, backstop guarantees granted to lending institutions for aircraft financing, asset value guarantees at a given date, or trade-ins of used aircraft at a given date and at a given price.

Unlike asset value guarantees and used aircraft trade-ins, backstop commitments are in fact financing commitments granted in principle when an order is placed but which only take effect at the customer's request when the ordered aircraft are delivered. These financing commitments, which represented an undiscounted amount in the transaction currency of USD 1.7 billion at December 31, 2023, are not included in the gross exposure reported in the table above (see Note 2.t, "Accounting policies").

Accordingly, only the amounts of commitments actually in place at the reporting date are shown in the above table. The Group's gross exposure in respect of these financing commitments in their transaction currency represents USD 28 million at December 31, 2023 (USD 8 million at December 31, 2022), or €25 million (€7 million at December 31, 2022). However, these amounts do not reflect the actual risk to which Safran is exposed. In view of the value of the underlying assets pledged as security or eventually owned, the net exposure represents USD 4 million at December 31, 2023 (USD 1 million at December 31, 2022), or €4 million at December 31, 2023 (€1 million at December 31, 2022) for which a provision, based on an assessment of the risk, is booked in the financial statements (see Note 2.t, "Accounting policies").

Other commitments given

In connection with the French government's aerospace support plan, Safran undertook to subscribe to the Ace Aéro Partenaires investment fund in an amount of €58 million.

Following the various funding rounds completed, Safran's remaining commitment amounted to €12 million at December 31, 2023.

As part of Safran USA's contemplated acquisition of Collins Aerospace's actuation and flight control business, Safran SA contractually granted a USD 1.8 billion payment guarantee to Goodrich Corporation and Hamilton Sundstrand Corporation on behalf of its subsidiary Safran USA.

If legal proceedings were to block the acquisition, Safran would have to pay termination costs of up to USD 72 million.

Contingent liabilities arising on ordinary activities

As part of their ordinary activities, the Group, some of its subsidiaries, or certain joint arrangements or consortia in which they are shareholders or members, may be subject to various claims from customers. These claims usually consist of compensation claims for failing to meet technical specifications, for a delay in the development phase, late completion and/or for additional work in connection with product performance and reliability falling outside the scope of the warranties and commitments provisioned or included within contract costs (see Note 3.b, "Provisions", and Note 24, "Provisions"). While the initial amount of any such claim may be material in certain cases, it does not necessarily have any bearing on the costs that may be ultimately incurred to satisfy the customer. As these claims represent contingent liabilities, no provision has been recognized beyond contractual liability limits, if any.

In the absence of an agreement between the parties, some of these claims may give rise to litigation, the most significant of which are indicated in Note 35, "Disputes and litigation".

Commitments received

The Group was granted the following commitments in connection with its operating activities:

(in € millions)	Dec. 31, 2022	Dec. 31, 2023
Commitments received from banks on behalf of suppliers	8	4
Completion warranties	10	8
Endorsements and guarantees received	1	1
Other commitments received	32	239
TOTAL	**51**	**252**

b) Off-balance sheet commitments and contingent liabilities relating to the Group's scope of consolidation

Vendor warranties are given or received on the acquisition or sale of companies.

Vendor warranties given

(in € millions)	Dec. 31, 2022	Dec. 31, 2023
Vendor warranties given(1)	220	42

(1) Vendor warranties, the amount of which may be fixed or determinable.

Vendor warranties received

(in € millions)	Dec. 31, 2022	Dec. 31, 2023
Vendor warranties received	-	221

Vendor warranties granted in connection with the disposal of the Security businesses

In connection with the sale of the Identity and Security businesses on May 31, 2017, Safran granted Advent International a specific indemnity capped at BRL 200 million (€37 million) to cover any financial consequences arising from the dispute between Morpho do Brasil and the Brazilian tax authorities concerning the calculation method for value added tax on certain products.

Guarantees received in connection with acquisitions

On the sale of Aubert & Duval, Eramet granted Safran a general liability guarantee of €35 million and various specific warranties totaling €150 million.

In connection with the acquisition of Thalès' aeronautical electrical systems business, Thalès granted Safran a contractual general liability guarantee for €18 million and specific warranties for €18 million covering various matters.

c) Off-balance sheet commitments and contingent liabilities relating to the Group's financing

Commitments received in respect of financing relate to any unused portion of the trade receivables factoring facility relating to CFM International Inc., under which the related receivables are deconsolidated (see Note 27, "Interest-bearing financial liabilities"), and the confirmed, undrawn syndicated credit line for €2 billion set up on May 4, 2022 (see Note 31, "Management of market risks and derivatives").

NOTE 35 DISPUTES AND LITIGATION

Safran and certain Group subsidiaries are party to regulatory, legal or arbitration proceedings arising in the ordinary course of their operations. Safran and certain Group subsidiaries are also party to claims, investigations, legal action and regulatory proceedings outside the scope of their ordinary operations.

The amount of the provisions booked is based on the level of risk for each case, as assessed by Safran and its subsidiaries, and largely depends on their assessment of the merits of the claims and defensive arguments, bearing in mind that the occurrence of events during the proceedings can lead to a reassessment of the risk at any time.

A provision is only booked to cover the expenses that may result from such proceedings when the expenses are probable and their amount can be either quantified or reasonably estimated.

Safran considers that the provisions booked are adequate to cover the risks it incurs.

The most important proceedings are described below:

- a number of civil and/or criminal lawsuits have been filed against certain Safran subsidiaries in connection with aviation accidents. The Group's insurance policy would cover any civil damages payable by Safran or its subsidiaries under these proceedings;
- in the course of the implementation of its compliance program, Safran detected a situation with regards to an activity within a company belonging to the former Zodiac Aerospace business scope acquired in 2018. The activity was sold on June 1, 2021.

  After having conducted its internal investigation, Safran concluded that suspicion of non-compliance during a period between 2004 and 2015 could not be ruled out. Safran decided to self-disclose the matter to the competent authorities in Germany and the United States in accordance with applicable regulations, and in France. The authorities of the countries concerned have opened an investigation.

  By letter dated December 21, 2022, the US Department of Justice (DoJ) decided not to initiate proceedings against Safran, notably considering the Group's voluntary, cooperative and proactive attitude in the case. No fine was imposed, but profits made by a US subsidiary at the time in an amount set by the DoJ at USD 17.2 million were disgorged.

  Regarding the German criminal investigation, a settlement agreement was signed with the investigating authorities on September 2023. This agreement puts an end to this proceeding, with no disgorgement required by the prosecutor and subject to the payment to the German tax authorities of around €6.5 million (including interest) corresponding to the reinstatement of commissions paid by the former Zodiac Aerospace entity and considered as not tax deductible. The payment of said amount will definitely close the file with the German authorities.

To the best of Safran's knowledge and that of its subsidiaries, there are no other ongoing regulatory, legal or arbitration proceedings that could have a material impact on the financial position of the Company and/or Group.

NOTE 36 AUDIT FEES

Pursuant to Standard No. 2016-09 issued on December 2, 2016 by the French accounting standards-setter (*Autorité des normes comptables* – ANC), the following table shows the amount of fees paid to the Group's Statutory Auditors as included on the consolidated income statement for the year, a distinction being made between fees charged for the statutory audit of the consolidated financial statements and those charged for other services, where applicable. The fees shown for subsidiaries are those consolidated according to the full consolidation method.

	Ernst & Young				Mazars				TOTAL			
	Amount (excl. VAT)		%		Amount (excl. VAT)		%		Amount (excl. VAT)		%	
(in € millions)	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
A) STATUTORY AUDIT SERVICES												
A.1) Safran (issuer)	0.73	0.79	15%	15%	0.70	0.79	14%	14%	1.43	1.58	15%	14%
A.2) Subsidiaries	3.77	4.30	76%	76%	3.82	4.49	79%	76%	7.59	8.79	77%	76%
Sub-total	**4.50**	**5.09**	**91%**	**91%**	**4.52**	**5.28**	**93%**	**90%**	**9.02**	**10.37**	**92%**	**90%**
B) OTHER SERVICES												
B.1) Safran (issuer)	0.16	0.18	3%	3%	0.08	0.17	2%	3%	0.24	0.35	2%	3%
B.2) Subsidiaries	0.30	0.35	6%	6%	0.26	0.39	5%	7%	0.56	0.74	6%	7%
Sub-total	**0.46**	**0.53**	**9%**	**9%**	**0.34**	**0.56**	**7%**	**10%**	**0.80**	**1.09**	**8%**	**10%**
TOTAL	**4.96**	**5.62**	**100%**	**100%**	**4.86**	**5.84**	**100%**	**100%**	**9.82**	**11.46**	**100%**	**100%**

Statutory audit fees

These are payable for all work that is an integral part of the statutory audit, i.e., all work necessary to produce audit reports or any other reports or representations to be made available to the Ordinary Shareholders' Meeting called to approve the financial statements.

Services are provided by the Statutory Auditors and other persons responsible for audits, members of their networks, certifying the parent company and consolidated financial statements of the parent company and fully consolidated subsidiaries in France and other countries.

Fees for other services

These services concern work falling within the scope of services usually rendered in conjunction with the statutory audit engagement (drafting of specific reports and statements, due diligence procedures) or any other specific engagement, generally representing one-off or agreed-on services.

NOTE 37 SUBSEQUENT EVENTS

No significant events occurred between December 31, 2023 and February 14, 2024, the date on which the consolidated annual financial statements were approved by the Board of Directors.

NOTE 38 LIST OF CONSOLIDATED COMPANIES

		2022		2023	
	Country	Consolidation method	% interest	Consolidation method	% interest
SAFRAN SA	**FRANCE**	PARENT COMPANY			
Aerospace Propulsion					
Safran Aircraft Engines	France	FC	100.00	FC	100.00
CFAN	United States	JO	50.00	JO	50.00
CFM International SA	France	JO	50.00	JO	50.00
CFM International, Inc.	United States	JO	50.00	JO	50.00
CFM Materials, LP	United States	EQ	50.00	EQ	50.00
Fabrications Mecaniques de l'Atlantique	France	JO	50.00	JO	50.00
Fan Blade Associates, Inc.	United States	FC	100.00	FC	100.00
Safran Aero Composite	France	FC	100.00	FC	100.00
Safran Aerospace Composites, LLC	United States	FC	100.00	FC	100.00
Shannon Engine Support Limited	Ireland	EQ	50.00	EQ	50.00
Safran Aircraft Engines Hyderabad Private Limited	India	FC	100.00	FC	100.00
Safran Aircraft Engines Mexico	Mexico	FC	100.00	FC	100.00
Safran Aircraft Engines Poland	Poland	FC	100.00	FC	100.00
Safran Aircraft Engine Services Americas	Mexico	FC	100.00	FC	100.00
Safran Aircraft Engine Services Morocco	Morocco	FC	51.00	FC	51.00
Safran MDS, S.A. de C.V.	Mexico	FC	100.00	FC	100.00
Snecma Participations	France	FC	100.00	FC	100.00
Snecma Participations, Inc.	United States	FC	100.00	FC	100.00
Safran Aircraft Engine Services Brussels	Belgium	FC	100.00	FC	100.00
Safran Aircraft Engines Suzhou Co, Ltd	China	FC	100.00	FC	100.00
Safran Aircraft Engines (Guiyang) Co, Ltd	China	FC	100.00	FC	100.00
Propulsion Technologies International, LLC	United States	JO	50.00	JO	50.00
Safran Aero Boosters	Belgium	FC	67.19	FC	67.19
Safran Test Cells, Inc.	United States	FC	67.19	FC	67.19
Safran Aero Boosters Programs, LLC	United States	FC	67.19	FC	67.19
Safran Aero Boosters, Inc.	United States	FC	67.19	FC	67.19
Safran Helicopter Engines	France	FC	100.00	FC	100.00
Safran Power Units	France	FC	100.00	FC	100.00
Safran Power Units San Diego, LLC	United States	FC	100.00	FC	100.00
Safran Power Units USA	United States	FC	100.00	FC	100.00
Initium Aerospace, LLC	United States	EQ	50.00	EQ	50.00
Safran Helicopter Engines Asia Pte. Ltd.	Singapore	FC	100.00	FC	100.00
Safran Helicopter Engines Australia Pty Ltd	Australia	FC	100.00	FC	100.00
Safran Moteurs d'Hélicoptères Canada Inc.	Canada	FC	100.00	FC	100.00
Safran Helicopter Engines Brasil Industria e Comercio do Brasil Ltda	Brazil	FC	100.00	FC	100.00
Safran Helicopter Engines Germany GmbH	Germany	FC	100.00	FC	100.00
Safran Helicopter Engines Tianjin Co. Ltd	China	FC	100.00	FC	100.00
Safran Helicopter Engines UK Limited	United Kingdom	FC	100.00	FC	100.00
Safran Helicopter Engines USA, Inc.	United States	FC	100.00	FC	100.00
Safran Helicopter Engines Mexico	Mexico	FC	100.00	FC	100.00
AD Holding and subsidiaries(1)	France	-	-	EQ	33.33
Roxel France	France	EQ	50.00	EQ	50.00
Roxel Limited	United Kingdom	EQ	50.00	EQ	50.00
Roxel	France	EQ	50.00	EQ	50.00
Safran Transmission Systems	France	FC	100.00	FC	100.00
Safran Transmission Systems Poland sp. z o o.	Poland	FC	100.00	FC	100.00
ArianeGroup Holding and its subsidiaries	France	EQ	50.00	EQ	50.00

FC: Full consolidation. JO: Joint operation. EQ: Equity method.

(1) Consolidated in 2023.

		2022		2023	
	Country	Consolidation method	% interest	Consolidation method	% interest
Aircraft Equipment, Defense and Aerosystems					
Safran Nacelles	France	FC	100.00	FC	100.00
Safran Nacelles Limited	United Kingdom	FC	100.00	FC	100.00
Safran Nacelles Morocco	Morocco	FC	100.00	FC	100.00
Safran Landing Systems	France	FC	100.00	FC	100.00
Aero Precision Repair & Overhaul Company, Inc.	United States	EQ	50.00	EQ	50.00
Safran Landing Systems Services Dinard	France	FC	100.00	FC	100.00
Safran Landing Systems Kentucky, LLC	United States	FC	100.00	FC	100.00
Safran Landing Systems Wheel & Brake Services, LLC	United States	FC	100.00	FC	100.00
Safran Landing Systems Malaysia Sdn. Bhd.	Malaysia	FC	100.00	FC	100.00
Safran Landing Systems Canada Inc.	Canada	FC	100.00	FC	100.00
Safran Landing Systems UK Ltd	United Kingdom	FC	100.00	FC	100.00
Safran Landing Systems México S.A. de C.V.	Mexico	FC	100.00	FC	100.00
Safran Landing Systems Services Américas S.A. de C.V.	Mexico	FC	100.00	FC	100.00
Safran Landing Systems Services Singapore Pte. Ltd.	Singapore	FC	60.00	FC	60.00
Safran Landing Systems Services Miami, Inc.	United States	FC	100.00	FC	100.00
Safran Landing Systems Services UK Ltd	United Kingdom	FC	100.00	FC	100.00
Safran Landing Systems Holdings Singapore Pte. Ltd.	Singapore	FC	100.00	FC	100.00
Xi'an Cea Safran Landing Systems Co., Ltd	China	EQ	50.00	EQ	50.00
Safran Filtration Systems	France	FC	100.00	FC	100.00
Safran Landing Systems Suzhou Co., Ltd.	China	FC	100.00	FC	100.00
Safran Electrical & Power	France	FC	100.00	FC	100.00
Safran Electrical Components	France	FC	100.00	FC	100.00
Safran Electrical & Power Chihuahua SA de CV	Mexico	FC	100.00	FC	100.00
Safran Engineering Services GmbH	Germany	FC	100.00	FC	100.00
Labinal Investments, LLC	United States	FC	100.00	FC	100.00
Safran Electrical & Power USA, LLC	United States	FC	100.00	FC	100.00
Safran Electrical & Power Morocco	Morocco	FC	100.00	FC	100.00
Safran Electrical & Power Mexico SA de CV	Mexico	FC	100.00	FC	100.00
Safran Electrical & Power India Private Limited	India	FC	100.00	FC	100.00
Matis Aerospace	Morocco	JO	50.00	JO	50.00
Safran Engineering Services	France	FC	100.00	FC	100.00
Safran Engineering Services India Pvt Ltd	India	FC	100.00	FC	100.00
Safran Engineering Services Maroc	Morocco	FC	100.00	FC	100.00
Safran Engineering Services UK Ltd	United Kingdom	FC	100.00	FC	100.00
Safran Electrical & Power UK Ltd	United Kingdom	FC	100.00	FC	100.00
Safran Power USA, LLC	United States	FC	100.00	FC	100.00
Shanghai SAIFEI Aviation EWIS Manufacturing Co., Ltd	China	EQ	49.00	EQ	49.00
Safran Electrical Components Canada Inc.	Canada	FC	100.00	FC	100.00
Safran Electrical Components UK Limited	United Kingdom	FC	100.00	FC	100.00
Safran Electrical Components USA, Inc.	United States	FC	100.00	FC	100.00
Safran Electrical and Power Tunisia	Tunisia	FC	100.00	FC	100.00
Safran Electrical & Power Chatou SAS[1]	France	-	-	FC	100.00
Safran Electrical & Power Conflans SAS[1]	France	-	-	FC	100.00

FC: Full consolidation. JO: Joint operation. EQ: Equity method.
(1) Consolidated in 2023.

		2022		2023	
	Country	Consolidation method	% interest	Consolidation method	% interest
Safran Electronics & Defense	France	FC	100.00	FC	100.00
Optics 1, Inc.	United States	FC	100.00	FC	100.00
Safran Electronics & Defense Services Asia Pte Ltd	Singapore	FC	60.00	FC	60.00
Safran Electronics & Defense Canada Inc.	Canada	FC	100.00	FC	100.00
Safran Electronics & Defense Avionics USA, LLC	United States	FC	100.00	FC	100.00
Safran Electronics & Defense Germany GmbH	Germany	FC	100.00	FC	100.00
Lynred	France	EQ	50.00	EQ	50.00
Safran Electronics & Defense Morocco	Morocco	FC	100.00	FC	100.00
Safran Electronics & Defense Services Mexico, S.A. de C.V.	Mexico	FC	100.00	FC	100.00
Safran Electronics & Defense Cockpit Solutions(1)	France	FC	100.00	-	-
Safran Vectronix AG	Switzerland	FC	100.00	FC	100.00
Sagem USA, Inc.	United States	FC	100.00	FC	100.00
Fadec International, LLC	United States	EQ	50.00	EQ	50.00
Safran Reosc	France	FC	100.00	FC	100.00
Safran Sensing Technologies Switzerland	Switzerland	FC	100.00	FC	100.00
Safran Electronics & Defense Actuation(1)	France	FC	100.00	-	-
Safran Data Systems Investment	France	FC	100.00	FC	100.00
Safran Data Systems Inc.	United States	FC	100.00	FC	100.00
Safran Data Systems GmbH	Germany	FC	100.00	FC	100.00
Safran Data Systems	France	FC	100.00	FC	100.00
IDD Aerospace Corp.	United States	FC	100.00	FC	100.00
Safran Spacecraft Propulsion	France	FC	100.00	FC	100.00
CILAS	France	EQ	31.50	EQ	31.50
HMS Laser	France	EQ	50.00	EQ	50.00
Financière Orolia	France	FC	100.00	FC	100.00
Orolia Holding SAS(2)	France	FC	100.00	-	-
Safran Trusted 4D Canada Inc	Canada	FC	100.00	FC	100.00
Safran Trusted 4D SAS	France	FC	100.00	FC	100.00
Safran Electronics & Defense Beacons SAS	France	FC	100.00	FC	100.00
Safran Electronics & Defense Spain S.L.	Spain	FC	100.00	FC	100.00
Safran Timing Technologies SA	Switzerland	FC	100.00	FC	100.00
T4 Science	Switzerland	FC	85.00	FC	85.00
Safran Trusted 4D Inc	United States	FC	100.00	FC	100.00
TalenX	United States	FC	100.00	FC	100.00
Orolia Government Systems Inc.	United States	FC	100.00	FC	100.00
Safran Aerosystems Morocco	Morocco	FC	100.00	FC	100.00
Avox Systems Inc.	United States	FC	100.00	FC	100.00
Air Cruisers Company, LLC	United States	FC	100.00	FC	100.00
Safran Aerosystems	France	FC	100.00	FC	100.00
Engineered Arresting Systems Corporation	United States	FC	100.00	FC	100.00
Safran Aerosystems Mexico S. de R.L. de C.V.	Mexico	FC	100.00	FC	100.00
Safran Aerosystems Services Americas, LLC	United States	FC	100.00	FC	100.00
Safran Aerosystems Services Asia Pte. Ltd.	Singapore	FC	100.00	FC	100.00
Safran Aerosystems Services UK Ltd	United Kingdom	FC	100.00	FC	100.00
Safran Aerosystems Services Middle East DWC – LLC	United Arab Emirates	FC	100.00	FC	100.00
IN-Services Asia Limited	Hong Kong	FC	100.00	FC	100.00
Safran Martin-Baker France	France	EQ	50.00	EQ	50.00

FC: Full consolidation. JO: Joint operation. EQ: Equity method.
(1) Merged into Safran Electronics & Defense on January 1, 2023.
(2) Merged into Financière Orolia on January 1, 2023.

	Country	2022 Consolidation method	2022 % interest	2023 Consolidation method	2023 % interest
Aircraft Interiors					
Safran Cabin France	France	FC	100.00	FC	100.00
Safran Cabin Investment GmbH	Germany	FC	100.00	FC	100.00
Safran Cabin Sterling, Inc.	United States	FC	100.00	FC	100.00
Safran Cabin Germany GmbH	Germany	FC	100.00	FC	100.00
Safran Cabin Netherlands N.V.	Netherlands	FC	100.00	FC	100.00
Safran Cabin Galleys US, Inc.	United States	FC	100.00	FC	100.00
Safran Cabin CZ s.r.o.	Czech Republic	FC	100.00	FC	100.00
EZ Air Interior Limited	Ireland	EQ	50.00	EQ	50.00
Safran Cabin Materials, LLC	United States	FC	100.00	FC	100.00
Safran Cabin Tunisia	Tunisia	FC	100.00	FC	100.00
Safran Cabin, Inc.	United States	FC	100.00	FC	100.00
Safran Cabin Tijuana S.A de C.V.	Mexico	FC	100.00	FC	100.00
Safran Cabin Canada Co.	Canada	FC	100.00	FC	100.00
Safran Cabin Brazil Ltda.	Brazil	FC	100.00	FC	100.00
Safran Cabin Catering, Inc.(1)	United States	FC	100.00	-	-
Safran Cabin Lamphun Ltd.	Thailand	FC	100.00	FC	100.00
Safran Cabin Catering B.V. (1)	Netherlands	FC	100.00	-	-
Safran Cabin Bangkok Ltd. (1)	Thailand	FC	100.00	-	-
Safran Cabin Cargo B.V. (1)	Netherlands	FC	100.00	-	-
Safran Cabin Bellingham, Inc.	United States	FC	100.00	FC	100.00
Safran Seats	France	FC	100.00	FC	100.00
Safran Seats USA LLC	United States	FC	100.00	FC	100.00
Safran Seats Tunisia	Tunisia	FC	100.00	FC	100.00
Safran Seats GB Limited	United Kingdom	FC	100.00	FC	100.00
Safran Ventilation Systems	France	FC	100.00	FC	100.00
Safran Ventilation Systems USA, LLC	United States	FC	100.00	FC	100.00
Northwest Aerospace Technologies, Inc.	United States	FC	100.00	FC	100.00
Greenpoint Technologies, Inc.	United States	FC	100.00	FC	100.00
EV Participations GmbH	Germany	FC	100.00	FC	100.00
Safran Passenger Innovations Germany GmbH	Germany	FC	100.00	FC	100.00
Safran Passenger Innovations, LLC	United States	FC	100.00	FC	100.00
Mag Aerospace Industries, LLC	United States	FC	100.00	FC	100.00
Holding company and other					
Établissements Vallaroche	France	FC	100.00	FC	100.00
Safran Ceramics	France	FC	100.00	FC	100.00
Safran UK Ltd	United Kingdom	FC	100.00	FC	100.00
Safran USA, Inc.	United States	FC	100.00	FC	100.00
Société de Réassurance Vallaroche SA	Luxembourg	FC	100.00	FC	100.00
Safran Corporate Ventures	France	FC	100.00	FC	100.00
Zodiac US Corporation(2)	United States	FC	100.00	-	-
Safran Seats GB Investment Limited	United Kingdom	FC	100.00	FC	100.00
Galli Participations	France	FC	100.00	FC	100.00
Safran Additive Manufacturing Campus	France	FC	100.00	FC	100.00

FC: Full consolidation. JO: Joint operation. EQ: Equity method.
(1) Sold on May 31, 2023.
(2) Merged into Safran USA on December 31, 2023.

3.2 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2023

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Safran for the year ended December 31, 2023.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at December 31, 2023 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit and Risk Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules provided for in the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for Statutory Auditors for the period from January 1, 2023 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by Article 5(1) of Regulation (EU) No. 537/2014.

Justification of assessments – Key audit matters

In accordance with the requirements of Articles L.821-53 and R.821-180 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgment, were the most significant in our audit of the consolidated financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the consolidated financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the consolidated financial statements.

Recognition of revenue and margins under support-by-the-hour contracts

Notes 2.g, 3.a and 6 to the consolidated financial statements

Risk identified	The Group has entered into support-by-the-hour engine maintenance contracts with certain customers spanning several years. As described in Notes 2.g and 3.a to the consolidated financial statements, revenue on these contracts is recognized over time, based on the costs incurred to date as a percentage of the total estimated costs. A provision is set aside for any losses as soon as such losses are foreseeable. Forecast contract margins are regularly revised by management. This method requires an estimate of results on completion using future cash flow forecasts that take into account contractual inputs and commitments as well as other factors inherent to the contract based on historical and/or forecast data. This method also requires the use of estimates used to determine the contract's stage of completion. We deemed the recognition of revenue and margins on support-by-the-hour contracts to be a key audit matter given the sensitivity of margins on completion to the estimates and assumptions used by management.
How our audit addressed this risk	In Group subsidiary Safran Aircraft Engines (Aerospace Propulsion segment), which accounts for the most significant support-per-flight-hour contracts, we: ■ familiarized ourselves with the procedures for forecasting contract revenue and contract costs on completion; ■ tested the key controls relating to costs incurred on contracts used as the basis to calculate the percentage of completion and the recognition of revenue; ■ obtained confirmation from the Company as regards the application of the latest technical and economic models for assessing the in-flight behavior of the engine and determining the engine servicing schedule; ■ for a sample of major contracts, met with the management controllers responsible for monitoring the contract business plans, and assessed estimates of contract revenue and costs on completion, including the degree of uncertainty applied, in particular by comparing the costs incurred to date with previous estimates; ■ for a sample of significant contracts, analyzed any changes in contracts and the reflection of those changes in the business plans; ■ assessed the consistency of the accounting treatment used to record revenue with the applicable accounting standards.

Contract liabilities: performance warranties and provisions for sales contracts

Notes 2.g, 2.s, 3.a, 3.b, 20 and 24 to the consolidated financial statements

Risk identified	As part of its contractual relations, the Group may recognize liabilities for contractual guarantee commitments given in respect of warranties or claims received from customers, in particular in the Safran Aircraft Engines subsidiary (Aerospace Propulsion segment): ■ provisions for performance warranties recognized under liabilities cover probable future payments under the various performance warranties granted by the Group to its customers in respect of equipment sold. They are calculated based on technical files or on a statistical basis taking into account the estimated frequency and probable cost of repairs; ■ provisions for sales contracts correspond to provisions booked further to customer claims or when the Group is exposed to contractual penalties. Provisions are calculated by management using available information, past experience and, in some cases, estimates by independent experts. We deemed this issue to be a key audit matter given the significance of the amounts in question, the complexity of the assumptions underlying the estimates, and the degree of judgment required of management in calculating these provisions.
How our audit addressed this risk	We obtained an understanding of the procedures implemented by management to identify and list all risks relating to contractual commitments in the Safran Aircraft Engines subsidiary. For the most material risks identified, we reviewed the analysis of the risk by management, along with the corresponding documentation and any written consultations from external advisors, where appropriate. Our work involved: ■ meeting with the managers of the main programs to assess the exhaustiveness of the provisions recognized in light of the known quality risks; ■ for material risks, examining with management the main causes and planned corrections for the technical issues identified; ■ familiarizing ourselves with the approach used by management to estimate the amount of provisions to be recognized in respect of these risks; ■ reconciling the assumptions used to determine warranty commitments with the technical files and historical data; ■ assessing the estimated cost of repairs used to estimate warranty commitments, in particular by comparing with observed historical data; ■ analyzing the arithmetic accuracy of the calculations made and reconciling the input data with contractual data, where appropriate; ■ assessing the consistency with IFRS 15 of the accounting treatment used to record identified contractual liabilities; ■ reconciling the amounts recognized with respect to customer claims with the requests made by those customers, and the estimates made by management. We also assessed the appropriateness of the disclosures concerning contract liabilities provided in the notes to the consolidated financial statements.

Measurement and completeness of foreign currency derivatives

Notes 2.f, 2.w and 31 to the consolidated financial statements

Risk identified	Most of the revenue generated in the aerospace segment is denominated in US dollars. The net excess of revenues over expenses for these activities totaled USD 10.5 billion for 2023. To protect its operating profitability against fluctuations in the EUR/USD exchange rate, the Group's policy is to hedge its USD exposure using foreign currency derivatives and to maintain the exchange rate above a target hedged rate over a period of three to four years. The main derivatives used in this respect are forward sales and foreign currency options (accumulators and a combination of optional instruments, each with or without knock-out barriers). Options are used to improve the hedged rate with a view to protecting the Group's economic performance. In the balance sheet, the derivatives portfolio is carried at fair value in accordance with IFRS 9, and represented an amount of €1,577 million in assets and €4,735 million in liabilities at December 31, 2023. Most derivatives are traded over-the-counter and no quoted prices are available. Consequently, they are measured using models commonly used by pricing services. In the income statement, the Group does not apply hedge accounting as defined by IFRS 9 given the nature of the instruments used. Consequently, all changes in the fair value of foreign currency derivatives during the year are included in financial income (loss). In 2023, the amount recorded in financial income represented €2,150 million. We deemed the measurement and completeness of foreign currency derivatives to be a key audit matter given the material impacts on the Group's consolidated financial statements, the complexity of the valuation models used and the volume of instruments negotiated.
How our audit addressed this risk	We reviewed the Group's forex strategy and assessed whether the information given in this regard in Note 31 to the consolidated financial statements was appropriate. As part of our familiarization with the Group's internal control procedures, we analyzed the procedures put in place by management for approving, contracting and booking market transactions. We also tested the effectiveness of IT key controls for the applications used by the Cash Management Department, including the interface with the accounting teams. In respect of foreign currency derivatives, our procedures consisted in: ■ verifying the reconciliation performed by the Group between the derivatives portfolio and information received from bank counterparties, in order to ensure that all transactions were documented; ■ verifying that there was no material discrepancy between the value of the derivatives estimated by the Group and the values sent by the bank counterparties; ■ carrying out a counter-valuation of a representative sample of the derivatives portfolio; ■ verifying the disclosures provided in the notes to the consolidated financial statements and reviewing the Group's financial communications regarding foreign currency transactions.

Impairment testing of intangible assets (goodwill and programs) and material investments in equity-accounted companies

Notes 2.c, 2.j, 2.m, 3.a, 11, 12 and 16 to the consolidated financial statements

Risk identified	In the context of its creation and development, the Group has carried out acquisitions, including of interests in companies then accounted for by the equity method, resulting in the recognition of goodwill and intangible assets relating to aerospace programs. The Group also capitalizes development costs when it can be demonstrated that they meet the requisite criteria, as described in Note 2.m to the consolidated financial statements. Goodwill is tested for impairment at the level of each cash-generating unit (CGU) at least annually and whenever there is an indication that it may be impaired. Material investments in equity-accounted companies are also tested for impairment if an indication of impairment is identified. At the end of each annual reporting period, management also performs impairment tests on assets allocated to programs (aerospace programs and capitalized development costs) before they begin to be depreciated/amortized, or if events or circumstances indicate a risk of impairment. The recoverable amounts of these assets are chiefly determined by discounting the future cash flows expected to arise from the CGUs, projects or programs to which the assets tested relate. At December 31, 2023, the carrying amount of goodwill was €4,706 million, while total other intangible assets represented €7,830 million, including €372 million relating to aerospace programs and €3,923 million relating to capitalized development costs. At December 31, 2023, investments in equity-accounted companies totaled €1,928 million. We deemed impairment testing of intangible assets and material investments in equity-accounted companies to be a key audit matter given their material balances in the consolidated financial statements and because the calculation of their recoverable amount requires management to use major estimates and assumptions.

How our audit addressed this risk	We assessed the basis for implementing these impairment tests. In particular, our work consisted in: ■ reconciling the elements included in the carrying amount of each cash-generating unit (CGU), each program and each material investment in an equity-accounted company with the net assets recognized in the balance sheet; ■ analyzing the appropriateness of the assumptions underlying the estimates used by management to forecast its future cash flows, in particular by reconciling: ● the volumes and production rates associated with the products sold with information and forecasts provided by the main contractors and significant stakeholders and management's long-term market analyses; ● the growth rate assumptions used to forecast future cash flows with available independent analyses; ● the various inputs used to calculate the weighted average cost of capital of each CGU with the rate of return demanded by market participants for similar activities, with the support of a valuation expert who assisted our audit team; ■ comparing the consistency of future cash flows with management's most recent estimates, as presented to the Board of Directors during the medium-term business plan process; ■ comparing the analyses performed by management to ascertain the sensitivity of value in use to reasonably possible changes in the main assumptions used. Lastly, we assessed the appropriateness of the disclosures provided in the notes to the consolidated financial statements.

Specific verifications

As required by legal and regulatory provisions and in accordance with professional standards applicable in France, we have also performed the specific verifications on the information pertaining to the Group presented in the Board of Directors' management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the management report includes the consolidated non-financial information statement required under Article L.225-102-1 of the French Commercial Code. However, in accordance with Article L.823-10 of the French Commercial Code, we have not verified the fair presentation and consistency with the consolidated financial statements of the information given in that statement, which will be the subject of a report by an independent third party.

Other verifications and information pursuant to legal and regulatory requirements

Presentation of the consolidated financial statements to be included in the annual financial report

In accordance with professional standards applicable to the Statutory Auditors' procedures for annual and consolidated financial statements presented according to the European single electronic reporting format, we have verified that the presentation of the consolidated financial statements to be included[15] in the annual financial report referred to in paragraph I of Article L.451-1-2 of the French Monetary and Financial Code (Code monétaire et financier) and prepared under the Chief Executive Officer's responsibility, complies with this format, as defined by European Delegated Regulation No. 2019/815 of December 17, 2018. As it relates to the consolidated financial statements, our work included verifying that the markups in the financial statements comply with the format defined by the aforementioned Regulation.

On the basis of our work, we conclude that the presentation of the consolidated financial statements to be included in the annual financial report complies, in all material respects, with the European single electronic reporting format.

Due to the technical limitations inherent in the macro-tagging of the consolidated financial statements in accordance with the European single electronic reporting format, the content of certain tags in the notes to the financial statements may not be rendered identically to the consolidated financial statements attached to this report.

It is not our responsibility to ensure that the consolidated financial statements to be included by the Company in the annual financial report filed with the AMF correspond to those on which we carried out our work.

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Safran by the Annual General Meetings held on May 28, 2008 for Mazars and on May 27, 2010 for ERNST & YOUNG et Autres.

At December 31, 2023, Mazars and ERNST & YOUNG et Autres were in the sixteenth and fourteenth consecutive year of their engagement, respectively.

Responsibilities of management and those charged with governance relating to the consolidated financial statements

Management is responsible for preparing consolidated financial statements giving a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for implementing the internal control procedures it deems necessary for the preparation of consolidated financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The Audit and Risk Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these consolidated financial statements.

As specified in Article L.821-55 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit. They also:

- identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the consolidated financial statements;
- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the consolidated financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The Statutory Auditors are responsible for the management, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed thereon.

Report to the Audit and Risk Committee

We submit a report to the Audit and Risk Committee which includes, in particular, a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit and Risk Committee includes the risks of material misstatement that, in our professional judgment, were the most significant for the audit of the consolidated financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit and Risk Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537-2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in Articles L.821-27 to L.821-34 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit and Risk Committee.

The Statutory Auditors

Paris-La Défense, March 21, 2024

MAZARS		ERNST & YOUNG et Autres	
Jérôme de Pastors	Christophe Berrard	Philippe Berteaux	Nicolas Macé
Partner	Partner	Partner	Partner

3.3 PARENT COMPANY FINANCIAL STATEMENTS AT DECEMBER 31, 2023

Parent company income statement at December 31, 2023

(in € millions)	Note	2022	2023
OPERATING INCOME			
Revenue	4.1	752	865
Capitalized production		10	11
Operating expense transfers	4.3	26	47
Reversal of depreciation, amortization and provisions		24	12
Other income	4.2	82	235
Operating income (1)		**894**	**1,170**
OPERATING EXPENSES			
Cost of goods sold in the year:			
■ Raw materials		-	-
■ Sub-contracting purchases		(6)	(7)
■ Purchases not held in inventory and supplies		(21)	(21)
■ External service expenses		(544)	(612)
Taxes and duties other than income tax		(18)	(25)
Payroll costs:			
■ Wages and salaries		(160)	(211)
■ Social security contributions		(111)	(106)
Charges to depreciation, amortization, provisions and impairment:			
■ Charges to depreciation, amortization and impairment of non-current assets		(29)	(27)
■ Charges to provisions for contingencies and losses		(76)	(244)
Other expenses		(12)	(9)
Operating expenses (2)		**(977)**	**(1,262)**
Loss from operations (1)-(2)		**(83)**	**(92)**
Financial income		1,520	1,921
Financial expenses		(479)	(1,163)
Financial income	**4.4**	**1,041**	**758**
Profit from ordinary activities before tax		**958**	**666**
Non-recurring income		43	21
Non-recurring expenses		(30)	(83)
Non-recurring income (expense)	**4.5**	**13**	**(62)**
Statutory employee profit-sharing	4.6	-	-
Income tax benefit	4.7	66	55
Movements in provisions set aside to cover income taxes of loss-making subsidiaries	4.7	(1)	(1)
PROFIT FOR THE PERIOD		**1,036**	**658**

Parent company balance sheet at December 31, 2023

Assets

(in € millions)	Note	Dec. 31, 2022	Dec. 31, 2023 Gross carrying amount	Dec. 31, 2023 Depreciation, amortization and impairment	Dec. 31, 2023 Net
Intangible assets	**3.1**	**17**	**205**	**177**	**28**
■ Other intangible assets		17	205	177	28
Property, plant and equipment	**3.1**	**98**	**261**	**168**	**93**
Financial assets	**3.1**	**18,109**	**20,207**	**1,328**	**18,879**
■ Equity investments		17,305	18,150	1,328	16,822
■ Other financial assets		804	2,057	-	2,057
Total non-current assets		**18,224**	**20,673**	**1,673**	**19,000**
Payments on account	3.2	1	-	-	-
Trade receivables	3.2	129	330	-	330
Other receivables	3.2	387	442	-	442
Group current accounts	3.2	4,992	4,241	6	4,235
Marketable securities	3.3	4,253	5,111	-	5,111
Cash at bank and in hand	3.3	2,030	1,421	-	1,421
Prepayments	3.5	44	72	-	72
Total current assets		**11,836**	**11,617**	**6**	**11,611**
Redemption premiums	3.6	7	6	-	6
Unrealized foreign exchange losses	3.6	506	344	-	344
TOTAL ASSETS		**30,573**	**32,640**	**1,679**	**30,961**

Equity and liabilities

(in € millions)	Note	Dec. 31, 2022	Dec. 31, 2023
Share capital	3.7	85	85
Other equity	3.7	11,902	12,376
Tax-driven provisions	3.8	22	23
Profit for the period	**3.7**	**1,036**	**658**
Total equity		**13,045**	**13,142**
Provisions for contingencies and losses	**3.8**	**548**	**798**
Bond issue	3.9	3,330	3,330
USD senior unsecured notes issue	3.9	1,054	1,027
Other loans and borrowings	3.9	1,349	1,007
Group current accounts	3.9	10,315	10,796
Advances and downpayments received	3.9	14	17
Trade payables	3.9	138	168
Other liabilities	3.9	375	422
Deferred income	3.11	33	26
Financial liabilities, operating payables and miscellaneous liabilities		**16,608**	**16,793**
Unrealized foreign exchange gains	3.12	372	228
TOTAL EQUITY AND LIABILITIES		**30,573**	**30,961**

Parent company statement of cash flows

(in € millions)	2022	2023
I. CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the period	1,036	658
Non-cash income and expenses		
Depreciation, amortization, impairment and provisions	414	831
Capital gains and losses on asset disposals	(6)	72
Cash flow from operations, before change in working capital	**1,444**	**1,561**
Net change in current accounts[(1)]	788	1,357
Net change in other receivables and payables	(37)	(217)
Change in working capital	**751**	**1,140**
Total I	**2,195**	**2,701**
II. CASH FLOW USED IN INVESTING ACTIVITIES		
Payments for purchases of intangible assets and property, plant and equipment, net of proceeds	(26)	(33)
Payments for purchases of equity investments and other financial assets, net of proceeds[(2)]	(406)	(1,515)
Total II	**(432)**	**(1,548)**
III. CASH FLOW USED IN FINANCING ACTIVITIES		
Dividends paid to shareholders	(213)	(564)
Increase in borrowings	545	-
Repayment of borrowings and long-term debt	(477)	(180)
New bond issue	-	-
Bond redemption	-	-
Change in long-term borrowings	-	-
Change in short-term borrowings	(207)	(162)
Change in share capital	-	2
Total III	**(352)**	**(904)**
NET INCREASE IN CASH AND CASH EQUIVALENTS I+II+III	**1,411**	**249**
Cash and cash equivalents at beginning of period	4,872	6,283
Reclassification of Oddo liquidity agreement to financial assets	-	-
Cash and cash equivalents at end of period	6,283	6,532
Net increase in cash and cash equivalents	**1,411**	**249**

(1) Classified in operating items in view of the nature of the Company's operations.
(2) Mainly including €1,248 million for the buyback of treasury shares, €100 million in bank investments, €115 million in share acquisitions, capital increases and costs related to the acquisition of AD Holding, and €50 million relating to the capital increase of Safran Additive Manufacturing Campus.

Notes to the parent company financial statements

CONTENTS

The data set out below are an integral part of the parent company financial statements. They are expressed in millions of euros unless otherwise indicated.

The 2023 financial year spans 12 months.

Safran may also be referred to as “the Company” in these notes.

The total balance sheet at December 31, 2023 prior to the appropriation of profit represents **€30,961,036,385.94**.

Accounting profit for 2023 represents **€657,785,887.06**.

NOTE 1 ACTIVITY OF THE COMPANY AND 2023 HIGHLIGHTS

1.1 Activity of the Company

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

- it holds and manages shares in the main Group subsidiaries;
- it steers and develops the Group, determining: Group strategy; Research and Technology (R&T) policy; sales policy; legal and financial policy; human resources policy; personnel training, retraining and skills matching by Safran University; communications; and oversight of operations;
- it provides:
  - support on legal, taxation and financial matters, essentially in the following areas: cash pooling as part of the management of advances and investments between Safran and each Group company; currency risk management policy as part of efforts to protect companies and reduce uncertainty regarding the economic performance of operating subsidiaries resulting from fluctuations in exchange rates (mainly USD); and tax consolidation in jurisdictions where Safran is liable for the entire income tax charge, additional income tax contributions and the annual minimum tax charge due by the tax group comprising itself and its tax-consolidated subsidiaries, and
  - services within the scope of Shared Services Centers in the following areas: payroll administration and management, recruitment, non-production purchases, IT, and some accounting services.

1.2 2023 highlights

Capital transactions and Group credit rating

At December 31, 2023, the Company’s cash and cash equivalents amounted to €6,181 million.

On February 25, 2021, Safran was rated for the first time by Standard & Poor’s, which assigned the Company a long-term credit rating of BBB+ with a stable outlook.

On April 29, 2022, Standard & Poor’s revised the outlook on the Company’s BBB+ rating from stable to positive.

On December 2, 2022, Standard & Poor’s raised the rating to A- with a stable outlook.

On October 28, 2022, upon the publication of its third-quarter revenue, Safran announced a liability management transaction in respect of the 2027 OCEANEs, with the buyback of up to 9.4 million shares to hedge the potential dilution of the 2027 convertible bonds.

After having launched a buyback tranche of €275 million for 2,373,547 shares in 2022, in 2023 Safran signed:

- a share purchase agreement with an investment services firm on January 13, 2023 for a second buyback tranche of up to €650 million, expiring on March 31, 2023 at the latest;
- a share purchase agreement with an investment services firm on April 7, 2023 for a third buyback tranche of up to €350 million, expiring on June 9, 2023 at the latest.

The three tranches have been completed, involving the purchase of 9,463,240 shares for €1,222 million. The entire 9.4 million share buyback program has therefore been completed.

These treasury shares will be delivered to holders of 2027 OCEANE bonds if and when they exercise their conversion right.

On July 28, 2023, Safran entered into an agreement with an investment services provider to buy back its own shares for allocation to employees or corporate officers, up to a maximum of €300 million.

This program ran from August 1, 2023 to September 11, 2023, with 2,055,693 shares bought back for a total of €300 million.

At the time of publishing its first-half earnings on July 27, 2023, Safran announced the launch of a share buyback program under which it would repurchase up to approximately 4 million of its own shares (around 0.95% of its capital) to hedge the potential dilution related to its OCEANE convertible bonds maturing in 2028.

On September 22, 2023, Safran entered into an agreement with an investment services provider for the implementation of a first tranche of this buyback program for up to €350 million, to be completed no later than November 17, 2023. This first tranche was successively completed, with a total of 2,030,720 shares bought back under the agreement for a total amount of €302 million.

On January 12, 2024, Safran entered into an agreement with an investment services provider for the implementation of a follow-on buyback tranche to meet:

- its obligations to deliver shares in case of conversion of its convertible bonds maturing in 2028; and
- its obligations to award or sell shares to employees and/or corporate officers of the Company or of other Group companies.

Under the terms of the agreement, Safran will buy back up to €450 million worth of ordinary shares from January 16, 2024 and no later than March 1, 2024. This operation will be carried out in accordance with the share buyback authorization granted on May 25, 2023 by the Annual General Meeting, which has set the maximum purchase price at €175 per share.

Acquisition of Aubert & Duval

After signing a memorandum of understanding with the mining and metallurgical group Eramet on February 22, 2022 to acquire its subsidiary Aubert & Duval, the consortium comprising Safran, Airbus and Tikehau Ace Capital signed a purchase agreement on June 21, 2022.

In May 2022, Safran, Airbus and Tikehau Ace Capital set up a new company, AD Holding, equally owned by the three shareholders (33.33% each), to acquire Aubert & Duval.

On December 22, 2022, the European Commission authorized Safran, Airbus and Tikehau Ace Capital to acquire Aubert & Duval, a subsidiary of the Eramet group, subject to approval by the Chinese competition authorities.

On April 28, 2023, all the requisite conditions having been met, AD Holding finalized the acquisition of Aubert & Duval from the Eramet group. The acquisition has been accounted for under the equity method in Safran's financial statements since May 1, 2023.

Aubert & Duval's cutting-edge know-how in specialty steels and superalloys, and its more recently acquired expertise in titanium, are crucial to the aerospace, transportation, energy, defense and medical markets.

The company generated revenue of €749 million in 2023.

Performance shares

The Board of Directors periodically grants performance shares to Group employees and corporate officers.

The vesting of these performance shares is subject to the achievement of internal and external performance conditions, which are assessed over three full consecutive fiscal years, including the year in which the performance shares are granted. In addition, the shares will only vest if the beneficiaries still form part of the Company at the vesting date.

Safran periodically reviews the number of free shares to be delivered in light of the continuing service conditions and internal and external performance conditions.

In the financial statements of Safran SA, the payroll cost relating to plans not yet fully vested is recognized on a straight-line basis over the vesting period (i.e., 36 months). The payroll cost is determined on the basis of the buyback price and revised assumptions concerning internal conditions and the number of shares still outstanding.

No shares were delivered in 2023 under the 2020 plan.

A new plan (2023-2026) was initiated by way of a decision by the Board of Directors on March 23, 2023.

Free share grant

In accordance with the authorization granted by the Annual General Meeting of May 25, 2023, the Board of Directors decided at its meeting on the same date to grant free Company shares to Safran Group employees.

Under the grant, employees of Group companies worldwide and on the payroll at February 25, 2023 each received 10 shares.

The shares granted are subject to a two-year vesting period. They do not include any specific performance conditions, other than beneficiaries forming part of the Group during the vesting period (continuing service condition).

All shares granted free of charge by Safran SA to its own employees will be equity-settled.

As the vesting of the free shares is subject to a continuing service condition, the payroll cost is recognized on a straight-line basis over the vesting period (i.e., 24 months). Safran will periodically review the number of free shares to be delivered according to employee turnover assumptions. Where appropriate, the impact of revised estimates will be reflected in the financial statements.

The expense recognized at December 31, 2023 in respect of the free shares, including social security contributions, was €1 million.

NOTE 2 ACCOUNTING POLICIES

2.1 Accounting rules and methods

Standards applied

The financial statements for the year ended December 31, 2023 have been prepared in accordance with the rules and regulations applicable in France as set out in the French General Chart of Accounts (*Plan comptable général*) and defined in Regulation 2014-03 issued by the French accounting standards-setter (*Autorité des normes comptables* – ANC) (consolidated version of January 1, 2023).

The financial statements have been prepared on a going concern basis using the accruals basis of accounting and consistent methods, in accordance with the basic principle of prudence and with the general rules for preparing and presenting parent company financial statements, in order to provide a true and fair value of the Company.

Unless otherwise stated, accounting items are carried at historical cost.

2.2 Intangible assets

All intangible assets are valued at purchase cost.

The gross cost of intangible asset items is amortized over the expected useful life of these assets using the straight-line method:

- patents and licenses are amortized over the shorter of the period of legal protection and period of effective use;
- application software is carried at purchase cost plus any development costs incurred in order to bring it into operation, and is amortized on a straight-line basis over a period of one to five years.

Research and development costs are recorded as expenses in the period in which they are incurred.

2.3 Property, plant and equipment

As required by the applicable accounting regulations (CRC Regulation 2004-06 issued by the Accounting Standards Committee), since January 1, 2005 property, plant and equipment have been depreciated over their useful lives.

Property, plant and equipment are recorded in the balance sheet at historical purchase cost less accumulated depreciation and impairment losses.

Purchase cost comprises the purchase price, ancillary fees and all costs directly attributable to bringing the asset to the location and condition ready for its intended use.

Assets purchased in a foreign currency are translated into euros at the exchange rate prevailing on the transaction date.

Assets produced by the Company are recorded at production cost.

In compliance with CRC Regulation 04-06, significant components of certain assets such as buildings whose useful lives differ from that of the asset as a whole are recognized and depreciated separately. Interest accrued on borrowings during the development and construction phases is not included as part of the cost of the assets concerned.

Depreciation

The main useful lives applied to property, plant and equipment are as follows:

■ Buildings	15 to 40 years
■ Building improvements, fixtures and fittings	10 years
■ Office furniture	6 years and 8 months
■ Office equipment	6 years and 8 months
■ Vehicles	4 years
■ Technical installations, equipment, industrial tools and other	3 to 10 years

Property, plant and equipment are depreciated on a straight-line or declining-balance basis.

Impairment

If there is evidence that an asset may be impaired at year-end, the Company performs an impairment test. The Company considers external indications of impairment such as events or changes in the market environment with an adverse impact on the entity that occurred during the reporting period or will occur in the near future, along with internal indications of impairment such as obsolescence or significant changes in the way in which an asset is used.

Impairment is recognized in the income statement when the recoverable amount of the asset falls below its carrying amount. Recoverable amount is the higher of fair value and value in use.

Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction, less costs to sell. Value in use is based on the present value of expected future cash flows, calculated using a benchmark discount rate which reflects the Group's weighted average cost of capital.

2.4 Financial assets

Financial assets are recorded at purchase price.

Treasury shares

Within the scope of the share buyback program set up for purposes other than for remittance to employees, the treasury shares purchased are included in other financial assets.

Treasury shares are recorded at purchase cost including ancillary fees. Fair value is equal to the lower of purchase cost and the average stock market price for the month preceding the year-end.

Impairment is recognized when the carrying amount (average share price for the month preceding the period-end) is lower than the purchase price.

However, the following specific accounting rules apply for stock option and free share plans or any other type of employee share ownership plan:

- when shares are earmarked for a specific stock option plan whose exercise is considered probable, an additional calculation is performed for each plan. A contingency provision is recorded when the option exercise price is less than the fair value;
- when shares are allocated to a specific free share plan, they are classified as marketable securities. Their carrying amount corresponds to either (i) the purchase price of the shares if they were allocated to the plan as from its inception, or (ii) the carrying amount of the shares at the date they are reclassified if they are allocated to the plan subsequent to their acquisition. These shares are not measured at fair value due to the underlying commitment to grant them to employees, which is covered by a provision recorded under liabilities in the balance sheet;
- shares acquired with a view to their subsequent cancellation are not impaired.

Equity investments

The 2007 French Finance Act introduced a tax treatment for equity investment acquisition expenses requiring their capitalization (inclusion in the cost price of securities) and amortization over a period of five years by way of accelerated tax depreciation/amortization.

Therefore, in accordance with the opinion issued by the CNC Urgent Issues Taskforce (*Comité d'urgence*) on June 15, 2007, the Company elected for a change in tax option from January 1, 2007, whereby the gross carrying amount of equity investments purchased after this date corresponds to the purchase price of the securities plus acquisition expenses. These acquisition expenses are then subject to accelerated tax depreciation/amortization over a period of five years.

Where the recoverable amount of equity investments is less than their carrying amount, impairment is recognized for the amount of the difference.

The fair value of equity investments is calculated:

- based on their average stock market price for the month preceding the year-end for listed investments;
- based on their share in net equity, adjusted where appropriate for significant unrealized capital gains net of taxes; or
- based on the intrinsic value of equity, reflecting the present value of the expected future cash flows (enterprise value), adjusted for the net financial position, for other equity investments.

Provisions are recorded in respect of loans and other financial assets when their recovery is uncertain.

The merger deficit is tested annually for impairment. In the event that any of the underlying equity investments are sold, the portion of the deficit allocated to the investment concerned is released to the income statement.

2.5 Receivables and payables

Receivables and payables are recorded at nominal value.

Impairment in value is recognized on receivables where their recoverable amount is less than their carrying amount.

Foreign currency transactions

Foreign currency transactions are recorded at the exchange rate prevailing at the transaction date.

Receivables and payables in foreign currencies are translated into euros at the exchange rate prevailing at year-end, while any resulting translation gains or losses are recorded under unrealized foreign exchange gains or losses. A provision is set aside for any unrealized foreign exchange losses at December 31, unless the losses are offset by potential gains in the same currency and over the same period.

2.6 Marketable securities

Marketable securities are measured as described below:

- the gross value of marketable securities reflects their purchase price;
- when the fair value of marketable securities, determined based on their value in use or their probable trading value, is less than their gross carrying value, impairment is recognized for the amount of the difference. The fair value of listed securities is determined based on their average stock market price for the month preceding the year-end.

2.7 Cash at bank and in hand

This caption consists mainly of bank accounts held by the Company.

Foreign currency denominated liquid assets held at year-end are translated into euros at the exchange rate prevailing at December 31.

Any resulting translation gains or losses are recorded in financial income and expenses.

2.8 Tax-driven provisions

Increases in standard depreciation and amortization rates for intangible assets and/or property, plant and equipment, as permitted by the tax authorities to encourage investment, are considered as "accelerated tax depreciation/amortization" and are recorded in tax-driven provisions in equity.

Provisions for accelerated tax depreciation/amortization are also recorded in respect of equity investment acquisition expenses.

2.9 Provisions for contingencies and losses

A provision is recognized when the Company has a present obligation, and it is likely or certain that this obligation will give rise to an outflow of economic resources with no equivalent consideration in return.

Provisions for contingencies and losses are recognized as described below:

- provisions for contingencies are set aside based on the risk known at the end of the current reporting period. The amount of the provision reflects the amount of any damages claimed or estimated based on the progress of proceedings and on the opinion of the Company's legal counsel;
- provisions for losses mainly concern the expense relating to the refund of tax savings made on loss-making subsidiaries, and employee benefit obligations.

Employee benefit obligations

The Company has various obligations under defined benefit plans. The most important of these obligations are described below:

- the Company's obligations for end-of-career bonuses payable pursuant to the metallurgy industry collective bargaining agreement or company agreements are covered by provisions;
- a defined benefit supplementary pension plan that was closed to new entrants on December 31, 2017 and under which all conditional entitlements were frozen as of December 31, 2016. The beneficiaries of this closed plan are Group executive managers with five years' service at December 31, 2017.

These obligations are recognized and measured in accordance with ANC Recommendation 2013-02 (as amended on November 5, 2021) on the recognition and measurement of employee benefit obligations. The Company adopted the method introduced by the IFRS IC. All obligations under defined benefit plans are measured by an independent actuary.

French law no. 2023-270 of April 14, 2023 amending the Social Security Financing Act for 2023 has reformed pensions in France by changing the conditions for exercising rights under pension plans, namely increasing the retirement age and extending the contribution period.

The consequences of the reform constitute a plan amendment within the meaning of ANC recommendation 2013-02. The impact of this revision is recognized directly in the income statement as a past service cost, in accordance with the method adopted based on recommendation 2013-02, which is fully compliant with IAS 19 as applicable to date.

Where appropriate, the impact of changes in actuarial assumptions underlying the calculation of post-employment benefits (end-of-career bonuses and top-hat retirement plans) is spread over the expected average remaining working lives of employees in accordance with the corridor method. Any liabilities not covered by a provision (actuarial differences and unrecognized past service costs) are presented in off-balance sheet commitments.

All components of the net periodic pension cost (service cost, amortization of actuarial gains and losses, impacts of plan amendments, interest cost and return on plan assets) are recorded in the income statement.

In addition, employees are eligible for defined contribution pension plans, including:

- statutory pension plans;
- complementary pension plans;
- supplementary pension plans (the "Article 83" plan for engineers and managers and the additional "Article 83" plan and the "Article 82" plan for executive managers).

The expense for the year corresponding to the Company's contributions is presented in the income statement.

2.10 Financial instruments

Foreign currency hedges

To protect its earnings, Safran implements a hedging policy with the aim of reducing uncertainty factors affecting the Group's operating profitability and allowing it to adapt its cost structure to a volatile monetary environment.

Hedging policy

Three basic principles underscore the foreign currency risk management policy defined by Safran for most of its subsidiaries:

- to protect the Group's economic performance from random fluctuations in the US dollar;
- to optimize the quality of hedging whenever possible, without jeopardizing the Group's economic performance (first principle);
- to provide visibility as regards the exchange rate applied in the Group's consolidated financial statements.

Protecting economic performance means setting a minimum USD exchange rate parity over an applicable term in order to allow frontline employees to conduct their business based on predictable exchange rates. Hedging arrangements have been made accordingly over a timeframe of three to four years.

Management policy

The hedging policy is based on managing the financial instrument portfolio in order to guarantee a predefined minimum parity.

In building up its hedging portfolio, the Group primarily uses forward sales, accumulators and a combination of options. Certain instruments include knock-in or knock-out barrier options, representing a risk to the size of the hedge book and to targeted hedge rates in certain cases of exchange rate fluctuations.

Optimization measures are also used with a view to improving the minimum exchange rate parity, and seek to protect the Group's economic performance at all times. They are based on products that allow the Group to take advantage of any improvement in the underlying exchange rate parities.

As most of the derivatives in the portfolio have a maturity of less than one year, Safran extends derivatives in order to align their maturity with that of the flows hedged. Such extensions do not have a cash impact ("historical cost method").

The fair value of financial instruments set up by Safran to hedge the net position of foreign-currency denominated operating receivables and payables of subsidiaries covered by a Safran foreign exchange guarantee is recorded in the balance sheet.

The fair value of financial instruments used to hedge future transactions denominated in foreign currencies is not recorded in the balance sheet.

Premiums paid and received on options are initially recorded in the balance sheet and then released to the income statement on maturity or expiration of the options.

Foreign currency gains and losses arising on these transactions along with hedging gains and losses transferred to subsidiaries are recorded as foreign exchange gains and losses.

Interest rate hedges

The Company may use interest rate swaps to hedge its exposure to changes in interest rates.

2.11 Revenue

Revenue recognized by the Company mainly arises from the provision of services and general assistance provided to the Group's subsidiaries.

Recurring services are billed on a monthly basis.

2.12 Non-recurring items

In particular, non-recurring items include capital gains and losses arising on the sale of non-current assets.

2.13 Income tax and tax consolidation in France

The Company elected for the Group tax consolidation regime set out in Articles 223-A to 223-Q of the French Tax Code (*Code général des impôts*), and a tax consolidation group was set up by Safran SA, registered in Paris under number RCS 562 082 909 on January 1, 2005.

In fiscal 2023, the tax consolidation group included the following companies:

- Safran (head of the tax group);
- Asterios Technologies (formerly Lexvall 24);
- Établissements Vallaroche;
- Financière Orolia;
- Galli Participations;
- Lexvall 22;
- Safran Additive Manufacturing Campus;
- Safran Aero Composite;
- Safran Aerosystems;
- Safran Aircraft Engines;
- Safran Cabin France;
- Safran Ceramics;
- Safran Corporate Ventures;
- Safran Data Systems;
- Safran Data Systems Investment;
- Safran Electrical & Power;
- Safran Electrical Components;
- Safran Electronics & Defense;
- Safran Electronics & Defense Beacons;
- Safran Engineering Services;
- Safran Filtration Systems;
- Safran Helicopter Engines;
- Safran Landing Systems;
- Safran Landing Systems Services Dinard;
- Safran Nacelles;
- Safran Power Units;
- Safran Reosc;
- Safran Seats;
- Safran Spacecraft Propulsion;
- Safran Transmission Systems;
- Safran Trusted 4D;
- Safran Ventilation Systems;
- SCI GP2;
- Snecma Participations;
- SSI;
- Syrlinks;
- Vallaroche Conseil.

The following companies left the tax consolidation group in 2023:

- Safran Aerosystems Ducts, Safran Aerosystems Fluid, Safran Aerosystems Hydraulics, Safran Aerosystems Services Europe and Safran Aerotechnics, which were merged into Safran Aerosystems;
- Safran Electronics & Defense Actuation and Safran Electronics & Defense Cockpit Solutions, which were merged into Safran Electronics & Defense.

The following companies joined the tax consolidation group in 2023:

- Financière Orolia;
- Safran Electronics & Defense Beacons;
- Safran Trusted 4D;
- SCI GP2;
- Syrlinks.

In accordance with the tax consolidation agreements entered into between Safran and its subsidiaries, each subsidiary in the tax group records in its accounts the amount of tax that it would have paid on a stand-alone basis. Any tax savings or additional liabilities arising as a result of tax consolidation are recorded by Safran in its capacity as head of the tax group.

Any tax savings arising on the use of tax losses of subsidiaries in the tax consolidation group are recorded in Safran's income statement and neutralized by way of a provision. This provision is released to profit or loss when prior-year losses are used by the consolidated subsidiary or when they become time-barred and may no longer be used by the subsidiary concerned.

NOTE 3 NOTES TO THE BALANCE SHEET

3.1 Intangible assets, property, plant and equipment and financial assets

Gross carrying amount

Movements in non-current assets break down as follows:

(in € millions)	Dec. 31, 2022	Acquisitions, contributions, creations, increases	Reclassifications	Sales, spin-offs, decreases	Dec. 31, 2023
Concessions, patents, licenses, software and similar rights	179	3	1	-	183
Intangible assets in progress	10	12	-	-	22
Payments on account	-	-	-	-	-
Intangible assets	**189**	**15**	**1**	**-**	**205**
Land and improvements	4	-	-	-	4
Buildings	107	2	1	-	110
Installations, equipment and tools	52	2	2	(1)	55
Other property, plant and equipment	73	8	4	(5)	80
Property, plant and equipment in progress	13	6	(8)	-	11
Payments on account	1	-	-	-	1
Property, plant and equipment	**250**	**18**	**(1)**	**(6)**	**261**
Financial investments(1)(2)	17,986	165	-	(1)	18,150
Loans to equity investments(3)	380	20	(117)	(18)	265
Other long-term investments(4)	74	-	-	(71)	3
Loans	8	-	-	(3)	5
Other financial assets(5)(6)	433	1,756	-	(405)	1,784
Financial assets	**18,881**	**1,941**	**(117)**	**(498)**	**20,207**
TOTAL NON-CURRENT ASSETS	**19,320**	**1,974**	**(117)**	**(504)**	**20,673**

(1) In accordance with ANC Regulation 2015-06, the merger deficit has been classified within financial investments as a result of its allocation to unrealized capital gains on equity investments for an amount of €9,064 million. The merger deficit breaks down as follows:
– the Snecma-Sagem merger for €3,069 million;
– the Safran-Zodiac Aerospace merger for €5,995 million.

(2) Financial investments: €50 million capital increase for Safran Additive Manufacturing Campus and acquisition of a €115 million stake in AD Holding (purchase price, capital increases and acquisition costs).

(3) Reclassification of cash current accounts of subsidiaries Safran Landing Systems Malaysia and Optics 1, previously classified as financial assets.

(4) Derecognition of Mobiwire bonds, which were written down in full.

(5) Primarily acquisitions of treasury shares for €1,248 million, treasury share transactions carried out under the liquidity agreement entered into in 2012 with Oddo BHF for €389 million, and €100 million in investments that do not qualify as cash and cash equivalents.

(6) Transactions carried out under the liquidity agreement entered into in 2012 with Oddo. At December 31, 2023, 94,431 shares were held in connection with the liquidity agreement.

Depreciation and amortization

(in € millions)	Dec. 31, 2022	Additions	Reversals	Dec. 31, 2023
Concessions, patents, licenses, software and similar rights	172	5	-	177
TOTAL INTANGIBLE ASSETS	**172**	**5**	**-**	**177**
Land and improvements	2	-	-	2
Buildings	70	7	-	77
Installations, equipment and tools	29	5	(1)	33
Other property, plant and equipment	51	10	(5)	56
TOTAL PROPERTY, PLANT AND EQUIPMENT	**152**	**22**	**(6)**	**168**

Asset impairment

(in € millions)	Dec. 31, 2022	Additions	Reversals	Dec. 31, 2023
Impairment of financial assets(1)(2)	772	650	(94)	1,328
Impairment of current assets	10	-	(4)	6
TOTAL	**782**	**650**	**(98)**	**1,334**

(1) Including reversal of provisions for impairment of Mobiwire shares and bonds (€72 million) and impairment of the SmartInvest loan following a debt waiver (€15 million).

(2) Including impairment recognized against shares in ArianeGroup Holding (€172 million), Galli Participations (€475 million) and Établissements Vallaroche (€3 million).

List of subsidiaries and investments

Disclosures provided in accordance with Article R.123-197-2 of the French Commercial Code (in € millions)[1]

Company	Business line	Share capital	Equity other than share capital and profit	% voting rights	% share capital held
A. DETAILED INFORMATION ON SUBSIDIARIES AND ASSOCIATES WHOSE GROSS CARRYING AMOUNT EXCEEDS 1% OF SAFRAN'S SHARE CAPITAL (I.E., €0.8 MILLION)					
1. Subsidiaries (more than 50%-owned)					
a) French companies					
■ ArianeGroup Holding (SIREN: 519032171, Paris, France)	Holding company	374.1	3,095.6	50.0	50.0
■ Établissements Vallaroche (SIREN: 542028154, Paris, France)	Holding company	15.6	(7.5)	100.0	100.0
■ Galli Participations (SIREN: 402112403, Paris, France)	Holding company	334.0	1,698.1	100.0	100.0
■ Safran Additive Manufacturing Campus (SIREN: 815255773, Le Haillan, France)	Holding company	51.8	4.9	100.0	100.0
■ Safran Aircraft Engines (SIREN: 414815217, Paris, France)	Propulsion	154.1	408.4	97.4	97.4
■ Safran Ceramics (SIREN: 440513059, Le Haillan, France)	Propulsion	0.1	26.9	100.0	100.0
■ Safran Electrical & Power (SIREN: 301501391, Blagnac, France)	Aircraft Equipment	19.4	212.8	78.4	78.4
■ Safran Electronics & Defense (SIREN: 480107911, Paris, France)	Defense	45.6	453.4	65.3	65.3
■ Safran Helicopter Engines (SIREN: 338481955, Bordes, France)	Propulsion	38.8	207.9	100.0	100.0
■ Safran Landing Systems (SIREN: 712019538, Vélizy-Villacoublay, France)	Aircraft Equipment	83.7	415.4	100.0	100.0
■ Safran Nacelles (SIREN: 352050512, Gonfreville-l'Orcher)	Aircraft Equipment	56.7	39.7	88.5	88.5
■ Safran Transmission Systems (SIREN: 692015217, Colombes, France)	Aircraft Equipment	36.8	14.7	100.0	100.0
■ Safran Ventilation Systems (SIREN: 710802547, Blagnac, France)	Aircraft Equipment	1.3	11.8	100.0	100.0
b) Foreign companies					
■ Safran Aero Boosters	Propulsion	54.9	684.6	67.2	67.2
■ Safran China[3]	Holding company	2.9	5.8	100.0	100.0
■ Safran Electrical Power UK Ltd	Aircraft Equipment	264.3	(56.3)	100.0	100.0
■ Safran Maroc[3]	Holding company	1.8	(0.4)	100.0	100.0
■ Safran Serviços de Suporte de Programas Aeronauticos[3]	Aircraft Equipment	0.2	0.0	100.0	100.0
■ Safran UK Ltd	Holding company	18.7	(1.1)	100.0	100.0
■ Safran USA Inc.	Holding company	0.0[2]	2,618.8	56.4	56.4
2. Investments (10%- to 50%-owned)					
a) French companies					
■ AD Holding	Holding company	326.1	-	33.3	33.3
■ Corse Composites Aéronautiques[3]	Aircraft Equipment	1.7	34.4	24.8	24.8
■ FCPR Aerofund II	Investment fund	75.0		16.6	16.6
■ FCPR Aerofund III	Investment fund	167.0		16.3	16.3
B. SUMMARY INFORMATION CONCERNING OTHER SUBSIDIARIES AND INVESTMENTS					
1. Subsidiaries (more than 50%-owned)					
a) French companies					
b) Foreign companies					
2. Investments (10%- to 50%-owned)					
a) French companies					
b) Foreign companies					

(1) *For foreign companies, share capital, equity, revenue and profit amounts were translated into euros at the exchange rate prevailing at December 31, 2023.*
(2) *Additional paid-in capital of US-based entities is shown under "Equity other than share capital and profit".*
(3) *Position at December 31, 2022.*

Carrying amount of investments								
Gross	Net	Outstanding loans and advances granted	Guarantees and endorsements given by the Company	2023 revenue	2023 profit	Dividends received by Safran in 2023	Receivables	Payables
1,510.9	1,323.5			13.4	(152.6)			327.9
62.8	3.2				(3.4)		52.4	
1,793.1	1,141.1		1.5	4.3	99.2		4.0	
60.0	60.0		4.6	30.4	(4.0)		16.0	6.8
195.4	195.4		10.9	12,143.2	1526.1	746.8	5.7	5,668.6
40.3	40.3			38.2	2.0	4.5	74.2	30.8
247.8	247.8		440.5	788.4	25.2	18.3	205.9	10.9
595.7	595.7		1,732.1	1,758.0	51.8	89.2	793.7	111.9
539.0	539.0		0.3	1,394.4	154.4	120.0	1.1	509.2
560.5	560.5		0.2	2,073.9	197.7	171.4	35.0	0.1
924.2	924.2		859.7	1,669.9	151.1	75.3	123.1	3.4
163.8	163.8		104.3	545.3	147.3	102.6	0.7	135.8
41.2	41.2			117.3	18.3	13.5	1.1	35.6
115.6	115.6			905.9	228.5	35.7		1,231.3
2.5	2.5			18.8	0.9	2.40		0.3
275.1	275.1		36.2	156.7	17.0			110.0
1.8	1.4			2.0	0.10			0.4
1.5	0.7			0.2				0.1
40.0	21.7			9.7	4.1	4.6		1.0
1,774.3	1,774.3			27.8	100.5			1,365.5
115.4	115.4		304.50	0.6	0.9			
1.0	1.0			52.0	2.50			
4.8	4.8							
17.2	17.2							
4.1	3.2						12.8	2.1
0.5	0.5							

3.2 Receivables

Receivables break down as follows at December 31, 2023:

(in € millions)	Gross carrying amount at Dec. 31, 2023	Less than 1 year	Between 1 and 5 years	More than 5 years
Trade receivables	330	82	248	-
Operating receivables	**330**	**82**	**248**	**-**
Miscellaneous receivables	442	442	-	-
Group current accounts	4,241	4,241	-	-
Prepayments	72	72	-	-
Unrealized foreign exchange losses	344	183	-	161
Other receivables	**5,099**	**4938**	**-**	**161**
Impairment	(6)	(6)	-	-
TOTAL	**5,423**	**5,014**	**248**	**161**

3.3 Marketable securities, cash at bank and in hand

Marketable securities and cash at bank and in hand break down as follows:

(in € millions)	Dec. 31, 2022	Dec. 31, 2023
Marketable securities	4,253	5,111
Cash at bank and in hand	2,030	1,421
MARKETABLE SECURITIES, CASH AT BANK AND IN HAND	**6,283**	**6,532**

Marketable securities comprise:

(in € millions)	Dec. 31, 2022	Dec. 31, 2023
Treasury shares	9	309
Other securities	4,244	4,802
TOTAL	**4,253**	**5,111**

Treasury shares classified as marketable securities

	Dec. 31, 2022	Purchase	Sale	Dec. 31, 2023
Number of shares	78,307	2,055,693	(2,166)	2,131,834
Gross value *(in € millions)*	9	300	-	309
Impairment *(in € millions)*	-	-	-	-
Net value *(in € millions)*	9	-	-	309

Acquisitions correspond to the purchase of 2,055,693 shares in connection with the implementation of a share buyback program in connection with employee shareholding plans.

Sales correspond to a total of 2,166 shares delivered under a multi-year variable compensation plan and employee shareholding plans.

At December 31, 2023, Safran held 13,733,425 of its own shares, classified either as financial assets (11,601,591 shares) or as marketable securities (2,131,834 shares).

Other securities

Other securities include term deposits with liquid exit options exercisable at no cost within three months, readily convertible into known amounts of cash and subject to an insignificant risk of changes in value.

Marketable securities at December 31, 2023 include €2,000 million in investments falling within the scope of master agreements governing the subscription of OTC derivatives with bank counterparties.

3.4 Accrued income

In accordance with the accrual principle, accrued income is recorded in the following asset headings:

(in € millions)	Dec. 31, 2022	Dec. 31, 2023
Loans to equity investments	-	-
Trade receivables	114	317
Other receivables	4	1
TOTAL	**118**	**318**

3.5 Prepayments

Prepayments amounted to €72 million at December 31, 2023.

They mainly concerned expenses on IT maintenance agreements (€57 million), insurance costs (€10 million) and rental expenses (€3 million).

3.6 Unrealized foreign exchange losses and redemption premiums

Unrealized foreign exchange losses represented €344 million at December 31, 2023.

They primarily resulted from the translation of foreign currency borrowings, loans and current accounts at the 2023 year-end exchange rate.

Redemption premiums on bonds amounted to €6 million at December 31, 2023. These premiums are amortized on a straight-line basis over the term of the bonds.

3.7 Equity

Share capital

At December 31, 2023, Safran's share capital was fully paid up and comprised 427,260,541 ordinary shares, with a par value of €0.20 each.

The Safran share (ISIN code: FR0000073272/Ticker symbol: SAF) is listed continuously on Compartment A of the Eurolist market of Euronext Paris and is eligible for the deferred settlement service.

Changes in the breakdown of share capital and voting rights are as follows:

December 31, 2022

Shareholders	Number of shares	% share capital	Number of voting rights(1)	% voting rights(1)
Free float	347,795,090	81.40%	388,799,278	71.95%
French State	47,983,131	11.23%	95,966,262	17.76%
Employees(2)	28,780,560	6.74%	55,590,234	10.29%
Treasury shares	2,687,189	0.63%	-	-
TOTAL	**427,245,970**	**100.00%**	**540,355,774**	**100.00%**

(1) Exercisable voting rights.
(2) Employee shareholding within the meaning of Article L.225-102 of the French Commercial Code.

December 31, 2023

Shareholders	Number of shares	% share capital	Number of voting rights(1)	% voting rights(1)
Free float	339,335,048	79.42%	380,742,136	72.11%
French State	47,983,131	11.23%	95,966,262	18.18%
Employees(2)	26,208,937	6.13%	51,256,826	9.71%
Treasury shares	13,733,425	3.22%	-	-
TOTAL	**427,260,541**	**100.00%**	**527,965,224**	**100.00%**

(1) Exercisable voting rights.
(2) Employee shareholding within the meaning of Article L.225-102 of the French Commercial Code.

Each share carries entitlement to one vote.

Shares held in registered form for over two years have double voting rights.

The 13,733,425 treasury shares have no voting rights.

At December 31, 2023, the total number of shares includes 14,571 shares issued throughout the year further to the exercise of stock subscription options resulting from employee commitments undertaken by Zodiac Aerospace, transferred to Safran following the Zodiac Aerospace merger on December 1, 2018 based on the exchange ratio used for the merger.

Changes in shareholders' equity

(in € millions)	Dec. 31, 2022	Appropriation of 2022 profit	Increase	Decrease	Dec. 31, 2023
Share capital	85	-	-	-	85
Additional paid-in capital	5,567	-	2	-	5,569
Legal reserve	9	-	-	-	9
Tax-driven reserves	302	-	-	-	302
Other reserves[1]	1,421	-	-	-	1,421
Retained earnings[2]	4,603	1,036	-	(564)	5,075
Tax-driven provisions	22	-	1	-	23
2022 profit	1,036	(1,036)	-	-	-
2023 profit	-	-	658	-	658
TOTAL	**13,045**	**-**	**661**	**(564)**	**13,142**

(1) *Including €309 million covering treasury shares held at December 31, 2023 and classified as marketable securities.*
(2) *The decrease in retained earnings corresponds to the amount of the dividends for 2022 paid by Safran SA in 2023.*

3.8 Tax-driven provisions and provisions for contingencies and losses

Movements in tax-driven provisions can be analyzed as follows:

			Reversals		Dec. 31, 2023
(in € millions)	Dec. 31, 2022	Additions	Surplus	Utilized	
Accelerated tax depreciation/ amortization	10	2	-	(2)	10
Accelerated tax depreciation/ amortization (share acquisition fees)	12	1	-	-	13
TOTAL TAX-DRIVEN PROVISIONS	**22**	**3**	**-**	**(2)**	**23**

Provisions for contingencies and losses can be analyzed as follows:

			Reversals		
(in € millions)	Dec. 31, 2022	Additions	Surplus	Utilized	Dec. 31, 2023
Foreign exchange losses	18	40	-	(18)	40
Disputes and litigation	6	1	(2)	(2)	3
Contingency provisions	**24**	**41**	**(2)**	**(20)**	**43**
Retirement benefits and similar obligations	23	7	-	(7)	23
Income tax – loss-making subsidiaries, under-capitalization	387	40	-	(35)	392
Other	114	235	(1)	(8)	340
Loss provisions	**524**	**282**	**(1)**	**(50)**	**755**
TOTAL	**548**	**323**	**(3)**	**(70)**	**798**
Loss from operations		243	(2)	(9)	
Financial income		41	-	(18)	
Non-recurring expense		39	(1)	(43)	
TOTAL		**323**	**(3)**	**(70)**	

Other loss provisions include the cost of performance shares and free shares.

In accordance with the tax consolidation agreements entered into between Safran and its subsidiaries, each subsidiary in the tax group records in its accounts the amount of tax that it would have paid on a stand-alone basis. Any tax savings or additional liabilities arising as a result of tax consolidation are recorded by Safran in its capacity as head of the tax group.

Any tax savings arising on the use of tax losses of subsidiaries in the tax consolidation group are recorded in Safran's income statement and neutralized by way of a provision. This provision is released to profit or loss when prior-year losses are used by the consolidated subsidiary or when they become time-barred and may no longer be used by the subsidiary concerned.

Employee benefit obligations

The main assumptions used to calculate the Company's employee benefit obligations were as follows:

	Dec. 31, 2022	Dec. 31, 2023
Discount rate	3.70%	3.20%
Inflation rate	2.00%	2.00%
Expected return on plan assets	3.70%	3.20%
Rate of future salary increases	Age table	Age table
Probable retirement age of managerial-grade staff	64 years	Age at full rate
Probable retirement age of non-managerial-grade staff	62 years	Age at full rate
Mortality tables used	TGHF05	TGHF05

The table below shows movements in employee benefit obligations:

(in € millions)	Dec. 31, 2022	Dec. 31, 2023	Defined benefit pension plans	Retirement termination benefits
Present value of obligation	37	37	9	28
Fair value of plan assets	(1)	(1)	(1)	-
Funding shortfall	**36**	**36**	**8**	**28**
■ *o/w provision*	*37*	*37*	*9*	*28*
■ *o/w plan assets*	*(1)*	*(1)*	*(1)*	-
Unrecognized actuarial gains and losses and past service costs	(13)	(13)	(6)	(7)
Benefit obligations covered by a provision in the balance sheet	**23**	**23**	**2**	**21**
Current service cost	3	2	-	2
Interest cost	-	1	-	1
Amortization of actuarial gains and losses	4	3	3	-
Special events	-	-	-	-
Expense	**7**	**6**	**3**	**3**
Benefits paid	(8)	(6)	(4)	(2)
PROVISION CHARGE/(REVERSAL)	**(1)**	**-**	**(1)**	**1**

Defined benefit pension plans

The Group closed a defined benefit supplementary pension plan on December 31, 2017 and froze all conditional entitlements as of December 31, 2016.

The beneficiaries of this closed plan are Group executive managers with five years' service at December 31, 2017.

The closure of the plan was part of a change in supplementary pension arrangements for Group executive managers, with the introduction of an additional "Article 83" defined contribution plan (mandatory collective plan) and an "Article 82" defined contribution plan (voluntary collective plan) as from January 1, 2017.

Retirement termination benefits

This caption includes obligations in respect of statutory termination benefits due on retirement and supplementary payments required by the collective bargaining agreement for the metallurgy industry.

3.9 Financial liabilities, operating payables and other liabilities

Movements in these items can be analyzed as follows:

(in € millions)	Total at Dec. 31, 2023	Less than 1 year	Between 1 and 5 years	More than 5 years
Bond issue	3,330	200	2,430	700
USD senior unsecured notes issue	1,027	457	-	570
Miscellaneous loans and borrowings	1,007	-	-	-
Deposits and guarantees received	1	-	1	-
Other loans and borrowings	987	442	253	292
Accrued interest	19	19	-	-
Financial liabilities	**5,364**	**1,118**	**2,684**	**1,562**
Group current accounts	10,796	10,796	-	-
Payments on account received	17	17	-	-
Trade payables	164	164	-	-
Amounts payable on non-current assets	4	4	-	-
Other liabilities	422	417	5	-
Deferred income	26	8	18	-
Unrealized foreign exchange gains	228	228	-	-
Operating payables and miscellaneous liabilities	**11,657**	**11,634**	**23**	**-**

Borrowings

USD senior unsecured notes issue (2012-2024)

On February 9, 2012, Safran issued senior unsecured notes on the US private placement market, of which USD 505 million of 12-year notes due February 2024 at a 4.43% fixed-rate coupon was outstanding at December 31, 2023.

An interest rate hedge in the form of a cross-currency swap (USD floating-rate borrower at inception, followed by EUR fixed-rate borrower from March 2019) was set up on these notes, allowing the USD fixed-rate debt to be fully swapped for EUR fixed-rate debt.

At December 31, 2023, the average interest rate of the issue came out at 1.76% after taking into account the impact of interest rate derivatives.

USD senior unsecured notes issue (2020-2032)

On June 29, 2020, Safran issued senior unsecured notes on the US private placement market (USPP) for a total amount equivalent to €564 million, comprising:

- USD 181 million due June 2030 at a 3.10% fixed-rate coupon (tranche A);
- USD 133 million due June 2032 at a 3.30% fixed-rate coupon (tranche B);
- €122 million due June 2030 at a 2.00% fixed-rate coupon (tranche C);
- €164 million due June 2032 at a 2.05% fixed-rate coupon (tranche D).

A EUR/USD cross-currency swap (EUR fixed-rate borrower and USD fixed-rate lender) was set up on tranches A and B on July 21, 2020, swapping USD fixed-rate debt for EUR fixed-rate debt.

After taking this hedge into account, tranche A bears fixed-rate interest at 2.04% and has a notional amount of €158 million, while tranche B bears fixed-rate interest at 2.22% and has a notional amount of €116 million.

After taking this hedge into account, the 10-year notes (tranches A and C) of the USPP carry an effective coupon of 2.02% and have a notional amount of €280 million, while the 12-year notes (tranches B and D) carry an effective coupon of 2.12% and have a notional amount of €280 million.

Bond issue

On April 11, 2014, Safran issued €200 million worth of 10-year bonds paying a fixed 2.875% coupon to French investors, maturing on April 11, 2024. The bonds were issued at 99.529% of par. A floating-rate swap was set up on the issue. The effective coupon in 2023 was 5.506% after taking into account the impact of interest rate derivatives.

On March 16, 2021, Safran issued:

- 5-year, 0.125% fixed-rate bonds for €700 million (maturing on March 16, 2026). The bonds were issued at 99.231% of par;
- 10-year, 0.750% fixed-rate bonds for €700 million (maturing on March 17, 2031). The bonds were issued at 99.349% of par.

Since their issuance, the bonds have been rated by Standard & Poor's in line with Safran's long-term credit rating (BBB+ when the bonds were issued and A- since December 2, 2022).

2020-2027 OCEANEs

Issue of bonds convertible into new shares and/or exchangeable for existing shares ("OCEANEs") on May 15, 2020 for a nominal amount of €800 million. The bonds bear interest at 0.875% and were offered at an issue price representing 100% of par, or a gross yield to maturity at the issue date of 0.875%. Unless converted, redeemed or repurchased and canceled prior to maturity, the bonds are redeemable at par on May 15, 2027.

2020-2027 OCEANEs – Tap issue

Tap issue of bonds convertible into new shares and/or exchangeable for existing shares (“OCEANEs”) on October 12, 2020 for a nominal amount of €200 million. The bonds bear interest at 0.875% and were offered at an issue price representing 109.03% of par, or a gross negative yield to maturity at the issue date of 0.419%.

The difference between the nominal amount (€200 million) and the amount of the issue (€218 million) was recognized in deferred income, to be amortized on a straight-line basis to the bonds’ maturity date of May 15, 2027.

The bonds carry the same terms and conditions as those issued on May 15, 2020, with which they are fully fungible and with which they form a single series.

2021-2028 OCEANEs

Issue of bonds convertible into new shares and/or exchangeable for existing shares (“OCEANEs”) on June 14, 2021 for a nominal amount of €730 million. The bonds do not carry a coupon and were offered at an issue price representing 103.5% of par, or a gross negative yield to maturity at the issue date of 0.50%.

The difference between the nominal amount (€730 million) and the amount of the issue (€756 million) was recognized in deferred income, to be amortized on a straight-line basis to the bonds’ maturity date of April 1, 2028.

Unless converted, redeemed or repurchased and canceled prior to maturity, the bonds are redeemable at par on April 1, 2028.

Negotiable European Commercial Paper (NEU CP)

Negotiable European Commercial Paper (NEU CP) subscribed by a corporate mutual fund of the Group employee savings plan and amounting to €275 million at December 31, 2023. The average interest rate payable by Safran on this commercial paper was 3.921% at December 31, 2023. The sums managed by the corporate mutual fund and reinvested in Safran NEU CP are frozen for an initial period of five years. In view of the fund’s commitments, this NEU CP is classified within long-term borrowings. At December 31, 2023, 84% of the sums managed by the corporate mutual fund will be available within one year.

Negotiable European Commercial Paper (NEU CP) representing €200 million at December 31, 2023, reflecting the priority given to longer-term debt instruments.

European Investment Bank

A bank loan from the European Investment Bank (EIB) for €500 million, at a fixed rate of 1.091%. It was signed on March 4, 2021 and drawn down in full on February 21, 2022 for 10 years (maturing in February 2032). The loan is being used to finance some of the Group’s research into innovative propulsion systems for the next generation of single-aisle commercial aircraft, marking a major step forward in Safran’s roadmap towards achieving carbon-free air transportation.

On March 10, 2023, the following borrowings were redeemed at maturity:

- Euro private placement (Euro PP) in the form of a syndicated loan with an original maturity of seven years, contracted by Zodiac Aerospace on March 10, 2016, on which €180 million was outstanding at an adjustable rate of 2.902%.

3.10 Accrued expenses

Accrued expenses are included in the following liability headings:

(in € millions)	Dec. 31, 2022	Dec. 31, 2023
Other bond issues	16	15
Bank borrowings	2	2
Miscellaneous loans and borrowings	-	2
Trade payables	111	138
Taxes and payroll costs	82	98
Amounts payable on non-current assets	4	2
Other liabilities	7	8
TOTAL	**222**	**265**

3.11 Deferred income

Deferred income amounted to €26 million at December 31, 2023, breaking down as:

- the issue premium received in respect of the issue of the 2020-2027 OCEANEs for €9 million, which is being amortized in income on a straight-line basis over the term of the bonds (seven years);
- the issue premium received in respect of the issue of the 2021-2028 OCEANEs for €16 million, which is being amortized in income on a straight-line basis over the term of the bonds (seven years);
- an outstanding rent-free period for €1 million, which is being amortized over nine years.

3.12 Unrealized foreign exchange gains

Unrealized foreign exchange gains amounted to €228 million at December 31, 2023.

They primarily resulted from the translation of foreign currency borrowings, loans and current accounts at the 2023 year-end exchange rate.

NOTE 4 NOTES TO THE INCOME STATEMENT

4.1 Revenue

(in € millions)	2022	2023
General assistance	155	206
Administrative and financial services	66	73
R&T services	215	228
Group projects	1	1
IT services	236	265
Seconded employees	12	13
Real estate income	18	19
Other	49	60
TOTAL	**752**	**865**

4.2 Other income

Other income includes accrued receivables from subsidiaries relating to performance shares and free shares.

4.3 Expense transfers

Expense transfers during the year amounted to €47 million and mainly concerned expenses rebilled to Group subsidiaries and the reallocation of costs by nature.

4.4 Financial income

Financial income and expenses break down as follows:

(in € millions)	2022	2023
Dividends received and other investment income	1,380	1,387
Interest and similar income	117	418
Reversals of impairment of equity investments	-	3
Other reversals of provisions for financial items	23	113
Foreign exchange gains	-	-
Financial income	**1,520**	**1,921**
Impairment of equity investments	(315)	(650)
Other charges to provisions for financial items	(41)	(41)
Interest and similar expenses	(109)	(458)
Foreign exchange losses	(14)	(14)
Financial expenses	**(479)**	**(1,163)**
FINANCIAL INCOME	**1,041**	**758**

A breakdown of dividends is provided in the table of subsidiaries and investments.

"Impairment of equity investments" mainly concerns Galli Participations (€475 million), ArianeGroup Holding (€172 million) and Établissements Vallaroche (€3 million).

Other movements in provisions for financial items are mainly due to:

- a €15 million reversal of impairment on loans to investments with activities in Russia;
- a €77 million reversal of provisions concerning Mobiwire;
- an €18 million reversal of the provision for foreign exchange losses; and
- a €40 million charge to the provision for foreign exchange losses.

For the purpose of providing a meaningful comparison, foreign exchange gains and losses are presented on a single line of the income statement for the same fiscal year.

4.5 Non-recurring items

Non-recurring items can be analyzed as follows:

(in € millions)	Dec. 31, 2022	Dec. 31, 2023
Change in tax-driven provisions	-	(1)
Income from non-capital transactions	-	-
Income from capital transactions	26	8
Expenses on non-capital transactions	-	(4)
Expenses on capital transactions	(28)	(72)
Net charges to provisions and expense transfers	15	7
NON-RECURRING ITEMS	**13**	**(62)**

Non-recurring items result primarily from:

- the derecognition of Mobiwire bonds (settled in 2023) for €72 million;
- income arising on treasury share transactions carried out under the liquidity agreement entered into in 2012 with Oddo for €8 million.

4.6 Statutory employee profit-sharing

No employee profit-sharing expenses were recognized in either 2023 or 2022.

4.7 Income tax benefit

2023 Group relief

The application of tax consolidation in France led to the recognition of a net tax benefit totaling €55 million in the 2022 parent company financial statements (2022: net tax benefit of €65 million).

It breaks down primarily as:

- tax income of €603 million arising on the payment of tax by consolidated subsidiaries as though they had been taxed on a stand-alone basis; and
- a tax expense of €536 million resulting from the consolidated tax expense of €685 million, partially offset by €149 million in tax credits.

Provisions set aside to cover income taxes of loss-making subsidiaries

Safran refunds the tax savings arising due to the use of tax losses of subsidiaries when the subsidiaries return to profit. A provision is set aside in the Company's financial statements in this respect.

A net amount of €1 million was charged to the provision in 2023 (€1 million charge to the provision in 2022).

Other

Non-deductible expenses (Article 223 *quater* and Article 39-4 of the French Tax Code) amounted to €0.4 million in 2023 (€0.3 million in 2022) and relate to the non-deductible portion of vehicle lease payments and depreciation.

NOTE 5 OTHER INFORMATION

5.1 Off-balance sheet commitments and contingent liabilities

Commitments given

(in € millions)	Dec. 31, 2022	Dec. 31, 2023
Commitments given by Safran to third parties on behalf of its subsidiaries	3,445	3,425
Commitments given by Safran to customs authorities on behalf of its subsidiaries	12	272
Vendor warranties given	215	37
Actuarial gains and losses	13	12
Other commitments given	164	1,849
TOTAL[(1)]	**3,849**	**5,595**
(1) Of which related parties.	*3,648*	*5,356*

Commitments given to third parties relate mainly to guarantees granted by Safran to customers and principals (essentially aircraft manufacturers), in which Safran provides a joint and several guarantee that its subsidiaries will perform their duties under their contractual obligations. These guarantees are given in respect of research, design, development, manufacturing, marketing and product support programs in place at Group subsidiaries. They are generally granted for the term of the program concerned, and are capped at a certain amount.

In connection with the sale of the Identity and Security businesses on May 31, 2017, Safran granted Advent International a specific indemnity capped at BRL 200 million (€37 million) at December 31, 2023 to cover any financial consequences arising from the dispute between Morpho do Brasil and the Brazilian tax authorities concerning the calculation method for value added tax on certain products.

As part of Safran USA's contemplated acquisition of Collins Aerospace's actuation and flight control business, Safran SA contractually granted a USD 1.8 billion payment guarantee to Goodrich Corporation and Hamilton Sundstrand Corporation on behalf of its subsidiary Safran USA.

If legal proceedings were to block the acquisition, Safran would have to pay termination costs of up to USD 72 million.

Commitments received

(in € millions)	Dec. 31, 2022	Dec. 31, 2023
Vendor warranties received	-	185
Other commitments received	56	237
TOTAL	**56**	**422**

On the sale of Aubert & Duval, Eramet granted Safran a general liability guarantee of €35 million and various specific warranties totaling €150 million.

Other commitments received primarily relate to commitments for the financing of civil programs.

Finance lease liabilities

The Company entered into two real estate finance leases for the Safran University campus and for the Safran Tech site in 2014.

			Theoretical charges to depreciation		
(in € millions)	Value at inception	Carrying amount at Dec. 31, 2016	Current period	Cumulative	Net
Land	9	9	-	-	9
Buildings	97	94	3	34	60
TOTAL	**106**	**103**	**3**	**34**	**69**

	Lease payments made		Lease payments outstanding			
(in € millions)	Current period	Cumulative	Less than 1 year	Between 1 and 5 years	More than 5 years	Residual purchase price (as per the lease)
Land	-	-	-	9	-	n/s
Buildings	10	87	10	6	-	-
TOTAL	**10**	**76**	**10**	**15**	**-**	**-**

Financial and hedging instruments

Safran holds derivative financial instruments including forward contracts, swaps and options which are used for the purposes of all Group companies to hedge (i) highly probable future transactions, determined on the basis of the order backlog and budget forecasts, and (ii) the net balance sheet position of foreign-currency denominated trade receivables and payables of subsidiaries.

As part of the cash pooling agreement entered into between Safran and its subsidiaries, Safran grants its subsidiaries a foreign exchange guarantee under which it commits to buying or selling net foreign currency surpluses or requirements at a guaranteed annual exchange rate. The guaranteed rates are based on worst-case scenarios and Safran undertakes to repay its subsidiaries any gain resulting from the difference between the actual traded rates and the communicated guaranteed rates, based on the currency and net volumes. These exchange rate gains are repaid at least annually.

The portfolio of foreign currency derivatives breaks down as follows:

(in millions of currency units)	Dec. 31, 2022				Dec. 31, 2023			
	Fair value(1)	Notional amount(1)	Less than 1 year	Between 1 and 5 years	Fair value(1)	Notional amount(1)	Less than 1 year	Between 1 and 5 years
Forward exchange contracts	**(304)**				**(43)**			
Short USD position	(386)	4,950	4,950	-	(32)	400	400	-
Of which against EUR	*(386)*	*4,950*	*4,950*		*(32)*	*400*	*400*	
Long USD position	-	-	-	-	(11)	(700)	(700)	-
Of which against EUR	-	-	-	-	*(11)*	*(700)*	*(700)*	
Long GBP position against EUR	16	(193)	(193)	-	-	-	-	-
Long CAD position against EUR	2	(17)	(17)	-	-	-	-	-
Short CAD position against EUR	(2)	17	17	-	-	-	-	-
Long MXN position against EUR	67	(11,110)	(11,110)	-	-	-	-	-
Short MXN position against EUR	(1)	234	234	-	-	-	-	-
Currency swaps	**44**				**18**			
Cross-currency swaps	44	(819)	-	(819)	18	(819)	(505)	(314)
Currency option contracts	**(5,048)**				**(3,133)**			
USD put purchased against EUR	278	40,852	40,852	-	777	59,439	59,439	-
USD call purchased against EUR	24	(1,699)	(1,699)	-	496	(16,460)	(16,460)	-
USD put sold against EUR	(116)	(3,166)	(3,166)	-	(141)	(8,900)	(8,900)	-
USD call sold against EUR	(5,069)	106,622	106,622	-	(4,443)	138,014	138,014	-
CAD call purchased against EUR	14	(748)	(748)	-	16	(1,120)	(1,120)	-
CAD put sold against EUR	(35)	(1,376)	(1,376)	-	(35)	(2,240)	(2,240)	-
GBP call purchased against EUR	28	(706)	(706)	-	59	(1,201)	(1,201)	-
GBP put sold against EUR	(25)	(1,412)	(1,412)	-	(24)	(2,245)	(2,245)	-
MXN call purchased against EUR	6	(2,818)	(1,772)	(1,046)	123	(21,404)	(21,404)	-
MXN put sold against EUR	(12)	(5,636)	(3,544)	(2,093)	(35)	(41,374)	(41,374)	-
Accumulators – sell USD for EUR(2)	(190)	5,485	2,563	2,922	16	3,493	1,769	1,724
Accumulators – buy USD for EUR(2)	50	(2,723)	(1,425)	(1,298)	58	(1,807)	(934)	(874)
TOTAL	**(5,308)**				**(3,158)**			

(1) Fair values are expressed in millions of euros; notional amounts are expressed in millions of currency units.
(2) Notional amounts for accumulators represent the maximum cumulative amount until the instrument is unwound.

As mentioned in Note 2 on accounting policies, only premiums paid and received on options are recorded in Safran's balance sheet. The Company does not recognize the fair value of derivative instruments in its balance sheet, except for those set up to hedge the net position of foreign-currency denominated operating receivables and payables of subsidiaries covered by a Safran SA foreign exchange guarantee.

EUR interest rate risk management

Interest rate swaps were taken out to convert the fixed rate payable on the €200 million bond issue carried out in first-half 2014 and maturing in April 2024 to a floating rate. These swaps are eligible for hedge accounting.

These interest rate swaps had a negative fair value of €1 million at December 31, 2023.

USD interest rate risk management

The interest rate on the outstanding tranche of the US private placement (USPP) issued on February 9, 2012 was converted to a floating rate at inception. A floating-rate borrower/ fixed-rate lender USD swap was set up on the 12-year tranche for USD 505 million. This swap is eligible for fair value hedge accounting.

This interest rate swap had a negative fair value of €2 million at December 31, 2023.

In March 2019, this 12-year tranche for USD 505 million was reset to euros by means of a cross-currency swap (USD floating-rate lender/EUR fixed-rate borrower).

The interest rate portion of the cross currency swap was eligible for cash flow hedge accounting.

This cross-currency swap had a fair value of €11 million at December 31, 2023.

On July 21, 2020, a cross-currency swap (USD fixed-rate lender/EUR fixed-rate borrower) was set up on two USD tranches of the June 29, 2020 senior unsecured notes issue on the US private placement market (USPP), amounting to USD 181 million bearing fixed-rate interest over a period of 10 years (tranche A) and USD 133 million bearing fixed-rate interest over a period of 12 years (tranche B). The interest rate portion of the cross currency swap was eligible for cash flow hedge accounting.

This cross currency swap had a fair value of €3 million at December 31, 2023.

Liquidity risk management

In addition, on May 4, 2022 Safran set up a €2 billion revolving credit facility (RCF), initially available until May 2027 and undrawn at December 31, 2023. This facility includes two successive one-year extension options, the first of which has been exercised, extending maturity to May 2028. The financial terms and conditions of the liquidity line are indexed to the achievement by the Group of two sustainable development criteria: CO_2 emissions (Scopes 1 and 2) and the proportion of women among senior executives.

Issues of senior unsecured notes on the US private placement market (USPP) on February 9, 2012 and June 29, 2020 are subject to a financial covenant which states that the net debt to EBITDA ratio must be 2.5 or less. The covenant is tested every six months and the Group complied with the applicable ratio at December 31, 2023.

The terms “net debt” and “EBITDA” used in the aforementioned covenants are defined as follows:

- net debt: interest-bearing borrowings (excluding borrowings subject to specific conditions) less cash and cash equivalents;
- EBITDA: the sum of profit (loss) from operations and the net charge to depreciation, amortization and provisions for impairment of assets (calculated based on adjusted data).

Management of risks on Power Purchase Agreements

In the second half of 2023, Safran signed an off-site Virtual Power Purchase Agreement (VPPA) supplying it with power from a solar power plant in the US based on an expected total output of 247 GWh per annum (12-year agreement).

This agreement will be transferred in full to the Group's subsidiaries. As a result, it has been accounted for as a reciprocal commitment; its fair value was not material at the reporting date.

5.2 Disputes and litigation

Safran is party to regulatory, legal or arbitration proceedings arising in the ordinary course of its operations. Safran is also party to claims, legal action and regulatory proceedings outside the scope of its ordinary operations.

The amount of the provisions booked is based on the level of risk for each case as assessed by Safran, and largely depends on the assessment of the merits of the claims and opposing arguments. However, it should be noted that the occurrence of events during the proceedings can lead to a reassessment of the risk at any time.

A provision is only booked to cover the expenses that may result from such proceedings when the expenses are probable and their amount can be either quantified or reasonably estimated.

Safran considers that the provisions booked are adequate to cover the risks it incurs.

5.3 Average number of employees

Safran's headcount can be analyzed as follows:

	2022	2023
Engineers and managerial-grade staff	1,596	1,702
Technicians, administrative personnel and supervisors	224	223
TOTAL HEADCOUNT	**1,820**	**1,925**

5.4 Management compensation

The Group's key management personnel comprise the members of the Board of Directors including the Chairman, the Chief Executive Officer and the other directors (14 members at end-2023, 15 at end-2022), and any persons discharging managerial responsibilities considered as having the power to take management decisions with regard to Safran's strategy and future development, and/or with regular access to inside information concerning Safran (i.e., four directors at end-2023 and end-2022).

All compensation and benefits awarded to management executives are shown on a gross basis, including the fixed portion of compensation and the provision for the variable portion to be paid in the subsequent year, and can be analyzed as follows:

(in € millions)	2022	2023
Short-term benefits	7.5	8.0
Post-employment benefits[1]	1.3	2.1
Termination benefits	-	-
Other long-term benefits	1.7	5.8
TOTAL	**10.5**	**15.9**

(1) *Data measured in accordance with CNC Recommendation 2003-R-01 authorizing the application of the corridor method (see Note 2.9) which differs from the measurement method used in the IFRS consolidated financial statements subsequent to the mandatory application of the revised IAS 19 from January 1, 2013 (the corridor method is no longer permitted under IFRS).*

The Company's total post-employment commitments in respect of management executives amounted to €5.7 million at December 31, 2023 and €5.5 million at December 31, 2022.

5.5 Statutory Auditors' fees

In accordance with the disclosure requirement set out in Decree no. 208-1487 of December 30, 2008, fees billed by the Company's Statutory Auditors for their audit of the 2023 financial statements totaled €1,580,000, while fees billed for other work came to €347,000.

5.6 Subsequent events

None.

3.4 STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

Year ended December 31, 2023

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of Safran for the year ended December 31, 2023.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company at December 31, 2023 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit and Risk Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules provided for in the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for Statutory Auditors for the period from January 1, 2023 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by Article 5(1) of Regulation (EU) No. 537/2014.

Justification of assessments – Key audit matters

In accordance with the requirements of Articles L.821-53 and R.821-180 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgment, were the most significant in our audit of the financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the financial statements.

Measurement of equity investments

Note 3.1 to the financial statements.

Risk identified	At December 31, 2023, equity investments carried in the balance sheet represented a net amount of €16,822 million, the largest balance sheet item. Equity investments are carried at cost on initial recognition and may be impaired based on their fair value. The fair value of equity investments is calculated: ■ based on their average stock market price for the month preceding the year-end for listed investments; ■ based on their share in net equity, adjusted where appropriate for significant unrealized capital gains net of taxes; or ■ based on the intrinsic value of equity, reflecting the present value of the expected future cash flows (enterprise value), less debt where appropriate, for unlisted investments. We deemed the measurement of equity investments to be a key audit matter due to the significance of management's estimates, especially as regards the likelihood of achieving the forecasts, which is factored into the fair value measurement.
How our audit addressed this risk	Our work involved familiarizing ourselves with the measurement approach adopted by management along with any quantitative inputs, as well as the assumptions on which management's estimates were based. In particular: ■ for approaches based on the share in net equity, adjusted where appropriate for significant unrealized capital gains net of taxes, we reconciled the net equity used in the calculation with the net equity recorded in the financial statements of the entities concerned, and analyzed any adjustments made to equity; ■ for approaches based on the intrinsic value of equity, we obtained the cash flow forecasts for the investments concerned and assessed their consistency with the business plans drawn up by management and approved by the Board of Directors, reviewed the growth rate used to calculate forecast cash flows, and analyzed the discount rate applied to the estimated future cash flows. We also reviewed the arithmetic accuracy of any calculations made to determine the fair value of the equity investments.

Specific verifications

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French legal and regulatory provisions.

Information given in the management report and in the other documents provided to shareholders with respect to the financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' management report and in the other documents provided to shareholders with respect to the financial position and the financial statements.

We attest to the fair presentation and the consistency with the financial statements of the information about payment terms referred to in Article D.441-6 of the French Commercial Code.

Information on corporate governance

We attest that the corporate governance section of the Board of Directors' management report sets out the information required by Articles L.225-37-4, L.22-10-10, and L.22-10-9 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L.22-10-9 of the French Commercial Code relating to compensation and benefits paid or awarded to corporate officers and any other commitments made in their favor, we have verified its consistency with the financial statements or with the underlying information used to prepare these financial statements, and, where applicable, with the information obtained by the Company from controlled companies within its scope of consolidation. Based on this work, we attest to the accuracy and fair presentation of this information.

Concerning the information given in accordance with the requirements of Article L.22-10-11 of the French Commercial Code relating to those items the Company has deemed liable to have an impact in the event of a takeover bid or exchange offer, we have verified its consistency with the underlying documents that were disclosed to us. Based on this work, we have no matters to report with regard to this information.

Other information

In accordance with French law, we have verified that the required information concerning stake acquisition and takeover and the identity of the shareholders or holders of the voting rights has been properly disclosed in the management report.

Other verifications and information pursuant to legal and regulatory requirements

Presentation of the financial statements to be included in the annual financial report

In accordance with professional standards applicable to the Statutory Auditors' procedures for annual and consolidated financial statements presented according to the European single electronic reporting format, we have verified that the presentation of the financial statements to be included in the annual financial report referred to in paragraph I of Article L.451-1-2 of the French Monetary and Financial Code (*Code monétaire et financier*) and prepared under the Chief Executive Officer's responsibility, complies with this format, as defined by European Delegated Regulation No. 2019/815 of December 17, 2018.

On the basis of our work, we conclude that the presentation of the financial statements to be included in the annual financial report complies, in all material respects, with the European single electronic reporting format.

It is not our responsibility to ensure that the financial statements to be included by the Company in the annual financial report filed with the AMF correspond to those on which we carried out our work.

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Safran by the Annual General Meetings held on May 28, 2008 for Mazars and on May 27, 2010 for ERNST & YOUNG et Autres.

At December 31, 2023, Mazars and ERNST & YOUNG et Autres were in the sixteenth and fourteenth consecutive year of their engagement, respectively.

Responsibilities of management and those charged with governance relating to the financial statements

Management is responsible for preparing financial statements giving a true and fair view in accordance with French accounting principles, and for implementing the internal control procedures it deems necessary for the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The Audit and Risk Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Responsibilities of the Statutory Auditors relating to the audit of the financial statements

Objective and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these consolidated financial statements.

As specified in Article L.821-55 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit. They also:

- identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the financial statements;

- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit and Risk Committee

We submit a report to the Audit and Risk Committee which includes, in particular, a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit and Risk Committee includes the risks of material misstatement that, in our professional judgment, were the most significant for the audit of the financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit and Risk Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in Articles L.821-27 to L.821-34 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit and Risk Committee.

The Statutory Auditors

Paris-La Défense, March 21, 2024

MAZARS		ERNST & YOUNG et Autres	
Jérôme de Pastors	Christophe Berrard	Philippe Berteaux	Nicolas Macé
Partner	Partner	Partner	Partner

Assembling the carbon discs for the brake system on the 777X

4 RISK FACTORS

4.1 RISK MANAGEMENT

The diversity of the Group's businesses and its many sites across the globe expose Safran to risks that can have a material impact on its strategic objectives, with knock-on effects on its earnings, image and share price. These risks are managed and incorporated upstream into the decision-making process via the Group Enterprise Risk Management (ERM) set-up.

Safran's internal control system (see section 4.2) rounds out this approach. It is designed to provide reasonable assurance that the Group's business sectors comply with the applicable requirements and that risks are adequately managed.

4.1.1 Methodology

The safety of aerospace operations that involve Safran's products and services is the key overriding imperative for the Group, as it is for any player operating in the industry. From a historical perspective, it is this imperative that has driven the development of Safran's highly-demanding and robust Enterprise Risk Management (ERM) set-up. This risk management culture is now firmly embedded throughout the Company's processes and is shared by all teams, at all levels of the Group. It contributes upstream to decision-making processes and especially management of the programs in which the Group is involved, which are generally based on long cycles involving major research efforts, costly development and related capital expenditure, with useful lives of up to 40 years and profitability measured in the medium or long term. The Group's ERM set-up makes it possible to systematically handle all of the operational and strategic challenges the Group faces in all of its businesses and at all of its sites across the globe. Its robust system has become one of the Group's performance drivers and helps to clarify strategic choices.

The system is now sufficiently mature to identify the Group's major risk exposures, quantify their impact on the achievement of the Company's objectives and ensure that adequate measures are implemented to bring the Group's exposure down to an acceptable level.

Moreover, the principles of the Group's ERM policy are consistent with the recommendations of the French financial markets authority (*Autorité des marchés financiers* – AMF), the provisions of the AFEP-MEDEF Corporate Governance Code and professional standards (COSO ERM), which have been transposed into exhaustive and adapted guidelines that cover all the Group's businesses.

The ERM set-up is deployed across the Group, at all levels of the organization and in accordance with the related governance rules. It covers all tier-one entities (see the definition in section 1.1.2) and corporate departments, and is then consolidated at Group level. The risk management policy is embedded in all of Safran's organizational processes and is the responsibility of all stakeholders.

Each risk factor identified is analyzed and forms the basis for various risk scenarios that are ranked and managed within the scope of customized action plans along three axes: impact, probability of occurrence and level of control.

The impact and probability of each risk are assessed in terms of their direct and indirect potential impact on the Group's businesses based on the most realistic, worst-case scenario allocated to the risk. The level of control, essential in characterizing the risk and how it should be managed, is then determined. Risks are managed through action plans aimed at mitigating or eliminating the risk in question, by implementing additional controls or by identifying means of financially transferring risks or liability, particularly via regularly updated insurance policies. Residual risks, i.e., risks that remain after the associated action plans have been implemented, as estimated by Safran at the end of 2023, are presented in this chapter in order of importance (critical, significant or low). Each of these categories reflects a combination of the measurements of impact, probability of occurrence and level of control, as explained above.

An owner is designated for each risk identified and is responsible for drafting action plans and ensuring their implementation. The objective is to provide continuous risk oversight to ensure optimum treatment – in other words, moving the risk towards its assigned target.

The entire risk management approach is periodically reviewed and events that occurred within the Group over a given period are systematically compared with analyses and risk maps for the same period. This back-testing enables Safran to ensure that risks have been identified, assessed and managed as part of a continuous improvement process.

Lastly, the ERM set-up also has a prevention and crisis management component that enables the Group to anticipate and handle any "abnormal" situation affecting one or a number of its business oversight parameters. Regardless of the component affected, it seeks to provide the Group with the means for reacting in a pragmatic way by delivering the solutions needed to deal with the crisis. Such crises may range from serious accidents to people of technical, human or natural origin, to a global pandemic like Covid-19 that severely disrupted air traffic for a prolonged period, or to a breakdown in industrial facilities that jeopardizes Safran's capacity to honor certain commitments to customers and partners. As such, business contingency planning is an integral part of crisis management.

4.1.2 Organization

The Risk and Insurance Department reports to the Group Chief Financial Officer. It comprises a Risk and Insurance Department director, Corporate Risk Managers and insurance experts, and is responsible for implementing the Group's ERM set-up. It develops and provides Group risk management with the methodological techniques and processes to identify risks and, using appropriate scales, estimate their impact and probability of occurrence together with the level of control exercised over them.

The Risk and Insurance Department ensures that processes are effectively deployed and sets maturity objectives for risk managers in tier-one entities.

The Risk and Insurance Department also coordinates the tier-one entity risk manager network. Each tier-one entity has a risk manager who consolidates a risk map and organizes for it to be reviewed by their risk committee at least twice a year. The Risk and Insurance Department is involved in this work.

Risk managers of tier-one entities liaise constantly with the Risk and Insurance Department, to which they submit a series of half-yearly indicators (major risk mapping with the corresponding level of control, and degree of maturity). Once a year, the risk managers also submit a report on the organization and maturity of the ERM system within their respective operational scopes. The Risk and Insurance Department meets regularly with the risk manager of each tier-one entity. It also organizes monthly meetings that allow everyone to share information and other best practices and to discuss their work and indicators. Task forces are set up on the basis of needs and priorities approved by the Group Risk Committee.

Tier-one entity risk managers are tasked with deploying the ERM set-up throughout their operational scope, i.e., throughout tier-one entities, as well as in their subsidiaries and investments. They appoint a network of risk representatives as appropriate to ensure coverage of the entire scope of their operations.

Each of Safran's central corporate departments also prepares a map of the main risks in their scope. They all have a risk representative who ensures that the appropriate risk management approach is respected and who verifies the consistency of the department's risk mapping and the associated action plans with those submitted by the corresponding corporate departments within the tier-one entities falling under their responsibility. The Risk and Insurance Department is also directly involved in this work by performing half-yearly reviews.

Lastly, the Risk and Insurance Department consolidates a comprehensive map of the Group's major risks and the associated action plans based on detailed analyses, action plans and maps of the major risks of tier-one entities, together with the analyses, risk maps and associated action plans submitted by the risk representatives of the central corporate departments.

The Group's risk mapping therefore guarantees the overall consistency of risk assessments and the associated action plans together with the level of control exercised over them.

All the work associated with identifying, analyzing and mapping risks and preparing and deploying the associated action plans is updated and validated by the Group Risk Committee, which meets at the end of each semester. The Risk and Insurance Department then presents the identified risks, consolidated risk mapping and associated action plans to the Board of Directors' Audit and Risk Committee.

4.1.3 Risk management bodies

The following bodies coordinate the ERM system:

- the risk committees of tier-one entities;
- the Group Risk Committee;
- the Board of Directors' Audit and Risk Committee.

Internal procedures require regular meetings (at least every six months) of all these committees.

The manner in which the different bodies described below are structured is described in the Integrated Report, under "Safran's Enterprise Risk Management and its monitoring".

Risk committees of tier-one entities

Each tier-one entity has a risk committee comprising the entity's legal representative, who acts as the chair, and the directors of the central corporate departments, and is led by its risk manager. The Group Risk and Insurance Department director is invited to this committee and takes part in the discussions.

Tier-one entity risk committees are responsible for:

- rolling out the Group's risk management policy within their operational scope;
- validating risk identification and mapping for their reporting scope as well as the corresponding control measures;
- providing reasonable assurance of the maturity and effectiveness of the ERM set-up for their reporting scope;
- validating the crisis prevention, crisis alert and crisis management system for their reporting scope.

Group Risk Committee

The Group Risk Committee is composed of the Chief Executive Officer, who acts as the chair, and the Group directors, and is led by the Group Risk and Insurance Department director. It does not include the Chairs of the tier-one entities.

Twice a year, the Committee reviews risk identification, assessment and treatment, and therefore the control of major risks to which the Group is exposed.

More specifically, its duties include:

- approving Group risk management policy;
- validating risk identification and consolidated Group risk mapping and the corresponding control measures;
- providing reasonable assurance of the risk management process' maturity and effectiveness;
- validating the Group crisis prevention, crisis alert and crisis management system.

Board of Directors' Audit and Risk Committee

In terms of risk management, the Board of Directors' Audit and Risk Committee reviews the risk mapping and the work related to the main risks faced by the Group, together with any developments and risk mitigation measures, as presented to it twice a year by the Risk and Insurance Department.

The Committee reports to the Board of Directors on its risk management work at the same intervals.

The membership structure and duties of this Committee are set out in section 6.3.6.1 of this Universal Registration Document.

4.2 INTERNAL CONTROL SYSTEM

4.2.1 Internal control objectives

Safran implements its internal control system on the basis of the general principles advocated by the AMF. Internal control is defined as a process implemented by the Board of Directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- compliance with laws and regulations;
- application of instructions and strategies set by Executive Management;
- proper functioning of Safran's internal processes, particularly those contributing to the protection of its assets;
- reliability of financial information.

Internal control thus contributes to the safeguarding of the Company's assets, the management of its activities, the effectiveness of its operations, the efficient use of its resources and the prevention of any organizational dysfunctions. Nevertheless, as with all control systems, it can only provide reasonable assurance that the objectives described above will be achieved.

Methodology

The Audit and Internal Control Department has defined an internal control framework structured around 13 areas called internal control cycles:

- one cycle relating to the control environment;
- ten operating cycles;
- two IT cycles (general IT and IT system security controls);

plus cycles adapted to Shared Services Centers' risks.

For each cycle, the Audit and Internal Control Department and Group specialists in each of these areas have drawn up a list of control points and tests aimed at measuring for each entity:

- the conformity of its internal control procedures and control activities with the framework's requirements; and
- the operational effectiveness of these procedures and activities.

Around 200 control points have been defined, which serve to ensure the integrity of financial and accounting information. Every year, internal control tests are performed, based on objectives related to scope, content and the timeframes for carrying out action plans.

The internal control framework is reviewed every year to reflect risk and any organizational changes identified. This review also factors in recommendations made in the course of internal audits or by the Statutory Auditors together with proposals submitted by the heads of internal control networks, the central corporate departments and persons responsible for the process.

Appraisal principle

The Group has upheld the principle whereby each entity appraises its own internal control arrangements in relation to the framework (conformity and effectiveness). A test program (effectiveness) is devised annually; it investigates all of the cycles over two years in tier-one entities and over three years for their subsidiaries. A set of rules and guidelines with around 50 control points – formally tested annually – applies for small entities.

This annual assessment process is rounded out with ongoing controls, which are currently being deployed throughout the Group. Throughout the year, these controls process a full range of data concerning specific points, thereby significantly enhancing internal control.

Each year, the Group's audit plan includes internal audits aimed at verifying that the assessments carried out by the subsidiaries comply with the rules and principles that it has put in place.

Any disparity relative to the requirements of the internal control framework in the assessment of the conformity and effectiveness of procedures generates an action plan, with a project leader designated and a deadline established, and may also be incorporated into the risk map of the entity concerned. The progress of such action plans is monitored on a monthly basis.

Scope

In 2023, the internal control system had been rolled out in 180 companies, representing 99.8% of the Group's consolidated revenue.

Internal control quality assurance

Every year, executives of tier-one entities send a representation letter to Safran's Chief Executive Officer on the internal control system put in place in their entity and their subsidiaries, in which they set out the work carried out during the year in the internal control domain and commit to a progress plan for the upcoming year.

Also every year, the Statutory Auditors examine the adequacy of the internal control procedures related to a selection of cycles that contribute to the preparation of financial and accounting information.

As part of the audits they perform, the internal auditors (i) assess the adequacy and appropriateness of the internal control procedures within the audit scope, (ii) verify that the relevant processes have been properly applied, and (iii) check the accuracy and reliability of the related test results.

Awareness-raising and training

Safran University (see section 5.4.1.5) has developed a training course on internal control (classroom-based and e-learning) with a view to raising awareness of internal control issues among both finance and operations staff.

4.2.2 Organization

Duties of the Audit and Internal Control Department

The Audit and Internal Control Department, which reports to the Group Corporate Secretary and Chair of the Compliance, Ethics and Anti-Fraud Committee, contributes to the management of the Group's activities, the effectiveness of its operations, the efficient use of its resources and the appropriate consideration of material risks. Its main responsibilities are to:

- define and implement the annual audit plan;
- define, organize and coordinate the internal control system.

Taken together, these responsibilities aim at ensuring compliance with applicable laws and regulations, the application of instructions and strategies set by Executive Management, and the proper functioning of internal processes, particularly those contributing to the safeguarding of the Group's assets and the reliability of financial information.

Internal Audit

The internal audit plan takes into account the Group's risk map. It is drawn up on an annual basis and revised whenever necessary. Internal auditors from the Audit and Internal Control Department conduct work aimed at identifying ways to improve the efficiency of the Group and of its entities, programs, projects and processes, by addressing four types of major risks: strategic, financial, non-compliance and operational.

The Internal Audit function therefore contributes to:

- identifying, assessing and dealing with risks, via analyses and observations made in relation to the audited entities, as well as the ensuing recommendations issued and the follow-up of action plans;
- continuously improving the internal control system, thanks to internal control compliance audits aimed at ensuring that the organizational structures and procedures in place are adequate and efficient;

- continuously assessing that compliance rules are respected by carrying out audits on the management, compliance and performance of subsidiaries and other entities included in the yearly audit plan.

The Audit and Internal Control Department also has an IT unit tasked with ensuring that IT Basics are correctly applied. These Basics are set out in specific IT audit guidelines that include Minimum Security Rules drafted by the Group Digital and Information Systems Department.

The Group's Internal Audit function has been certified compliant with the international standards of the Institute of Internal Auditors.

Internal Control

The central team that manages the internal control system is assisted by a network of internal control managers in each tier-one entity, with those managers supported by representatives within their operational scope.

At least once a year, the central team brings together internal control managers to conduct a review of obstacles encountered, suggest enhancements to the framework and define areas in which progress can still be made. These meetings also serve as a forum for sharing best practices about monitoring internal control.

The main areas for progress identified by Safran for 2023 fed into the continuous improvement of the internal control system, including ensuring that processes are adequate and part of operational managers' best practices. Controls focusing on anticorruption, duty of care and personal data protection have been created or stepped up as part of the guidelines applicable as from 2022. The continuous improvement process includes the continued deployment of a project designed to round out the annual assessment process with ongoing controls that use operational indicators to process a full range of selected data throughout the year.

Group companies use the same reporting system for the results and conclusions of their internal control appraisals. Some 400 stakeholders contribute to this system, which allows:

- direct access to the Group framework, methodology and practical operating procedures;
- monitoring of rectifications of disparities identified in relation to the framework.

Other key players in the internal control system

Group Finance Department

The Group Finance Department centralizes and coordinates financing, treasury, taxation, the budget process, reporting, accounts consolidation and risk management. It ensures compliance with the internal control procedures falling within the scope of its responsibilities.

Group Corporate Office

The Group Corporate Office helps to secure the Group's governance, particularly with regard to its commitments as well as litigation, arbitration, studies and actions to protect the criminal liability of Safran and its executives, embargoes, company law, financial and stock market regulations, intellectual property law, competition and regulatory law, and financial law. To this end, the Group Corporate Office comprises the Legal Department, the Ethics and Business Compliance Department, the Customs and Export Control Department, the Audit and Internal Control Department and the Safety Department.

Operational departments

Each operational department is responsible for ensuring that its activities are carried out in compliance with the applicable laws, regulations and procedures. The purpose of the internal control framework is to check compliance with a number of control points using a risk-based approach.

Statutory Auditors

As part of the audit and certification of Safran's financial statements, the Statutory Auditors examine the procedures of a certain number of Safran's processes that contribute to the preparation of financial and accounting information. In particular, they base the work they conduct at selected entities on the Group's internal control framework.

They present their findings to the Audit and Risk Committee.

The Statutory Auditors carry out the following as part of their work in this domain:

- review of documentation on controls carried out by companies;
- tests to verify the operational effectiveness of the procedures implemented;
- review of completed action plans;
- review of results of tests performed by the entities.

4.2.3 Internal control bodies

The internal control system is overseen by the following bodies:

Board of Directors

The Board of Directors defines the primary features of the internal control system, based on the opinions and recommendations of the Audit and Risk Committee.

Board of Directors' Audit and Risk Committee

The membership structure and duties of this Committee are set out in section 6.3.6.1 of this Universal Registration Document.

In terms of internal control, the Committee reviews the following:

- the findings of audits and other work related to internal control procedures presented by the Audit and Internal Control Department;
- the results of the work carried out by the Statutory Auditors, whose independence it also verifies.

The Group's Internal Control Guidelines are approved by the Chairman of the Audit and Risk Committee.

Internal control committees

Each tier-one entity has an internal control committee for all of the companies within its operational scope, as does each French and international Shared Services Center. These committees track the progress and conclusions of internal control appraisals. The Audit and Internal Control Department systematically participates in all meetings of these committees.

The executives of the tier-one entities assume full responsibility for the internal control systems implemented within their operational scope; the system implemented must comply with the internal control principles determined by the Group.

4.3 RISK FACTORS

In accordance with European Regulation (EU) No. 2017/1129 of June 14, 2017 (Prospectus Regulation) and the ESMA Guidelines of October 2019 (ESMA 31-62-1293 FR), this chapter presents the main financial and non-financial risks considered to be specific to Safran and/or its securities at the date this Universal Registration Document was filed and which Safran believes could have a material net impact on the Group, its business, its financial position, its earnings and/or its outlook. For certain risks, readers may be referred to specific chapters or sections of this Universal Registration Document, in which the risks are discussed in further detail.

Other risks that Safran is not aware of at the date this Universal Registration Document was published, or risks presented in other sections of the Universal Registration Document whose occurrence is not considered, at this date, as likely to have a material adverse impact on Safran, its business, its financial position, its earnings and/or its outlook, may exist or arise.

In any case, other risks that Safran does not consider to be specific to its activities in that they concern, to a greater or lesser extent, other issuers, regardless of their business, could also have an unfavorable impact on the Group or its business, its financial position, its earnings and/or its outlook. Risks relating to inflation, health, the media, the safety of people and property, and health and safety in the workplace, as well as acquisition and restructuring risks presented in the 2022 Universal Registration Document, have been removed from the list of Risk Factors so that only the most specific risks are presented.

The non-financial information statement (NFIS), as defined by Article L.22-10-36 of the French Commercial Code and published in chapter 5 of this Universal Registration Document, presents the main non-financial risks related to the Group's business activities (section 5.2 "Main non-financial risks and summary of non-financial performance").

The risks identified as material for Safran are grouped into a limited number of three categories by their nature and criticality. They are presented here in descending order of importance (critical, significant or low), as explained in section 4.1.1. Safran carries out its business in a fast-changing environment that exposes it to risks and uncertainties in addition to those associated with its activities and strategic focuses. Criticality of risks is assessed in terms of probability of occurrence and potential impact, i.e., the estimated magnitude of the impact of the risk on the Group, its business, its financial position, its earnings and its outlook, after taking into account mitigation measures. The features of the main action plans deployed that underpin the management of these risks are also disclosed. Safran's assessment of this order of importance may change at any time, in particular due to external developments, changes in Safran's activities or changes in the impact of control and mitigation measures.

If the risks described in this chapter were to materialize, this could have a negative impact on Safran's businesses, financial positions, outlook or share price.

The information set out below is based on assumptions and forecasts that may prove inaccurate owing to their very nature.

Safran's operating activities generate risks that are specific to the Group:

- Aviation safety risks;
- program profitability risks;
- partners and investments risks;
- supplier and subcontractor risks;
- risk of dependence on government procurement contracts.

In view of the environment in which it operates, the Group is exposed to the following risks:

- Supply chain capacity difficulties;
- geopolitical polarization risks;
- competitive risks and cycle effects;
- climate transition risks;
- legal and regulatory risks;
- financial market risks.

Lastly, Safran's strategic development involves risks that are specific to the Group:

- Risks relating to technological innovation and the decarbonization of aeronautics;
- risks relating to digitalization;
- human resources risks.

4.3.1 Risks relating to Safran's operations

4.3.1.1 Aviation safety risks

Importance: critical

Risk identification and description	Risk management
Safran's products mainly equip civil and military airplanes and helicopters. Safran may be held liable, for example, for the malfunction, loss or accident of an aircraft, the death of passengers, or the loss of operating capability by an airline or helicopter operator. Safran may also be indirectly exposed as a result of third-party fraud involving documents accompanying parts delivered to a Safran or third-party MRO (maintenance, repair and overhaul) facility for servicing Group products.	The regulations governing Safran's activities stipulate the quality, reliability and safety standards that apply for civil aviation flights and the related products and services. These rules apply throughout the life of the aircraft for its design, manufacture, operation, airworthiness and maintenance. All aircraft components must be designed, manufactured and maintained or repaired in a suitable and controlled environment, using approved data, carefully calibrated tools and trained operators. The entire process must be certified by accredited personnel and traceability must be clearly documented and recorded. The requirements that Safran strictly complies with are issued by the International Civil Aviation Organization (ICAO) and transposed into European regulations by the European Aviation Safety Agency (EASA), which delivers Design (Part 21J), Production (Part 21F or G) and Maintenance (Part 145) Organization Approvals. The EASA oversees the work of national organizations like the French Directorate General for Civil Aviation (DGAC). Similar rules and approvals are applied by other authorities such as the Federal Aviation Administration (FAA) in the United States, the Civil Aviation Administration in the People's Republic of China (CAAC) and the Civil Aviation Authority (CAA) for the United Kingdom. Bilateral agreements exist between the different authorities to coordinate their efforts. To comply with these requirements, Safran deploys a Safety Management System (SMS) that meets the international standard published on October 3, 2018 by the Aerospace, Security and Defence Industries Association of Europe (ASD), based on four key principles: ■ safety policy and objectives: commitment by Executive Management of the tier-one entity concerned; ■ management of flight safety risks at different levels: engineering, program, quality and flight safety; ■ incident reporting/monitoring: detection (including alerts), analysis and processing of all airworthiness events (tracking suppliers, reporting abnormal employee behavior, reporting shopfloor incidents, analyzing the related feedback) and creation of a Group airworthiness committee in 2018, structured around the airworthiness teams in the entities concerned; and ■ deployment/promotion of the Safety Management System: promotion of the system, sharing of information (mandatory training for all employees, training in "Human Factors" for all personnel who may be exposed, personnel clearance by the aviation authorities, regular distribution of information and feedback). Safran also promotes the use of blockchain-based anti-counterfeit systems for documents, and is opening up its information systems to airline operators for data verification. This policy is enshrined in a charter detailing Safran's commitments in this area that may be consulted on Safran's website at https://www.safran-group.com/media/4452/download.

4.3.1.2 Program profitability risks

Importance: critical

Risk identification and description	Risk management
Safran's airframer customers may encounter program scheduling difficulties. Delays in production or certification schedules for new aircraft may lead to the postponement of deliveries and/or planning difficulties, including for Safran equipment and services, and therefore impact the Group's earnings. In this respect, Safran may be affected by the difficulties Boeing is currently facing in terms of product quality and safety. In certain cases, delays specific to Safran's developments can occur and lead to the payment of damages for the stakeholders concerned if the Group is held to be liable. Delays can also lead to Safran collecting cash later than forecast, thereby impacting the Group's cash and potentially its profitability. This may force Safran to write off assets. Quality failures or shortcomings in Safran's equipment, systems or technology could also result in liability and costly claims for damages from customers, partners or third parties (product recalls, upgrade campaigns or retrofits), lost revenue or a loss of its commercial standing. Safran's image may also be affected. In addition, the market and profitability assumptions used by Safran, which are regularly reviewed, may not materialize, and the Group's products that are the subject of these investments may not all be sufficiently commercially successful to make the initial investment profitable. This could be owing to teething and quality defects leading to certification delays, to the immobilization of part or all of the in-service or retrofit fleets, or to lower demand or discontinuation of a program. Significant additional investments may appear to be justified to finance a temporary increase in demand, however profitability may ultimately prove to be insufficient. In the space industry, the ArianeGroup joint venture (see section 4.3.1.3) exposes Safran to possible delays in the design, development and production of the Ariane 6 program or to a potential failure to provide adequate solutions to current challenges in the civil space launcher market, in so far as the market is seeing fierce competition, lower prices and a profound change in satellite operator requirements.	Within the Group, robust processes and high-level oversight of certain key aspects (such as production rates) are designed to ensure strict and effective program oversight and a smooth transition between different programs. Investment decisions are also coordinated at Group level, based on tried and tested guidelines and numerous, specific criteria which are audited on a regular basis. The Group systematically conducts technical audits targeting risks arising on the development and technological maturity of its products. Specific action plans help to mature program management. The "One Safran" quality management system (see section 1.7) provides project teams with a framework known as "PROMPT" as well as methods and applications for enhancing program management processes. In the area of quality, the Group has deployed systematic targeted audits and a single quality audit tool, as indicated in section 1.7. Dedicated progress plans, which include the Quick Response Quality Control (QRQC) method, allow any quality issues to be dealt with swiftly, close to source, and the appropriate remedies to be applied. These plans have been strengthened in light of the recent crises and deteriorating geopolitical climate in which the Group operates, even though they are unable to manage all economic uncertainties. The effectiveness of this state-of-the-art system and the related action plans have made it possible for Safran to obtain airworthiness agreements (or renew such agreements) and EN 9100-certification for the tier-one entities concerned (see section 1.7), while constantly reducing the number of possible incidents in a context of continued growth in air traffic. In the space industry, in the transition phase between the Ariane 5 and Ariane 6 launchers, ArianeGroup is taking steps to transform its industrial design, ramp up developments and, most importantly, deploy proactive solutions in the quest for competitiveness and renegotiate certain contractual commitments.

4.3.1.3 Partners and investments risks

Risk identification and description	Risk management
Safran is involved in several major strategic partnerships. If any of these partnerships were not renewed, or if there were issues with a partner, Safran's businesses could be affected. For example, a substantial proportion of Safran's revenue is derived from certain civil aircraft engine programs developed and manufactured in cooperation with CFM International, the 50/50 joint venture between Safran and GE Aerospace. Similarly, a joint venture was set up in 2006 with Albany International Corp. to develop high-tech composite parts for aircraft engines, landing gear and nacelles. Safran is also involved in several other strategic partnerships (see section 1.4.2), notably with: Airbus (ArianeGroup) for space launchers, Air France Industries KLM Engineering & Maintenance (Airfoils Advanced Solutions) for repairs to high-pressure compressor blades and variable stator vanes, Boeing (MATIS Aerospace "Morocco Aero-Technical Interconnect Systems") for the manufacture of electrical harnesses and interconnection of electrical networks, China Eastern (Xi'an CEA Safran Landing Systems Services Co Ltd) for landing gear repair and maintenance, Middle River Aerostructure Systems (Nexelle) for nacelle design, production and maintenance, MTU (Aerospace Embedded Solutions) for critical software and infrastructure for military and civil applications, Rolls-Royce (Aero Gearbox International) for power transmission systems for all Rolls-Royce civil aircraft engines, Thales (Lynred and Optrolead) for infrared detection and marketing optronics systems. Lastly, Safran is exposed to a governance risk due in particular to the nature of its businesses, and the number and remoteness of its sites and investments in more than 27 countries in 2023.	The partnerships in which Safran is involved are set up in full compliance with international, supranational and national treaties, laws and regulations, including sanctions, embargoes and the anti-trust laws applicable in all markets and countries in which they operate. The partnership with CFM, formed in 1974, has been extended until 2050 and includes the sale of engines and operational engine maintenance services. The partnership formed with Albany International Corp. in 2006 has been extended through 2046. It aims to produce the next generation of engines and thereby help the aviation industry achieve its goal of net zero CO_2 emissions by 2050. The Group's governance rules for subsidiaries and investments are regularly updated and systematically communicated to key players. Specific appointment procedures are in place for corporate officers of Group entities or officers representing the Group, and dedicated training and awareness-raising initiatives are designed for these officers. However, despite the protective legal measures in place, a residual intrinsic risk remains if there were a major change in a partner's structure or strategy.

4.3.1.4 Supplier and subcontractor risks

Importance: critical

Risk identification and description	Risk management
In 2023, Safran purchased goods and services worth €14.1 billion, i.e., around 63% of its revenue, As a result, events affecting its suppliers and subcontractors could impact Safran's businesses and, in particular, lead to delays and additional costs or even affect the activities of its customers. The Group's suppliers and subcontractors are facing numerous difficulties and even business failure. After a drastic fall in business during the Covid-19 crisis, suppliers and subcontractors are now seeing strong demand as a result of the recovery in progress, but against a backdrop of heightened geopolitical tensions (see section 4.3.2.2). The Group is exposed to risks of shortages and price volatility for energy and to uncertainties as to the continued supply of certain alloys such as titanium, certain composite fibers and resins, and certain forged and electrical components (see section 4.3.2.2). In addition to the capacity difficulties facing Safran's supply chain, and while some of the effects of recent inflation have been absorbed, suppliers and subcontractors could significantly raise their prices, sometimes even beyond contractual adjustment mechanisms. Finally, amid these tensions, Safran is exposed to the risk of fraud – particularly in terms of quality – by its suppliers and subcontractors.	It has taken various steps to manage these risks. For example, the robustness and capacity of suppliers and subcontractors to continue doing business in crisis situations are key criteria in Safran's selection process. Moreover, the Group's Industrial, Purchasing and Performance Department conducts a monthly review of potentially problematic suppliers and subcontractors with a designated manager and associated action plans, such as a step-up in audits. Safran supports the AeroExcellence initiative, currently being rolled out within GIFAS and soon to be extended internationally, which also supports the Group's suppliers and subcontractors in their own risk analyses. For non-production purchases, Safran has put in place a central purchasing strategy (see section 1.5) in the form of pooled facilities at a Shared Services Center in line with the Group's objectives of excellence, competitiveness and sustainable development. Safran has also deployed a responsible purchasing policy and duty of care plan (see section 5.5). Since the economic crisis triggered by the Covid-19 pandemic, Safran has stepped up its efforts using the programs described below (see section 4.3.2.1) and has created an additional "Watch Tower" process for identifying and supporting the Group's five to ten key suppliers and subcontractors. Given the planned increase in production over the next few years and to protect its LEAP program and supply chain in particular, Safran has built up buffer stocks of specific components and set up a multiple-source supply approach organized around the related criticality, notably sourcing new suppliers. On April 28, 2023, Safran acquired the Aubert & Duval subsidiary from the mining and metallurgical group Eramet through a holding company equally owned by Airbus, Safran and Tikehau Ace Capital.

4.3.1.5 Risks of dependence on government procurement contracts

Importance: low

Risk identification and description	Risk management
Safran conducts part of its business with governments, especially in military markets in Europe, North America, Asia and the Middle East. Government spending in these markets is subject to trade-offs that are sensitive to the geopolitical environment and to budget capacity. This changing environment can not only lead to delays in orders placed or curtailments, postponements or cancellations in the fulfillment of such orders and the related financing, but also to a deterioration in advance payment plans. This could affect Safran's businesses or financial position.	Safran's strategy is to define and adjust the balance between its civil and military activities. In 2023, military businesses accounted for approximately 18% of the Group's adjusted consolidated revenue. The broad geographic footprint of the Group's businesses reflects its customer diversification strategy which helps create a robust business portfolio, reinforced by a strong position as a supplier to the French Ministry of Defense. This global strategy is aimed at controlling the risk of dependency on government business.

4.3.2 Risks relating to the environment in which Safran operates

4.3.2.1 Supply chain capacity difficulties

Importance: critical

Risk identification and description	Risk management
Safran's suppliers and subcontractors may be affected by the fallout from various crises, such as the quality and safety crisis currently facing Boeing, the consequences of the Covid-19 pandemic, or Russia's war in Ukraine that began on February 24, 2022. While a strong recovery is underway in all of the Group's businesses, the geopolitical environment described in section 4.3.2.2 illustrates broader exposure of the Group's internal and external global supply chain, particularly to the rise of economic sovereignty, which can lead to protectionist measures and competitive distorsions, delays in aircraft orders and/or certifications, and restricted access to certain raw materials, electronic components or other scarce equipment. International sanctions relating to certain conflict situations can, moreover, generate barriers to economic trade and business dealings, as is the case of Western sanctions against Russia due to the war with Ukraine, and Russian counter-sanctions in response, which can restrict Western manufacturers' access to Russian titanium, for example.	The Group International and Public Affairs Department and the Group Industrial, Purchasing and Performance Department coordinate their actions at Group level – assisted by operational input from tier-one entities – to manage these geopolitical and supply chain contingencies. The main risk scenarios to which Safran may be exposed have been realigned to focus on the strategic make or buy issues in locating its global supply chain and to address the risks of disruptions in the sourcing of sensitive materials and components, such as titanium and forged parts, energy and electronic components. The Group is tracking geostrategic events more diligently, obtaining backing from French bilateral strategic partnerships, supporting subsidiaries in reducing their exposure to the most at-risk countries, realigning activities and geographic locations, tightening oversight of sales with mandatory end-user certificates and appropriately adjusting business continuity plans. An emergency operations center has been maintained, at least for 2024, for the supply of sensitive electronic components in view of the continuing uncertainty concerning the complete coverage of the Group's requirements. These measures are accompanied by Group contributions to support funds for suppliers and subcontractors in the industry, as well as specific measures to build up inventories, as described in section 5.5.2.4.

4.3.2.2 Geopolitical polarization risks

Importance: significant

Risk identification and description	Risk management
The development of Safran's activities and sites worldwide exposes the Group to political and economic risks specific to certain countries that could impact its employees, assets, activities and earnings. In the aerospace and defense industries, certain contracts are closed to foreign competition, while others are awarded based almost entirely on strategic national security or sovereignty considerations. Moreover, the transfer or export of defense or dual-use equipment is prohibited or restricted by law in several countries, including France, and may only take place further to special governmental authorizations that require strict compliance with export regulations. More broadly, Safran has to contend with the evolving and accelerating dynamics of certain current geopolitical situations, increased tensions (especially bilateral), a heightened risk of fragmentation within regional organizations, and even conflicts that could potentially have a systemic impact, all of which are taking place in a major election year for certain democracies in 2024.	The Group International and Public Affairs Department and the Group Industrial, Purchasing and Performance Department work together at Group level – assisted by operational input from tier-one entities – to manage these geopolitical and supply chain contingencies. Their efforts are reinforced by the Safety Department, which has deployed targeted measures to address these risks, including a country watch and access controls. The Group endeavors to assess the risks of terrorism, armed conflict and confrontation with criminal organizations, as well as the other consequences of geopolitical developments, particularly in terms of their impact on logistics flows. The regions in which the Group operates are classified according to risk, each of which is associated with a series of specific prevention, detection and protection measures. The Group is also assisted by the governments of France and other countries, as well as by specialist service providers. Current tensions have prompted the Group to step up its geostrategic intelligence, and to support its subsidiaries in their efforts to reduce their exposure to the most high-risk countries.

4.3.2.3 Competitive risks and cycle effects

Importance: significant

Risk identification and description	Risk management
Changes in the global economy have a direct impact on demand for air transportation and freight, and in turn directly affect market demand for commercial aircraft. The macroeconomic and aircraft program assumptions determined by the Group take into consideration the economic conditions observed at the date of this Universal Registration Document and are taken into account when preparing the budget and the medium-term business development plan. Beyond exceptional events such as terrorism, pandemics, aviation disasters and adverse environmental or geophysical conditions, which can cause a temporary drop in air traffic and consequently impact Safran's production cycles and services (the civil aircraft engine, aircraft equipment, maintenance and services markets), commercial aircraft orders tend to be cyclical in nature, owing mainly to: ■ changes in air traffic; ■ the rate at which aircraft fleets age and are replaced; ■ airline companies' investment decisions and financial capacity. Airline companies' demand for new aircraft can have a direct impact on Safran's level of activity. Changes in air traffic can affect not only production rates and sales volumes, for example of original equipment engines, but also related aftermarket services, including maintenance and repair, as well as spare parts sales. Safran is also exposed to the risk of not sufficiently anticipating changes in its markets or in customer demands, or of not fully satisfying these demands. Even though financial and technological barriers to entry are high, errors of assessment or delays could benefit the Group's competitors.	In recent crises, Safran has demonstrated its ability to respond quickly with effective plans to adapt to economic constraints when they impact the aerospace sector. After successfully ramping up production in the past (particularly for the LEAP engine), Safran adapted to the drastic drop in demand from its customers in 2020 and reviewed its internal and external supply chain accordingly (see section 4.3.1.4), while also securing its potential to leverage the upside of the subsequent forecast business recovery. This recovery is now underway, in both commercial aviation and sovereignty-related activities. Safran continues to ensure that its production resources are adapted to long-term trends in demand and rigorously manages its investments accordingly. Operational excellence and continuous competitive performance enhancement are vital levers for the Group. Safran also tirelessly seeks to maintain and sharpen its technological edge at all times, thanks to sustained R&T spending (for example for its current Revolutionary Innovation for Sustainable Engines – RISE – program), with a particular focus on segments where the product development cycle is unusually long. Safran deploys its strategy with a view to being present across all segments and most aircraft components (see section 1.2), with a focus on its different types of customers (i.e., aircraft manufacturers, airlines or governments), and the different stages of its products' life cycle, from the original equipment to the aftermarket service. Finally, Safran continues to make targeted investments in R&D (see section 1.4.5) and in targeted external growth transactions. It also develops and maintains strategic partnerships on a number of programs (see sections 4.3.1.3 and 4.3.1.4).

4.3.2.4 Climate change transition and environmental risks (excluding products)

Importance: significant

Risk identification and description	Risk management
Environmental challenges (excluding products) Safran is exposed to risks related to climate change (see section 5.5.3). By proactively adapting to these challenges, notably through better and longer-term modeling of its exposure, Safran could be required to commit significant resources and potentially use sub-optimal financing solutions. Climate change presents a twofold challenge for Safran in terms of: ■ the impact of climate change on the Group's activities; ■ the impact of the Group's activities on climate change. Safran's greenhouse gas emissions are both direct, through its industrial operations, purchases, freight and employee travel, and indirect, through its customers' use of its products. Safran has therefore identified two types of exposure to climate change risks: ■ physical risks (see section 5.5.3.8) resulting from damage caused directly by extreme weather and climate events, which could cause damage to the Group's facilities and endanger the safety of its employees. The exposure of Safran's sites and their supply chains to these risks is largely dependent on their geographic location. The frequency and intensity of climate events, aggravated by the rise in global temperatures, are taken into account when deciding where to locate Safran's activities; ■ transition risks stemming from economic, regulatory, labor and social changes in relation to the fight against climate change. This could include new taxes, regulatory measures to reduce the use of air transport, loss of market share or loss of attractiveness of the industry for investors or for Safran if more competitive products for decarbonization are developed by competitors. All industrial activities generate risks, particularly health, safety and environmental (HSE) risks. At the production sites, these risks chiefly concern fire, explosions, waste discharges, liquids and gases as well as risks related to the management and use of chemical substances. The potential impacts include water and soil pollution and damage to human health more generally.	**Environmental challenges (excluding products)** Safran is deploying a proactive strategy underpinned by quantified objectives for meeting key climate change challenges and the increasing scarcity of fossil fuels, by carefully controlling and reducing its energy consumption and the greenhouse gas emissions produced by its operations and services in phase with the Paris Climate Agreement (see section 5.3.1). Its strategy also includes imposing demanding terms of reference on its carbon-heaviest suppliers, so that they commit alongside Safran to action plans compatible with the objectives of the Paris Agreement. A Group Sustainable Development Department was created on September 18, 2023, with Nathalie Stubler, a member of the Executive Committee, appointed Chief Sustainability Officer. The creation of this role aims to raise Safran's environmental and social responsibility strategy, one of the Group's key challenges, to the highest level in the organization and to bring together the various functions, activities and resources concerned. Her mission is to manage and deploy sustainability initiatives (social, societal and environmental aspects) throughout Safran's activities, sites, products and services, and operating methods. She will also ensure responsible practices and compliance with regulatory obligations on all sustainable development issues, and leads the Group's discussions on the topic with internal and external stakeholders (see section 5.1.1). Safran has devised a HSE strategy and governance framework (see section 5.4.2.1) to guarantee a high level of protection for all its employees and assets. This framework is also designed to contain and control the Group's overall risk exposure and to optimize its environmental and social footprint. Rigorous standards have been introduced at all sites and a range of training, prevention, transition and streamlining initiatives have been deployed.

4.3.2.5 Legal and regulatory risks

Importance: significant

Risk identification and description	Risk management
Legal risks Safran is subject to multiple regulations that can change on a regular basis in the various countries in which it does business. The Group is therefore exposed to the risk of non-compliance with regulations issued by international, supranational and national authorities, including the European Union and the United States, particularly in the areas of anti-trust law, the fight against corruption, customs, export and import controls, duty of care, personal data protection (see section 4.3.3.2), environmental or ESG regulations, and sanctions against regions, countries and/or individuals or legal entities, such as asset freezes and embargoes. Any failure to comply with these regulations could open Safran up to investigations and legal or administrative proceedings which could lead to sanctions adversely affecting its business, financial position or reputation. Safran is also exposed to the risk of claims resulting from alleged non-compliance with certain contractual obligations in its relations with third parties. These claims could result in an obligation to pay damages that could have an adverse impact on the Group.	**Legal risks** Safran takes all necessary measures to comply with all such rules affecting its operations. To ensure it complies with such international, supranational and national regulations, the Group has implemented action plans leading Group entities to report all claims or potential cases of non-compliance, inform the authorities concerned of any such cases, and take all the necessary precautions to prevent similar cases arising in the future (see section 5.5.4). To date, the very few instances of non-compliance with export rules voluntarily brought to the attention of the authorities have either been closed after investigation without material damages or are currently being addressed, with the past exception of non-material customs penalties.
Corruption risks Due to the nature of its businesses and its international footprint, Safran is exposed to corruption risk, broadly covering direct and indirect active or passive corruption, with potentially material financial, reputational and criminal consequences, both for the Group and for its employees.	**Corruption risks** Safran conducts its affairs according to the highest standards of transparency, integrity and professional rigor, with zero tolerance for non-compliance, based on values and ethics shared by all employees. As part of the Group's continuous improvement strategy, action plans focused on business ethics and the prevention of corruption have been supplemented and strengthened regularly, as described in section 5.5.1.3. A robust program for the prevention and detection of corruption risks is in place based on the principle of zero tolerance. Safran has set up various channels for reporting fraud or unethical behavior, including a secure, multilingual safran@alertethic.com email address. Whistleblowers can use this address to file, anonymously or openly, any good faith report of a breach of the principles enshrined in the Group's Code of Ethics. It is available to Group employees, as well as to external or occasional employees, customers or suppliers (see section 5.5.1).

4.3.2.6 Financial market risks

4.3.2.6.1 Foreign currency risk

Importance: significant

Risk identification and description	Risk management
Safran is exposed to risks resulting from exchange rate fluctuations due to the international nature of its business. Its main exposure arises on its day-to-day business activities, whenever goods or services are invoiced in a currency other than the functional currency. Most revenue earned in the civil aviation sector is denominated in US dollars, which is the benchmark currency used in the industry. The net excess of USD revenues over USD expenses for these activities is significant for the Group and represents its main foreign currency risk exposure.	To protect its operating profit, Safran implements a foreign currency risk hedging policy with the aim of reducing uncertainty factors that could affect its operating profitability, and allowing it to adapt its cost structure to a fast-changing monetary environment. A specific foreign currency risk hedging policy is implemented through market transactions (forward exchange contracts, plain vanilla options and knock-out options) on the Group's main foreign currency exposures, i.e., mainly EUR/USD. As part of its forex policy, Safran uses backwardation at historical exchange rates to extend certain hedges, thereby exposing itself to a theoretical liquidity risk.

4.3.2.6.2 Counterparty risk/customer financial default risk

Importance: significant

Risk identification and description	Risk management
Safran's different businesses target aircraft and helicopter manufacturers, airlines, leasing companies and other operators in commercial aviation; governments, armed forces and industrial groups in sovereignty and defense; and institutional customers and satellite manufacturers in space. Some of these customers could present a credit risk, i.e., a risk that they default on their contractual commitments or payments, leading them to interrupt an order in progress or be unable to pay on delivery.	Safran has many different types of customer (private and public) with a broad range of geographic locations, which helps offset these risks to some extent. Safran also endeavors to limit its exposure by taking out insurance cover with export credit agencies (e.g., Bpifrance Assurance Export) or private insurers. Safran also regularly reviews its customers' ability to meet their obligations, and applies payment terms and conditions adapted to the risks involved. Further information is provided in section 3.1, Note 19 to the consolidated financial statements at December 31, 2023.

4.3.2.6.3 Risk related to financial support for sales

Importance: low

Risk identification and description	Risk management
In connection with certain sales of civil aircraft engines, Safran may be required to make financial commitments to airline companies, generally up to the share represented by its engine in their aircraft orders. This may involve backstop financing (a guarantee indexed to an asset value limit), backstop guarantees granted to lenders, guarantees of asset value at a given date, or trade-ins of used aircraft at a given date and price. These commitments expose Safran to: ■ the risk of these airlines defaulting on their backstop financing; ■ the risk of illiquidity in the used aircraft market, or of a significant fall in the market value of aircraft pledged as security, or for which the market value or buyback price by Safran is guaranteed; or ■ a combination of these two risks. Should they materialize, these risks could affect the Group's liquidity, earnings or financial position.	These commitments relate to a limited number of orders, and aircraft subject to backstop financing are systematically pledged to Safran. However, there remains a residual risk as to the value of the pledged aircraft and the potential illiquidity of the used market. Safran also issues guarantees in connection with certain sales. These off-balance sheet commitments are described in detail in Note 24, section 3.1.

4.3.2.6.4 Liquidity risk

Importance: low

Risk identification and description	Risk management
Safran's business requires it to have access to external sources of financing, and the availability of such financing depends on a variety of factors such as market conditions, the macroeconomic environment and the Group's credit rating. Liquidity risk arises when a deterioration in financial markets (capital markets or bank lending) limits access to financing or significantly increases borrowing costs.	Safran strives to anticipate its liquidity needs and to cover those needs through an appropriate balance of the following short- and long-term financial resources, in particular: ■ shareholders' equity, details of which are given by heading in chapter 3, in Note 23 to the consolidated financial statements; ■ gross debt, details of which – including a breakdown by maturity – are given in chapter 3, in Note 27 to the consolidated financial statements; ■ a confirmed bank credit line, undrawn at December 31, 2023, amounting to €2 billion and maturing in May 2028; ■ a Negotiable European Commercial Paper (NEU CP) program for €3 billion.

4.3.3 Risks relating to Safran's strategic development

4.3.3.1 Risks relating to technological innovation and the decarbonization of aeronautics

Importance: critical

Risk identification and description	Risk management
Safran designs, develops and manufactures products and services recognized for their high degree of technological innovation, and is exposed to the risk of competitors developing products that are more technically advanced or competitive or that 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. For Safran, intellectual/industrial property (IP) is an intangible asset of increasing importance in a context of globalized markets and ever-fiercer competition. The Group is exposed to the risk of infringement of its intellectual property (IP) rights as well as to allegations of infringement of third-party IP rights. Moreover, over-dependence on specific and protected third-party technologies could also have an adverse impact on the development of the Group's business. As part of its efforts to contribute to the decarbonization of aviation, the introduction of new fuels, in particular sustainable aviation fuels (SAF), is a powerful lever for Safran. However, the Group could face two types of difficulties in this respect: certain regulations or certifications may not allow sufficient SAF to be incorporated into its products (engines, fuel systems, etc.), and in particular, the availability of sustainable fuels for aviation may prove insufficient to enable Safran and the aviation sector as a whole to meet their commitments.	The actions taken by the Group to limit the impact of such risks are outlined in section 1.4, "Research and development". Safran's financial resources enable it to invest in upstream R&T, limiting the risk of dead-ends or blind spots. Safran has set up a pooled research unit focusing on upstream, cross-functional technologies within Safran Tech, the Group's research and technology center. The center is home to nearly 500 scientists and technologists working in research sites and hubs, mainly the facilities at Safran Composites, Safran Ceramics and Safran Additive Manufacturing Campus, with almost 100 specialists in organic and ceramic matrix composites, organic chemistry and additive manufacturing. Moreover, the Gennevilliers plant, near Paris, experiments in forging and casting to give Safran a cutting edge in the technologies involved in machining aircraft engine parts. The Group draws on the complementary scientific and technical expertise provided by its partners, suppliers and subcontractors (see sections 1.4.2, 4.3.1.3 and 4.3.1.4). Safran can also make targeted investments in innovation through Safran Corporate Venture. The Group has clarified its IP governance and set up the Center for Intellectual Property Excellence (CEPI), a more effective, centrally coordinated structure involving specialists that work for all Group entities. The CEPI now provides all of Safran's IP-related assistance and consulting services and oversees the related risks, notably those concerning the protection of know-how and inventions, developing and proactively managing patent portfolios, dealing with litigation and maintaining up-to-date strategic and technological intelligence, and promoting the Group's innovation to secure its competitive advantage and help it to meet customer needs as effectively as possible. The IP team's mission is underpinned by a Group charter setting out the importance of maintaining strategic and technological intelligence, respecting the rights of third parties, protecting the Group's IP portfolio and defending its rights and capacity to gain a competitive advantage through innovation. Streamlined and stable governance, skills pooling and deployment of processes for operational excellence are being used by the Group to both assess and control its exposure to IP risks. More generally speaking, and to affirm its commitment to the decarbonization of the aviation industry by 2050 over and above the transition challenges set out in section 4.3.2.4, and as described in section 5.3, Safran is involved in drafting environmental standards and contributing to the work of institutions like the ICAO via the Air Transport Action Group (ATAG), the International Aerospace Environmental Group (IAEG), the European Civil Aviation Conference (ECAC), the Aerospace, Security & Defense Industries Association of Europe (ASD) and the French Aeronautical and Space Industries Group (GIFAS). Safran has consequently deployed a technological roadmap designed to cut the emissions generated by its products. Safran also plays a key role in a number of major R&T programs, including seven R&T projects sponsored by the European Clean Aviation program. On January 16, 2023, Safran was selected to head up the first phase of one of these projects, namely the OFELIA project. The Group is therefore working hard to reduce the environmental footprint of all its products, in order to provide its customers with innovative and competitive solutions for low-carbon aviation.

4.3.3.2 Risks relating to digitalization

Importance: critical

Risk identification and description	Risk management
Safran's digital transformation provides a catalyst for improving performance and the quality of products designed, manufactured and maintained thanks to digital continuity, better control of risks related to human factors, and identification of new avenues for improvement with access to new data. Risks associated with insufficient or poorly managed digitalization could expose the Group to a possible loss of competitiveness across its engineering, production and service activities. The main types of digitalization risks to which Safran is exposed in this area are described below.	To promptly complete its digital transformation, Safran is mobilizing a team of nearly 450 digitalization experts and facilitators at both central and tier-one entity level. Its strategy is supported by a substantial, ongoing budget. These different measures and resources must serve to ensure that the transformation roadmap is implemented in a disciplined manner and disseminated throughout the organization based on a shared data culture.
Data confidentiality Data owned by the Group are critical in terms of technological innovation, as well as strategy and key assets. Safran therefore needs to have reasonable assurance that its intangible assets (data, knowledge and expertise in particular) are adequately protected. Faced with risks of negligence, malicious intent, unlawful attempts to gain access to confidential data and threats to the security of its information systems, prevention and protection measures are deployed on an ongoing basis to guarantee information system and data integrity and ensure the Group's business continuity.	**Data confidentiality** Preventive and protective measures are implemented on a recurring basis to guarantee the integrity of the Group's information systems and data, as well as the continuity of its operations. These include the specific use of generative artificial intelligence.
Cyber threats Safran is exposed to the risk of its information systems and data being compromised. Cyber threats can take many different forms – cybercrime, cyber sabotage, cyber espionage or cyber destabilization – and they are becoming more numerous and more sophisticated, especially in the context of the Russo–Ukrainian conflict. They could lead to disruptions in services, causing, for example, the loss of connection on internal and external network exchange platforms and the unavailability of the Group's information systems, or breaches in the confidentiality or integrity of data hosted by or transiting through its information systems (loss, destruction, theft and corruption). Such events could result in recovery and reconstruction costs, additional costs, including legal defense costs, operating losses due to stoppages and interruptions and penalties and even medium-term loss of confidence of major customers and possible loss of business.	**Cyber threats** Safran's information system security policy is based on a series of organizational, technical and governance guiding principles. It meets requirements set out in French regulations on the protection of intangible assets contained in information systems and is based on internationally recognized standards. Under the policy, awareness-raising and training initiatives for Group employees are organized on a regular basis. At least one cyber attack simulation exercise is carried out at Group level each year. Safran is continuously improving its cyber governance, expertise and resources in response to this evolving and growing threat. It invests in event detection and incident response tools, security alerts, technical protection for its information systems, and specific regular audits and intrusion detection tests monitoring the effectiveness of these systems. Safran also helps to increase the cyber maturity of its supply chain, notably by introducing stricter resilience and disclosure requirements for its suppliers and subcontractors in the face of cyber threats. Safran also encourages its suppliers and subcontractors to improve their cyber risk analysis and management through the AeroExcellence approach and the AirCyber® solution, marketed by BoostAerospace, a joint venture with Airbus, Thales and Dassault Aviation. Around 60 Safran employees are now working at the Cyber Campus, a cybersecurity center of excellence located in Puteaux, near Paris, to benefit from the opportunity to work alongside major national and international experts in the field.
Cyber products A cyber attack could lead to the malfunction of equipment or systems marketed by Safran if they were insufficiently protected.	**Cyber products** Safran's Cyber Product Plan is based on a set of Safran Cyber Security Assurance Requirements (SARs) covering all equipment and systems life cycles (specifications, development, certification, entry into service, operational maintenance and retirement), the acquisition of key building blocks, hardware and software in make-or-buy, and the definition and production of demonstrators. The plan is supported by a network of Product Security Officer (PSO) cyber security correspondents. A Part-IS application project is underway to pave the way for the EASA's Information Security Management System (ISMS) scheduled for 2024.

4.3.3.3 Human resources risks

Importance: significant

Risk identification and description	Risk management
The Group's different activities harness a wide range of employee expertise and skills across many different sectors. As a result, Safran is exposed to the risk of failing to find the appropriate skills at the right time and in the right place that it needs to deploy its strategy and complete its development projects or its programs effectively due to increasing recruitment difficulties in certain critical areas, a lack of attractiveness or high turnover of personnel. These risks are exacerbated by the consequences of the Covid-19 crisis and by the strong rally in the aerospace and defense industries. Safran also has to contend with a high attrition rate caused by the very high portion of employees expected to retire over the coming years, and with the rapid changes occurring in the Group's businesses.	To limit these risks, Safran continually strives to rescale, acquire, retain, train, redeploy, bolster, incentivize and renew the skills that it needs or will need in the future. Consequently, it is developing partnership strategies with top graduate schools and scientific universities to recruit employees for its current core and future businesses. The Group also actively promotes the Safran employer brand together with the attractiveness of its career opportunities, underpinned by a policy to promote professional equality, diversity and inclusion sponsored by the Executive Committee. Managerial practices and work organization (especially teleworking) have been adapted to meet the expectations of younger generations. To increase its attractiveness, Safran encourages the recruitment of young people trained within the Group through internships, work-study and international corporate volunteer programs or doctorates. Safran also strives to diversify the profiles of new hires and increase its recruitment of engineers with doctorates. In addition, professional and geographic mobility programs, talent identification and support systems and the creation of talent pools, succession planning for key posts and skills, training, monitoring and career development, together with the transmission of the Group's know-how and values to new hires, are all being used to manage these risks. The Group has concentrated oversight of this competitiveness plan into a single "Skills and Training" division. Action plans specifically designed to protect the Group from departures of key personnel have been put in place, in particular by the Technical and Human Resources departments. These plans are mainly aimed at identifying critical and strategic skills, reinforcing succession planning and skills development, and monitoring training on knowledge transfer. The Executive Committee fully supports this policy of promoting expertise within the Group. Safran also continues to adapt its salary policy and to offer employee bonus, profit-sharing and equity and savings incentive schemes that foster employee buy-in and loyalty. These measures, previously described in section 4.3.2.5, are explained in detail in sections 5.4 and 5.6 below. They enabled the Group to adapt to its growing need for new hires throughout the year and to surpass its initial recruitment targets, for example, by hiring more than 18,000 people on permanent contracts in 2023.

4.4 INSURANCE

The Risk and Insurance Department identifies the key accident risks to which the Group's businesses are exposed and puts in place the appropriate insurance policies. This does not include personal risk insurance, managed by the Human and Social Responsibility Department, or credit insurance, managed by the Financing Department.

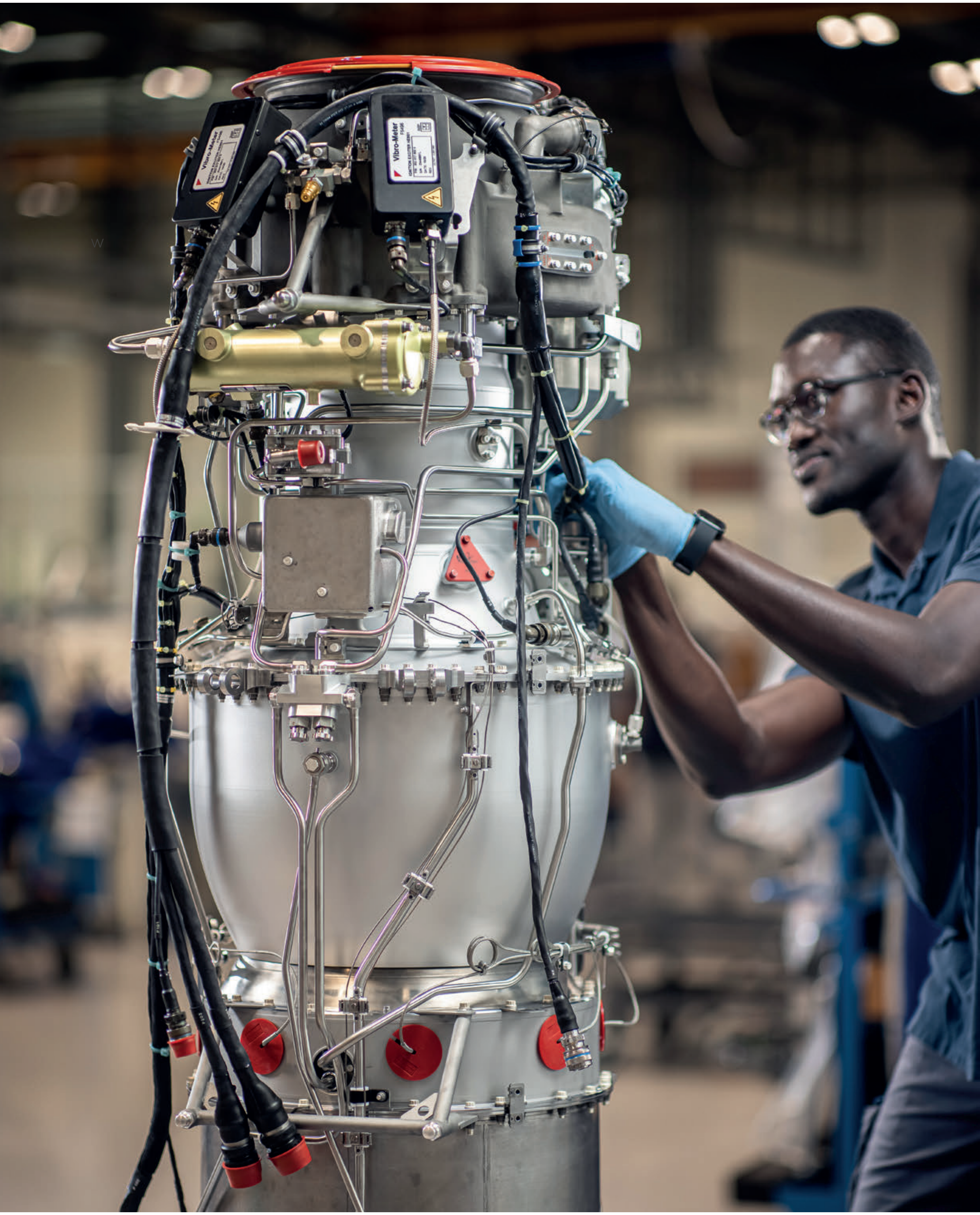
The key accident risks are covered by worldwide multi-risk policies spanning several years where applicable, negotiated with leading insurance companies that reflect the Group's current exposure. They include:

- a "property damage and business interruption" policy providing coverage for damage to industrial installations (buildings, machines, inventories, etc.). The maximum payout under the policy is €400 million, or up to €1.2 billion for certain major Group sites, excluding market-imposed sub-limits for certain risks such as flooding, earthquakes, natural disasters or asbestos removal following an insurance claim;
- "product third-party liability" policies covering the Group in the event that it is held liable for damages to third parties as a result of an accident attributable to a delivered product no longer owned or controlled by a Group entity:
  - aviation products:
    - the policies provide coverage totaling USD 2.5 billion per annum that can be used during the year for aviation products. Coverage for helicopter products is capped at USD 1 billion, while coverage for terrorism totals USD 1 billion,
  - "land" products (excluding aviation businesses):
    - the policies provide coverage of €200 million per annum that can be used during the year.

Other specific types of insurance have also been taken out to round out the Group's insurance coverage. In particular, local insurance programs are subscribed across the globe either to cover specific risks or in response to local regulatory insurance requirements.

The Group's captive reinsurance company participates in the operational risk coverage scheme within the framework of "civil aviation liability" and "property damage and business interruption" insurance policies.

Local insurance programs are subscribed across the globe either to cover specific risks or in response to local legal or regulatory insurance requirements.



Assembly of the Makila 2A1 turbo engine

5 NON-FINANCIAL PERFORMANCE

In this chapter, Safran presents its non-financial information statement (NFIS) in accordance with Article L.225-102-1 of the French Commercial Code (*Code de commerce*). This statement outlines Safran's corporate social responsibility (CSR) approach, highlighting its policies, commitments, achievements and results. The Integrated Report includes a presentation of Safran's stakeholder relations and business model.

Chapter 5 takes into account the following French legislative requirements in particular:

- government *ordonnance* (order) 2017-1180 of July 19, 2017 and decree no. 2017-1265 of August 9, 2017 transposing into national law the European directive of October 22, 2014 on the disclosure of non-financial information by companies;
- law no. 2017-399 of March 27, 2017 on the duty of care of parent companies and contracting companies;
- French law no. 2016-1691 of December 9, 2016 on transparency, anticorruption measures and modernization of the economy ("Sapin II").
- Regulation (EU) 2020/852 of June 18, 2020, known as the Taxonomy Regulation, and its Delegated Acts.

Safran has also initiated the necessary steps to prepare for the implementation of Directive 2022/2464 of December 14, 2022 (Corporate Sustainability Reporting Directive, or CSRD), as transposed into French law by French government order 2023-1142 of December 6, 2023, on the publication and certification of sustainability disclosures and the environmental, social and corporate governance obligations of commercial companies. These provisions, which came into force on January 1, 2024, will be implemented in Safran's sustainability report, which will be published for the first time in 2025.

This chapter is a part of the management report provided for in Article L.225-100 of the French Commercial Code. It is verified by an independent third party, whose report is presented in section 5.7.7. Its opinion expresses a mandatory limited assurance conclusion on certain quantitative indicators, as required by law, but also a voluntary higher level of assurance, known as "reasonable assurance", on indicators marked with the symbol **[AR]**.

5.1 ORGANIZATION AND MANAGEMENT OF NON-FINANCIAL PERFORMANCE

5.1.1 Stronger CSR governance in 2023

In 2023, Safran achieved its goal of taking the Group's approach to environmental and social responsibility to the highest level by creating the Group Sustainable Development Department, headed by a Chief Sustainability Officer sitting on the Group Executive Committee. The new department brings under one roof the CSR issues previously covered by the Human and Social Responsibility Department, and the Climate and Environment Department previously under the responsibility of the Strategy Department, with added responsibility for circular economy issues.

The CSR roadmap is presented annually to the Group Executive Committee and to the Board of Directors. CSR issues are addressed, where appropriate, in the various committees reporting to the Group Executive Committee (Compliance, Ethics and Anti-Fraud Committee) or the Board of Directors (Audit and Risk Committee, Appointments and Compensation Committee, and Innovation, Technology & Climate Committee) (see section 6.3.6.3). The CSR strategy is also included in the presentation of the Group's strategic challenges to employee representative bodies. Safran's governance bodies and the separation between Executive Management and the Board of Directors are described in chapter 6 of this document.

To respond effectively to the CSRD requirements, the Finance and Sustainable Development departments have formed a multidisciplinary project team. It has worked to analyze areas where Safran deviates from the new standard and to identify the Group's material issues (dual materiality analysis).

A network of CSR coordinators from each of the Group's companies contributes to the implementation of the CSR strategy. These coordinators, accompanied by experts from Group departments, take part each year in meetings of several committees dedicated to each pillar of the CSR strategy.

[AR]: indicator audited voluntarily to the higher level known as "reasonable assurance".

5.1.2 "Engage for the Future", a CSR approach at the heart of Safran's strategy

"Engage for the Future" supports the Group's global strategy and aims to ensure its sustainability. This approach, which combines profitability and responsibility, is a driver of value creation in the short-, medium- and long-term, which in turn is a performance driver for the Group.

5.1.2.1 A CSR strategy co-constructed with all stakeholders

Safran developed its CSR strategy in consultation with all of its stakeholders (suppliers, customers, shareholders, employees, employee representative bodies, etc.). Expectations and challenges in terms of corporate social responsibility were compiled through two consultations: one to develop a materiality matrix and another to form working groups involving employees. "Engage for the Future" illustrates the commitment shared by the Company and its employees to strive towards a sustainable future in our day-to-day actions.

Definition of the non-financial challenges through the materiality matrix

Safran updated the materiality matrix plotting its non–financial challenges in 2020. The 2020 matrix was based on the Group's risk mapping, studies on the challenges facing the aerospace industry, and an in-depth analysis of reference frameworks such as the UN Sustainable Development Goals (SDGs), non-financial reporting requirements and recommendations, and international frameworks such as the Sustainability Accounting Standards Board (SASB), the Task Force on Climate-related Financial Disclosures (TCFD) and the Global Reporting Initiative (GRI). Further to this analysis, 37 challenges were identified.

These challenges were subsequently submitted to more than 600 senior executives from all Group companies worldwide, to members of the Group Executive Committee, and to a panel of 70 external stakeholders representing each major category (business community, financial community, public partners and civil society). The consultation comprised 25 interviews and an online survey.

The matrix shows:

- on the X-axis, challenges classified according to their importance for Safran employees;
- on the Y-axis, challenges classified according to their importance for external stakeholders.

It represents a snapshot of respondents' opinions and perceptions at a given point in time. A consensus emerged, both internally and externally, on Safran's nine priority challenges and on how respondents' expectations have changed. This work enriched the CSR strategy.

The nine challenges appear in the circle in the upper right-hand corner of the matrix. They are:

- quality and safety of products and services (see section 5.5.1.1);
- customer satisfaction and trust;
- the promotion of business ethics and the fight against corruption (see section 5.5.1.3);
- reduction of atmospheric emissions and the carbon footprint linked to the use of products and services (see section 5.3);
- innovation and eco-design of products and services (see section 5.5.3.1);
- technological developments (see section 5.3);
- attractiveness of Safran and talent recruitment (see section 5.4.1.3);
- skills development and talent retention (see section 5.4.1);
- health and safety in the workplace (see section 5.4.2.1).

Each year, challenges defined previously are compared with the Group's risk mapping for confirmation, and to ensure their alignment with the material risks to which the Group is exposed (see section 4). In 2024, dual materiality analysis will be conducted in preparation for the CSRD requirements.

Materiality matrix of non-financial challenges

5.1.2.2 "Engage for the Future", Safran's CSR strategy

Safran's CSR strategy, "Engage for the Future", is the outcome of a collective effort involving all stakeholders and reflects Safran's core purpose (*raison d'être*).

"Engage for the Future",
a strategy based on 4 pillars, with 12 key commitments

Core purpose

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

DECARBONIZE AERONAUTICS

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

1. Make carbon neutral aircraft the R&T priority
2. Reduce CO_2 emissions throughout our value chain
3. Involve employees in the reduction of their carbon footprint

BE AN EXEMPLARY EMPLOYER

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

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

EMBODY RESPONSIBLE INDUSTRY

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

7. Uphold the highest standards of ethics
8. Strengthen responsible practices throughout the supply chain and support our suppliers
9. Respect the environment and natural resources

AFFIRM OUR COMMITMENT TO CITIZENSHIP

Get involved with our local communities and contribute to their development

10. Be at the forefront of innovation to protect citizens
11. Develop partnerships for training and research
12. Commitment to regions and their communities

5.1.2.3 Key objectives aligned with the UN Sustainable Development Goals

To achieve its ambitions and create value, Safran has set objectives enabling it to track progress on each pillar of the CSR roadmap annually. The Scope 1 and 2 greenhouse gas emissions reduction objective is for 2030, while that for Scope 3 emissions from product use is for 2035. All other objectives are to be achieved by 2025. All of the indicators mentioned below relate to a Group scope unless otherwise stated (see section 5.7.2). Indicator definitions and methodologies are described in section 5.7.4 and 5.7.5.

Safran supports the United Nations Sustainable Development Goals (SDGs) and is contributing to their achievement through its “Engage for the Future” strategy, which is built on clear and measurable targets.

DECARBONIZE AERONAUTICS

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

Objectives	2021	2022	2023	Contribution to the Sustainable Development Goals
2025 OBJECTIVES **#1** Keep 75% of self-funded R&T investment focused on environmental efficiency *(Scope 3 – product use)*[7]	**75%**	**81%**	**88%**	**SDG 13 – CLIMATE ACTION – TARGETS: 13.1, 13.2, 13.3** Safran aims to lead the way in the decarbonization of the aviation industry, see section 5.3: ■ R&T investment focused on environmental efficiency, choice of technologies contributing to ultra-efficient aircraft by 2035 and use of sustainable aviation fuel (SAF), etc. ■ Climate strategy – Scopes 1, 2, 3 (see section 5.3.3.1) ■ Reduction of CO_2 emissions throughout our value chain, particularly Scope 3 ■ Adherence to the Climate-related Financial Disclosures (TCFD) recommendations on climate reporting ■ Certification of Safran’s GHG reduction trajectory by the Science-Based Targets initiative (SBTi) in 2023. Safran is one of the first aerospace companies to have achieved a level of ambition recognized by SBTi as aligned with the goals of the Paris Climate Agreement SCIENCE BASED TARGETS DRIVING AMBITIOUS CORPORATE CLIMATE ACTION
2035 OBJECTIVES **#2** Reduce greenhouse gas emissions from product use (Scope 3), based on seat kilometers, by 42.5% by 2035 compared with 2018[1] *(in g CO_2eq./seat kilometer[2])*[7]	**-13%**	**-24%**	**-27%**[3]	
2025-2030 OBJECTIVES **#3** Reduce greenhouse gas emissions (Scopes 1 and 2) by 30% by 2025 and then by 50.4% by 2030 compared with 2018 *(in t CO_2eq.)*[5]	**-30.3%** (403,113 t CO_2eq.)	**-30.2%** (405,664 t CO_2eq.)	**-34%**[4][5] (380,973 t CO_2eq.)	
2025 OBJECTIVES **#4** 100% of facilities to have achieved the zero targets roadmap				**SDG 7 – AFFORDABLE AND CLEAN ENERGY – TARGETS: 7.2, 7.3** Safran is committed to energy efficiency and the decarbonization of its consumption (see section 5.3): ■ Implementation of an energy management system with a network of energy officers ■ 10% reduction in gas and electricity consumption for all sites worldwide in 2024 compared with 2019. In 2023, Safran reduced the energy consumption of its European sites by 21% ■ Use of low-carbon energy sources ■ On-site production and self-consumption of renewable energy ■ Employee awareness-raising on eco-friendly practices
■ Zero machines or equipment running unnecessarily (from 2022)	**N/A**	**50%**	**90%**[6]	

N/A: data not available.

(1) 2018 was chosen as the earliest reference year to take into account the emissions of the former Zodiac Aerospace, acquired by Safran that year.

(2) As from 2022, the calculation is made per seat-kilometer as opposed to passenger-kilometer (see section 5.7.5).

(3) In 2023, Safran Cabin’s non-propulsion catering and freight activities were sold. They generated indirect emissions representing an average of 4.86% of Scope 3 emissions from product use over the 2018-2022 period.

(4) In 2023, Safran Cabin’s non-propulsion catering and freight activities were sold. On average, they represented less than 1% of Scope 1 and 2 emissions over the 2018-2022 period.

(5) Change in Scope 1 and 2 emissions compared with 2018, market-based method, see section 5.7.5.

(6) As of December 31, 2023, 90% of the Group’s 125 industrial sites had introduced labeling to identify methods for shutting down machinery and equipment. 89% of these items had been labeled by the end of 2023.

(7) Indicators audited voluntarily to the higher level of assurance known as “reasonable assurance”.

BE AN EXEMPLARY EMPLOYER

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

Objectives	2021	2022	2023
2025 OBJECTIVES **#5** Provide 26 hours of training on average per employee[(1)(2)]	21	25	31
#6 Maintain a frequency rate of lost-time work accidents less than or equal to 2[(1)]	2.1	2.1	2.1
#7 100% of employees to benefit from a minimum level of health coverage (medical, optical and dental)[(1)]	79%	77%	77%
#8 22% of women among senior executives[(1)(2)]	15.1%	17%	19.5%

Contribution to the Sustainable Development Goals

SDG 4 – QUALITY EDUCATION – TARGET: 4.4

Safran is committed to supporting work- and sector-based transformations and to meeting the aspirations of its employees:

- Training on business skills, digital transformation, energy transition, performance and business support, managerial skills and leadership (see section 5.4.1.5)
- Support and development tools for employees: mentoring, orientation day, specific training, etc. (see section 5.4.1.2)
- Integration of young people into the workforce: mentoring of young people on training courses by Group employees, European agreement to promote the integration of young people into the workforce, communication campaigns on social networks and recruitment sites to promote awareness of jobs in Safran's businesses. Industrial schools have been created at certain Safran sites to train new employees in specific skills not available in the labor market (see section 5.4.1.3).

SDG 3 – GOOD HEALTH AND WELL-BEING – TARGETS: 3.6, 3.8, 3.9

Safran strives to control risks and to promote a culture of prevention for the health and safety of its employees and all stakeholders (see section 5.4.2.1):

- On-site safety roadmaps, guidelines and assessments: HSE (health, safety and environment) policy, internal HSE guidelines integrating ISO 45001, ISO 14001 and operational requirements specific to Safran, annual audits of industrial sites to verify application of the guidelines
- Occupational health services: employee well-being, access to occupational health, vaccination, prevention of psychosocial risks, workstation ergonomics
- Training and awareness-raising for employees on a range of subjects: road risks, specific illnesses, etc.

SDG 10 – REDUCED INEQUALITY – TARGETS: 10.2, 10.4

Safran is committed to reducing workplace inequality and combating all forms of discrimination (see section 5.4.3):

- Awareness-raising for employees on unconscious bias and stereotypes, online training on diversity, inclusion and non-discrimination
- Implementation and management of the Diversity and Inclusion roadmap aimed at developing a culture of inclusion and accelerating momentum on strategic priorities
- Coordination of the disability policy on all French sites

SDG 8 – DECENT WORK AND ECONOMIC GROWTH – TARGETS: 8.2, 8.3, 8.5, 8.8

Safran creates and maintains jobs (see section 5.4). In 2023:

- 21,377 new hires, breaking down as 18,101 on permanent contracts and 3,276 on fixed-term contracts
- 91,984 employees on 275 sites in 32 countries
- Commitment to fair and equitable compensation, giving employees a stake in the Company's performance (see section 5.4.1.7)
- Calculation and publication of pay ratios (see section 6.6.3.4)

SDG 5 – GENDER EQUALITY – TARGETS: 5.1, 5.5

Safran works to promote workplace equality, equity and gender balance in all positions (see section 5.4.3.2):

- Promotion of gender balance in governance: the increase in the number of female managers is an indicator monitored directly in company management committees. This is one of the personal objectives of the Group's Chief Executive Officer
- Educational workshops on sexism
- Mentoring and coaching for women in their careers
- Sites with Gender Equality European & International Standard (GEEIS) certification
- Agreement on parenthood in France to promote work-life balance
- Facilitation of internal women's or gender-balanced networks to promote professional development within the Group
- Visibility of women's careers in the aerospace industry

(1) Indicator definitions and methodologies are described in section 5.7.4.
(2) Indicators audited voluntarily to the higher level of assurance known as "reasonable assurance".

EMBODY RESPONSIBLE INDUSTRY

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

Objectives	2021	2022	2023	Contribution to the Sustainable Development Goals
2025 OBJECTIVES **#9** 100% of senior executives and exposed or affected employees trained in anticorruption	89%	77%(1)	85%(1)	**SDG 16 – PEACE, JUSTICE AND STRONG INSTITUTIONS – TARGETS: 16.4, 16.5, 16.7, 16.10** Safran is constantly striving to ramp up measures to promote transparency and combat corruption (see section 5.5.1): ■ Ethics policy consisting of the Ethical Guidelines, the code of conduct for the prevention and detection of acts of corruption and the anti-fraud policy ■ Zero tolerance of corruption in the Group ■ Internal system to control exports of military products (see section 5.5.1.4) ■ Transparency on the composition, appointment (see section 6.2) and compensation of governance bodies (see section 6.6) ■ Whistleblowing system featuring various reporting channels, including a secure email address for collecting reports, managed by an independent third party, measures to protect the whistleblower ■ Reinforcement of internal compliance procedures with the establishment of commitments and the automatic verification of partners' share ownership
#10 80% of purchases made from suppliers that have signed Safran's responsible purchasing guidelines(2)	32.4%	59.3%	72%	
#11 100% of industrial facilities classified as "Gold" based on Safran's HSE standards(2)	33%	41%	47%	**SDG 15 – LIFE ON LAND – TARGET: 15.1** Safran complies with all applicable regulations and takes measures to protect biodiversity (see section 5.5.3.7): ■ Study assessing the Group's key biodiversity impacts and dependencies ■ Local impact studies on biodiversity before applying for operating permits
#12 Increase the waste recovery ratio compared with 2019 (68.3%)	71.1%	69.2%	71%	**SDG 9 – INDUSTRY, INNOVATION AND INFRASTRUCTURE – TARGET: 9.4** Safran aims to develop its business without undermining the capacity for natural resources to replenish (see section 5.5.3): ■ Rollout of an eco-design approach ■ Limitation of harmful chemical substances ■ Circular economy approach with a reduction in the use of natural resources through the development of maintenance solutions and through reuse, product repairability, recycling and recovery ■ Waste reduction and recovery
				SDG 6 – CLEAN WATER AND SANITATION – TARGETS: 6.3, 6.4 Safran limits its impact on ecosystems and pays particular attention to water management (see section 5.5.3.6): ■ Control of water consumption, used mainly for sanitation ■ Treatment of water from industrial processes
				SDG 12 – RESPONSIBLE CONSUMPTION AND PRODUCTION – TARGETS: 12.4, 12.5 Safran recycles and recovers its products and waste (see section 5.5.3.5), and maintains balanced relations with its suppliers (see section 5.5.2): ■ Sustainable Procurement and Supplier Relations Label obtained in 2017 ■ Reduction, treatment and recovery of waste on the Group's sites ■ Joint creation of Tarmac Aerosave, a company specializing in the dismantling and recycling of aircraft and recovery of aluminum shavings ■ Partnership between Tarmac Aerosave and start-up Fairmat to develop a low-carbon-footprint recycling process for carbon fiber composites

(1) *The compliance training policy was reviewed in 2022, with a new structure and a larger pool of people to be trained (increase of more than 35%, from more than 4,000 to more than 6,500 people). In 2023, on the same base, 85% of senior executives and employees exposed or affected received anticorruption training, including 100% of senior executives. In 2023, following the completion of MOOCs in 2002, employees were required to take a quiz to validate their knowledge. In addition, new hires concerned by or exposed to the risk of corruption are systematically required to complete digital training.*

(2) *Indicators audited voluntarily to the higher level of assurance known as "reasonable assurance".*

AFFIRM OUR COMMITMENT TO CITIZENSHIP

Get involved with our local communities and contribute to their development

Objectives	2021	2022	2023	Contribution to the SDGs
2025 OBJECTIVES **#13** Host more than 63 new PhD students in Safran teams each year[(1)]	47	80	73	**SDG 17 – PARTNERSHIPS FOR THE GOALS – TARGETS: 17.16, 17.17** Safran contributes to skills development through scientific, technological and academic partnerships (see section 5.6.2): ■ Collaboration with institutes, university laboratories and industrial research chairs ■ Creation of training centers in the countries where Safran operates ■ Partnership with CampusFab, a consortium of industry players and employment and training organizations that trains aerospace industry technicians and engineers for the jobs of the industry of the future ■ Partnerships with innovative companies to develop emerging technologies: support for innovation and R&T projects with startups and a startup accelerator ■ Number one **French patent applicant in Europe since 2022 according to the French National Institute of Intellectual Property**
#14 100% of sites with 50 or more employees carrying out at least one community initiative	45.3%	76%	76%[(2)]	**SDG 4 – QUALITY EDUCATION – TARGET: 4.4** **SDG 8 – DECENT WORK AND ECONOMIC GROWTH – TARGET: 8.5** Safran carries out initiatives outside the Company (see section 5.6.3): ■ More than 600 initiatives carried out on all sites worldwide thanks to the commitment of employees on a range of issues (social, health, environment, etc.) ■ Initiatives by the Safran Corporate Foundation for Integration to help young people with disabilities and disadvantaged or marginalized young people ■ Sponsorship: support for non-profits to promote learning in mathematics and science, partnerships to develop mentoring to promote equal opportunity, etc.

(1) Indicator audited voluntarily to the higher level of assurance known as "reasonable assurance".

(2) The KPI result was maintained, despite the broadening of the scope in 2023 to include sites with 50 or more employees and their various community initiatives. 32 sites were added. The number of community initiatives increased by 13% between 2022 and 2023.

5.1.3 An approach backed by internal and external reference frameworks

5.1.3.1 United Nations Global Compact and Sustainable Development Goals

Safran became a signatory to the United Nations Global Compact in 2014. The Global Compact comprises ten principles relating to respect for human rights, international labor standards, the environment and the fight against corruption. This voluntary membership implies adherence to and promotion of these universal principles in its practices. The Group's Chief Executive Officer assumes direct responsibility for this commitment.

Safran certifies the effective implementation of these principles by posting a Communication on Progress (CoP) on the United Nations Global Compact website each year. The Group is classified as Advanced in the CoP reporting framework, the highest standard in terms of CSR performance.

Safran's CSR strategy is part of the global contribution to the achievement of the 17 Sustainable Development Goals (SDGs) set by the United Nations for 2030.

5.1.3.2 Safran's key CSR documents

Safran's key internal corporate social responsibility documents include:

- the global CSR framework agreement (see below);
- the CSR strategy (see section 5.1.1.2);
- the ethical guidelines (see section 5.1.2);
- the climate strategy (see section 5.3.3);
- the code of conduct for the detection and prevention of acts of corruption and the responsible lobbying charter (see section 5.5.1.3);
- the health, safety and environmental policy (see section 5.4.2.1);
- the responsible purchasing policy (see section 5.5.2.1);
- the Group's duty of care plan (see section 5.5.4).

These documents are applicable at all Safran sites, in all of the countries where the Group operates.

5.1.3.3 Safran's global CSR framework agreement

Safran has reaffirmed its commitment to CSR by renewing and strengthening its global framework agreement. Signed on December 4, 2023, this agreement involves the IndustriALL Global Union and was ratified by representatives of the CFE–CGC, CFDT and CGT-FO French metalworking federations.

This agreement renews and extends the initial commitments made in 2017. It applies to all companies in all countries where the Group operates, as well as to all employees, and covers relations with suppliers, taking into account social and environmental developments while respecting cultural, social and economic diversity.

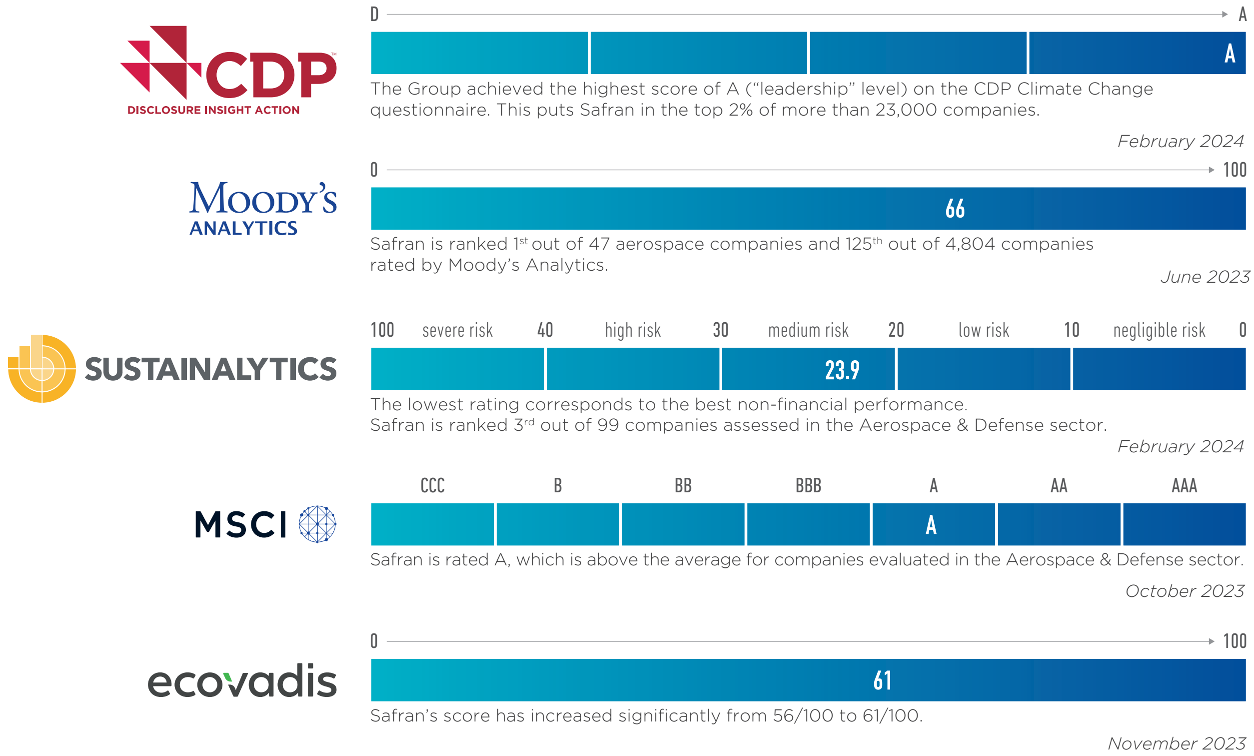
Its key objectives are to:

- place the Group's social responsibility policy within a negotiated framework in accordance with international labor conventions;
- reaffirm Safran's ambitious commitments in the fight against climate change and the preservation of the environment, notably by protecting natural resources and biodiversity, by reducing waste and promoting its recovery, and by preventing pollution risks in order to minimize the environmental impact of its activities;
- continue to implement the Group's human resources policy, which emphasizes the development of talents and skills, as well as quality of life and well-being at work, while promoting diversity and equal opportunity;
- guarantee rights to employee representation, in particular trade union rights, as well as the rights associated with freedom of negotiation and social dialogue;
- recognize Safran's commitment to ethical business practices towards its customers and suppliers. Safran is committed to fighting against all forms of corruption and regularly sharpens employee awareness through appropriate communication resources and training;
- ensure that respect for fundamental rights is a key criterion in the selection and evaluation of suppliers, subcontractors and service providers;
- take into account the impact of its activities: encourage the use of local human resources to fill available positions wherever possible in each host country.

5.1.4 Assessment of CSR performance by non-financial rating agencies

Assessments carried out by non-financial rating agencies on respect for the environment, social values, community engagement and corporate governance attest to the Group's CSR performance.

The Group's non-financial ratings



In 2023, for the first time, the Group achieved the highest score of A (leadership level) in the CDP Climate Change survey. This puts Safran in the top 2% of more than 23,000 companies.

In addition, several of our sites hold CSR certification aligned with ISO 26000 on social responsibility:

- in Morocco, the sites of Safran Electrical & Power and MATIS Aerospace (a joint venture between Safran and Boeing) have obtained the CSR label of the General Confederation of Moroccan Enterprises (CGEM) for the 2022-2025 period;
- In Mexico, in 2023, the Safran Aircraft Engines and Safran Landing Systems sites renewed their status as socially responsible companies awarded by CEMEFI (Mexican Center for Philanthropy).

5.2 MAIN NON-FINANCIAL RISKS AND SUMMARY OF NON-FINANCIAL PERFORMANCE

Chapter 4, "Risk factors" and chapter 5, "Non-financial performance" of this Universal Registration Document are linked, and cross-references are provided. Chapter 4 presents an analysis of the main risk factors and describes how they are addressed by Safran, while chapter 5 is dedicated to the main non-financial risks (listed in the table below) and the associated performance (see sections 5.3 to 5.6). These risks were assessed on the basis of the materiality matrix and key risks identified in Safran's Enterprise Risk Management system, described in Chapter 4, as well as the business model presented in Safran's integrated report. The indicators presented show the effectiveness of the policies implemented to manage the risks. All of the indicators mentioned below relate to a Group scope unless otherwise stated.

The main non-financial risks described in this section are as follows:

- risks relating to climate change;
- corruption risks;
- risks relating to shortages of skills and know-how;
- risks relating to loss or lack of attractiveness;
- health, safety and environmental (HSE) risks;
- risks relating to suppliers;
- risk relating to insufficient gender balance;
- aircraft safety risks.

In the current economic and political environment characterized by growing demand from airlines, tension in supply chains, sustained inflation and geopolitical conflicts, Safran is intensifying its care with regard to non-financial risks. Safran exceeded its recruitment targets in 2023, and is clearly not suffering from a lack of attractiveness.

RISKS RELATING TO CLIMATE CHANGE

Climate change presents a twofold challenge for Safran in terms of:

1. The impact of climate change on the Group's activities, in most regions of the world;
2. The impact of the Group's activities on climate change. Safran contributes to greenhouse gas emissions both directly, through its industrial operations, purchases, freight and employee travel, and indirectly, through customers' use of its products, particularly in the aviation sector.

Safran has identified two types of risk:

- physical risks (see section 5.5.3.8) resulting from damage caused directly by extreme weather and climate events, which could cause damage to the Group's facilities and endanger the safety of its employees. The exposure of Safran's sites and their value chains to these risks is largely dependent on their geographic location. The frequency and intensity of climate events, aggravated by the rise in global temperatures, are taken into account when deciding where to locate Safran's activities;
- transition risks stemming from economic, regulatory, labor and social changes in relation to the fight against climate change. This could include new taxes, regulatory measures to reduce the use of air transport, loss of market share or loss of attractiveness of the industry for investors or of Safran if more competitive products for decarbonization are developed by competitors.

Risks relating to technological developments and the decarbonization of aeronautics are described in section 4.3.3.1.

The challenges relating to climate change may also present opportunities for the Group, especially through the development of innovative products that improve the energy efficiency of aircraft and the energy consumption of our industrial processes.

Policies and procedures	Indicators	2018	2021	2022	2023	Year-on-year change
Strategy and action plan to combat climate change (see section 5.3)	Emissions in metric tons of CO_2 equivalent:					
	Scope 1[(1)(2)] **[AR]**	219,790	177,317	177,299[(3)]	167,774[(5)]	-5%
	Scope 2 (location based)[(1)] **[AR]**	383,186	244,466	264,420[(3)]	269,279[(5)]	2%
	■ Scope 2 (market based)[(1)(4)] **[AR]**	358,887	225,796	226,431[(3)]	213,199[(5)]	-6%
	■ Scope 3[(1)]:					
	• product use	113,800,000[(5)]	52,300,000[(5)(10)]	56,100,000[(10)]	61,800,000[(6)(10)]	10%
	• purchased goods and services;	4,961,000	2,735,000	4,392,000	5,780,000[(7)]	32%
	• freight	264,700	183,200	267,400	272,700[(7)(8)]	2%
	• business travel	68,450	16,100[(11)]	28,100[(11)]	38,780[(9)]	38%
	• employee commuting[(10)];	118,600	97,100	103,600	111,600	8%
	• Upstream emissions related to energy consumption	118,591	89,785	97,500	103,705	6%
	• Emissions related to waste treatment	21,000	14,200	14,700	17,345	18%

(1) Indicator definitions and methodologies are described in section 5.7.5.
(2) Direct emissions from biogas are included in the Scope 1 calculation.
(3) 2022 emissions figures, which included estimated data for fourth-quarter 2022, were revised in 2023 to reflect the actual data.
(4) Scope 2 market-based values were reported for the first time in the 2021 Universal Registration Document and have been fine-tuned in this document, notably to take into account the emission factors of Safran's suppliers.
(5) In 2023, Safran Cabin's non-propulsion catering and freight activities were sold. On average, they represented less than 1% of Scope 1 and 2 emissions over the 2018-2022 period.
(6) In 2023, Safran Cabin's non-propulsion catering and freight activities were sold. They generated indirect emissions representing an average of 4.86% of Scope 3 emissions from product use over the 2018-2022 period.
(7) The increase in emissions is partly attributable to the resumption of operations. The increase resulting from purchases of goods and services and freight is also partly attributable to inflation, as greenhouse gas emissions are primarily measured based on monetary emission factors.
(8) In 2023, freight emissions were assessed for the first time using a hybrid method, as described in section 5.7.5.
(9) Emissions remained contained in 2023, despite the resumption of business travel.
(10) In 2021 and 2022, and to a lesser extent in 2023, Scope 3 (product use) was impacted by the decline in deliveries in the wake of the Covid-19 epidemic.
(11) Emissions related to business travel were down significantly in 2021 and 2022, also due to the Covid-19 epidemic.

[AR]: indicator audited voluntarily to the higher level known as "reasonable assurance".

CORRUPTION RISKS

As a global company, Safran must comply strictly with all anticorruption laws and regulations, including any extraterritorial effects.

Corruption risks cover exposure of various types, from direct and indirect active corruption to passive corruption, influence peddling and conflicts of interest.

Policies and procedures	Indicators	2021	2022	2023	Year-on-year change
Corruption risk prevention and detection program (see section 5.5.1) Ethical Guidelines (see section 5.5.1.2)	% of senior executives and exposed and affected employees trained in anti-corruption	89%	77%(1)	85%	10%

(1) *The compliance training policy was reviewed in 2022, with a new structure and a larger pool of people to be trained (an increase of more than 35%, from over 4,000 to over 6,300 people). In 2023, 85% of senior executives and employees exposed or affected received anticorruption training, including 100% of senior executives. The scope covered nearly 5,500 exposed or affected employees. In 2023, following the introduction of MOOCs in 2022, employees were required to take a quiz to check their knowledge. In addition, new hires concerned by or exposed to the risk of corruption are systematically required to complete digital training.*

RISKS RELATING TO SHORTAGES OF SKILLS AND KNOW-HOW

The risk of a shortage of skills and know-how may be related to:

- accelerated change in business, stemming from digital transformation or the emergence of disruptive technologies and new societal challenges;
- the challenge of matching workloads, capacity and skills to needs, with strong growth in the workforce in a dynamic business environment;
- tension on key expertise in the labor market, intense competition between business sectors and high staff turnover in certain geographic areas.

Policies and procedures	Indicators	2021	2022	2023	Year-on-year change
Talent management policy (see section 5.4.1.1)	% of Group employees who have taken one or more training courses	82%	90%	91%	2%
Safran University transformation plan (see section 5.4.1.5)	Average number of training hours per employee. **[AR]**	21	25	31	21%

RISKS RELATING TO LOSS OR LACK OF ATTRACTIVENESS

The risk of loss or lack of attractiveness for the Group may be linked to:

- long recruitment times for specialized profiles as well as for new professions for Safran, due to the shortage of skills in certain professions and regulatory constraints;
- the high concentration of industrial companies in certain pools, generating intense competition (flexibility, compensation, career paths and development) to attract skills and talent;
- a work environment specific to large industrial groups perceived as not very agile;
- the poor public image of jobs in the industry in general and in the aerospace industry in particular.

These risks are described in section 4.3.3.3.

Policies and procedures	Indicators	2021	2022	2023	Year-on-year change
Recruitment policy (see section 5.4.1.3)	Permanent departure replacement index (1)	0.82	1.5	1.8	20%

[AR]: indicator audited voluntarily to the higher level known as "reasonable assurance".
(1) *The replacement index for permanent departures is the ratio of external new hires to permanent departures.*

HEALTH, SAFETY AND ENVIRONMENTAL RISKS

Risks relating to industrial activities:

- risks inherent to activities, such as major industrial and environmental accidents;
- risks to health (physical and mental) and safety relating to activities;
- public health risks;
- impacts of weather events on property and people.

Risks relating to new regulations:

- diverse, shifting and increasingly stringent local and international health and safety regulations and standards that are applicable to Safran's activities. Non-compliance with regulations is a risk for the Group.

Policies and procedures	Indicators/key documents	2021	2022	2023	Year-on-year change
The health, safety and environmental policy (see section 5.4.2.1)	Frequency rate of lost-time work accidents	2.1	2.1	2.1	-
	Severity rate	0.08	0.07	0.06	(14%)
HSRD pillars (see section 5.4)	Absenteeism rate	2.84%	3.7%	3.15%	(15%)

RISKS RELATING TO SUPPLIERS

In 2023, Safran purchased goods and services worth €14.1 billion[(1)], or nearly 63% of the Group's revenue, from approximately 14,000 significant suppliers[(2)]. Despite Safran's best efforts, ensuring strict compliance with all social, environmental and ethics legislation by all of its suppliers remains a challenge. The responsible purchasing policy is designed to mitigate these risks among suppliers, in particular those related to non-respect of human rights, and health, safety and environmental impacts, including those associated with climate change and corruption. By association, these supplier-related risks can impact Safran's business, image and profitability.

The management and monitoring of these risks are addressed in the duty of care plan (see section 5.5.4), prepared pursuant to French law no. 2017-399 of March 27, 2017 on the duty of care of parent companies and contracting companies.

Policies and procedures	Indicators	2021	2022	2023	Year-on-year change
Responsible purchasing policy (see section 5.5.2.1) Duty of care plan (see section 5.5.4)	% of buyers trained in responsible purchasing methods	49.8%	48.1%	61%	26%
Safran's responsible purchasing guidelines (see section 5.5.4.2)	% of purchases made from suppliers that have signed the responsible purchasing guidelines **[AR]**	32.4%	59.3%	72%	22%

[AR]: indicator audited voluntarily to the higher level known as "reasonable assurance".

(1) The purchasing indicators are based on purchases managed by Safran, i.e., €11.3 billion, and not on all of the Group's purchases, which also include purchases related to administration and partners.

(2) Safran works with 25,179 suppliers, of which 13,896 generate annual purchase volumes exceeding €10,000.

RISKS RELATING TO INSUFFICIENT GENDER BALANCE

The risk of insufficient gender balance may be related to:

- insufficient representation of women in the Company, especially in senior positions, generating a risk in terms of image, attractiveness and performance. This stems from the under-representation of women in scientific and technical fields, as well as in the aeronautics sector.

Policies and procedures	Indicators	2021	2022	2023	Year-on-year change
Approach and action plan for professional equality between men and women (see section 5.4.3.2)	% of women:				
	■ in external recruitment	31.3%	34.4%	36.9%	7%
	■ in the workforce	27.9%	28.5%	29.3%	3%
	■ among senior executives **[AR]**	15.1%	17%	19.5%	15%

AVIATION SAFETY RISKS

To control the risks of aircraft accidents potentially involving its goods or services (see section 4.3.1.1), Safran has implemented aviation safety and quality policies (see sections 1.7 and 5.5.1.1) and a robust and proven safety management system (see section 1.7).

[AR]: indicator audited voluntarily to the higher level known as "reasonable assurance".

5.3 CLIMATE: DECARBONIZE AERONAUTICS

DECARBONIZE AERONAUTICS

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

- Make carbon neutral aircraft the R&T priority
- Reduce CO2 emissions throughout our value chain
- Involve employees in the reduction of their carbon footprint

Safran aims to lead the way in the decarbonization of the aviation industry. It has made low-carbon aircraft the priority of its research and technology (R&T) and is committed to reducing its CO_2 emissions across its entire value chain. Employees are also called on to reduce their individual carbon footprint.

5.3.1 Background and challenges

The 2015 Paris Climate Agreement set the goal of capping the increase in the Earth's average temperature at 2°C, or even 1.5°C, by the end of the century compared with pre-industrial levels. Safran is fully committed to that objective, and accordingly assesses its strategy, risks and opportunities under a range of climate scenarios[1].

In 2019, civil aircraft in operation worldwide emitted 2.5%[2] of global CO2 emissions. By 2023, global air traffic had returned to 94% of its 2019 level, according to the International Air Transport Association[3] (IATA). The need to reduce these emissions is especially urgent in view of the significant growth prospects for air traffic in the coming decades. In addition to CO2, aircraft engines produce other emissions (contrails, nitrogen oxides) that could have a further impact on global warming.

The decarbonization of air transport is Safran's main climate challenge. In 2023, emissions associated with the use of its products on aircraft accounted for approximately 90% of the Group's total carbon footprint.

In addition to the risks presented in sections 5.2 and 4.3.3.1, the challenges associated with climate change also present opportunities for Safran's business model:

- the primary opportunity is the commercial development of innovative next-generation products that help reduce emissions in the aviation sector;
- on a secondary basis, it is possible to strengthen the operational performance of the Group's industrial activities through investments aiming to reduce energy consumption and greenhouse gas (GHG) emissions. At the same time, it helps strengthen the Group's energy independence and resilience in the face of energy supply crises.

5.3.2 Climate commitment and governance

As an engine and equipment manufacturer operating in the aerospace sector, Safran has made the decarbonization of aviation one of the two pillars of its strategy alongside sovereignty, and a central part of its mission and concerns. The Group's commitment to climate change is supported at the highest level of the company:

- the **Climate and Environment Department**, which reports to the Executive Committee, **was integrated into the Group Sustainable Development Department** in 2023 in order to increase its visibility and ensure that sustainability challenges are taken into account in the company's decisions (see section 5.1.1);
- the **Climate Steering Committee**, chaired by the Chief Executive Officer. It brings together members of the Group Executive Committee representing the main businesses involved in action on climate challenges: Research and Technology, Climate and Environment, Strategy, Public Affairs, Finance, Financial Communications, Operations, Corporate Social Responsibility and Communications, as well as CEOs of the tier-one entities. It lays down the Group's focuses and endorses the objectives and roadmaps for the various types of CO_2 emissions (Scopes 1, 2 and 3). The Committee met four times in 2023;
- the **Innovation, Technology & Climate Committee** within the Board of Directors reviews, appraises and issues opinions on both the strategy proposed by the Executive Management and the action plan and indicators associated with climate issues (see section 6.3.6.3). The Committee is chaired by an independent Director tasked specifically with monitoring climate issues, Safran's strategic orientations in this area are presented at the Annual General Meeting.

The focuses and strategy overseen by these high-level committees are implemented by the Climate and Environment Department.

(1) *The Sustainable Development Scenario (warming well below 2°C) and Net Zero Scenario (warming of 1.5°C) of the International Energy Agency (IEA).*
(2) *Data from the International Energy Agency (IEA) and the International Council on Clean Transportation (ICCT). Includes global emissions relating to change in land use.*
(3) *Source: www.iata.org, article published on January 31, 2024.*

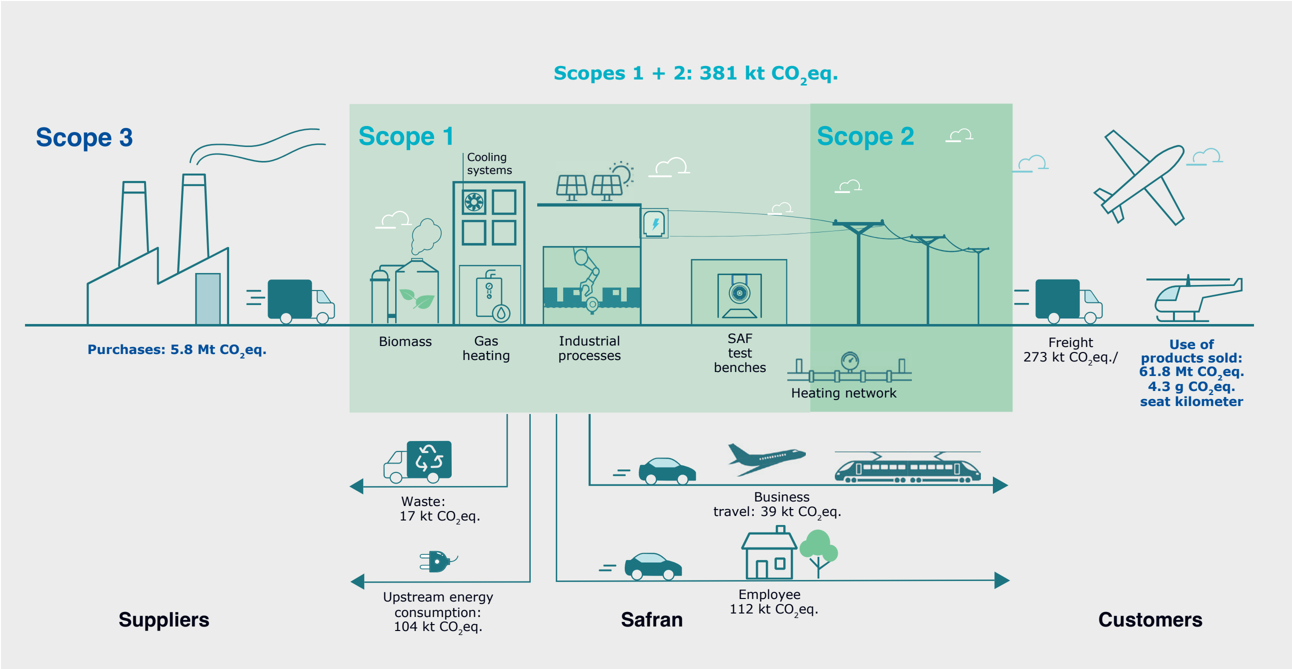
Responsibility for the implementation of the roadmap and its follow-up falls to different bodies:

- **four committees of a more operational nature**, each chaired by two members of the Executive Committee, including a tier-one entity CEO, adapt and implement Safran's climate strategy in the following areas: energy and low consumption; supply chain; employee mobility and product use;
- the operational management of actions is the responsibility of low-carbon project managers in the tier-one entities, as well as representatives in the business departments (purchasing, supply chain, energy, business travel, etc.);
- lastly, progress on the action plan is reviewed regularly by the Group Executive Committee.

5.3.3 Strategy

5.3.3.1 Strategy and objectives in the fight against climate change

Breakdown of Safran's CO_2 emissions throughout its value chain



SAFRAN'S DECARBONIZATION OBJECTIVES

For its strategic pillar of decarbonizing aeronautics, Safran has set the following objectives:

- **reduction of emissions from its operations (Scopes 1 and 2):** target reductions of 30% by 2025 and 50.4% by 2030 compared with 2018[(1)], in line with a global warming trajectory of 1.5°C;
- **reduction of emissions related to product use (Scope 3 – product use):** target reduction of **42.5%** in emissions per seat-kilometer by 2035 compared with 2018[(1)], or an average of 2.5% per year, thereby contributing to achieving net zero emissions for the aviation sector by 2050;
- **reduction of emissions associated with employee travel (Scope 3 business travel and commuting):** target reduction of 50% by 2030 compared with 2018[(1)], aligned with a global warming trajectory of 1.5°C;
- **reduction of emissions from the purchase of goods and services:** mobilizing its 400 main suppliers on meeting the commitments under the Paris Agreement to keep global warming to below 2°C and preferably to 1.5°C.

(1) *2018 was chosen as the earliest reference year to take into account the emissions of the former Zodiac Aerospace, acquired by Safran that year.*

Safran based its targets on several scenarios compatible with the Paris Agreement:

- sector-specific scenarios, both global (ATAG Waypoint 2050, aiming for carbon neutrality by 2050) and European (Destination 2050, aiming for a 55% reduction in CO_2 emissions by 2030 compared with 1990);
- International Energy Agency (IEA) scenarios for aviation: the Sustainable Development Scenario, compatible with warming of less than 2°C, and the Net Zero Scenario, compatible with warming capped at 1.5°C.

For its GHG emission reduction targets, Safran used the absolute contraction approach[1] for reducing Scope 1 and 2 GHG emissions provided by the Science-Based Targets initiative (SBTi). It has accordingly set short-term (2025) and medium-term (2030) targets, in line with its budget projections and action plans.

Safran's climate targets are designed to help meet the European Union's objective of reducing emissions by 55% by 2030 compared with 1990 and achieving net zero emissions by 2050.

CLIMATE TARGETS ALIGNED WITH THE PARIS AGREEMENT AND VALIDATED BY THE SBTI

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

In 2023, the SBTi validated Safran's GHG emission reduction targets. These targets cover direct (Scope 1) and indirect (Scope 2) emissions from the energy consumption of Group operations, as well as emissions related to the use of its products (Scope 3).

The Group is therefore one of the world's first aerospace companies to have achieved a level of ambition recognized by the SBTi as aligned with the goals of the Paris Agreement.

The SBTi is a global organization that helps companies set emission reduction targets based on the latest climate science. It is a collaborative initiative between the Carbon Disclosure Project (CDP), the United Nations Global Compact, the World Resources Institute (WRI) and the World Wide Fund for Nature (WWF). The SBTi independently evaluates and validates companies' CO_2 emission targets, drawing on a scientific approach and criteria.

5.3.3.2 Strategy to reduce Scope 1 and 2 emissions[2]

Safran is committed to a 1.5°C trajectory, aiming for reductions of 30% by 2025 and 50.4% by 2030 compared with 2018.

The targets apply to Safran SA and its tier-one entities[3], covering 100% of Scope 1 and 2 emissions in the reporting scope.

Safran is taking action on the energy transition at every level.

The Group has structured its action plan for reducing its Scope 1 and 2 emissions around the following strategic priorities:

- reduction of energy consumption;
- substitution of natural gas;
- use of renewable energies.

Safran has also had an internal carbon price since 2019, in the form of a shadow price (with no associated cash flow) set at 80 USD/t CO_2eq. for its investments. The Group plans to revise this price in 2024. Its aim is to raise awareness among internal investors and to promote greener financing solutions by accelerating the return on investment for the most environmentally friendly ones.

Key 2023 initiatives

To achieve these objectives, Safran SA and its tier-one entities have embarked on energy transition action plans. 2023 saw the following achievements:

- **Reduction of energy consumption:**

  To increase the energy performance of new buildings, an internal construction standard has been introduced for tertiary and industrial activities.

  Derived from regulatory standards and norms, it is based on three key parameters:

  - the building's low consumption during the operational phase;
  - the supply and/or production and self-consumption of low-carbon energy;
  - the use of building materials with low carbon content.

  The new standard, which applies to all new projects, sites and buildings, is accompanied by a requirement that no natural gas be consumed except where needed for production.

(1) *The absolute contraction method aims to reduce a company's GHG emissions regardless of its growth, i.e., in absolute terms and not relative to its revenue. In other words, it commits the company to reducing its total GHG emissions, regardless of fluctuations in its production or business.*
(2) *Scope 1: Direct GHG emissions linked to the combustion of energy sources such as gas, liquefied petroleum gas and aviation fuel, as well as refrigerant emissions during the production phases at Safran sites. Scope 2: Indirect emissions linked to the consumption of energy, electrical power or heating/cooling at Safran sites.*
(3) *See the simplified organization chart in section 1.1.2.*

To intensify and accelerate the reduction of site energy consumption, an internal energy management system based on ISO 50001 is currently being rolled out on Safran sites. It has three levels of maturity: bronze, silver and gold. By 2022, 90%[(1)] of sites had achieved bronze status. By 2023, 87% of Safran sites had achieved silver status at least, and 8% had already achieved gold status. A network of energy management officers has been created across the various entities, with local representatives at each site. An energy committee combining a range of skills is led by the Climate and Environment and Industrial Departments to share tools, methods, best practices and feedback.

In addition, the **energy efficiency plan** launched in 2022 enabled Safran to reduce energy consumption at its European sites by 21% in 2023. Thanks to the involvement of all Group employees in this approach, and despite its business growth, Safran aims to reduce its consumption from the gas and electricity network by 10% in 2024 compared with 2019[(2)] worldwide. Employees are made aware of eco-friendly actions such as site temperature settings, shutting down equipment at the end of shifts and work organization.

- **Substitution of natural gas:**

  Safran is accelerating the introduction of alternatives to natural gas for heating, such as:

  - connection to heat networks, as illustrated by the Gonfreville-l'Orcher site (France), which was connected to the new biomass heat network of the Le Havre metropolitan area in 2023;
  - electrification of heat production in countries with a low-carbon electricity mix;
  - recovery of waste heat (i.e., heat generated by a process whose primary purpose is not energy production), as with the Suzhou site (China).

- **Increase the use of renewable energies:**

  Safran is increasing the low-carbon energy in its mix. In Mexico, for example, a low-carbon electricity supply contract covered nearly 65% of the consumption of the Chihuahua sites and certain Querétaro sites in 2023. In addition, Safran signed a power purchase agreement (PPA) in Poland in 2023, enabling it to cover 80% of its sites' needs in the country. In the second half of 2023, Safran also signed an off-site virtual power purchase agreement (VPPA) supplying it with power from a solar power plant in the United States, based on expected total output of 247 GWh per year. The contract will run for 12 years from 2026. The project covers 100% of the consumption of sites located in the United States. Opportunities are also being explored in other countries.

  Safran is committed to sourcing sustainable fuels to be blended into the aviation fuel used for aircraft and helicopter engine approval tests on its sites. The blending rate averaged 20% in 2023 and continues to increase (average rate of 28% reached in the fourth quarter of 2023). Safran plans to increase this to 35% by 2025.

- **use on-site production and self-consumption:**[(3)] in 2023, Safran commissioned solar power plants for its own consumption at its sites in Morocco, the United States, the United Kingdom and France. Safran has commissioned a solar power plant at its Le Havre site in France, which will supply more than 25% of the site's needs. In total, the Group has signed contracts to install nearly 186,000 sq.m. of solar panels at 19 sites in France, some of which are already operational. In January 2024, Safran also commissioned a wind turbine and solar panels at its Herstal site in Belgium, doubling the production of renewable energy and supplying 40% of the site's electricity needs.

Outcomes

Safran estimates that 76% of the action program needed to reach the 2025 climate change target had been completed at the end of 2023, including production and self-consumption at industrial sites, streamlining of the industrial footprint and energy savings in plants. Work is in progress on the next 37% of the action program, and 14% is secured in the Group's medium-term plan.

Safran is reporting its Scope 2 GHG emissions using the market-based method. The market-based method corresponds to CO2 emissions calculated based on the emission factors for the energy suppliers under contract with Safran. Details of this method are presented in the methodology note in section 5.7.5.

(1) The energy management system applies to sites with more than 50 employees, where Safran is the industrial operator, and where infrastructure and resources are in place to promote energy efficiency. In 2023, Safran had 167 sites meeting these criteria worldwide.

(2) As 2019 is the reference year for the French government's energy sobriety plan, Safran has used the same date.

(3) Self-consumption is the consumption of electricity produced on Safran sites for its own needs.

All of the indicators mentioned below relate to a Group scope unless otherwise stated. Scope 1 and 2 indicators were voluntarily audited to the higher level of assurance known as "reasonable assurance".

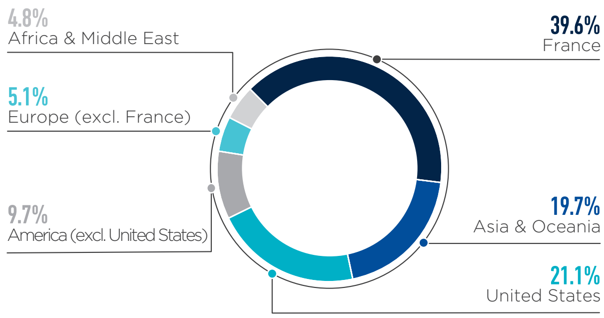
Gross Scope 1 and 2 GHG emissions[1]	2018	2021[8]	2022[2]	2023[3]
Scope 1 direct emissions[4] *(t CO_2eq.)*	219,790	177,317	174,755	167,774
Scope 2 energy-related indirect emissions, location-based method[4] *(t CO_2eq.)*	358,887	225,796	230,909	213,199
Change in Scope 1 and 2 emissions compared with 2018, market-based method	-	-30.3%	-30%	-34%
Total Scope 1 and 2 emissions, market-based method *(t CO_2eq.)*	**578,675**	**403,113**	**405,664**	**380,973**
Scope 1 biogenic direct emissions[6] *(t CO_2eq.)*	N/A[5]	N/A[5]	N/A[5]	N/A[5]
Scope 2 energy-related indirect emissions, location-based method[7] *(t CO_2eq.)*	383,186	244,466	262,243	269,279

(1) All GHG emissions reported in this document are presented on a "gross" basis, in accordance with the GHG Protocol, without taking into account the deduction of CO_2 allowances under the European Union Emissions Trading Scheme or any other carbon offsetting measures.
(2) 2022 emissions figures, which included estimated data for fourth-quarter 2022, were revised in 2023 to reflect the actual data.
(3) In 2023, Safran Cabin's non-propulsion catering and freight activities were sold. On average, they represented less than 1% of Scope 1 and 2 emissions over the 2018-2022 period.
(4) Scope 2 market-based values were reported for the first time in the 2021 Universal Registration Document and have been fine-tuned in this document, notably to take into account the emission factors of Safran's suppliers.
(5) Data not available.
(6) Biogenic carbon is the carbon contained in biomass and organic matter in soil, as opposed to carbon of fossil origin (coal, natural gas, oil).
(7) Direct emissions from biogas are included in the Scope 1 calculation.
(8) Scope 1 and 2 GHG emissions were significantly reduced due to the Covid-19 health crisis.

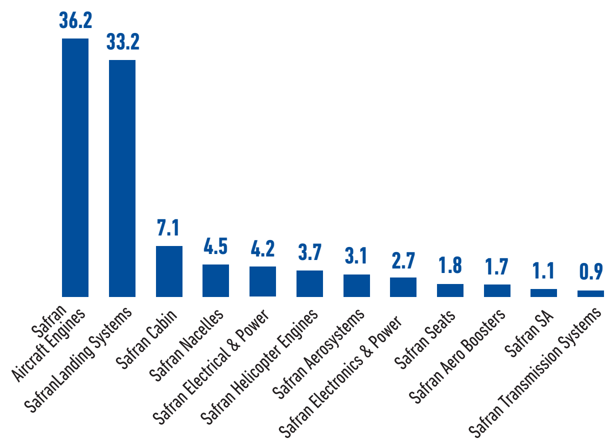
Energy	2018	2021	2022[1]	2023
Conventional and renewable electricity *(in MWh)*	1,304,597	1,073,389	1,179,449	1,182,240[2]
of which self-consumed electricity from renewable sources: PV[2] (in MWh)	*70*	*903*	*3,855*	*10,819*
of which electricity contractually obtained from renewable sources: GO, PPA, VPPA[3] (in MWh)	*0*	*210,064*	187,108	254,085[3]
Natural gas and liquefied petroleum gas – LPG*(in MWh PCS[4])*	868,910	730,381	754,572	745,715
of which biogas[3] (in MWh PCS[4])	*0*	*14,344*	*32,363*	*31,858*
Aviation fuel *(in liters)*	17,305,991	13,433,463	14,216,700	13,897,368
Aviation fuel *(in MWh HHV)*	178,094	138,242	146,303	143,016
Sustainable aviation fuel (SAF) *(in liters)*	0	870,024	1,255,923	2,739,522
Sustainable aviation fuel (SAF) *(in MWh PCS[4])*	0	8,953	12,925	28,192
Heating/steam and cooling networks *(in MWh)*	53,491	26,396	36,074	32,349
Fuel oil *(in liters)*	865,466	513,573	856,358	325,476
Fuel oil *(in MWh HHV)*	9,475	5,622	9,375	3,563
Total energy consumption *(in MWh)*	2,414,567	1,982,984	2,147,082	2,143,484
Share of total energy consumption from renewable energy (including biogas)	0.01%	11.8%	11%	15%

(1) 2022 figures, which included estimated data for the fourth quarter, were revised in 2023 to reflect the actual data.
(2) Electricity produced and consumed on sites thanks to solar panels.
(3) Voluntary renewable origin, without taking into account renewable energy sources in the energy mix of energy suppliers through specific agreements, namely guarantees of origin (GO) for renewable electricity, power purchase agreements (PPA) for the long-term supply of low-carbon energy from a new production plant, or virtual PPAs providing for the off-site production of electricity from a solar farm.
(4) MWh HHV (higher heating value) takes into account the energy released by combustion by recovering the latent heat of the steam produced by this combustion, whereas MWh LHV (lower heating value) does not. By default, the MWh indicated are LHV, unless otherwise stated.

Geographic breakdown of gross Scope 1 and 2 GHG emissions *(market-based)* in 2023



Breakdown of gross GHG emissions (Safran SA and its tier-one entities) *(as a %)* in 2023



5.3.3.3 Strategy to reduce Scope 3 emissions excluding those related to product use

Analysis of the Scope 3 emission items listed by the GHG Protocol resulted in eight of the 15 items being classified as material for the Group. The first six are discussed in below, while the last two are discussed in sections 5.5.3.4 and 5.3.3.5:

- purchased goods and services;
- upstream transportation and distribution, when managed by Safran;
- downstream transportation and distribution, when managed by Safran;
- business travel;
- employee commuting;
- upstream emissions related to energy consumption;
- use of products sold (see section 5.3.3.4);
- waste generated in operations (see section 5.5.3.5).

In 2023, Safran continued work to develop or implement operational roadmaps to reduce emissions in these areas.

In addition, the Digital and Information Systems Department has a Green IT plan to promote responsible digital technology. It aims to optimize emissions associated with digital tools, equipment and services, but also to limit resource depletion and biodiversity loss. Several levers have been identified, such as extending the life of equipment, virtualizing servers and implementing cloud-based servers.

In 2023, Safran signed the Responsible Digital Charter of the Institut du Numérique Responsable and became a member of this organization. A partnership has been established to recycle used equipment in France. Safran is also taking part in discussions on digital responsibility through Cigref, the body representing major French companies and public administrations, which is leading the conversation on digital issues. In addition to this plan, the implementation of digital tools is part of Safran's strategy to improve its operating performance. They also help to avoid a measure of employee travel, thereby reducing the Group's carbon emissions.

Purchased goods and services

To meet the challenge of climate change, Safran is engaging its 400 main suppliers, those that contribute most to the Group's carbon footprint (accounting for more than 80% of the CO_2 emissions from Safran's purchases), in its decarbonization approach and putting them on an emissions reduction path. This approach is compatible with the Paris Agreement goal of keeping global warming well below 2°C and preferably 1.5°C by 2100 compared with pre-industrial levels.

Each of these suppliers must complete a maturity questionnaire and submit a decarbonization action plan. As part of this approach, the Group organized a second Safran Supplier Day and a first edition of the Decarbonization Challenge during the Paris Air Show in June 2023. Three suppliers were rewarded for their decarbonization innovations.

Online training for suppliers, including a tool for calculating GHG emissions and another for setting emission reduction targets, is now available. To support this approach internally, online low-carbon training is provided to buyers to give them the experience and tools to support suppliers.

Safran's roadmap is based on three components:

- **Accurately assessing the greenhouse gas emissions content of its purchases:**

  In 2023, the annual assessment of greenhouse gas emissions related to purchases of goods and services was based on monetary emission factors, which are external reference data that associate a given expense with a volume of emissions. In addition to their imprecise nature, monetary emission factors pose a problem during periods of rising prices because they are not adjusted for inflation each year: with monetary emission factors, inflation mechanically increases the volume of purchases, which in turn increases the calculation of the associated greenhouse gas emissions. As such, the increase in estimated emissions from purchases of goods and services between 2021 and 2023 reflects both an increase in the volume of the Group's business and an artificial effect stemming from inflation.

  Exchanges with its 400 main suppliers are gradually enabling Safran to improve the assessment of emissions from its purchases. This approach improves the level of knowledge, awareness and commitment of suppliers with regard to their own emissions, particularly in the context of rising global energy costs in 2022 and 2023. The ultimate goal is to measure the carbon footprint of the Group's purchases as accurately as possible;

- **Getting suppliers to commit to a decarbonization trajectory:**

  In 2023, Safran continued to assess the maturity of its 400 biggest suppliers by surveying them on their decarbonization strategy. 98% of suppliers responded to the survey, enabling Safran to classify them based on three levels of maturity:

  - 90% of suppliers have undertaken a decarbonization process;
  - 40% have set Scope 1 and 2 reduction targets;
  - 22% have implemented action plans including certain Scope 3 categories;

This approach will continue in 2024.

- **Incorporating carbon considerations into the entire purchasing process:**

  Lastly, Safran ensures that carbon considerations are incorporated into the entire purchasing process, from its responsible purchasing policy to its supplier selection process. Since 2022, Safran has been monitoring the level of maturity of its new suppliers in terms of GHG emissions management. Its aim is to ensure that only committed suppliers remain on the panel and to encourage those that have not yet done so to commit to an approach compatible with the Paris Agreement. The Group also applies its internal carbon price in assessing supplier tenders. In 2023, Safran documented a low-carbon clause for its multi-year contracts, implemented from January 1, 2024. The purpose of this clause is to make contracts conditional on suppliers reaching specific levels of maturity in terms of decarbonization.

Freight

In 2023, the Group continued to identify the means at its disposal to reduce the carbon intensity of its freight activities. Following an assessment, Safran confirmed the feasibility of a decarbonization trajectory aligned with the Paris Agreement. The modal shift from air to sea and/or road transport for certain flows within the Group or to Safran's customers, as well as the modification of the most carbon-intensive industrial arrangements, are the main thrusts of the action plan currently being implemented. This action plan will be rolled out systematically throughout the Group in 2024.

Business travel

Safran sees business travel as its direct responsibility. As such, the Group has set an objective of a 50% reduction by 2030 compared with 2018, in line with its medium-term objective for Scopes 1 and 2 and a global warming trajectory of 1.5°C.

To achieve its objective, Safran plans to:

- reduce emissions in partnership with travel service providers (airlines, car rental companies, taxi companies, hotels, etc.);
- raise employees' awareness and accountability as regards the impact of their travel (reason for travel, choice of mode of transport, return on assignments, etc.);
- use a proportion of sustainable fuels in employee air travel, in line with Safran's strategy for the decarbonization of the aviation sector. In 2023, Safran continued its partnership with Air France-KLM to purchase and incorporate sustainable fuels into its operations.

Employee commuting

Similarly, Safran has set an objective of reducing its CO_2 emissions by 50% by 2030 compared with 2018, in line with its medium-term Scope 1 and 2 objectives and a global warming trajectory of 1.5°C.

The roadmap is based on two main priorities:

- **electrify company or service vehicles** under Safran's direct responsibility and offer incentives for employees to electrify their own vehicles by providing a sufficient number of charging points and access to free or low-cost charging;
- **promote collective mobility, shared transport** (carpooling, carsharing) **and soft mobility** (walking or cycling where safety conditions allow).

Scope 3 GHG emissions (excluding product use)	2018	2021[4]	2022	2023
Emissions related to purchases of goods and services *(t CO_2eq.)*	4,961,000	2,735,000	4,392,000[1]	5,780,000[1]
Emissions related to freight *(t CO_2eq.)*	264,700	183,200	267,400[1]	272,700[1][2]
Emissions related to business travel *(t CO_2eq.)*	68,450	16,100	28,100[3]	38,780[3]
Emissions related to commuting *(t CO_2eq.)*	118,600	97,100	103,600	111,600
Upstream emissions related to energy consumption	118,591	89,785	97,500	103,705
Emissions related to waste treatment *(t CO_2eq.)*	21,000	14,200	14,700	17,345

(1) The increase in emissions is partly attributable to the resumption of operations. The increase resulting from purchases of goods and services and freight is also partly attributable to inflation, as greenhouse gas emissions are primarily measured based on monetary emission factors.

(2) In 2023, freight emissions were assessed for the first time using a hybrid method, as described in section 5.7.5.

(3) Business travel emissions take into account the use of SAF (voluntary purchases with Air France-KLM) under the Book and Claim principle, similar to the approach used for renewable energy.

(4) The significant reduction in emissions in 2021 is attributable largely to the impact of the Covid-19 health crisis on Safran's business.

5.3.3.4 Strategy to reduce emissions related to product use (Scope 3)

As part of its strategy to reduce emissions associated with the use of its products (Scope 3), Safran has for several years been committed to improving the energy efficiency of aircraft, thereby contributing to the reduction of emissions in the aviation sector. The LEAP engine, the latest generation in its range, is 15% more efficient than the older CFM56 engine. The Group helps to save 120,000 metric tons of CO_2 per aircraft, over the lifetime of the latest generation of short- and medium-haul aircraft.

To achieve these targets, Safran devotes considerable effort to Research and Technology (R&T) (see section 1.4.5). In 2023, 88% of self-funded expenditure was allocated to improving the environmental impact of its products. This indicator was voluntarily audited to the higher level of assurance known as "reasonable assurance".

These improvements relate especially to decarbonization and the reduction of product energy consumption, pollution, product weight (and in turn resource consumption, indirectly contributing to the reduction of aircraft consumption) and noise. In addition to self-financing, the Group receives French and European subsidies in this area.

In 2021, Safran joined the other aviation sector players of the Air Transport Action Group (ATAG) in making a commitment to achieve carbon neutrality for civil aviation worldwide by 2050. This goal was adopted in 2022 by governments at the General Assembly of the International Civil Aviation Organization (ICAO).

For emissions associated with the use of its products, Safran has set itself the ambitious target of reducing its greenhouse gas emissions by 42.5% by 2035, on a seat-kilometer basis, compared with 2018, an average annual reduction of 2.5%. This target has been validated by the SBTi. It assumes the gradual incorporation of sustainable fuels corresponding to the trajectory in the IEA's 2020 Sustainable Development Scenario, which anticipates a share of 48% in 2050 and 63% in 2060. Safran's objective is consistent with the minimum SBTi requirement for a global warming scenario below 2°C (straight-line annual reduction of at least 2.5%).

Safran's technology roadmap to decarbonize the aviation sector is based on the following pillars:

1) Prepare technologies for the development of new ultra-efficient aircraft by 2035

As part of the transition to carbon neutrality, Safran is focusing on the development of technologies that enable a significant reduction in energy consumption when its products are used.

This is the aim of the Revolutionary Innovation for Sustainable Engines (RISE) technology development program, led by Safran and its partner GE Aerospace, which is preparing the next generation of engines for short- and medium-haul aircraft. Safran's objective is to achieve a breakthrough in fuel efficiency by developing an engine that delivers a reduction of over 20% in fuel consumption compared with the LEAP engine (which is itself 15% more efficient than the CFM56, the previous generation engine). Future engines and equipment developed as part of the RISE program will also be compatible with sustainable aviation fuel (SAF).

In 2023, numerous technology tests were conducted on the modules of the future RISE engine, with its open fan architecture. They were rounded out by the first demonstration of a reduced-scale engine in the ONERA Modane wind tunnels in France in early 2024. This work will culminate in flight tests as part of the agreement between CFM International, the Safran-GE Aerospace joint venture, and Airbus to build a flight demonstrator to test the open fan engine architecture.

Safran is also playing a central role in coordinating OFELIA (Open Fan for Environmental Low Impact of Aviation), the European research project dedicated to new open fan engine technologies as part of Clean Aviation, a public-private partnership under Horizon-Europe, the European Commission's ninth research framework program. OFELIA brings together 26 European industrial and academic partners.

Safran is also contributing to improving the efficiency of future aircraft through its activities in the fields of equipment, cabin interiors and seats. Several key areas have been identified, such as reducing the weight of cabins by using new materials and improving the energy efficiency of non–propulsion equipment by gradually electrifying it.

Based on its contributions in these areas, Safran will play a big part in reducing the consumption of tomorrow's aircraft, which should use around 30% less fuel than today's. Safran is thus heavily involved in the collective effort to make aviation more fuel efficient and environmentally friendly.

2) Enable increasing use of sustainable aviation fuel (SAF)

The large-scale use of sustainable aviation fuel is critical in all industry decarbonization scenarios. Today, commercial aircraft use jet fuel derived from fossil resources (oil). There are several categories of sustainable fuels that have significantly reduced or near-zero lifecycle CO_2 emissions. SAFs include:

- **advanced biofuels:** these use complex biomass from a variety of sources, especially organic waste such as wood or waste oil. They differ from first-generation biofuels, which are made from so-called energy crops (corn, rapeseed, soy, etc.),
- **synthetic fuels** known as power-to-liquid or eFuels: these are produced using low-carbon electricity by combining CO_2 captured from the air or in industrial facilities and hydrogen produced by electrolysis.

  These two types of fuel are very similar to existing jet fuel in terms of their characteristics and can be used in existing aircraft if blended with jet fuel. In the short term, Safran is committed to removing all technical barriers on engine and fuel systems to enable the use of up to 100% sustainable fuels. In 2024, an ambitious R&D plan, including a component in partnership with TotalEnergies R&T, will continue to define the characteristics of sustainable fuels to ensure full compatibility with all systems. In the longer term, work is underway to optimize these fuels to further reduce their overall environmental impact. In 2023, the Gulfstream G600 business jet made its first transatlantic flight using only sustainable fuels. It is equipped with a Safran fuel system. In 2023, an A321neo completed more than 20 flight tests with 100% sustainable fuels as part of the VOLCAN project (French acronym for "flying with new alternative fuels"); These tests aim to measure the impact on both the equipment and the external environment.

Safran also actively supports the development of a sustainable fuel production industry. In 2021, the Group invested in German startup Ineratec, specialized in the development of synthetic fuels. In 2023, major milestones were met, including the start of construction of the production unit in Frankfurt (Germany).

In addition, in 2023, Safran, through Safran Corporate Ventures, invested in Avnos, an American startup specializing in direct air capture of CO_2. CO_2 capture is a critical technological building block in the production cycle of synthetic aviation fuels (e-fuels), which require CO_2 and decarbonized hydrogen.

To complement its existing portfolio of decarbonization investments, which include Ineratec and Avnos, Safran Corporate Ventures has invested in the United Airlines Ventures Sustainable Flight Fund, which is dedicated to technological building blocks for SAF projects.

In 2023, Safran was also reappointed to chair the Aviation Chamber of the European Renewable and Low Carbon Fuels Alliance (RLCF), a role it has held since the Alliance's creation in 2022. The RLCF coordinates more than 250 members along the entire value chain to encourage investment in new production facilities in Europe.

Safran has also voluntarily purchased sustainable aviation fuel to blend into the fuel used when testing aircraft and helicopter engines. Its purchases of nearly 3 million liters in 2023 (see section 5.3.3.2) and its voluntary participation in airline SAF programs contribute to the decarbonization of its activities and help support the sector.

At the same time, Safran is working to develop the propulsion system for a future aircraft powered by liquid hydrogen. Liquid hydrogen could be used directly in the aircraft – provided that its production is decarbonized, i.e., using water electrolysis powered by low-carbon electricity. Since it does not emit CO_2 in flight, the option of direct hydrogen combustion offers potential for considerable environmental gains. However, it presents major technical challenges requiring an in-depth study of the implications on aircraft and propulsion system architecture, safety management, and ground infrastructure and operations. Safran is actively involved in research into the impact of emissions from hydrogen combustion, particularly water vapor, with a view to integrating them into its environmental balance.

In 2023, as part of its partnership agreement with GE and Airbus, Safran took the first steps towards flight testing a hydrogen-powered engine fitted to an A380. These developments were made possible by the launch of key Clean Aviation projects such as HYDEA (preparation of a flight demonstrator) and TROPHY (Technological Research on Propulsion by Hydrogen). Safran also participates in discussions on sustainable fuels within the International Aerospace Environmental Group (IAEG). In addition, Safran and Turbotech have successfully tested the first hydrogen–fueled gas turbine engine for the light aviation market, at ArianeGroup's Vernon site in France. This test is part of the BeautHyFuel project to explore hydrogen propulsion solutions for light aviation. Supported by the French Directorate General of Civil Aviation (DGAC), BeautHyFuel is a joint project of Turbotech and Elixir Aircraft, in partnership with Safran, Air Liquide and Daher, and builds on the hydrogen expertise developed by ArianeGroup for the propulsion of the Ariane launcher.

3) Develop electric propulsion systems for use over short distances, and, more generally, hybrid aircraft propulsion

A leader in electric and hybrid propulsion, Safran is committed to developing solutions for short- and medium-haul flights. Initially, all-electric propulsion will be used mainly for short-haul flights on aircraft with a capacity of less than nine seats. Beyond that, hybrid propulsion will be used for commuter aircraft with a capacity of 19 seats or for regional aircraft with a maximum capacity of 50 seats, making it possible to cover distances of around 300 kilometers, and also helping to reduce the fuel consumption of the next generation of helicopters. In civil aviation, hybridization will play a key role in meeting the fuel efficiency targets set for the next generation of commercial aircraft.

Safran's expertise across the entire energy chain has made it a leader in hybrid and all-electric architectures. The Group works with various aircraft manufacturers in the training aircraft, commuter and VTOL segments for logistics and passenger transport.

In 2023, Safran achieved several successes in this area. The Group contributed to the first hybrid flight of the EcoPulse demonstrator, which uses a distributed electric propulsion system. Safran has also established partnerships with players such as Aura Aero, Archer, Voltaero and Electra in the field of electric propulsion. A major milestone has been achieved with the European Aviation Safety Agency (EASA) Design Organization Approval (DOA) for its ENGINeUS™ electric engine, an essential step towards engine certification.

Finally, in 2023, Safran completed the acquisition of Thales' electrical systems businesses, allowing it to broaden its product offering in this area (see section 2.1.3.2).

Safran, a driving force in the aerospace ecosystem

Safran is deeply committed to sharing its technological vision of decarbonization within the aerospace ecosystem, and helping to draw up a consistent and shared roadmap within the sector. It achieves this commitment through various collaborations:

- in France, Safran works with the French Aeronautical and Space Industries Group (Groupement des Industries Françaises Aéronautiques et Spatiales – GIFAS) and, more specifically, the French Civil Aviation Research Council (Comité pour la Recherche Aéronautique Civile – CORAC). French industry players have developed a common roadmap for the decarbonization of aviation that integrates Safran's strategic priorities. This initiative also benefits from exceptional French government support as part of its aerospace stimulus plan;
- in Europe, Safran participates in the work of the Aerospace and Defense Industries Association of Europe (ASD), the Alliance for Zero-Emission Aviation (AZEA), the ZEROe initiative and the Business Europe R&T working group. Safran is also a member of European public-private research partnerships Clean Aviation, SESAR and Clean Hydrogen;
- globally, Safran is involved with the International Aerospace Environmental Group (IAEG), the International Civil Aviation Organization (ICAO) and the Air Transport Action Group (ATAG).

Through these collaborations, Safran plays an active role in defining strategies and standards aimed at reducing the aerospace industry's carbon footprint. The aim is to promote the transition to greener and more sustainable aviation by coordinating efforts at national, European and global levels.

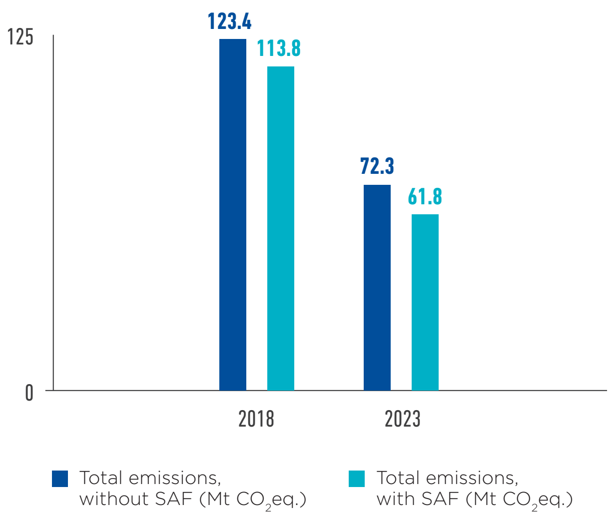
Assessment of Scope 3 emissions from product use

Due to the intensive use of commercial aircraft, emissions generated during the product use phase account for virtually all emissions associated with products sold. The product "processing" or "end of life" categories, as defined by the GHG Protocol, are negligible in terms of emission volumes.

The methodology for assessing Scope 3 emissions associated with the use of Safran products (see section 5.7.5) shows that emissions change essentially due to the following factors:

- growth in aircraft deliveries: this impact is only reflected in absolute emissions and does not affect emissions intensity per seat-kilometer;
- changes in Safran's market share: a gain in market share for the supply of equipment on existing programs would automatically increase Safran's emissions, but would not have an impact on total emissions in the market;
- technological developments of products sold: progress can be measured in terms of both platforms equipped (latest generation aircraft entering service, end of production of older aircraft) and products (e.g., lighter seats between two generations of the same aircraft);
- development of sustainable fuels: this would allow increasing incorporation rates to be taken into account in measuring emissions in the coming years.

Impact of SAF on total emissions



NON-CO_2 EFFECTS OF AVIATION

In addition to CO_2, aircraft engines emit components (nitrogen oxides (NOx), sulfur components, water vapor and particulates) that, depending on weather conditions, can cause physicochemical or atmospheric phenomena such as persistent contrails. These phenomena, known as "non-CO_2 effects", can contribute directly or indirectly to climate change. They involve various parameters ranging from the chemical composition of fuels to aircraft technology (propulsion systems in particular) and flight conditions. They can be either warming or cooling, depending on conditions. The scope of these effects is still difficult to quantify. Climate scientists currently estimate the warming power of these phenomena to be at least that of CO_2, but with considerable uncertainty as to the values to be considered.

In recent years, the scientific community and aerospace companies, including Safran, have stepped up their efforts to better understand and more accurately quantify these non-CO_2 effects, such as persistent contrails, and their potential impact on climate change. Safran is developing technologies to significantly reduce NOx and particulate emissions from its engines and is working hard to promote the widespread use of sustainable aviation fuel (SAF).

Safran is participating in the VOLCAN project (French acronym for "flying with new alternative fuels"), and, in 2023, 20 test flights of an A321 Neo, equipped with Leap engines and powered exclusively by SAF with different compositions, made it possible to measure emissions and characterize contrails. Other than data analysis, the aim is to model emissions and their climate impact and to correlate them with emissions measurements carried out on the ground in 2022.

In collaboration with several major players in research and industry, Safran is also looking into operational solutions that would involve making minor adjustments to certain flight paths at specific times of day to avoid areas prone to the formation of persistent contrails. This would involve verifying that such adjustments would indeed reduce a flight's overall climate impact, even if its flight path were longer and consumed more fuel.

In addition to contributing to advancing scientific knowledge of these effects through targeted partnerships with French (CERFACS, Météo-France, ONERA, IPSL) and international (UP Montréal) universities and research centers, Safran has included preliminary measures aimed at reducing non-CO_2 climate effects in its strategic focuses, on top of its existing decarbonization initiatives.

Scope 3 GHG emissions – product use	2018	2021[2]	2022	2023[1]
Emissions directly related to the product use phase *(t CO_2 eq.)* – engines	31,400,000	14,700,000	16,300,000	19,500,000
Emissions indirectly related to the product use phase (*t CO_2 eq.*) – other equipment sold	82,300,000	37,600,000	39,800,000	42,300,000
TOTAL EMISSIONS RELATED TO THE PRODUCT USE PHASE	**113,800,000**	**52,300,000**	**56,100,000**	**61,800,000**
Total emissions related to the product use phase, based on passenger traffic on aircraft equipped with Safran products *(g CO_2/seat kilometer)*	5.9	5.1	4.5	4.3

(1) *In 2023, Safran Cabin's non-propulsion catering and freight activities were sold. They generated indirect emissions representing an average of 4.86% of Scope 3 emissions from product use over the 2018-2022 period.*

(2) *The significant reduction in emissions between in 2021 is attributable largely to the impact of the Covid-19 health crisis on Safran's business.*

ENGAGE FOR THE FUTURE – CSR OBJECTIVES:

- **#1** Keep 75% of self-funded R&T investment focused on environmental efficiency by 2025.
- **#2** Reduce greenhouse gas emissions from product use (Scope 3), based on seat kilometers, by 42.5% by 2035 compared with 2018 (in g CO_2eq./seat kilometer).
- **#3** Reduce greenhouse gas emissions (Scopes 1 and 2) by 30% by 2025 and then by 50.4% by 2030 compared with 2018 (in t CO_2eq.).
- **#4** 100% of facilities to have achieved the five zero targets roadmap by 2025.

5.3.3.5 Sites concerned by the European CO2 quota trading system (EU ETS)

In 2023, no Safran site subject to the European Union Emissions Trading System had to purchase allowances on the carbon market.

5.3.3.6 Safran follows the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in its climate reporting

Cross-reference table with the TCFD principles

TCFD principles		Sections
1.	**Governance**	
1.1	Describe the Board's oversight of climate-related risks and opportunities	5.2, 5.3.1, 6.3.3
1.2	Describe management's role in assessing and managing climate-related risks and opportunities	5.3.2
2.	**Strategy**	
2.1	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	5.2, 4.3.3.1
2.2	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	4.3.3.1
2.3	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	5.3.3
3.	**Risk management**	
3.1	Describe the organization's processes for identifying and assessing climate-related risks	4.3.3.1, 5.2
3.2	Describe the company's processes for managing climate-related risks	4.3.3.1, 5.2
3.3	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	4.3.3.1, 5.2
4.	**Metrics and targets**	
4.1	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	5.3.3
4.2	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks	5.3.3
4.3	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	5.3.3

5.3.4 Application of the EU taxonomy to Safran's activities

Safran is subject to Regulation (EU) 2020/852 of June 18, 2020, also known as the Taxonomy Regulation, which establishes a framework to facilitate sustainable investment. Delegated Regulations (EU) 2021/2178 and 2021/2139 supplemented this regulation in 2021, and were amended by Delegated Regulation (EU) 2022/1214, known as the Complementary Climate Delegated Act, of March 9, 2022.

The new Commission Delegated Regulation (EU) 2023/2485 of June 27, 2023 amended Delegated Regulation (EU) 2021/2139 relating to the climate component, incorporating new economic activities including aircraft manufacturing and their associated criteria.

The second new Delegated Regulation (EU) 2023/2486 also supplemented Regulation (EU) 2020/852 on the same date, specifying the activities and their criteria for contributing to the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and reduction, and protection and restoration of biodiversity and ecosystems.

This section sets out the application of this regulation to Safran in 2023, the third year of application of the system.

Eligibility and alignment of Safran's activities in 2023 and key indicators

Safran has analyzed its own activities in order to identify those to be disclosed in accordance with the Taxonomy Regulation for 2023. This analysis was carried out in accordance with the criteria of substantial contribution, the "do no significant harm" principle (DNSH) and the minimum safeguards (such as compliance with the OECD Guidelines and the United Nations Guiding Principles on Business and Human Rights).

Safran's main activities fall into three areas of economic activity, namely aerospace, defense and space. The aviation sector is Taxonomy-eligible from 2023, but disclosure of its alignment is not mandatory until 2024. The defense and space sectors are not currently covered. It is important to note that the absence of these sectors does not necessarily imply a particularly negative environmental impact. It simply indicates that the European Union has not yet defined objective criteria to assess whether economic activities in these sectors contribute substantially to the Taxonomy's environmental objectives.

In accordance with the Regulations and new Delegated Acts, Safran is disclosing the following information for 2023:

- **eligible activities:**
  - aerospace manufacturing activities (manufacturing and aftermarket service activities are subject to the same criteria as the commercial aircraft manufacturing activity);
  - secondary activities such as real estate, electric or hybrid vehicles, renewable energy production, etc.

The main objectives to which these activities contribute are climate change mitigation, and to a lesser extent, transition to a circular economy, and sustainable use and protection of water resources.

- **aligned activities:**
  - secondary activities such as real estate, electric or hybrid vehicles, renewable energy production, etc.

The main objective to which these activities contribute is climate change mitigation.

Turnover

Under the new Delegated Acts of June 2023, which now include the aircraft manufacturing sector, Safran's eligible turnover (revenue) for 2023 was €21,522 million, or 91% of Safran's total turnover. This turnover includes the manufacture of aircraft engines and equipment, as well as associated services, including maintenance.

Fiscal year		Year		Substantial contribution criteria						Do no significant harm (DNSH) criteria									
	Code(s) (2)	Absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, prior year (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
Economic activities (1)		€m	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N	Y; N	Y; N	Y; N	Y; N	Y; N	Y; N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover from environmentally sustainable activities (A.1)		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**0%**		
of which enabling		0	0%	0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0%	H	
of which transitional		0	0%							Y	Y	Y	Y	Y	Y	Y	0%		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Aircraft manufacturing	**CCM 3.21,** CE 1.2, CE 5.1, CE 5.2	21,522	91%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Turnover from Taxonomy-eligible but environmentally unsustainable activities (A.2)		**21,522**	**91%**	**91%**	**%**	**%**	**%**	**%**	**%**								**0%**		
Turnover from Taxonomy-eligible activities (A)		**21,522**	**91%**	**91%**	**%**	**%**	**%**	**%**	**%**								**0%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover from Taxonomy-non-eligible activities		**2,129**	**9%**																
TOTAL (A + B)		**23,651**	**100%**																

The table below shows the share of eligibility and alignment of Safran's turnover for the six objectives independently:

	Share of turnover/(total turnover)	
	Aligned	Eligible
Climate change mitigation (5)	0%	**91%**
Climate change adaptation (6)	0%	0%
Water and marine resources (7)	%	0%
Circular economy (8)	%	**9%**
Pollution (9)	%	0%
Biodiversity and ecosystems (10)	%	0%

A small proportion of aircraft manufacturing turnover, relating to the Group's electrical and electronic businesses, is also eligible for the circular economy objective.

Capex

Taxonomy-eligible Capex amounted to €1,086 million in 2023, representing 75% of the Group's capital expenditure.

Following the publication of the Delegated Acts making the aviation sector eligible, Safran included €974 million in capital expenditure related to its main aircraft manufacturing activity (3.21) in its Capex in 2023. This amount includes capitalized R&D expenditure on programs, as well as related investments. These new activities are in addition to the previously published secondary activities.

Disclosure for the alignment of Capex related to Safran's main activity (aviation) is not mandatory until 2024. With regard to the alignment of secondary activities, Safran does not believe that the real estate projects included in eligible Capex meet the highly ambitious energy criteria set out in the Taxonomy Regulation. However, other investments relating to water treatment, renewable energies, energy efficiency or electric vehicle charging stations, in the amount of €44 million, are aligned with these criteria.

As a result, Taxonomy-eligible Capex for 2023 amounts to €1,086 million, representing 75% of the Group's capital expenditure, while aligned Capex amounts to €44 million, equivalent to 3% of the Group's total capital expenditure.

Fiscal year		Year		Substantial contribution criteria						Do no significant harm (DNSH) criteria									
	Code(s) (2)	Absolute Capex (3)	Proportion of Capex (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) Capex, prior year (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
Economic activities (1)		€m	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N	Y; N	Y; N	Y; N	Y; N	Y; N	Y; N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Water supply, sewerage, waste management and remediation activities: Urban waste water treatment	CCM 2.2	1	0%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%	E	
Electricity generation using solar photovoltaic technology	CCM 4.1	3	0%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%	E	
Production of heat/cool from geothermal energy	CCM 4.22	1	0%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%	E	
Production of heat/cool using waste heat	CCM 4.24	2	0%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%	E	
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	3	0%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%		T
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	15	1%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	1%	E	
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4	1	0%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%	E	
Installation, maintenance and repair of instruments and devices for measuring	CCM 7.5	1	0%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%	E	
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	17	1%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%	E	

Fiscal year		Year		Substantial contribution criteria						Do no significant harm (DNSH) criteria									
	Code(s) (2)	Absolute Capex (3)	Proportion of Capex (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) Capex, prior year (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
Economic activities (1)		€m	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N	Y; N	Y; N	Y; N	Y; N	Y; N	Y; N	%	E	T
Capex on environmentally sustainable activities (A.1)		**44**	**3%**	**3%**	**%**	**%**	**%**	**%**	**%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**2%**		
of which enabling		41	3%	3%	%	%	%	%	%	Y	Y	Y	Y	Y	Y	Y	0%	E	
of which transitional		3	0%							Y	Y	Y	Y	Y	Y	Y	0%		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Aircraft manufacturing	**CCM 3.21,** CE 1.2	974	67%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	2	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Renovation of existing buildings	CCM 7.2	40	3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1%		
Acquisition and ownership of buildings	CCM 7.7	26	2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								4%		
Capex on Taxonomy-eligible but environmentally unsustainable activities (A.2)		**1,042**	**72%**	**72%**	%	%	%	%	%								**5%**		
Capex on Taxonomy-eligible activities (A)		**1,086**	**75%**	**75%**	%	%	%	%	%								**7%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Capex on Taxonomy-non-eligible activities		**355**	**25%**																
TOTAL (A + B)		**1,441**	**100%**																

The table below shows the shares of eligibility and alignment of capital expenditure (Capex) of Safran’s activities for the six environmental objectives independently:

	Share of Capex/(total Capex)	
	Aligned	Eligible
Climate change mitigation (5)	3%	75%
Climate change adaptation (6)	0%	0%
Water and marine resources (7)	%	0%
Circular economy (8)	%	**3%**
Pollution (9)	%	0%
Biodiversity and ecosystems (10)	%	0%

A small proportion of aircraft manufacturing Capex, relating to the Group's electrical and electronic businesses, is also eligible for the circular economy objective.

Opex

Taxonomy-eligible Opex amounted to €1,509 million in 2023, representing 80% of the Group's operating expenses. Following the publication of the Delegated Acts making the aviation sector eligible, Safran included €1,509 million in operating expenses related to its main aircraft manufacturing activity (3.21) in Opex in 2023. This amount includes R&T, R&D recognized as expenses, as well as upkeep and maintenance expenses for fixed assets associated with the nature of the aircraft manufacturing activity. These Opex represent 80% of the Group's total operating expenses (see section 3.1, Note 7, "Breakdown of the other main components of profit from operations").

Opex related to secondary activities is not material. Disclosure for the alignment of Opex related to Safran's main activity (aviation) is required from 2024 only.

Fiscal year		Year		Substantial contribution criteria						Do no significant harm (DNSH) criteria									
	Code(s) (2)	Absolute Opex (3)	Proportion of Opex (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) Opex, prior year (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
Economic activities (1)		€m	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N	Y; N	Y; N	Y; N	Y; N	Y; N	Y; N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Opex on environmentally sustainable activities (A.1)		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**0%**		
of which enabling		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	Y	Y	Y	Y	Y	Y	Y	**0%**	E	
of which transitional		**0**	**0%**							Y	Y	Y	Y	Y	Y	Y	**0%**		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Aircraft manufacturing	**CCM 3.21**, CE 1.2	1,509	80%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Opex on Taxonomy-eligible but environmentally unsustainable activities (A.2)		**1,509**	**80%**	**80%**	**%**	**%**	**%**	**%**	**%**								**0%**		
Opex on Taxonomy-eligible activities (A)		**1,509**	**80%**	**80%**	**%**	**%**	**%**	**%**	**%**								**0%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Opex on Taxonomy-non-eligible activities		**370**	**20%**																
TOTAL (A + B)		**1,879**	**100%**																

The table below shows the shares of eligibility and alignment of Opex of Safran's activities for the six environmental objectives independently:

	Share of Opex/(total Opex)	
	Aligned	Eligible
Climate change mitigation (5)	0%	80%
Climate change adaptation (6)	0%	0%
Water and marine resources (7)	%	0%
Circular economy (8)	%	2%
Pollution (9)	%	0%
Biodiversity and ecosystems (10)	%	0%

A small proportion of aircraft manufacturing Opex, relating to the Group's electrical and electronic businesses, is also eligible for the circular economy objective.

Eligibility and alignment developments for Safran's activities from 2024

Pursuant to the recommendations of the new Delegated Regulations for disclosures to be issued in 2024, the alignment of Safran's activities will be analyzed based on the aircraft programs to which these activities relate:

- For commercial aircraft manufacturing, alignment with the Taxonomy will depend on compliance with the emissions criteria set by the ICAO for the certification of new aircraft, with a set amount of leeway. Pending the release of a detailed list of aligned aircraft programs, it appears that the vast majority of latest-generation aircraft would meet these criteria, in particular A320neo, A330neo and A350 for Airbus, and 737 MAX, 787 and 777-X for Boeing.
- In addition, the new Delegated Regulation states that alignment must be confined to fleet renewal (in view of the emission reductions provided by new aircraft compared with those they replace), thereby excluding aircraft contributing to the expansion of the fleet in service. For the aerospace industry, this will result in the application of a cross-sectional ratio representing the proportion of aircraft delivered that contributed solely to fleet renewal over the last ten years, for which the assessment still needs to be clarified, to the aggregates measured.

5.3.5 Employee engagement

Safran's commitment to the sector's and its own decarbonization also involves daily initiatives and actions by its employees, and the collective "five zero targets" approach.

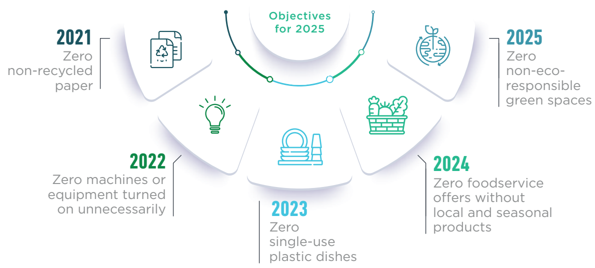
The five zero targets

The Group has set itself the goal of achieving five "zero" targets for everyday activities, allowing employees to contribute directly to Safran's commitment to fight global warming.

The five zero targets aim to ensure that 100% of the Group's sites progressively achieve the following objectives:

- zero non-recycled paper used at Safran: 100%[1] in 2023;
- zero machines or equipment running unnecessarily from 2022[2]: 90% in 2023;
- zero single-use plastic tableware used at Safran sites: 56% in 2023;
- zero foodservice offers without local and seasonal products, this target will be rolled out from 2024;
- zero non-eco-friendly green spaces at Safran sites, this target will be rolled out from 2025.

THE 5 ZERO TARGETS



Engagement in eco-friendly actions, awareness-raising and training

As part of its 2022 Energy Saving Plan, Safran has been raising awareness among its employees through videos, signs and posters on how to reduce and optimize energy consumption in their daily lives. Numerous actions are now in place at sites, such as regulating building heating and optimizing site lighting. Employees are also mobilized through training (Sustainable Aviation MOOC, etc.), awareness-raising (climate fresco workshops, use of digital technology, etc.) and talks.

Safran Innovation Awards

The open innovation program, showcased through the annual Safran Innovation Awards, rewards internal innovations that contribute to the energy transition and reduce the Group's carbon footprint. There is a specific energy transition category. In 2023, 16 applications and 4 finalists were selected in the low-carbon category.

Safran SA and its tier-one companies also offer employees the opportunity to take part in collective challenges to reduce the carbon footprint of their sites and products. Each challenge results in hundreds of employee-driven ideas for practical improvements and innovation.

(1) *As from December 31, 2023, supply contracts for white and color paper in France and Belgium included recycled paper only.*
(2) *As of December 31, 2023, 90% of the Group's 125 industrial sites had introduced labeling to identify methods for shutting down machinery and equipment. 89% of these items had been labeled by the end of 2023.*

5.4 HUMAN RESPONSIBILITY: BE AN EXEMPLARY EMPLOYER

BE AN EXEMPLARY EMPLOYER

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

- Accelerate training in the skills and professions of tomorrow
- Ensure health and safety of employees, improve the quality of life at work and maintain a thriving social dialogue
- Encourage equal opportunities and promote diversity

Safran is committed to being an exemplary employer towards its employees, an indispensable resource. The Group therefore invests in developing the skills of all employees, promotes health and safety, continually improves quality of life at work, maintains dynamic social dialogue adapted to current social challenges and promotes diversity and equal opportunity.

Our commitment takes shape through the ambitions and work of the Group Human and Social Responsibility Department (HSRD). The HSRD has four key focuses:

- developing skills and creating development opportunities;
- ensuring a quality work environment;
- encouraging equal opportunity and promoting diversity and inclusion;
- promoting collaboration and mutual support.

These key focuses act as catalysts for collective performance, stimulating creativity, vitality and innovation within the company.

The analysis of risks associated with human responsibility is presented in sections 4.3.3.3 and 5.2.

Indicators – Workforce

All of the indicators mentioned below relate to a Group scope unless otherwise stated.

	2021	2022	2023	
TOTAL	**76,765**	**83,276**	**91,984**[1]	
Europe	49,520	51,754	56,249	61%
■ of which France	41,346	43,106	46,887	51%
Africa and Middle East	5,084	5,613	6,651	7.2%
Americas	18,186	20,858	24,239	26.3%
Asia and Oceania	3,975	5,051	4,845	5.3%
% of men employees	72.1%	71.5%	70.7%	
% of women employees	27.9%	28.5%	29.3%	
% of managerial-grade employees (Managers & Professionals)	40.7%	41.9%	42.5%	

(1) *The increase in the workforce reflects higher recruitment amid the business recovery.*

5.4.1 Accelerate training in the skills and professions of tomorrow

In terms of innovation in the aerospace value chain, Safran is positioned as an architect of comprehensive solutions, products and services. This positioning generates numerous needs in terms of operational and strategic resources, both expert and managerial. In a context of major digital transformation and a commitment to decarbonize aeronautics, skills and careers are in the throes of a profound shift. Preparing and supporting these changes is a major challenge for the Human Resources function. Safran must guarantee the availability, in terms of both quality and quantity, of the skills required to respond to changes in the sector. These skills are the foundation of the Group's longevity.

5.4.1.1 Talent management policy

Safran offers its employees career development opportunities aligned with their personal aspirations and the company's needs, and seeks to improve the candidate and employee experience throughout their careers within the Group.

Safran is committed to developing the skills of its employees through a dynamic policy that:

- anticipates future skills needs;
- takes into account the aspirations of all employees;
- strengthens expertise;
- prepares the senior executives and leaders of tomorrow.

Skills requirements are identified through a process of forward-looking management of jobs integrated into a medium-term plan (MTP) and built on five-year industrial and financial forecasts.

This information is consolidated at Group level in order to build a comprehensive vision of the change in professions and skills that can be blended into support plans. This vision is based on a job description repository divided into four sections, 35 business lines and more than 160 benchmark jobs, which serves as an interpretive and analytical framework.

5.4.1.2 Roadmap

The roadmap comprises four objectives:

1) Strengthen digital skills across all business lines:

The Digital Academy training platform allows users to acquire skills related to:

- the adoption of new approaches to product modeling using Model-Based System Engineering methodology;
- Product Lifecycle Management (PLM) and its optimization through digital continuity;
- the application of Lean 4.0 methods to support the transition to the industry of the future, such as augmented reality for quality control and assembly assistance, the use of cobots and robots for physical assistance, and closed-door machining;
- the use of data science across all business lines. This includes health monitoring, predictive maintenance and artificial intelligence for image recognition in a wide range of areas including cybersecurity, software development, and systems and technical architecture.

2) Support employees as they progress within the Group:

- implementation of a thorough integration process;
- promotion of a robust corporate culture based on Safran's values and leadership model;
- development of personalized career paths for all people across all of the Group's businesses.

3) Preserve and strengthen know-how:

- transmission of key knowledge between generations, particularly in the fields of mechanics, avionics and materials;
- promotion of the network of experts;
- reinforcement of skills associated with ecological transition: electrical, power electronics, energy management, systems, airworthiness and sustainable fuels.

4) Identify high-potential employees and support them in their professional development:

- establishment of a transparent and joint policy for the management of high-potential employees;
- development of programs, including mentoring, to sharpen business and behavioral skills;
- inclusion of high-potential employees into succession plans.

5.4.1.3 Recruitment and employer brand

Safran is continuing to develop its employer brand worldwide in order to increase the Group's attractiveness. The Group strives to ensure that its approach is consistent across its various host locations, where labor market needs differ and recruitment requirements are specific.

Safran has implemented a recruitment policy with the following key objectives:

- **recruit graduates who have completed internships, work-study programs, doctorates or international corporate volunteer programs** within the Group. In 2023, more than 43% of graduate positions in Europe were filled by former interns, work-study students, doctoral students or international corporate volunteers within the Group. Safran is committed to supporting this recruitment through its European framework agreement to support young people in transitioning from school to work;
- **diversify the profiles of new hires;**
- **increase the recruitment of engineers with doctorates;**
- **prioritize the recruitment of experienced profiles specialized** in fields such as materials, special processes, electrics and power electronics, as well as information and data technologies.

These objectives demonstrate Safran's commitment to attracting and integrating a diverse range of talents, from graduates to experienced professionals, to meet the technological challenges and needs of the aerospace industry. In 2023, Safran experienced a significant upturn in recruitment, bringing on board 21,377 employees worldwide, breaking down as 18,101 on permanent contracts and 3,276 on fixed-term contracts.

Numerous communication campaigns are run on social media and recruitment platforms to promote awareness of the Group's jobs of the future. These campaigns have sparked great interest. The number of subscribers to Safran's LinkedIn showcase page rose by 22% from 812,000 at the end of 2022 to 985,700 at the end of 2023. Aware of the impact and importance of employees reaching out online, the Group supports employees volunteering to become e-ambassadors and promote Safran on social media through its Employee Advocacy program.

A system for allowing employees to put forward names of people for vacant positions has been introduced in France, the United Kingdom and the United States.

In 2023, the Group employed 7,630 trainees, representing 14% of its workforce in Europe. Every year, this commitment enables a large number of employees to mentor a trainee in their company. Safran's partnership with the Global Apprenticeship Network is helping boost its appeal among young people.

Events for students, including forums, roundtables, conferences, mock interviews and CV coaching by experienced recruiters and site visits, are organized on a regular basis. The many partnerships signed with target engineering, business and management schools and universities (including 19 partnerships in France) are managed dynamically; in 2023, they received support from an active network of more than 250 Safran employee ambassadors. The ambassadors participate in the design of the educational content of their schools, and organize or participate in numerous events between Safran and their partner school. The Group is strengthening its attractiveness in new digital skills thanks to partnerships with specialized schools, and data and cybersecurity masters programs, as well as via a communication campaign with recruitment targets and new digital ambassadors.

The Group has chosen to focus its employee skills sponsorship and charitable work on the social and professional integration of young people, see section 5.6.3.

Safran features in the following rankings:

- *Time Magazine:* first place in the Aerospace and Defense sector and number 59 worldwide in the "best employer" category of the World's Best Companies 2023 ranking[1];
- Forbes: twenty-eighth best global employer and fourth best in the aerospace and defense sector in 2022;
- Universum: #5 ranking among the preferred companies of engineering school students and #9 ranking among the preferred companies of engineering school graduate managerial grade employees in France in 2023;
- Capital: #5 ranking in the "Aerospace, Rail and Marine" category in France in 2023;
- Recognized as a top employer for young people by *Engagement Jeunes* for the fourth year running, Safran is also the top ranking company in the "Tutoring" dimension thanks to very positive ratings by young recruits in Group companies in France.

5.4.1.4 Mobility and career management

The mobility of employees and their ability to improve their skills are both a key to maintaining their employability and a prerequisite for the Group's transformation and agility.

To offer varied and adapted pathways to each person, the HSRD relies on several elements:

- performance and professional development interviews completed by 96% of employees in 2023, with access to a digital interview system;
- career committees in the operating companies;
- 12 business line committees, which meet several times a year to discuss the medium-term plan (MTP), the creation of career paths and HR issues related to changes in the business lines.

A central mobility coordination team regularly brings together mobility officers from all Safran subsidiaries. It identifies needs, shares information between companies and assures the correct application of mobility rules. At the same time, another body deals specifically with the mobility of senior executives in companies.

5.4.1.5 Training

Training plays an essential role in supporting the company in its countless transformations, helping make it more agile, digital, innovative and attractive. It is a major source of enduring growth and enables employees to acquire the knowledge and skills needed to adapt to rapid change, fostering adhesion and engagement among employees while maintaining their employability. Safran has accordingly founded a university, Safran University, and five campuses. Safran University draws up the training roadmap and provides part of the training hours of all employees worldwide (nearly 17% of training hours in 2023). Safran is certified by Qualiopi, a French label that recognizes the quality of its internal training organization's processes.

Safran University has three main goals:

- **Define a strategic training offer to develop skills within the various business lines in the fields of operational excellence, digital transformation, energy transition, business performance and support, managerial skills and leadership, diversity and inclusion.**

  Safran offers 230 training programs. The roadmap includes comprehensive retraining programs for jobs in demand, such as those related to software, operational safety, control systems and electronic card programming. For example, employees who were previously system architecture engineers with some knowledge of electronics have been retrained in software development and FPGA (field-programmable gate array) or programmable logical device design. The Group supports professional development and reorientation towards new jobs (data scientists, enterprise architects, CQPM metallurgy qualification certificate for autonomous production unit technicians, Industry of the Future learning expeditions, etc.). In addition, training is provided on social responsibility issues including awareness-raising on corruption, the climate, psychosocial risks and diversity.

  In collaboration with the Group's Digital and Information Systems Department, whose director is a member of the Group Executive Committee, an Employee Experience 4.0 initiative to support digital transformation. One of the goals of this approach is to develop individual and collective skills for all of Safran's business lines in the major "4.0s": Engineering 4.0, Manufacturing 4.0, Customer, Sales, Support and Services 4.0, Data 4.0 and Employee Experience 4.0.

  In 2023, extensive work to train employees on digital challenges was supported and facilitated through free access to the Digital Academy training platform, which offers more than 450 courses of digital-related content (e–learning modules or face-to-face training courses) spanning cybersecurity and personal data protection, digital responsibility and hybrid work, in addition to personalized training courses adapted to various jobs.

- **Develop innovative, high-performance educational solutions focused on the user experience through best–in-class training tools and in-house content production.**

  Teaching focuses on the employee, with learning methods resulting from the latest technological and neuroeducational advances. Safran University promotes the "learning enterprise" approach through an educational and digital innovation plan and the implementation of methods related to social learning and the workplace, such as mentoring and tutoring. These courses are backed up by a range of teaching approaches and a variety of resources ranging from e-learning content on the 360 Learning platform (1,500 courses available, excluding courses dedicated to digital), virtual and face-to-face classes, immersive learning or learning in a work situation, with e-tutoring or the transmission of professional skills for example. Among these innovations, Safran provides employees with tools to produce training content internally and on an independent basis, and to become more professional in the field of digital training. The "Safran teaches Safran" principle is being rolled out to facilitate the

(1) *https://time.com/collection/worlds-best-companies-2023/*

creation and transmission of knowledge within the Group. In addition, an English-language learning platform, available 24/7, enables employees to practice English anywhere, from a workstation, tablet or phone.

- **Roll out a more efficient and international organization to support the growth of training.**

  In 2023, a Safran University campus opened in Casablanca, Morocco.

ENGAGE FOR THE FUTURE

- **2025 CSR objective #5:** provide 26 hours of training on average per employee.

2023 key training figures:

- Internationally:
  - 31 hours dedicated to training per employee on average **[AR]**,
  - 91% of employees have taken at least one training course,
  - 2,668,830 hours of training,
  - of which 10% in distance formats (e-learning, MOOCs and virtual classes);
- France:
  - 1,083,564 hours of training,
  - 4% of the payroll.

5.4.1.6 Indicators – Training, hirings and separations

All of the indicators mentioned below relate to a Group scope unless otherwise stated.

	2021	2022	2023
BREAKDOWN BY TYPE OF CONTRACT			
% of permanent contracts(1)	97%	95.4%	95.2%
% of temporary contracts(1)	3%	4.6%	4.8%
TRAINING			
Average number of training hours per employee(1)	21	25	31
% of employees having completed at least one training course(1)	82%	90%	91%
WORKFORCE BY AGE GROUP			
% of people aged under 30 in the workforce	14%	17%	19%
% of people aged 30 to 39 in the workforce	30%	29%	29%
% of people aged 40 to 49 in the workforce	27%	27%	26%
% of people aged over 50 in the workforce	29%	27%	26%
Average age	42 years	41 years	41 years
HIRINGS AND SEPARATIONS			
Total new hires – world	8,039	17,354	21,377(2)
% of men new hires	68.7%	65.6%	63.1%
% of women new hires	31.3%	34.4%	36.9%
Number of definitive departures	9,760	11,541	11,826
Of which retirements	1,760	1,286	1,151
Of which resignations and other voluntary departures	4,985	7,423	7,056
Of which dismissals and other involuntary departures(1)	3,015	2,832	3,619
Workforce turnover rate(1)	11.3%	19%	20%
Attrition rate(1)	6.47%	9.4%	8.2%
Permanent departure replacement index	0.82	1.5	1.8
Absenteeism rate	2.84%	3.7%	3.15%

(1) Methodology for calculating the indicators described in section 5.7.4.
(2) In 2023, Safran recruited 21,377 employees, breaking down as 18,101 on permanent contracts and 3,276 on fixed-term contracts.

[AR]: indicator audited voluntarily to the higher level known as "reasonable assurance".

5.4.1.7 Compensation and giving employees a stake in company performance

To boost its appeal, Safran is committed to compensating its employees fairly and equitably, and to guaranteeing attractive additional benefits such as employee savings plans, health insurance, profit-sharing and supplementary pensions, in accordance with the agreements in force.

Compensation

Safran is committed to compensating its employees in such a way as to:

- take into account local situations (local standards and laws in the various employment areas) and support mobility and promotions to encourage risk-taking and initiative. Close attention is paid to jobs subject to shortages, gender equality, starting salaries and employees beginning their careers. Specific sums are set aside to make up for any wage gaps;
- build compensation partly on the basis of employees' individual performance and level of responsibility, but also partly on the collective performance of each company and the Group. In addition to Group agreements, Safran encourages the negotiation of local collective agreements in line with the applicable legal framework;
- offer differentiating and attractive benefits.

COMPENSATION PACKAGE OBJECTIVES AND STRUCTURE

* *TSR: Total Shareholder Return.*

Safran's overall compensation policy is aligned with market practices and complies with legal minimums in the 32 countries where it operates. Safran analyzes the consistency of its employees' compensation, both internally and externally, using positioning and compensation surveys provided by a benchmark provider, in order to attract potential applicants and retain employees. The payroll represented 28.6% of consolidated revenue in 2023 (see section 2.1.1).

Compensation helps drive the Group's operational, economic and non-financial performance. In addition to operational and economic objectives, variable compensation is set partly on objectives linked to CSR criteria:

- the Chief Executive Officer's variable compensation for 2023 was partly dependent on CSR and HR objectives related to safety, diversity, gender balance, and climate and low-carbon outcomes (see section 6.6.3.2b). These objectives represented 36% of his personal objectives. This compensation was determined in accordance with the compensation policy established by the Board of Directors with the assistance of the Appointments and Compensation Committee and subsequently approved by the 2023 Annual General Meeting;
- the variable compensation of Executive Committee members is also based in part on CSR indicators, notably those on employee safety and carbon emission reductions;
- 20% of the Long-Term Incentive Plan has been indexed to objectives in the fields of employee safety, the reduction of carbon emissions and the number of women senior executives (see section 6.6.5.2.1).

In 2023, global compensation trends were in line with local market trends in an environment characterized by the mounting inflation.

Employee profit-sharing

Various profit-sharing schemes give employees a share in their company's results.

Profit-sharing

In France, all employees are eligible for the Group's French profit-sharing agreement, which gives them a share in financial results achieved in France.

Optional employee profit-sharing

In France, companies and their employees benefit from optional profit-sharing agreements based on economic, operational and non-financial performance criteria.

Savings and employee shareholding plans

Since 2006, Group agreements have made it possible to develop employee shareholdings through:

- permanent schemes: the Group employee savings plan (PEG) in France and international plans (PEG) outside France (Germany, Belgium, Canada, Mexico, United Kingdom, United States and Morocco, excluding former Zodiac entities). These schemes allow employees to build up savings thanks to employer contributions (suspended in 2023 pursuant to the agreement on the post-Covid-19 working environment). The international plan covers sums invested in company mutual fund units invested in Safran shares. The employer contribution is capped at €2,000 per year and per employee;
- one-off initiatives, such as:
  - the 2012 leveraged employee stock purchase plan, the 2014 classic employee stock purchase plan with matching contribution, and the "Safran Sharing 2020" leveraged employee stock purchase plan with capital guarantee, multiplied upward performance and ratchet thresholds to protect any potential gains,
  - the Board of Directors' decision to grant 10 free shares to all Group employees in 2023 (see section 8.2.2.2 of the 2022 Universal Registration Document);
- the holding of 6.1% of Safran's share capital by employees and former employees as of December 31, 2023, mainly through mutual funds. This represented one of the highest employee shareholding rates of CAC 40 companies;
- employees in France can build up savings through the collective retirement savings plan (PERCOL). The matching employer contribution to the scheme represents up to €1,000 per employee per year. The bonus for senior employees is €1,800 in their last two years of service ahead of retirement. The Company's top-up contribution to invested employee savings for 2022 and invested in 2023 under the agreement on the post-Covid-19 working environment (see section 5.4.2.2) has been suspended.

The PEG and PERCOL investment mechanisms benefit from a socially responsible investment (SRI) label as from January 1, 2023, with the exception of funds invested in Safran shares.

Indicators – Compensation

All of the indicators mentioned below relate to a Group scope unless otherwise stated.

(in € millions)	for 2021	for 2022	for 2023
Statutory employee profit-sharing[(1)(3)]	132	154	202
Optional employee profit-sharing[(2)(3)]	22	174	207
Matching contributions (World scope)[(3)] (amount paid as PERCO, PEG and PEGI matching contributions for all employees)	2	2	94
Employee savings (Total amount paid in respect of statutory and optional profit-sharing [France scope] and related contributions [World scope] [including the corporate social contribution])	122	369	572

(1) For French companies, the minimum salary used to calculate the individual amount of statutory employee profit-sharing is 1.2 times the annual social security ceiling (PASS) (i.e., €52,790.4 for a full-time employee in 2023). Employees who received lower salaries during the year under consideration will receive the minimum amount (pro-rated to the period of their employment).

(2) For French companies, the amount of optional employee profit-sharing may total up to 7% of payroll, depending on the agreement and the company's performance. However, in accordance with the provisions of the Activity Transformation Agreement, the amount of optional profit-sharing for French companies for 2021 has been capped so that the sum of statutory and optional profit-sharing does not exceed 4% of the company's reconstituted gross payroll.

(3) Amount from the consolidated financial statements of companies included in the scope of consolidation, as defined in section 3.1, Note 38.

Employee benefits and social protection

Safran is committed to providing all of its employees worldwide with access to a minimum level of health coverage, including medical, optical and dental services. In 2023, 77% of employees had access to medical, optical and dental services. Employees in certain countries do not have access to this minimum level of healthcare coverage as defined in this indicator. However, as is the case in Mexico, these employees have access to free medical centers on Safran sites.

Special attention is paid to healthcare and personal risk insurance plans through the implementation of single, harmonized plans for all Safran companies in a given country, notably in the United States, Canada, India and Morocco.

ENGAGE FOR THE FUTURE

- **2025 CSR objective #7:** 100% of employees worldwide to benefit from a minimum level of health coverage (medical, optical and dental).

In France, since 2009, employees have been enrolled in a single mandatory life and healthcare benefits plan covering short- and long-term disability, death and supplementary healthcare costs. The plan offers generous benefits for employees themselves and for their dependents. Including dependents, 111,359 people were covered by the healthcare plan in 2023, as well as 24,653 retirees (dependents included). Since 2018, the Group has also offered carer assistance, plus entirely free medical teleconsultations since 2020. From January 2024, Safran will pay a larger share of the contributions to the healthcare plan in order to limit the impact on employees of the overall increase in contributions to the plan.

In France, Safran established a mandatory retirement savings plan (PERO), which replaced the defined contribution supplementary pension plan known as the "Article 83 plan" in 2022 (see section 6.6.1.3 of the 2021 Universal Registration Document).

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

5.4.2.1 Health and safety challenges, policies and guidelines

Challenges

Preserving employee health and safety and the quality of life at work is a fundamental priority for Safran. On industrial sites, employees are exposed to various risks inherent in activities through the use of production equipment, load handling, variable working hours, the use of chemicals and working at heights. Equal attention is given to mental and physical health, fostering an environment where everyone can thrive and work effectively.

Maintaining the attention paid by all teams to preserving the health and safety of employees and on-site partners, in all of the Group's host countries, is central to Safran's prevention culture.

The policy and reference framework relating to health and safety and the environment are described in section 5.4.2.1, the three themes being combined in Safran's HSE framework documents. In addition, initiatives related to respect for the environment and natural resources are specifically set out in section 5.5.3.

Health and safety policy and culture

The Group is committed to nurturing a risk management approach and a culture of prevention to defend the health and safety of its employees, supplier partners, customers and all other stakeholders concerned by its operations, in a spirit of transparency and sincerity. The HSE policy is an integral part of the Group's operational performance. It reflects its commitment to health, safety, the environment and the fight against climate change. It contributes to making Safran a sustainable leader in the global aerospace industry.

The health and safety policy and culture are aimed at all Group stakeholders, from company CEOs and senior executives to managers and employees. They are circulated at all levels via various training courses:

- an awareness-raising seminar for the Safran Executive Committee in 2022;
- dedicated health and safety leadership training for the Group's 600 senior managers in 2023-2024;
- specific training on day-to-day health and safety management for managers, particularly in industrial areas such as production, support and services;
- health and safety site inductions and workstation training for all employees.

Site HSE Guidelines and audits

The HSE policy is rolled out on the basis of global internal HSE Guidelines.

These Guidelines have been endorsed by an external organization as meeting the requirements of environmental management (ISO 14001) and occupational health and safety management (ISO 45001) standards. They also meet Safran's specific operational requirements.

The HSE Guidelines lay down various standards and their applicable requirements, including in terms of:

- risks and impacts, compliance with regulatory obligations;
- stakeholder involvement (employees and on-site providers), commitment and managerial leadership;
- best practice in respect of physical and chemical risks, health and working conditions, ergonomics, road risk, etc.

The guidelines apply to all Group entities, and are part of the "One Safran" management system (see section 1.7). A maturity matrix is used to assess the maturity level on each standard and to set specific improvement objectives. All sites conduct an annual self-assessment in respect of these standards and their HSE operational performance.

For industrial sites, the application of the guidelines' requirements is also subject to annual audits carried out by internal auditors or an external certification body. These audits measure maturity with respect to the guidelines. They validate the level of maturity achieved, from bronze (basic level) to gold (mandatory target level). Audit reports are reviewed by the Group Certification Committee, in the presence of a representative of the external certification body. The Committee certifies the maturity achieved by each site on all standards, at the Bronze, Silver or Gold level. The objective is for 100% of industrial sites to achieve Gold-level classification by 2025. A first wave of 126 sites[(1)] concerned by this objective is the subject of the "Gold 2025" roadmap, which is reviewed quarterly by the Group Executive Committee.

- 47% of sites were classified as "Gold" based on Safran's HSE standards in 2023, i.e., 59 sites[(2)].

Prevention of psychosocial risks to promote well-being at work

The Group's "One Health!" roadmap promotes occupational, physical, mental and general health.

There are three levels of prevention in mental health:

- primary prevention: preventive measures to maintain good health over the long term. They are based on the assessment of psychosocial factors by dedicated steering committees at the sites. In 2023, 52 of these psychosocial risk prevention committees were trained in primary prevention;
- secondary prevention: training, awareness-raising and publications on psychosocial factors regularly made available to employees (detection and support for people in difficulty, prevention of harassment and violence in the workplace, prevention of at-risk or addictive behavior). Awareness-raising webinars organized in 2023 brought together nearly 900 participants to discuss these various topics. The psychosocial risk prevention MOOC, updated in 2023, has been followed by more than 13,000 Group employees worldwide since its creation in January 2022;
- tertiary prevention: the management of work-related unhappiness by internal health services.

Safran uses the questionnaire devised by the EVREST health observatory from the Center for Research on Experience, Age and Populations at Work (CREAPT). It is a tool that allows the Group to gather data on employees' experience and health, and which informs action plans aimed at improving well-being at work. Indicators such as workload, recognition, quality of working relationships, psychological and physical health are regularly shared. By the end of 2023, 111 sites worldwide had rolled out the EVREST observatory.

Listening to employees

In 2023, at the request of the Executive Committee, Safran conducted an international survey of all employees' perceptions of the health and safety culture. The response rate was over 85% for all eight Group companies involved in the first edition of the survey; 47,000 employees responded. In addition to the questionnaire, over a hundred group interviews were conducted to enrich the responses. The results of the analysis will be taken into account by each of the companies concerned, and will be used to strengthen preventive measures and the Group's health and safety culture. A second edition of the survey is planned for 2024 for companies that were unable to participate in 2023.

(1) The Group Executive Committee validated the modification of the initial target from 149 sites to 126 sites based on various industrial reorganizations (divestments, business transfers, etc.).
(2) Methodology for calculating the indicator described in section 5.7.4.

Workstation ergonomics to put people at the heart of production systems

Within the Group, 80% of reported illnesses are attributable to musculoskeletal disorders (MSDs). Safran is maintaining its process of continuous improvement of workstations, notably to prevent the specific problem of MSDs. The HSE standard relating to the ergonomics of workstations sets out the tools, training, skills and organization of the ergonomics network. The Group's "ergonomics" roadmap reflects its determination to step up the mapping and reduction of risks. Each Group company adapts the roadmap, with a view to implementing appropriate actions that are consistent with its specific characteristics and challenges. In 2023, a steering committee was created with process representatives (development, industrialization, manufacturing, quality and HSE) to reinforce the cross-functional rollout throughout the Group. Given the predominantly manual nature of activities on Safran's production lines, greater effort is required to optimize workstation ergonomics from the design and industrialization phases.

The ergonomics network allows risks present in workstations to be detected, and contributes to their elimination. This network, comprising more than 200 ergonomics officers, 1,000 ergonomics representatives in design and 17 full-time ergonomists, analyzes and continually improves workstations. It has already produced more than 400 best practices. Employees performing ergonomics-related risk assessments and proposing improvements are trained in accordance with the PRAP program (prevention of risks linked to physical activity) developed by the National Institute for Research and Safety (INRS). Awareness-raising campaigns are also provided for management teams and key players in design teams.

Emphasis is placed on the risks associated with poor posture, load carrying and repetitive work, which are the main sources of workplace accidents and occupational illnesses. This approach applies to existing positions, as well as to any design project for workstations. The analyses carried out cover all organizational and human factors, from cognitive demands to organizational constraints.

By integrating ergonomic studies of work situations into the design phase of workstations, particularly in the context of the company's digital transformation, the industrialization of work situations aims to eliminate any risk to health while promoting sustainable and optimal performance.

Preventing road risks

Employees are exposed to the risk of traffic accidents during business trips and when commuting. The HSE Guidelines feature a road risk standard, showing that preventing road risks is an integral part of the Group's overall prevention approach. A road risk prevention charter covers all sites worldwide. However, four of Safran's employees died on their way to work in 2023.

In France, Safran reaffirmed its membership of the national movement of "employers committed to safer roads" in 2023, encouraging its sites to organize local prevention initiatives along various lines:

- training (in an actual vehicle or in a simulator) to raise awareness among the teams at risk;
- improvement of infrastructure and services;
- investigation of accidents to raise awareness of prevention;
- optimization of travel conditions to reduce the risk of tiredness;
- prevention of risks associated with soft mobility. Thanks to various partnerships, a number of Safran sites have organized awareness-raising sessions on good practices for cyclists and scooter users.

Health and safety objectives and indicators

All of the indicators mentioned below relate to a Group scope unless otherwise stated.

	2021	2022	2023
% of sites classified as "Gold"(1) **[AR]**	33%	41%	47%(2)
Frequency rate of lost-time work accidents(1)	2.1	2.1	2.1
Severity rate of work-related accidents(1)	0.08	0.07	0.06
Fatal work-related accidents	0	0	0
Number of occupational illnesses (France)	49	60	72
Number of occupational illnesses (United States and Mexico)	5	24	8

(1) *Methodology for calculating the indicators described in section 5.7.4.*
(2) *In 2023, the initial target was reduced from 149 to 126 sites. The reduction was validated by the Group Executive Committee in view of various industrial reorganizations (divestments, transfers of activities, etc.).*

ENGAGE FOR THE FUTURE – 2025 CSR OBJECTIVES:

- **#6** Maintain a frequency rate of lost-time work accidents less than or equal to 2.
- **#12** 100% of facilities classified as "Gold" based on Safran's HSE standards.

[AR]: indicator audited voluntarily to the higher level known as "reasonable assurance".

5.4.2.2 Social dialogue

A culture of labor relations

Since its creation, Safran has made social dialogue a major focus of its corporate culture, contributing to the regulation of labor relations within the Group. As a shared foundation for labor policy, collective agreements demonstrate the Group's commitment to its employees and contribute to the success of the entire organization and to economic performance.

The Group undertakes to guarantee the proper representation of all its employees, freedom of association and respect for trade union rights in accordance with international standards (notably the ILO conventions) and local laws, through:

- membership of the United Nations Global Compact since 2014, see section 5.1.3.1;
- application of a global framework agreement on corporate social responsibility (see section 5.1.3.3).

The quality of the social climate is the result of ongoing dialogue between management, employees and their representatives. All dialogue is carried out with unfailing respect for trade union rights as defined by the ILO, the United Nations Global Compact, the OECD guidelines and local laws in each country, while maintaining an unbiased attitude towards the various trade union organizations. Social dialogue takes place at the global, European, country, Group, company and subsidiary levels. At the highest level, Safran's Board of Directors includes two employee representatives. More than 75% of employees have access to local employee representation bodies in their company.

Social dialogue bodies

Social dialogue bodies are adapted to local practice.

In Europe, social dialogue mainly revolves around the European Works Council (EWC) and the application of two agreements covering all European Union countries, plus Switzerland and the United Kingdom.

At the global level, social dialogue is conducted through the monitoring committee for the global CSR agreement, with IndustriALL Global Union representatives (see section 5.1.3.3).

In 2021, a European framework agreement was signed between IndustriALL Europe[1] and Safran, with the aim of preserving jobs by developing skills and securing professional careers. Safran is committed to ensuring the employability of all employees by increasing access to training, defining an annual number of hours of training per employee, and facilitating mobility. To that end, an annual European occupational observatory facilitates the sharing information on medium-term changes in jobs and skills in line with the Group's strategy and discussing ways of preparing and adapting the workforce to these changes.

Support for transformation in the Group

In a resolute dynamic of sharing and listening, partner unions are regularly informed or consulted on the company's strategy, including industrial processes, employment, digitalization, financial issues, health and safety, CSR strategy and new projects.

Since 2020, social dialogue has intensified against the backdrop of the health and economic crisis stemming from the Covid-19 pandemic. It enabled the implementation of adaptation measures, including long-term furlough arrangements[2], which ended in 2023. Social dialogue remained active and constructive within each subsidiary in 2023, in keeping with a complex economic and social context, including a return to very sustained activity, a resumption of hiring and tensions on wages. In addition, specific measures were implemented to address mounting inflation (see section 5.4.1.7).

In France, 2023 was marked by the unanimous signing of several agreements granting rights to employees and aimed at continuously improving working conditions:

- Safran and its employee representative bodies signed an agreement to provide better support for parenthood in all its forms and to offer a framework adapted to social realities and the evolution of families, including, for example, harmonization of maternity and parental leave benefits without seniority conditions, provisions for the second parent in a medically assisted procreation program, pay rises upon return from parental leave, part-time assistance upon return from maternity, paternity or childcare leave to allow a gradual return to work, and support in the event of a spontaneous termination of pregnancy. Safran also seeks to promote work-life balance. Depending on their company and sites, employees may also have access to sports equipment, childcare assistance and concierge services. They can also choose to work part–time;
- an agreement in favor of experienced employees and another on transitional rights related to the French pension reform were also signed in 2023. These two agreements improve the social rights of employees by allowing a gradual reduction in working hours while maintaining a certain level of pay, a transition between working life and retirement, and a co-financed adjustment in the event of delayed retirement.

Agreements at each level of employee representation

Social dialogue takes place with representative bodies and trade unions at the country, company and local levels. It is reflected in agreements signed at global, European, country (for France) and local levels. The rollout of these agreements is monitored with employee representatives through a number of dedicated committees.

(1) IndustriALL Europe is a European association of industrial trade unions. It is partnered with IndustriALL Global Union, which brings together unions in the metal, chemical, energy, mining, textile and related industries.

(2) The long-term furlough system was designed to support companies that continued to be affected by a sustained decline in their business during the recovery phase. It allowed employers to access government support to cover part of employees' wages.

Overview of company agreements and their scope:

Agreements and themes	Scope
Global CSR Framework Agreement (see section 5.1.3.3), among the topics covered: ■ Respect for trade union rights in accordance with international standards (notably the ILO conventions) and local laws ■ Fight against climate change and protection of the environment	100% of employees
Local company agreements: ■ Comprehensive local multi-year collective bargaining agreements: very broad scope within the company ■ Agreements signed with employee representative bodies: specific subjects and variable durations (working hours, optional employee profit-sharing, work-from-home arrangements, working conditions, union rights, gender equality, etc.)	75% of employees ■ United States, Canada, Mexico, Czech Republic, etc. ■ France, Belgium, Germany, Netherlands, United Kingdom, Switzerland, Morocco, Tunisia, Poland, Spain, Singapore, China
Collective bargaining agreements	■ France (collective bargaining agreements of the metallurgy and rubber industries) ■ Germany (Hesse state Tariff agreement) ■ Belgium (joint commissions 209, 111 and 315; 01) ■ Netherlands (Metaal Unie) ■ Brazil (SIMMEC, SEAAC) ■ South Africa (National Textile Bargaining Council)
European collective agreements: ■ Development of skills and securing of career paths ■ Professional integration of young people	Europe 61% of Group employees
18 agreements applicable in France, including: ■ experienced employees; ■ employee savings; ■ pensions and personal risk insurance; ■ parenthood; ■ disability; ■ training and management of jobs and career paths; ■ prevention of stress at work; ■ development of social dialogue.	Applicable to companies in France 51% of Group employees

5.4.3 Encourage equal opportunities and promote diversity

5.4.3.1 Make Safran a more inclusive company

Safran opposes all forms of discrimination and seeks to create an inclusive corporate culture. Diversity and inclusion are a marker of the Group's identity. They promote well-being, development and engagement by allowing everyone to feel respected, valued and free to be themselves. They are also catalysts for innovation and success for the Group.

Diversity and inclusion are among the fundamental focuses of the Human and Social Responsibility Department. Safran is aligned with the principles of the United Nations Global Compact, including the elimination of all forms of discrimination in employment. Safran's Ethical Guidelines state that the Group does not tolerate any form of discrimination, whether based on gender, disability, family status, age, sexual orientation, religious beliefs, trade union activity or ethnic, social and cultural background, whether internally or externally.

As a signatory of the Diversity Charter since 2010, Safran is committed to applying its principles at all of its sites, and in all of its human resources, management and decision-making processes. Safran renewed its commitment in 2021 when the Chief Executive Officer signed this Charter[1]. To mark the occasion, Olivier Andriès said: "Scientific studies have demonstrated, and experience has taught us, that diversity in all its dimensions including opinions, experience or cultures, is a driver of innovation and success. This applies at all levels from small teams all the way up to the whole company. We all have the responsibility to welcome and respect differences between our Group's employees."

In 2022, Safran conducted its first inclusion survey of all Group employees to gather their perceptions and expectations regarding diversity, inclusion and non-discrimination. The survey will be repeated in 2025 to allow comparison with the 2022 results and to provide a basis for monitoring and improvement.

The survey and the issues identified were used in the Diversity and Inclusion roadmap, validated by the Group Executive Committee, which aims to drive change, awareness and anti-discrimination initiatives with two main objectives:

- instill and develop a culture of inclusion;
- accelerate momentum on strategic priorities: gender, equal opportunities, multiculturalism, disability.

(1) The Diversity Charter is available on the safran-group.com website.

The CEO of Safran Electrical & Power is the roadmap's sponsor, a member of the Executive Committee, who is also tasked more broadly with diversity and inclusion issues within the Group.

All employees are regularly made aware of stereotypes and non-discrimination. Since 2022, nearly 18,000 employees in France have completed the online training course "From non–discrimination to living together in harmony."

5.4.3.2 Gender equality

Gender equality in the workplace is essential for the Group, broadening visions to ensure that Safran is able to respond to future challenges. However, Safran is confronted with the persistent reality of the low number of female engineers in the aerospace industry. To remedy this lack of gender balance and the under-representation of women in positions of responsibility within the Group, Safran is committed to implementing a dynamic policy to promote professional equality, equity and gender balance at all levels of the company, from executive management down. Safran also carries out internal and external awareness-raising initiatives on gender stereotypes and prejudices.

Safran takes action in three main areas to:

- bring about lasting change in corporate culture, in favor of greater inclusion and gender balance in the workplace;
- accelerate the professional development of women and their access to senior positions;
- increase its attractiveness among women.

The objectives are reflected at the highest level, with an individual objective for the Chief Executive Officer assessed on the increase in the number of women executives.

Progress on gender equality is presented annually to the Board of Directors and regularly monitored by the Group Executive Committee. The management committees of Safran SA and its tier-one entities also regularly discuss the initiatives taken and their outcomes. The Group Human and Social Responsibility Department (HSRD) and the human resources departments of each Group company directly and cross-functionally supervise and coordinate the promotion of equality and gender balance.

Among initiatives to promote career and skills development for women in 2023, mentoring is a lever used and developed at the Group and company level. The number of women in leadership development programs has increased. Ten sessions of the Talent Boost women's leadership program were held in 2023. In addition, awareness-raising campaigns on unconscious bias and the fight against ordinary sexism have been undertaken in the entities, through theatrical sketches followed by discussions and debates with employees.

The Women@Safran network brings in personalities to talk about issues such as the place of women in business and the work-life balance. This network operates in France, the United Kingdom, Morocco, the United States, Mexico, China and Singapore. It is adopting the principles of gender balance.

Lastly, Safran has introduced a new parenthood agreement in France, effective from October 1, 2023, with a particular focus on gender equality (see section 5.4.2.2).

Despite the tight job market, the number of women moving into senior management positions was up 13.8% compared with 2022. The proportion of women in senior executive succession plans is also increasing (28% in 2023). All HR processes have been reviewed to strengthen the identification of women talent pools and facilitate gender equality at all levels and in all business lines, through career committees, succession plans and recruitment.

Safran also continues to adapt job titles and recruitment offers to make them more inclusive. This editorial practice is aimed at changing mentalities, fighting representations conveyed by habit and avoiding unconscious bias. Numerous job descriptions are also published to demonstrate the breadth of jobs available within the Group, in particular on February 11 (Unesco International Day for Women and Girls in Science) and June 25 (International Day for Women in Engineering).

Safran is accelerating the pace of its transformation in terms of gender balance within the company. In 2023, women accordingly represented:

- 29.3% of the workforce;
- 19.5% of senior executives **[AR]**;
- 26.3% of Group Executive Committee members;
- 41.67% of Board of Directors members (see section 6.2.4.2).

[AR]: indicator audited voluntarily to the higher level known as "reasonable assurance".

ENGAGE FOR THE FUTURE

- **2025 CSR objective #8:** 22% of women among senior executives[1].

Gender Equality European & International Standard (GEEIS)

Since 2018, Safran has had GEEIS certification for some of its entities. In 2023, three new entities were certified. This demonstrates the Group's resolute commitment to gender equality in the workplace. Audits are carried out every two years to examine all policies, processes, managerial practices, actions and corporate culture in order to guarantee compliance with the requirements of the GEEIS certification. The certification has notably served to strengthen the management of the gender equality policy. The following entities have received the label: Safran SA for the Group policy, Safran Electrical & Power France, Germany and the United Kingdom, Safran Aircraft Engines France, Safran Transmission Systems France, as well as the entities of Safran Aerosystems France and one of its entities in the United States.

In 2023, Safran Aircraft Engines Services Morocco received the GEEIS-SDG Trophy awarded by the Arborus endowment fund[2] for its "Merit Scholarship" project, which supports employees in their roles as parents by contributing to the financing of higher education for the children of employees on lower incomes, on the basis of the child's merit.

Gender equality index in France

Safran's objective is to ensure an equitable compensation policy for men and women worldwide. The French legal index relating to the pay gap between men and women provides a means to manage this issue for all French legal entities. The Group's overall rating in France was 91/100 as of March 1, 2024.

Promotion of gender diversity within its ecosystem

Safran carries out initiatives outside the Company to combat stereotypes and encourage women to enter the technical scientific professions. With 566 Elles Bougent sponsors in its ranks, Safran promotes the place of women in the aerospace industry among schoolgirls, high school students and university students (see section 5.6.3.2). This internal network takes part in school forums and workshops, and organizes Safran site visits. Safran also partners with the Fondation CGénial, with 107 employees giving time to take classes and give school talks about Safran's business lines (see section 5.6.3.2). In 2023, Safran opened its doors for the 12th edition of Industry Week. In partnership with non-profit organizations Elles Bougent and CGénial, many of the Group's sites welcomed middle and high school students and teachers to introduce them to the aerospace industry and promote gender balance in technical professions. Many professionals also took part in job-dating events and forums.

The Safran ambassador network also takes part in school and university forums. Safran speaks at conferences, including those of the International Aviation Womens Association, the Council of European Aerospace Societies (the Women in Aerospace Conference), and the Aviation Gender Summit organized by ICAO, and also for the Women in Aviation & Aerospace Charter in the United Kingdom. Initiatives for women in all Group companies aim to combat discrimination in all its forms: "Illuminate" in the United States, "Young Women's Day" in Mexico and "Future en Tous Genres" in Switzerland. Since 2019, Safran Helicopter Engines Brasil, through its declaration of support for a United Nations entity in Brazil – UN Mulheres – has been promoting gender equality increasing the number of young women in the technical and scientific sectors. In addition, the Safran Aerosystems Mexico City and Chihuahua teams in Mexico obtained equal employment and non-discrimination certification using a standard that is not mandatory in the country.

5.4.3.3 Equal opportunities

Social and professional integration of young people

Safran is committed to the social and professional integration of young people, offering them orientation, training or employment opportunities (see section 5.4.1.5).

A European agreement was first signed between Safran and IndustriALL in 2013. It has three main objectives:

- contribute to vocational training for young people;
- ensure capacity development and skills renewal;
- promote gender balance and equality.

In 2023, more than 43% of graduate positions in Europe were filled by young people who had completed an internship, a work-study program, academic research or an international corporate volunteer program within the Group.

Safran also participates in numerous guidance and training initiatives, notably to promote technical professions, in schools and universities or by inviting young people to its sites. Safran is a partner of Article 1, a non-profit working to build a society where academic choices and success, and professional integration are not dependent on social, economic and cultural origins. At Safran, 90 mentors are actively involved in supporting these young people (see section 5.6.3).

(1) *Indicator defined in the methodology section (see section 5.7.4).*
(2) *https://arborus.org*

Seniors

To maintain a balance between generations, the Group is committed to helping them stay in work. Safran maintains various agreements in place since 2011 and has implemented special end-of-career measures, such as work-from-home arrangements, flexible working hours and part-time work.

In 2023, Safran signed an agreement in France to strengthen the employment of experienced employees, prepare for generational renewal and ensure the transmission of skills. The agreement provides for at least 10% of people hired each year on permanent contracts in France to be aged over 50 until 2025. It also includes several measures to ensure possible professional retraining within the Group, such as career support from specialized coaches and specific training recommendations linked to professional projects. The agreement also features end-of-career adjustment measures taking employees' physical experience into account and allowing for a gradual reduction in activity to ensure a smooth transition to retirement.

5.4.3.4 Disability: inclusion and job retention

Since 2010, Safran has been running a proactive policy on the inclusion of people with disabilities, set out in a "disability" agreement applicable across all of Safran's facilities in France. The fourth Handicap agreement was kicked off in 2023. Mission Handicap, which is part of the Recruitment and Talent Development Department, is tasked with implementing this agreement and coordinating the network of more than 100 disability correspondents and liaison officers on the various sites. Their main role is to implement the disability policy in their company and site. They also play a role in supporting employees on a day-to-day basis and raising awareness among managers and within teams.

The disability policy has five main focuses:

- job retention through:
  - multidisciplinary units to study individual situations and prevent the risk of incapacity,
  - the adaptation of workspace or provision of disability compensation tools (hearing aids, etc.),
  - training for company staff who assist employees with disabilities,
  - assistance for employees with the administrative procedures involved in obtaining recognition of disability status;
- recruitment through:
  - the implementation of a process for promoting applications from people with disabilities,
  - the establishment of a disability unit to create a pool of potential candidates,
  - the development of partnerships with non-profits and specialized recruitment firms,
  - the development of partnerships with online job boards specialized in disabilities and participation in forums and fairs for the employment of people with disabilities;
- collaboration with the sheltered and adapted sector (see section 5.5.2.2) through:
  - the development of partnerships and subcontracting with organizations and services providing assistance through work. Purchasers make use of these structures whenever possible. The use of the sheltered and adapted sector is also a criterion in purchasing scoring matrices. In France, the useful revenue (total cost of labor) spent by the Group with sheltered workshops and disabled–staffed companies exceeded €3.7 million[(1)] in 2023;
- improved inclusion on sites with the rollout of the Afnor "disabled-friendly organization" compliance approach. This approach incorporates disability into all company processes. Close to 30 sites made a commitment to the process in 2023;
- training to improve the skills of people involved in disability policy (recruiters, HR, managers, IRP, etc.) on various topics, and awareness raising throughout the year to ensure an inclusive environment.

- The Group employed 2,028 disabled people in France[(2)].
- The employment rate of people with disabilities was 5.23%[(2)].

These indicators cover all employees with disabilities in France, regardless of the type of their employment contract. However, they only take into account those employees wishing to declare their disability and have it recognized, as not all employees concerned wish to do so systematically. In view of the differences in legal frameworks in different countries, Safran's data are not consolidated worldwide.

In addition, certain initiatives with a broader social focus, carried out directly by the sites or by the Safran foundations, promote the professional and social integration of people with disabilities, see section 5.6.3.1.

(1) Amount in the process of being validated at the time of publication of this document.
(2) The employment rate is calculated each year for the previous year.

5.4.3.5 Indicators – Diversity

All of the indicators mentioned below relate to a Group scope unless otherwise stated.

	2021	2022	2023
INTEGRATION OF YOUNG PEOPLE ON TRAINING			
Number of interns – Europe	2,037	2,364	2,576
Number of work-study trainees (including apprentices)(1) in Europe	3,512	4,090	4,751
Number of PhD students(1) in Europe	232	271	255
Number of young people on international corporate volunteer programs in Europe	21	28	48
DIVERSITY AND EQUAL OPPORTUNITIES			
% of women employees	27.9%	28.5%	29.3%
% of women hires	31.3%	34.4%	36.9%
% of women managerial-grade employees (Managers & Professionals)(1) among total managerial-grade employees (Managers & Professionals)	25.1%	25.7%	26.2%
% of women among senior executives(1)(4) **[AR]**	15%	17.1%	19.5%
% of women on the Group Executive Committee	11%	16.7%	26.3%
% of women on the Company's Board of Directors(2) (see section 6.2.4.2)	42.86%	46.15%	41.67%
Number of disabled workers – France	2,155	2,028	2,028(3)
Employment rate of workers with disabilities (France agreement scope(1)(3)	5.23%	5.25%	5.23%(3)

(1) Indicators defined in the methodology section (see section 5.7.4).

(2) Excluding Directors representing employees and Directors representing employee shareholders as provided for under French law (see section 6.2.4.2).

(3) The number of people with disabilities and the employment rate are calculated each year for the previous year.

(4) [AR]: indicator audited voluntarily to the higher level known as "reasonable assurance".

5.5 ETHICS, RESPONSIBLE PURCHASING AND THE ENVIRONMENT: EMBODY RESPONSIBLE INDUSTRY

EMBODY RESPONSIBLE INDUSTRY

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

- Uphold the highest standards of ethics
- Strengthen responsible practices throughout the supply chain, and support our suppliers
- Respect the environment and natural resources

To "Embody responsible industry", Safran is committed to demonstrating exemplary ethics, providing safe equipment, engines and services, strengthening responsible supply chain practices, supporting its suppliers, and preserving the environment and natural resources.

5.5.1 Uphold the highest standards of ethics

5.5.1.1 Safety of products and services

Aviation safety has always been an absolute Group-wide priority for Safran. Aviation safety is the responsibility of all Group employees. As a leading global aerospace industry player, Safran places great importance on safety, as the lives of passengers, crew and those on the ground under flight paths depend on it. Safran reasserts its commitment to assuring all its stakeholders that the products and services it supplies to its customers are safe, an imperative that influences everything Safran does. It is applied across the entire company.

This commitment is expressed in the Group's aviation safety and quality policies and falls within the scope of the Group Quality Department, which is overseen by the EVP Industrial, Purchasing and Performance, who is a member of the Executive Committee. The Group's Quality Management System (see section 1.7), Safety Management System (SMS), and Enterprise Risk Management (ERM) set-up (see section 4.3.1.1) are geared to this purpose.

Aviation safety considerations are factored into the design phase of products and services, and are adapted to all phases of the product life. The safety management system meets international regulatory and industry requirements, enabling the Group to continuously improve aviation safety through procedures and tools designed to compile and manage safety risks with a reactive, preventive and proactive approach. It facilitates the integration of feedback into company processes. To accelerate the consolidation of the aviation safety culture, the network of SMS liaison officers creates training courses and tools shared among all companies. Awareness-raising and training sessions are gradually being rolled out to all Group employees. Safran also offers training and awareness-raising sessions to its suppliers.

In addition, any employee, occasional or external collaborator, customer or supplier can report any deviation or unusual or non-compliant situation through the various channels set up by each company, or through the Group's aviation safety whistleblowing channel, aviationsafety@safrangroup.com.

Safran participates in the French Aerospace Industries Association (GIFAS) Quality Commission and also takes an active role in work carried out within the industry, notably through involvement in the Aerospace, Security and Defence Industries Association of Europe (ASD) and the International Aerospace Quality Group (IAQG).

5.5.1.2 Ethics whistleblowing policy, program and system

Safran's Chief Executive Officer has made an unequivocal and continuous commitment to ethics in the conduct of Safran's policies and operations as outlined in Safran's Ethical Guidelines: "To ensure that all our commitments are upheld, each and every one of us must play our part. Irrespective of our role in the Company, the entity to which we belong or the country where we work, we must all be irreproachable in the performance of our duties. No breach of ethics can be tolerated at Safran, or among any of our partners."

A policy built on the Ethical Guidelines

Safran's ethics policy is set out in its Ethical Guidelines[1], a baseline for internal policies and rules, notably including a code of conduct for the prevention and detection of acts of corruption, a charter for the prevention and management of conflicts of interest, an anti-fraud policy, responsible purchasing guidelines, a personal data protection policy and a policy on health, safety and the environment.

(1) Safran's Ethical Guidelines can be consulted on the safran-group.com website.

Employees are all required to be fully acquainted with the Ethical Guidelines, to comply with them, and to ensure that others comply with them. The Ethical Guidelines cover:

- adherence to fundamental principles (respect for laws and regulations, duty of care, respect for fundamental freedoms and human rights);
- adoption of appropriate business practices (fairness and integrity, zero tolerance for corruption and discrimination, compliance with import and export regulations, fair competition);
- promotion of honest and stringent management of information (protection and control of information);
- climate impact reduction and environmental protection (taking environmental challenges into account to ensure sustainability, combat global warming and protect the environment);
- providing an attentive ear for stakeholders: shareholders, suppliers, customers, partners and civil society.

The Compliance, Ethics and Anti-Fraud Committee

The Compliance, Ethics and Anti-Fraud Committee is tasked with supervising employee respect for the general framework governing compliance with the rules laid out in the Ethical Guidelines and any changes in the system. It is chaired by the 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, the EVP Industrial, Purchasing and Performance, the Chief Digital and Information Officer, and the Head of Group Internal Control. The Committee met twice in 2023.

Whistleblowing system

The whistleblowing system meets all legal requirements on duty of care and the French Sapin II law. It is described in our Anti-Fraud Policy and Code of Conduct. Employees who suspect that a practice or incident may be illegal or in violation of the Group's rules of business conduct have the right to notify or request guidance from their managers, the Head of Internal Control, the Head of IT Security, the Security Officer, the Head of Human Resources, the Ethics and Compliance Department, the Legal Department, the Finance Department, the Quality Department, the Audit and Internal Control Department, the Compliance, Ethics and Anti-Fraud Committee or the Group's ethical whistleblowing channel, safran@alertethic.com. They can use the alert method of their choice.

A Group-wide procedure is in place to collect and handle allegations of unethical behavior or fraud. It describes the conditions under which staff members as well as occasional or external personnel of Group companies can make a report in good faith. It also sets out a number of requirements, including:

- the collection and processing of reports follows a step-by-step process, the various stages of which are defined and traced;
- whistleblowers acting in good faith and without direct financial consideration may not be subject to any disciplinary or retaliatory measures. Their identity must be strictly protected;
- whistleblowers are kept informed of the progress of the investigation. At its conclusion, they are informed of the findings;
- all people involved in the report are presumed innocent; their identities are strictly protected;
- the information collected during the investigation of a report is kept confidential and stored in such a way as to preserve the integrity of the information gathered (secure server, restricted access). Personal data is collected and processed in strict compliance with applicable regulations;
- individuals who are the subject of a report are informed in confidence of the allegations against them to enable them to provide any evidence in their defense. They are informed of the conclusions of the investigation when it is complete;
- once a report has been processed, the conditions for archiving and destruction are defined in detail.

The organization implemented at Group level is described and formalized. The organization within tier-one entities is currently being formalized.

The issues that may be reported are:

- any fraud or attempted fraud;
- any conduct or situation contrary to Safran's code of conduct[1] for the prevention and detection of acts of corruption;
- more broadly, any serious and manifest violation of applicable laws and regulations, notably those bearing on human rights and fundamental freedoms, including discrimination of any kind, issues relating to health, personal safety and the environment, as well as any violations relating to the duty of care in respect of suppliers or a threat or serious prejudice to general interest.

The various channels for reporting fraud or unethical behavior include the secure and multilingual email address, safran@alertethic.com, which can be used to file, anonymously or openly, any good faith report of a breach of the principles enshrined in the Group's Ethical Guidelines. It is available to all – employees as well as external and occasional employees, customers and suppliers. The collection of alerts is managed by an external and independent third party.

In 2023, Safran received 56 reports through this system (20 from external or anonymous whistleblowers and 36 from internal whistleblowers):

- after their initial characterization, 21 reports were qualified as beyond scope and closed;
- 26 reports concerned HR matters (allegations of inappropriate behavior or behavior non-compliant with Safran rules and values). After analysis and investigation, action was taken in six cases, 18 cases were closed without action, and two are under investigation;
- seven reports concerned alleged fraudulent behavior: action was taken in one case, four cases were closed without action, and two are under investigation;
- two reports relate to allegations of non-compliance with anticorruption rules: one was held to be unfounded after investigation, the other is under investigation.

(1) The Safran Code of Conduct is available on www.safran-group.com.

5.5.1.3 Business ethics and prevention of corruption risk

Safran ensures that its activities are conducted with high standards of honesty, integrity and professionalism that are consistent with the highest international standards of business ethics, promoted by the International Forum of Business Ethical Conduct (IFBEC), which includes the world's major international aerospace and defense companies. The Group believes that responsible business management helps preserve its reputation and contributes to the competitiveness and attractiveness of the organization. Safran sees corruption as a serious risk, and addresses it by backing up its anticorruption policy with appropriate governance and processes. Safran is at the forefront of the fight against corruption, participating in initiatives led by national and international professional bodies such as the French Aerospace Industries Association (GIFAS), the French Employers' Federation (Medef), the IFBEC and the European Business Ethics Forum.

In 2023, Safran's anticorruption program was certified ISO 37001 in recognition of the quality of its anticorruption management system. Safran SA, Safran Aerosystems, Safran Electrical & Power, Safran Landing Systems, Safran Seats and Safran Transmission Systems were certified.

Policy of zero tolerance of corruption

Safran's policy for the prevention and detection of corruption risks is based on the principle of "zero tolerance" for any corrupt practice.

Commitment of the Executive Management and company CEOs

The Board of Directors, its Chairman, the Chief Executive Officer and all members of the Group Executive Committee have pledged, for themselves and on behalf of their employees, to be exemplary in their behavior. Maintaining business integrity and refusing all forms of corruption are non-negotiable, even if it means losing contracts and revenue. This is the only way for the Group to secure its sound, sustainable growth and retain the trust of its stakeholders. This commitment involves:

- the monitoring of corruption risk and the anticorruption program by the Board of Directors' Audit and Risk Committee;
- a representation letter on integrity and the fight against corruption, signed each year by the CEOs of all Group entities, CEOs ensure that the letter is also signed by their subsidiaries;
- a half-yearly presentation of anticorruption issues to the Group Executive Committee;
- regular updates of the situation in the various entities with the Chief Executive Officers of each tier-one entity.

A robust corruption risk prevention and detection program

The program's aim is to instill a Group-wide culture of honesty, as laid out in Safran's Ethics Guidelines, and to see that every employee embraces exemplary conduct in this regard.

It integrates all the requirements of international conventions and national regulations applicable to its activities, including the requirements of the Sapin II law. It comprises a series of standard operating procedures applied by each subsidiary in accordance with local legislation applicable to its organization, products and markets. It is also proposed to the Group's minority-owned affiliates.

The program thus addresses two main concerns: (i) promoting responsible behavior among management and employees, and (ii) protecting Group assets through risk management. It is based on the following pillars:

- **Anticorruption pillar no. 1 – Leading by example: "Tone at the Top"**

  The anticorruption commitment is led by Safran's management and companies.

- **Anticorruption pillar no. 2 – Dedicated organization**

  The anticorruption organization is overseen by the Group Ethics and Compliance Department, which reports to the Group's Corporate Secretary, member of the Executive Committee and Chair of the Compliance, Ethics and Anti-Fraud Committee, who in turn reports to the Chief Executive Officer. A network of Trade Compliance Officers (TCOs) implements the anticorruption program throughout Safran SA, its tier-one entities and operationally-managed subsidiaries. The TCOs work with Trade Compliance Managers or Correspondents (TCMs or TCCs), appointed in each of their company's subsidiaries or divisions.

- **Anticorruption pillar no. 3 – Corruption risk maps**

  Corruption risk maps are integrated into the Group's consolidated risk map (see sections 4.1.1 and 4.3.2.5) and cover the operational corruption risks to which the Group and all its subsidiaries are exposed. They also reflect the level of maturity of contributors to the analysis, processing and in turn control of such risks.

  As stated in section 4.1.1, all of the Group's central corporate departments and the tier-one entities review their exposure to corruption risks at least once every six months. Corruption risk maps are updated accordingly and form the basis of risk consolidation work for the Group's consolidated risk map. The work of identifying, mapping and addressing corruption risks serves to determine areas for improvement, prepare training and prevention plans and implement the controls needed to fight corruption.

  Lastly, the back-testing required by the Enterprise Risk Management (ERM) system (see section 4.1.1), the results of second level controls and the annual internal and external audits contribute to the continuous improvement of these systems. The demands of the anticorruption program are aligned with the most rigorous international standards: US Foreign Corrupt Practices Act, UK Bribery Act, OECD Convention, the French Sapin II law, the tenth principle of the United Nations Global Compact, and ISO 37001.

- **Anticorruption pillar no. 4 – Risk prevention and detection program**

  The program comprises a procedure setting out the roles and responsibilities of the various players, the methodology for mapping corruption risks, and the program components: prevention, detection, control and disciplinary measures:

  - **a code of conduct for the prevention and detection of acts of corruption** defines and illustrates the various types of behavior that are prohibited because they could be construed as corruption, based on the risks identified in the risk mapping. It is integrated into all the entities' internal rules and welcome packs, and is applicable to all employees;
  - **a guide to assessing the integrity of third parties** sets out the rules to be applied in assessing the various categories of third parties according to criteria common to all Group companies and adapted to the risk level of each third party. All business partners of Group companies are systematically subject to internal and external due diligence and validation by the Ethics and Compliance Department. The procedure includes approving, managing and monitoring lobbyists, who must comply with Safran's responsible lobbying guidelines[1]. In 2023, the assessment process for high-risk third parties was digitalized;
  - **a guide and reference framework for anticorruption accounting controls** set out the methodology for identifying, implementing, reinforcing and formalizing anticorruption accounting controls (first and second level), to ensure that the level of control is appropriate in light of the issues and risks identified;
  - **the procedures for gifts and hospitality** and other sponsorship expenses given to or received from customers, suppliers and other stakeholders, as well as the corporate **patronage charter**, are designed to avoid any violation of current legislation or any potential conflict of interest. A digitized register of gifts, hospitality and sponsorship expenses is made available to all employees, allowing them to self-declare any benefit offered or received, regardless of its value.

Anticorruption is also an integral part of procurement practice:

- an ethics clause is included in Safran's general purchasing and sales conditions;
- intellectual services to be subcontracted are systematically subject to the written opinion of the Trade Compliance Officer (TCO) of the company concerned;
- Safran's responsible purchasing guidelines[2] incorporate the terms of the IFBEC Supplier Model Code of Conduct for the aerospace and defense industry (see section 5.5.4.2).

- **Anticorruption pillar no. 5 – Information and training program**

  Regular and appropriate information is distributed to all members of the Group Executive Committee, the executive management teams of the Group companies and all employees directly or indirectly involved in preventing corruption risk. A variety of tools are used to promote a culture of corruption prevention within the Group, including a fortnightly anticorruption "observatory", a weekly business ethics newsletter, and specific country regulation reviews.

  International Anticorruption Day is an opportunity to mobilize all members of the Ethics and Compliance network on the fight against corruption.

  Training dedicated to the prevention of corruption risk is mandatory for all senior executives, all people in the Group exposed directly or indirectly to the risk of corruption, as well as for new hires among managerial-grade staff or those belonging to the target populations. Senior executives and exposed people must complete the training each year. E-learning is offered. It features a core model, 14 specific business modules and a relevant knowledge test. In 2023, buyers and sellers received face-to-face training. The management committees of Safran subsidiaries are also briefed each year. These courses are designed to give every employee concerned adequate knowledge of regulations applicable to his or her activities and a full understanding of Group procedures and how to apply them in performing his or her duties.

  The compliance training policy was reviewed in 2022, with a new organization and the pool of people to be trained expanded by more than 35%. In 2023, 85% of senior executives and employees exposed or affected received anticorruption training, including 100% of senior executives[3].

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- **2025 objective #9:** 100% of senior executives and exposed or affected employees[4] trained in anticorruption.

- **Anticorruption pillar no. 6 – Control and monitoring of procedures**

  Safran has a control framework for its corruption risk prevention and detection program. As part of its due diligence, the Audit and Internal Control Department conducts annual management audits of entities; they systematically include work on ethics verification and trade compliance.

- **Anticorruption pillar no. 7 – Internal alert system (see section 5.5.1.2)**

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(1) Available on www.safran-group.com.
(2) Available on www.safran-group.com.
(3) The compliance training policy was reviewed in 2022, with a new organization and the pool of people to be trained expanded by more than 35% (from more than 4,000 to more than 6,300 people). In 2023, 85% of senior executives and employees exposed or affected received anticorruption training, including 100% of senior executives. The scope covered nearly 5,500 exposed or affected employees. In 2023, following the introduction of MOOCs in 2022, employees were required to take a quiz to check their knowledge. In addition, new hires concerned by or exposed to the risk of corruption are systematically required to complete digital training.
(4) Exposed or affected employees in the Purchasing, Human Resources and Labor Relations, Legal, Finance, Audit and Internal Control, Ethics and Compliance, Commercial, Programs, Risk and Insurance and Communications departments.

5.5.1.4 Complying with export control laws, and sanctions and embargoes

As stated in its core purpose, Safran "designs, builds and supports high-tech solutions to contribute to a safer world". Safran buys and sells "dual-use" components, equipment and technologies (i.e., those that can be used for both civil and military purposes) in more than 30 countries to protect the interests of France, its allies and the European Union. Safran accordingly complies with all applicable export control regulations for military equipment, dual-use products and civilian equipment, and related technologies and services. Safran is particularly committed to combating the proliferation of conventional weapons, weapons of mass destruction and their means of delivery, with the purpose of preserving domestic and international security.

Safran has set up a global organization and is constantly strengthening its internal measures and procedures. The Group Export Control and Customs Department reports to the Group General Secretary, Chair of the Ethics, Compliance and Anti-Fraud Committee, who is a member of the Group Executive Committee. The system is implemented by a worldwide network of more than 400 experts and correspondents. A Group Export Control Committee also meets at least twice a year. It includes the Head of the Group Export Control Department and the Export Control managers of the main Group companies and departments. It allows for an exchange of information on the progress made, difficulties encountered and risks identified, the implementation of joint improvement actions and the sharing of information on the latest regulatory developments.

Compliance with regulatory requirements

The Group takes into account changes in the global geopolitical environment, which may result in export restrictions to countries, legal entities or individuals. Safran analyzes said changes to determine their impact on its companies' operations and ensure compliance with all requirements. It adheres scrupulously to all restrictive measures, particularly those imposed by Europe and the United States, applicable to its operations and financial transactions. Safran requires the same compliance from its suppliers through its responsible purchasing guidelines (see section 5.5.4.2). Regarding international trade, Safran also ensures compliance with applicable customs laws, and takes the most appropriate measures to guarantee the smooth running of its international operations.

As regards the Russo-Ukrainian conflict, Safran is complying with the international sanctions imposed on Russia, particularly those of the European Union and the United States of America. The sanctions notably apply to aerospace activities and products. In application of these sanctions, Safran has stopped all activities in Russia (see section 4.3.2.1). Safran is particularly attentive to the risk of sanctions evasion by entities in third countries, and has adopted the necessary verification measures.

- Safran complies with all laws and international agreements signed in each of the countries where it operates, including but not limited to the Treaty on the Non-Proliferation of Nuclear Weapons, the Convention on Cluster Munitions, the Anti-Personnel Mine Ban Convention, the Wassenaar Arrangement, the EU Common Position on Arms Exports and the Arms Trade Treaty;
- Safran is committed to applying for any governmental authorization that may be required to transfer and export defense-related products, and to comply with all conditions and caveats associated with such licenses.

Safran is not involved in any business related to the production of anti-personnel mines, cluster munitions, chemical and biological weapons, blinding lasers, autonomous lethal weapons systems, depleted uranium munitions or white phosphorus weapons.

Internal compliance program

To take into account the risks associated with export control activities (see section 4.3.2.1), Safran has established a system aimed at ensuring strict compliance with all export control regulations and laws in all Group companies worldwide. The system has been specifically adapted for Safran subsidiaries in the United States to comply with US regulatory requirements, such as the International Traffic in Arms Regulations (ITAR), the Export Administration Regulations (EAR) and all restrictive measures imposed by the Office of Foreign Assets Control (OFAC).

The export control arm of Safran's internal compliance program is based on:

- **the identification of product export restrictions**, including transactions with countries and companies subject to sanctions or embargoes. Safran provides all of its employees with a tool to assess the compliance of operations and financial transactions involving countries, legal entities and individuals subject to sanctions or embargoes, and to obtain a better understanding of regulations. Prospective transactions are systematically subject to an analysis of export controls and the compliance of financial flows by the relevant Group company, and are then approved or rejected by the Group Export Control Department and the Group Finance Department. Internal procedures were strengthened with the implementation of compliance commitments, awareness-raising on sanction circumvention risks, and a dedicated system for automatic verification of partners' shareholdings;
- **management of export authorization and license applications;**
- **compliance with the terms and conditions of the licenses granted;**
- **identification and protection of controlled technologies;**
- **training, exchanges of good practices and awareness-raising** for the employees concerned: training and awareness-raising by the companies, the Group departments concerned and by Safran University (via a dedicated MOOC), distribution of information notes, dedicated space on the intranet site with a directory of export control network correspondents;
- **three-yearly reviews** of the maturity of the control program of the companies and Group departments concerned by an external service provider, internal control points by the Audit and Internal Control Department, and one-off audits;
- **a comprehensive twice-yearly risk review;**
- **treatment of non-compliance with applicable regulations:** Safran ensures that its companies detect, assess and report any cases of non-compliance. The companies inform the relevant authorities of each identified case and take every precaution to prevent similar cases from recurring in the future;
- **application of the compliance standard by each company:** Safran SA and all tier-one entities are responsible for ensuring the implementation and effectiveness of the control program in their own subsidiaries.

2023 KEY EXPORT CONTROL FIGURES:

- 0 penalties on disclosures closed by authorities in 2023.
- 6,299 senior executives and exposed or affected employees[1] trained in export control.

To improve understanding of national and international regulations, and proper application of them, Safran participates in a variety of working groups with public authorities and trade associations, such as the French Aerospace Industries Association (GIFAS), the Aerospace, Security and Defence Industries Association of Europe (ASD), the French employers' federation (Medef) and Business Europe. Safran chairs the GIFAS working group on French export control regulations and co-chairs the working group on foreign regulations. Lastly, Safran co-chairs the working group on international regulations with the French Directorate General of Weapons Procurement (DGA).

5.5.1.5 Tax compliance

In accordance with its Ethics Guidelines, Safran is committed to adopting the highest standards of tax compliance, namely the fight against fraud and tax evasion. In its tax policy, which is available on its website, Safran undertakes to:

- fully adhere to tax compliance and anti-tax evasion legislation in force in all countries where the Group operates;
- cooperate openly with the various tax authorities and disclose all the information they need to perform their reviews.

The tax function, headed by the Group Chief Tax Officer, works directly under the Chief Financial Officer, who is a member of the Group Executive Committee. A dedicated tax team deals with the Group's operations. Tax processes are reviewed annually through the global risk management process (see section 4.1).

The Group works proactively with tax authorities. Safran complies with the international tax principles set by the Organization for Economic Cooperation and Development (OECD): "Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations". Safran thus ensures that its intra-group transactions comply with the arm's length principle, declares its reporting on a country-by-country basis in accordance with Action 13 of the Action Plan on Base Erosion and Profit Shifting, and discloses the breakdown of its taxes and duties by major geographic area on its website.

5.5.1.6 Protecting personal data and privacy

The Group ensures that its business is conducted with respect for privacy and the protection of the personal data of its employees and contacts (customers, prospects, suppliers, partners, applicants, etc.). The compliance of Safran's personal data protection system is built on three pillars:

- **a Group policy**, which provides a framework for the governance and organization of personal data protection.

  Safran's personal data protection organization comprises a Group Data Protection Officer (DPO), DPOs in the tier-one entities, country correspondents and local correspondents for the Group's major sites. This network circulates procedures (rights of individuals, management and notification of personal data breaches, register of processing activities transferred outside the European Union), raises awareness among internal players and coordinates the compliance of activities and processes involving the processing of personal data.

  In the event of change in the Group's personal data protection policy, the new version will be made available to the people concerned, on the Group website;
- **an internal standard comprising procedures** aimed at implementing European and international regulations (and any developments therein) on personal data protection, including the binding corporate rules (BCR) that govern the transfer of personal data between the Group's international subsidiaries;
- **harmonized tools** to ensure accountability[2] and the principles of privacy by design and by default.

The Group is thus continuing to develop its compliance system through:

- awareness-raising for Group employees through e-learning and ad hoc sessions (IT, HR, etc.), and signature of an annual representation letter by the CEOs of the tier-one entities;
- reinforcement of the application of the principles of privacy by design and by default through the performance of compliance reviews and annual compliance audits by the DPO;
- transparency with regard to data subjects, mainly through access to Safran's personal data protection policy and BCR controllers on the Group's website.

In addition, through its responsible purchasing guidelines (see section 5.5.4.2) and the personal data protection clauses in its contracts, Safran also requires the same compliance from all suppliers with which personal data is shared.

(1) *The employees exposed or affected are mainly from the Purchasing, Sales, Aftermarket, Programs, Technical and Industrial departments.*
(2) *Accountability is the obligation for companies to implement internal mechanisms and procedures to demonstrate compliance with data protection rules.*

5.5.2 Strengthen responsible practices throughout the supply chain, and support our suppliers

5.5.2.1 The Group responsible purchasing policy

The Purchasing Department is the main intermediary through which Safran extends its CSR commitments through to its approximately 14,000 significant suppliers[(1)]. It comprises three entities: the Group Purchasing Performance Department, the Non-Production Purchasing Department, and the purchasing departments of tier-one entities in charge of bill of materials (BOM) procurement. There are approximately 1,600 purchasing employees across the Group's various geographic locations.

In 2023, total purchases amounted to more than €14.1 billion[(2)], or nearly 63% of Group revenue.

Nearly 48% of the purchase volume[(3)] was sourced from suppliers based in France, reflecting its industrial footprint, and close to 82% of the volume made in France was from French micro-businesses, SMEs and intermediate-sized enterprises.

In 2023, responsible purchasing governance was strengthened with the appointment of a CSR Purchasing Director and Deputy Director. Safran's responsible purchasing policy is geared towards the Group's objectives of operational excellence and competitiveness, and strengthens responsible practices and innovation capacity throughout the production chain. It is consistent with the Group's industrial policy and complies with the Group's Ethical Guidelines and CSR strategy. Through its responsible purchasing guidelines and its support for suppliers, particularly on issues such as decarbonization, it contributes to relaying the Group's CSR commitments.

The aim of the responsible purchasing policy is to award business to suppliers that meet Safran's demanding ethical, social and environmental requirements, along with the challenges on health and safety, competitiveness, and the rules applicable to aerospace and defense markets. Safran favors long-lasting, balanced and mutually beneficial relationships.

The responsible purchasing policy involves constant collaboration with and between Group companies: all Group buyers apply the purchasing process set out in One Safran; there are internal progress plans and a training program; and the Procure to Pay (P2P) system ensures that suppliers and subcontractors are paid on time.

Responsible purchasing is part of our duty of care (see section 5.5.4.2).

2023 KEY FIGURES:

- 72% of purchases made from suppliers that have signed the Safran responsible purchasing guidelines[(4)]. **[AR]**

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- **2025 CSR objective #11:** 80% of purchases made from suppliers that have signed Safran's responsible purchasing guidelines[(5)(6)].

5.5.2.2 Actions to integrate the CSR strategy into purchasing and address the climate challenge

The scoring matrix used in the tendering process includes the following CSR criteria: maturity of the decarbonization approach, product carbon footprint, commitment to responsible purchasing (signing of the charter or CSR program), and the percentage of employees with disabilities on the payroll. The matrix is formalized in a Group process.

To address the challenge of climate change, since 2022, Safran has decided to extend its decarbonization approach to its 400 main suppliers, those that contribute the most to its carbon footprint, in order to encourage them to reduce their greenhouse gas emissions. Each of these suppliers must complete a maturity questionnaire and submit a decarbonization action plan. As part of this approach, the Group organized a second Safran Supplier Day and a first edition of the Decarbonization Challenge during the Paris Air Show in June 2023. Three suppliers were rewarded for their decarbonization innovations. Online training is available for suppliers, including a tool for calculating GHG emissions and another for setting emission reduction targets. To support this approach internally, online low-carbon training is provided to buyers to give them the experience and tools to support suppliers.

In 2023, Safran continued to assess the maturity of its 400 biggest suppliers by surveying them on their decarbonization strategy. 98% of suppliers responded to the survey, enabling Safran to classify them based on three levels of maturity:

- 90% of suppliers have undertaken a decarbonization process;
- 40% have set Scope 1 and 2 reduction targets;
- 22% have implemented action plans including certain Scope 3 categories.

This approach will continue in 2024.

[AR]: indicator audited voluntarily to the higher level known as "reasonable assurance".

(1) Safran works with 25,179 suppliers, of which 13,896 generate annual purchase volumes exceeding €10,000.

(2) The purchasing indicators are based on purchases managed by Safran, i.e., €11.3 billion, and not on all of the Group's purchases, which also include purchases related to administration and partners.

(3) This purchase volume corresponds to the volume managed by the purchasing organization; it excludes purchases related to partners and public authorities.

(4) Or have equivalent responsible purchasing guidelines of their own (see section 5.7.4).

(5) Methodology for calculating the indicator mentioned in section 5.7.4.

(6) New name for the Responsible Supplier Relations Charter in 2021.

Safran is also committed to strengthening partnerships with disabled-staff companies and organizations and services providing assistance through work. The ambition to further develop collaboration with the social economy is supported by the Group Disability Agreement (see section 5.4.3.4). In 2023, Safran spent more than €3.7 million with disabled-staff companies and organizations and services providing assistance through work[(1)].

In addition to the above actions on integrating the CSR strategy into purchasing, buyers can also be trained on responsible purchasing. 61% of Safran buyers completed the training in 2023.

5.5.2.3 Quality supplier relationships

Safran has been a signatory to the Sustainable Procurement and Supplier Relations Charter of the French Ministry of the Economy, Finance and Industry since 2010[(2)], obtaining the corresponding label in 2017. In 2020, its Sustainable Procurement and Supplier Relations Label was renewed for a further three-year period. Its renewal is scheduled for 2024. The label is awarded by the French Business Mediation Service and the National Procurement Council and recognizes companies demonstrating sustainable and balanced relationships with their suppliers. It is aligned with the ISO 20400:2017 Sustainable Procurement guidelines. As an alternative method of preventing and resolving disputes smoothly and advantageously to both suppliers and Safran, the Group appointed an internal mediator to handle interaction with Safran suppliers and companies.

- Safran's responsible purchasing maturity level, with respect to ISO 20400:2017 Sustainable Procurement, has been assessed as "mature" (level 3 out of 4, the fourth level being the "leading" level).

5.5.2.4 Support for suppliers and the aviation, defense and space industry

The aerospace industry is facing a twofold challenge: an unprecedented increase in production rates against the backdrop of a global recovery in air travel, and the need to decarbonize this sector, an objective that requires a significant mobilization of all stakeholders.

Industry-specific relief fund

Safran participates in several aerospace relief funds. Since 2020, Safran has invested €58 million in the **Ace Aéro Partenaires** fund set up under the French aerospace industry support plan. The Group also continued Aerofund I, Aerofund II and Aerofund III investment initiatives underway since 2004. In this way, the Group contributes to the financing of SMEs and ETIs, helping them to undertake major transformations, including decarbonization. Strengthening its suppliers' financial structures is a means for the Group to secure its supply chain while promoting the emergence of more robust and competitive intermediate-sized companies that can expand in the global marketplace when the crisis ends.

Suppliers crisis support unit

To deal with the economic crisis and its repercussions on the aerospace industry, (namely rising raw materials, energy and labor costs), as well as capacity constraints in the supply chain, Safran has set up a support unit to help its strategic suppliers. Its purpose is to:

- identify the suppliers most at risk, with a potential impact on the Group's businesses;
- establish a dialogue with those suppliers in order to understand the impact of the crises on them and their ability to sustain their business;
- examine alongside the suppliers possible local government aid;
- direct them towards longer-term and structural solutions such as backing from other industry players and investment funds in cases where standard measures are insufficient.

This approach is carried out in coordination with the public bodies that can offer aid, as well as with other contractors (Airbus, Dassault Aviation, Thales) within the framework of GIFAS when the supplier is shared, and can result in proposals for consolidation with the "Ace Aéro Partenaires" fund.

Closer links with suppliers in the sector

Since 2020, Safran has been a signatory to the charter of commitments on customer-supplier relationships within the French aerospace industry through the French Aerospace Industries Association (GIFAS). The Group is accordingly reinforcing its responsible purchasing approach in the French supply chain and reaffirming its use of mediation.

Safran is involved in a number of bodies and initiatives aimed at supporting the aerospace industry, which includes many SMEs, intermediate-sized businesses and startups. The Group is committed to supporting the development of its suppliers by helping them make progress on key challenges such as innovation, digitalization and cybersecurity.

Since 2010, Safran has been a member of the *Pacte PME* association and sits on its Board, in a commitment to strengthening ties between SMEs and large accounts, to supporting the development of French SMEs, and particularly to helping innovative companies get off the ground and grow. Through *Pacte PME*, Safran contributes to the Destination ETI program designed to help SMEs modernize. At the end of 2023, a new *Pacte PME* survey, entitled *Baromètre Pacte PME 2023*, was launched, focusing in particular on the various dimensions of the relationship between Safran and French SMEs. Its results will be released in 2024.

(1) Amount in the process of being validated at the time of publication of this document.
(2) New name for the Responsible Supplier Relations Charter in 2021.

Safran is also a signatory to a bilateral agreement with the Ministry of the Armed Forces as part of the SME Action Plan. This plan aims to improve SMEs' access to defense procurement contracts, establish a balanced partnership with its suppliers and subcontractors, support SMEs in their international expansion, thereby consolidating the Defense Industrial and Technological Base (DITB) and preserving France's sovereignty. In 2023, an evaluation conducted by the French Ministry of the Armed Forces and the French Directorate General of Weapons Procurement (DGA) with the various aerospace and defense manufacturers praised Safran's action during 2021 and 2022. It highlighted the remarkable level of monitoring and support for the most critical companies in the field of cybersecurity. Safran's active communication with SMEs was also highlighted in terms of innovation, its open approach to integrating startups and the use of some of the shortest payment terms in its contracts. However, Safran has taken into account the areas for improvement identified.

Safran sat on the steering committee for the GIFAS "Industrial Performances 1 and 2" and "Industry of the Future" programs, which aimed to improve performance and competitiveness in the aerospace industry. More than two-thirds of participants were Safran suppliers. They have made it possible to usher in new 4.0 technologies and successfully support the sector's transformation. An investment of €23.5 million financed in equal parts by the French government, regional authorities, GIFAS and suppliers, has benefited 246 French suppliers (SMEs and intermediate-sized enterprises). Most of these suppliers have been able to invest in state-of-the-art industrial equipment.

In 2023, Safran made a significant contribution to defining and rolling out an international framework for operational excellence aimed at the entire aerospace and defense industry. The Aero Excellence framework brings together the best practices and standards in industrial performance to help players in the sector face future challenges and boost their competitiveness.

It covers three themes – operational excellence, environment, and cyber security – across all operational activities from industrialization to repair activities. It allows companies to self-diagnose their level of maturity (bronze, silver or gold) in relation to industry best practices and then commit to a continuous improvement process. Aero Excellence is organized by GIFAS.

Lastly, the Group is a founding member of Space, a body dedicated to improving the performance of French SMEs in the aerospace industry. Safran plays an active role each year by sharing its proven methodologies and assisting in the implementation of new systems for SMEs.

Fostering innovation

Innovation throughout the supply chain is a source of added value for Safran and contributes to customer satisfaction. Safran is also developing a collaborative innovation approach with its suppliers. Regular reviews are organized with strategic suppliers to discuss innovation and share technology roadmaps.

Safran also contributes to the development of startups through its investment fund, Safran Corporate Ventures. Its mission is to develop and accelerate innovation cooperation between the Group's companies and startups. Safran Corporate Ventures accordingly puts a particular focus on the challenges of decarbonization, digitalization and New Space. Such arrangements can go as far as taking minority stakes in the capital of certain strategic startups. Startups have the opportunity to become Safran suppliers. As such, more than 30 cooperation agreements were signed in 2023 between these startups and Group companies. In addition, a support program and business accelerator have been set up (see section 5.6.2.2).

5.5.2.5 Conflict minerals

Although Safran only buys processed products, it is highly vigilant with regard to the origin of the minerals used in certain purchased products such as tin, tungsten, tantalum and gold. Purchasing volumes including such minerals are low. Safran complies with applicable laws and regulations, including the European T3G regulation, in force since January 1, 2021 (also known as the Conflict Minerals Regulation), and US regulations under the Dodd-Frank Act, to ensure that the minerals it uses do not come from conflict zones.

Safran requires its suppliers to commit to its responsible purchasing guidelines, which demand compliance with applicable laws and regulations regarding the sourcing of minerals. It requires them to establish a policy allowing them to reasonably guarantee that minerals purchases do not serve to fund, directly or indirectly, armed groups whose activities are contrary to human rights. They must also exercise due diligence in choosing the source and ensuring the traceability of minerals, and in turn impose the same requirements on their suppliers.

In addition, Safran identifies any suppliers that may use such minerals, and vets their commitments and internal policies by means of a three-yearly campaign using the Responsible Minerals Initiative's Conflict Mineral Reporting Template (CMRT).

5.5.3 Respect the environment and natural resources

The transition to sustainable aviation is a priority for Safran. In its environmental dimension, that means developing business without undermining the capacity to renew natural resources or the proper functioning of ecosystems. With a determination to lead by example in its development and production methods and throughout its value chain, Safran pays particular attention to reducing the environmental impact of its operations and products.

Safran has chosen to focus on four areas of meaningful improvement for its businesses and products:

- chemical risk (limiting the use of dangerous substances);
- noise (limitation of noise pollution);
- depletion of natural resources (reducing the use of natural resources, reusing waste in production, repairing, reusing and recycling products and waste);
- energy consumption (see section 5.3).

5.5.3.1 The adoption of eco-design principles

Safran applies eco-design practices to reduce the environmental impact of its products. For Safran, eco-design is a key factor in the systemic management of product-related environmental issues. Other eco-design objectives include:

- anticipation of changes in regulatory requirements and shifts in stakeholder, especially customer, expectations;
- inclusion of environmental criteria in technological innovation choices;
- stimulation of synergies within the Group, particularly across subsidiaries handling the same product.

In 2015, eco-design principles were introduced through an environmental management approach that is included in the eco-design standard, which is part of the HSE Guidelines. This standard ensures compliance with the ISO 14001 requirements. For example, eco-design activities are being implemented in Group companies to improve the environmental performance of certain civil and military products. Life cycle assessments (LCA) are carried out on certain products to gain a better understanding of their environmental impact and identify the most relevant areas for improvement.

A plan to transform eco-design activities was launched in 2023. Bringing together the Group Sustainable Development Department and the Group Strategy, Technology and Innovation Department, its main goals are to:

- establish Group governance for eco-design activities, notably through a network of liaison officers within the various companies;
- improve employee skills through training and awareness-raising;
- develop common methodologies and tools for environmental assessment and the implementation of eco-design practices.

This transformation plan will be implemented to ensure consistency and complementarity with other environmental approaches (climate, circular economy, hazardous substances, etc.).

In addition, the Materials and Processes Unit of the Strategy, Technology and Innovation Department will use its pivotal position in eco-design decision-making to ensure that eco-design requirements are taken into account in all decisions regarding the development of new materials and processes. Tools have been developed to carry out these environmental assessments and to use the findings to propose areas for improvement and associated solutions. The approach takes into account the degree of knowledge available at each stage of development; eco-design requirements are intended to be adapted and phased in.

Safran is actively involved in the European Clean Aviation project, contributing to a number of eco-design technology demonstrators.

5.5.3.2 Responsible management of chemical substances

Safran aims to limit the use of substances of concern on health and environmental grounds in all of its operational activities. The challenge is twofold: reduce the risks associated with the use of chemical products throughout the life cycle of Safran products, and anticipate the risks of regulatory obsolescence, notably those associated with the REACH regulation, so as to guarantee the sustainability of the business. Employees, residents living near sites and consumers all have high expectations in this area, as do customers.

The responsible management of chemical substances involves a cross-functional approach calling on several Safran departments and various businesses. It brings together a network of correspondents identified within each company, coordinated at the Group level. Substances Committee meetings are organized quarterly to ensure overall progress and set strategic guidelines. The committee brings together the Industrial, Purchasing and Performance, Programs, Technical, Materials and Processes, Product Environment and Health, Safety and Environment departments.

Safran has rolled out a responsible management approach for chemical substances, based on three principles: anticipate regulatory requirements, substitute and control. The Group accordingly conducts strategic monitoring of substances so as to identify those that pose the greatest risk as early as possible and to draw up an appropriate strategy. Any technical work needed to identify alternative solutions is coordinated at Group level, before being brought up to industrial scale within each company, in partnership with suppliers, subcontractors and customers. Residual risks that could not be eliminated through anticipation and substitution work are managed in accordance with the provisions of the Group’s Health, Safety and Environment guidelines.

This organization has enabled the identification of regulatory and commercial risks related to per- and polyfluoroalkyl substances (PFAS). PFASs are used widely in Safran products due to their unique technical characteristics, in particular their resistance to temperature and chemical reactivity. Risks stem from the gradual withdrawal of certain PFAS suppliers from this market. Another risk factor is Europe’s plans to introduce broad restrictions on their use. Safran has implemented an action plan to limit these risks and seek alternative solutions. In 2023, Safran mapped its use of PFASs, contributing to the comprehensive mapping of the aerospace and defense sector through the work of the *Aerospace, Security and Defence Industries Association of* Europe (ASD). This work will continue in 2024 to gain a better understanding of the functionalities of PFASs in different applications and to consider appropriate substitution solutions.

In 2023, Safran also accelerated the industrial rollout of chromium VI-free processes. Chromium VI substitution is a priority, from the search for alternative solutions to their implementation in industrial processes. Technical solutions are available for most industrial processes, and the challenge in these cases is to obtain customer approval while supporting value chain transformation to introduce new processes into production chains. Safran is mobilizing significant resources to enable these alternatives to be rolled out on an industrial scale.

At the same time, Safran is actively involved in the work at the European level as part of the Chemicals Strategy for Sustainability, through French and European bodies representing the aerospace industry. The strategy is aimed at improving the protection of human health and the environment while encouraging innovation.

5.5.3.3 Reducing noise pollution

The increase in air traffic is making aircraft noise a growing concern for residents in the vicinity of airports, as noise can undermine human health when exposure reaches a certain level. Airport resident associations are lobbying against noise.

Noise standards were first introduced in 1970, and the ICAO has regularly tightened them throughout the world ever since. Some airports also impose additional constraints determined by specific local conditions (traffic, local population, etc.). In 2012, in its Flightpath2050 vision, the European Union set the target of reducing perceived aircraft noise by 65% by 2050 compared with 2000. To meet these requirements, Safran is working to lessen the noise emissions of its engines and equipment and cooperating in research with aircraft manufacturers, helicopter manufacturers and the largest French and European laboratories, notably ONERA[1] and the German Aerospace Center (DLR)[2].

In fifty years, world aviation has reduced aircraft noise by an average of 80%. Between the most optimized versions of CFM56 engines from the early 2000s and the LEAP engine (2014), an average cumulative improvement of 12 decibels (certified level) has been achieved. The transition from the A230ceo to the A320neo results in a reduction of more than 50% of the ground noise footprint, i.e., the area affected by noise during take-off and landing.

5.5.3.4 Circular economy approach

In 2023, Safran created a Circular Economy unit within the Group Sustainable Development Department, reporting directly to the Executive Committee. The aim is to address the challenges of reducing the consumption of non-renewable natural resources.

Safran's circular economy approach is structured around the three phases of the life cycle of manufactured products: before use, during use and after use. It is supported by the eco-design approach (see section 5.5.3.1) and the establishment of an innovation roadmap for sustainability and recyclability by the R&T teams.

1) Product manufacturing phase: reducing waste and increasing recycling rates

In 2023, a monthly steering committee meeting was set up within the Industrial, Purchasing and Performance Department to increase the recycling of scrap materials in the production phase, with a first project focused on titanium. The titanium swarf generated at the production sites of the companies that consume the most of this material, namely Safran Aircraft Engines and Safran Aero Boosters, is sorted by grade, cleaned and returned to material suppliers around the world. It can then be reintegrated into products purchased by Safran, thereby creating a circular economy loop and helping to reduce the carbon footprint of Safran products. This approach is gradually being extended to other Group companies and key suppliers.

The ultimate goal is to generalize this approach in order to significantly increase the recycling rate of production waste from other metal alloys and to reuse composite material production waste, both internally and in the supply chain. The advances identified in the Innovation Roadmap will make it possible to implement the technologies required to achieve this objective.

2) Use phase: improving repairability, reliability and lifetime as customers use Safran's products

The Group places great importance on the repairability of its products, offering MRO (maintenance, repair and overhaul) solutions worldwide. Each year, Safran experts develop and perform several hundred new repairs on an industrial scale and offer a comprehensive range of services including performance restoration, replacement of parts with a limited life, inspection and maintenance of all equipment and extending the life of equipment. In addition, the implementation of eco-design practices (see section 5.5.3.1) promotes the repairability of new products developed.

Safran also offers the use of second-hand parts. For example, CFM Materials, a joint venture between GE and Safran specializing in used parts for CFM56 engines, offers its customers access to large stocks of spare parts, to meet the needs of maintenance workshops around the world in real time.

(1) Office national d'études et de recherches aérospatiales: French National Aerospace Research Office.
(2) DLR: Zentrum für Luft- und Raumfahrt.

3) End-of-life management phase: promoting reuse, increasing recycling and recovery at the end of the product's life

This final phase of the circular economy approach aims to maximize the value of the product by promoting the reuse and eventual recycling of end-of-life products. For example, the Group offers solutions to promote the reuse of carbon brakes. When these brakes have reached their wear limit, Safran Landing Systems offers certified remanufacturing solutions that enable one new brake system to be made from two used systems. The process is known as "2 for 1." Meanwhile, the innovation roadmap for sustainability and recyclability is focusing its initial efforts on the recycling of cabin interior components. This provides a response to the technological challenges of recycling composite materials and to strong market expectations.

Since 2007, Safran has partnered with two other leading players (Airbus and Suez) to create Tarmac Aerosave, under Safran chairmanship since 2022. Tarmac Aerosave is the European leader in storage and the global leader in the dismantling of military and civil aircraft manufactured by Airbus, Boeing, ATR, Bombardier and Embraer. To improve post-dismantling recycling, it is working notably with Airbus and Safran to develop short recycling cycles for aerospace metals (titanium, inconel and aluminum). A partnership between Tarmac Aerosave and startup Fairmat aims to develop a low-carbon-footprint recycling process for carbon fiber composites.

In 2023, Tarmac Aerosave obtained dual certification from the Aircraft Fleet Recycling Association (AFRA) for dismantling and recycling, and was appointed to the AFRA Board of Directors.

5.5.3.5 Waste treatment

Safran is committed to reducing and treating waste from its production sites. Waste is broken down into seven categories (plastics, paper/cardboard, wood, composite, metallic, hazardous and other non-hazardous waste). Safran sites do not discharge any radioactive waste.

Several treatments are possible for each category of waste: material recycling, incineration with energy recovery, incineration without energy recovery and landfilling for final and hazardous waste. Depending on the type of waste, the maturity of existing channels and the countries in which Safran operates, recovery rates (material and energy) can vary from 99.6% for metallic waste to 47% for composite waste, for which treatment channels are only now taking shape. In 2023, the waste recovery rate was 71%.

ENGAGE FOR THE FUTURE

- **2025 CSR objective #13:** Increase the waste recovery ratio compared with 2019.

Waste – Water	2021	2022[1]	2023
Total waste generated *(in metric tons)*	58,256	58,812	77,173
Total waste recovered and reused *(in metric tons)*	41,403	40,689	54,678
Waste recovery *(%)*	71.4	69.2	71

(1) 2022 figures, which included estimated data for fourth-quarter 2022, were revised in 2023 to reflect the actual data

5.5.3.6 Water management

Water is used mainly for sanitary purposes. In addition, water from industrial processes that could represent a risk is discharged into continuously monitored treatment facilities or treated off-site by a service provider. The Group has commissioned independent experts to perform studies and analyses to assess any potential risk of soil and groundwater contamination at its industrial facilities. Preventive or remediation measures have been implemented wherever necessary.

Water	2021	2022	2023
Water *(cu.m.)*	2,599,461	2,780,005	3,236,413

5.5.3.7 Biodiversity

In 2023, Safran completed a study aimed at better understanding its major impacts on biodiversity and its interdependencies with it. The study also assessed the consistency of actions already undertaken within the Group. It showed that Safran's impact on biodiversity is generally greater than its direct dependency on it (for example, on water resources), mainly through indirect impacts located upstream and downstream of its value chain. Biodiversity and water risk mapping completed the study.

Now that this study is complete, the Group will focus on better understanding these indirect impacts and putting in place actions to preserve biodiversity in 2024.

Numerous initiatives have already been launched to this end, both at Group sites and along the value chain, including eco–design approaches, prevention of chemical pollution, reduction of water withdrawals, protection of natural areas on Safran sites, increased recycling and many others. Safran also complies with the environmental regulations in force for all of its projects, and carries out occasional impact studies on local biodiversity to obtain the operating permits required for its activities.

For example, Safran Nacelles in Gonfreville l'Orcher (France) completed two reforestation projects in December 2022 and January 2023; 130 trees were planted on the site, and three botanical and entomological inventories were carried out in 2023. Safran Nacelles has also supported two hedge-planting initiatives in the area where it operates. Safran Aero Boosters has also been implementing a biodiversity plan at its sites in Belgium since 2020. The aim is to create ecological networks, or connections between ecosystems in an urbanized environment, so as to allow genetic exchanges between populations and in that way to foster biodiversity. In recognition of this commitment, the Natagora association awarded the Milmort site its Nature Network label in 2021.

5.5.3.8 Control of industrial risks

Safran is committed to controlling the industrial risks associated with its activities and mitigating their impact on the environment, wherever they are carried out (see ERM methodology in section 4.1.1). Each site undertakes preventive measures to ensure the compliance of its facilities and to prevent and reduce pollution that could be generated by its activities.

The rollout of the HSE Guidelines makes it possible to cover all industrial risks and to ensure compliance with requirements through audits.

No industrial accidents with a significant impact on the environment were brought to the Group's attention in 2023.

A roadmap on the prevention of major industrial risks sets out the Group's challenges and actions through to 2028 and addresses issues including physical climate risks, chemical risks, fire safety and emerging risks such as the use of hydrogen for next-generation engines.

Physical risks related to climate change

Physical risks related to climate change, such as extreme weather events, may impact Safran in terms of HSE, property damage and business continuity.

To start with, physical risk exposure analysis is carried out for all new acquisition projects. Physical risks for existing sites are also taken into account in Safran's risk mapping.

The "major risks" roadmap takes into account physical climatic risks in light of the increasing frequency and intensity of climatic events. In 2023, as a result of the climatic events that affected the sites in previous years, "reflex tip sheets" were made available to the sites. They set out the rules and measures to be taken during episodes of heat stress, flooding, pollution and drought in order to protect the health of employees and the safety of property.

Facilities subject to operating permits

Since 2016, the Group has operated two Safran Landing Systems facilities, in Molsheim and Bidos in France, that are classified as upper-tier Seveso sites. Both facilities comply with prevailing legislation, with safety management systems, an internal operations plan and technological risk prevention plans in place. The Group also has four lower-tier Seveso sites: Safran Aircraft Engines in Corbeil and Gennevilliers (France), Safran Landing Systems in Dinard (France) and Safran Landing Systems in Gloucester (United Kingdom).

Some units operate facilities that are subject to permits, registration or reporting depending on national legislation. All of the facilities requiring an operating permit have been reported by the Group to the proper authorities. In line with French legislation, financial warranties cover the eventuality of safety and decontamination work being required if sites classified as environmentally risk-prone are decommissioned.

Fire prevention

Action plans to improve fire risk prevention are systematically implemented to continuously improve the protection of sites and the people working on them. Expansion or renovation projects undergo fire safety reviews to ensure appropriate prevention and protection actions are included.

In addition, a regular six-monthly review is performed with a fire prevention and protection firm, insurers and the Group Risk and Insurance Department. These review sessions provide a forum for discussion on past and future developments.

An annual fire audit plan, drawn up jointly with the Risk and Insurance Department, ensures that recommendations are appropriate and properly implemented. These audits make it possible to assess the level of protection against fire risk through a rating. The rating is based on several criteria such as the installation of appropriate sprinklers, documentary and operational management, and building condition and construction materials. The criteria are then weighted to give an overall score from 0 to 100 (100 being the best).

Following a fire at the Molsheim site in France in 2022, an internal Group reference manual defining fire safety rules for the surface treatment of manufactured parts has been available since 2023. The standard applies to all new projects (construction or modernization of surface treatment lines); its requirements are taken into account during technical fire prevention audits.

The indicator mentioned below relates to a Group scope.

	2021	2022	2023
Level of fire protection	68	68	67

5.5.4 Duty of care plan

Safran's duty of care plan is designed to comply with French legal requirements on the duty of care.[1] It is aligned with the Group's CSR strategy and its four pillars: decarbonize aeronautics, be an exemplary employer, embody responsible industry and affirm our commitment to citizenship. The plan covers various risks related to human rights, fundamental freedoms, health, safety, the environment and the fight against corruption. This applies both to the Group's internal activities and to relations with subcontractors and suppliers with which Safran has established business relationships.

Large French companies are required to implement duty of care plans that include the following measures:

1. **a risk map** for identifying, analyzing and prioritizing risks;
2. **procedures for regularly assessing**, with regard to the risk map, the situation of subsidiaries, subcontractors and suppliers with which there is an established business relationship;
3. **appropriate programs to mitigate** risks or prevent serious harm or damage;
4. **an alert and reporting system** on the existence or outcome of risks, put together jointly with trade unions at Group level;
5. **a system for tracking** the measures taken and assessing their effectiveness.

The duty of care plan applies to the Group's entire scope and refers to topics covered in other parts of chapter 5 of this document.

Governance

The duty of care plan is managed by the Ethics and Compliance Department, under the authority of the Group General Secretary, Chair of the Compliance, Ethics and Anti-Fraud Committee. This department coordinates and implements the duty of care plan in collaboration with the following departments: Audit and Internal Control, Climate, Industrial, Purchasing and Performance, Legal, Corporate Human and Social Responsibility, Risk and Insurance, CSR, and Health, Safety and Environment. Each department establishes policies and actions to prevent risks as effectively as possible. The plan is subject to regular review by the Compliance, Ethics and Anti-Fraud Committee (see section 5.5.1.2).

Policies and commitments

External reference frameworks

In its operations, Safran is committed to complying with the United Nations Global Compact and its ten principles relating to human rights, international labor standards, the environment and the fight against corruption. Safran has willingly undertaken to adhere to and promote these universal principles in its practices. The Group has developed its duty of care plan within the framework of the OECD guidelines, the fundamental conventions of the International Labour Organization (ILO) and the UN International Bill of Human Rights. In addition, Safran contributes to the UN Sustainable Development Goals[2] (see section 5.1.3.1).

Internal reference frameworks

In 2023, Safran renewed and strengthened a global CSR framework agreement with the IndustriALL Global Union and representatives of the French metallurgy federations of the French CFE-CGC, CFDT and CGT-FO unions (see section 5.1.3.3). It covers the entire scope of Safran's activities worldwide and applies to all employees, including relationships with suppliers. It takes into account societal and environmental developments, while respecting cultural, social and economic differences. The main objective of the agreement is to place the Group's social responsibility policy within a negotiated framework in compliance with international labor conventions.

The agreement reinforces Safran's commitment to combating climate change and protecting the environment. It also supports the implementation of the Group's human resources policy, guarantees employee representation rights, and recognizes Safran's commitments with regard to business ethics. The agreement emphasizes the importance of upholding fundamental rights, both for subsidiaries and in the selection and evaluation of suppliers, subcontractors and service providers.

It also takes into account the impact of the company's activities on the communities in which it operates, in accordance with the legal and regulatory framework of each country, in particular the principles of duty of care. The agreement stipulates that "communication to staff representatives of information relating to suppliers, subcontractors and service providers will be done in accordance with the legal and regulatory framework of each country on this subject and in particular the principles of due diligence in force."

(1) In France in particular, law no. 2017-399 of March 27, 2017 on the duty of care of parent companies and contracting companies.
(2) The United Nations has established Sustainable Development Goals (SDGs) to address global challenges. https://unric.org/en/united-nations-sustainable-development-goals/.

Safran's internal policies aim to prevent risks relating to human rights and the environment, as identified in the table below.

RISK THEMES	Policies and commitments
Human rights	Diversity charter (see section 5.4.3.1), Global CSR framework agreement (see section 5.3.3), CSR strategy (see section 5.1.2)
Health, safety and environment (HSE)	Health, safety and environment policy (see section 5.4.2.1), Gold 2025 roadmap (see section 5.4.2.1)
Climate	Climate strategy (see section 5.1.1.3)
Personal data	Personal data protection policy (see section 5.5.1.6), internal standard comprising procedures (see section 5.5.1.6)
Ethics and corruption	Ethical Guidelines (see section 5.5.1.2), code of conduct for the detection and prevention of acts of corruption (see section 5.5.1.3), responsible lobbying charter (see section 5.5.1.3), charter on the prevention and management of conflicts of interest
Suppliers and subcontractors	Responsible purchasing guidelines (see section 5.5.2.1), Responsible purchasing charter (see section 5.5.4.2)
Safety	Safety policy (see section 4.3.2.2)

5.5.4.1 Duty of care plan related to the Group's operations

Risk map

Methodology

Risks are managed via the Group Enterprise Risk Management (ERM) set-up (see section 4.1.1). The diversity of Safran's activities and sites exposes the Group to several risks. Its ERM enables it to systematically address the operational and strategic challenges it faces. Each risk factor identified is analyzed and forms the basis for various risk scenarios that are ranked and managed within the scope of customized action plans, taking into account the impact, probability of occurrence and level of control. The impact and probability of each risk are assessed in terms of their direct and indirect potential impact on the Group's businesses. The required level of control is then determined. Each tier-one entity has a risk manager who consolidates its risk map and organizes reviews with its risk committee at least twice a year. Each of Safran's central corporate departments also prepares a map of the main risks in their scope. The Risk and Insurance Department then consolidates this data in a Group–wide risk map.

The Group's risk mapping therefore guarantees the overall consistency of risk assessments and the associated action plans together with the level of control exercised over them. It allows the identification of non-financial risks (see section 5.2). Safran has also drawn up a materiality matrix of non–financial challenges (see section 5.1.2.1), based on the Group's risk map, studies on the challenges facing the aerospace industry and an in-depth analysis of reference frameworks. This matrix highlights 37 issues relating to human rights, health, safety, the environment, anticorruption and business ethics, which are assessed by internal and external stakeholders to determine their importance.

In 2022, Safran strengthened its response to the requirements of the duty of care legislation by specifically identifying and describing risks related to human rights at Group level, with the assistance of an external body. Data from Safran SA and its tier-one entities were analyzed and supplemented by interviews with relevant stakeholders. A total of 54 interviews were conducted with the Corporate Human and Social Responsibility, Ethics and Compliance, Health and Safety, Climate and Environment, Legal, Risk, and Audit and Internal Control departments. Valuable insight into human rights risks was gained. A risk prioritization matrix was created by conducting a detailed analysis of each risk, applying certain focuses set out in the ERM, such as probability and criticality, plus an evaluation of the extent to which they might be considered irremediable, in accordance with the United Nations Guidelines.

This identification of risks has paved the way for new prevention and mitigation measures.

Identification of key risks

Challenges	Key risks	Assumptions
Human rights and fundamental freedoms	Risks relating to discrimination	Discriminatory treatment of employees
	Risks relating to non-respect for local communities	Deterioration of relations with local residents, industrial accidents affecting the environment and the health of local residents
	Risks relating to social dialogue	Discrimination against trade unions
	Risks relating to the violation of the right to privacy	Failure to protect employees' personal data
Health, safety and environment	Psychosocial risks	Work-life imbalance, excessive working hours
	Health risks	Employee exposure to harmful substances, prevalence of musculoskeletal occupational illnesses
	Safety risks	Risks inherent to activities, such as industrial accidents
	Environmental risks	Physical climate risks
Climate	Risks relating to CO_2 emissions	Failure to comply with the Paris Climate Agreement (1.5°C)
Ethics and compliance	Ethics whistleblowing	Incorrect understanding of human rights in ethics reports and whistleblowing handling processes
Suppliers and subcontractors	Risk of non-compliance with social, environmental and ethical legislation	Failure to respect the freedom of association of workers in the supply chain, lack of commitment to reducing greenhouse gas emissions

Regular assessment of subsidiary situations

In addition to the periodic ERM maturity assessment, Group companies are subject to an annual control via a dual internal audit and control system. The Audit and Internal Control Department has defined an internal control framework structured around 13 areas called internal control cycles, which are applied to all Group companies. This framework, comprising 200 control points, is designed to assess the compliance of each company's control processes and activities with the requirements of the framework, as well as their operational efficiency. A specific point is dedicated to the requirements related to the duty of care.

The annual internal audit plan is based notably on the Group's risk mapping. The internal auditors of the Audit and Internal Control Department carry out engagements that contribute to the control of Safran's activities, the efficiency of its operations and the use of its key resources. In 2023, 33 engagements were completed.

By analyzing the results of its work, the Internal Control function is able to identify and remedy non-compliance with the requirements of the framework. In 2023, controls relating to the prevention of corruption, the duty of care and the protection of personal data were extended worldwide.

The various assessment procedures enable Safran to ensure compliance with laws and regulations, application of instructions and guidelines set by Executive Management, and proper functioning of internal processes.

Human rights

Safran conducted its first Inclusion Barometer in 2022, inviting all Group employees to express themselves and provide insight into their perceptions and expectations in terms of diversity, inclusion and non-discrimination. By giving a better all-round vision of current issues, the Barometer made it possible to implement practical actions to foster a work environment in which everyone feels respected, empowered to be themselves and valued. A new Barometer will be organized in 2025 to assess changes in employee perceptions.

Health, safety and environment

HSE risks are assessed at the workstation level, in order to establish action plans for resources or the work environment. The assessments are systematically consolidated site by site, in addition to the assessment of compliance with Safran's HSE standards, aligned with the One Safran management system. In addition, all sites complete an annual self-assessment, with annual audits for industrial sites. In 2023, a survey on Health and Safety culture was conducted in eight Group companies, with a response rate of 87%, allowing action plans to be implemented (see section 5.4.2.1).

Climate

To ensure that the Group's climate strategy is properly implemented and that Safran's decarbonization targets are met, the Group's and its subsidiaries' climate commitment is supported at the highest level of the organization by the Group Sustainable Development Department and the Climate Steering Committee (chaired by the Chief Executive Officer), as well as by the Innovation, Technology & Climate Committee of the Board of Directors. The roadmap is monitored and managed by four more operational committees on the following themes: energy and low consumption, supply chain, employee mobility and product use. The operational management of actions is the responsibility of low-carbon project managers in the tier-one entities, as well as representatives in the business departments (purchasing, supply chain, energy, business travel, etc.). Lastly, progress on the action plan is reviewed regularly by the Group Executive Committee. Standards are in place to ensure the proper implementation of the action plan, such as the internal construction standard applied to all new projects in order to improve the energy performance of new buildings, and an internal energy management system, based on ISO 50001, which is currently being implemented at Safran sites to intensify and accelerate the reduction of energy consumption.

Corruption

In 2023, Safran continued to implement its corruption prevention and detection program, notably by rounding out its control framework. The Audit and Internal Control Department conducts annual management audits of entities, which systematically include verification of compliance requirements. These specific audits represent approximately half of the annual internal audit plan.

Appropriate programs to mitigate risks or prevent serious harm or damage

Based on the identification and analysis of the risks facing the Group, Safran prepares and implements risk prevention or mitigation actions in compliance with the various applicable legal frameworks and its imperatives.

Human rights

Respect for human rights is one of Safran's central commitments, embodied notably in the "Be an exemplary employer" pillar (see section 5.4). Thus, the Corporate Human and Social Responsibilities Department works to develop skills, promote mobility opportunities and guarantee a quality working environment. It is also committed to promoting equal opportunities, diversity and inclusion, while supporting collaboration, mutual aid, social dialogue and respect for trade union rights.

Diversity and inclusion is one of the four key focuses of this HR policy and actions are taken to promote equal opportunity and diversity (see section 5.4.3). In 2022, Safran launched its first Inclusion Barometer, and in 2023 an updated roadmap for 2024 was co-constructed with the various stakeholders. The roadmap's sponsor is the Chairman of a Safran company, a member of the Executive Committee.

Health, safety and environment

Safran's Health, Safety and Environment (HSE) policy is designed to develop a culture of anticipation and prevention to control the Group's risks in a process of continuous improvement. It embodies Safran's commitment to health, safety, protection of the environment and natural resources, and the fight against climate change. These commitments benefit all employees, partners, suppliers, customers and other stakeholders, in a spirit of transparency and sincerity. For example, following the development of its health/working conditions standard, the Group launched the "One Health!" roadmap, focused in particular on mental health (see section 5.4.2.1).

To achieve its objectives, Safran has defined indicators for tracking progress annually for each pillar on the Engage for the Future CSR roadmap (see section 5.1.2).

Climate

The Paris Climate Agreement set the goal of capping the increase in the Earth's average temperature at 2°C, or even 1.5°C, by the end of the century compared with pre-industrial levels. To comply with the agreement, policy, strategies and actions are drawn up and implemented by the Group Climate and Environment Department. To reduce the risks to the environment and those associated with global warming, Safran has implemented a climate strategy, which aims in particular to "decarbonize aeronautics," both internally and externally. Safran aims to become the leader in the decarbonization of the aviation industry. Its policy seeks to make carbon-neutral aircraft a research and technology priority, requiring reductions in CO_2 emissions throughout its entire value chain, and encouraging its employees to reduce their carbon footprint. A Climate Challenge Steering Committee sets targets (see section 5.3.2) and an Innovation, Technology & Climate Committee oversees the effective rollout of the climate strategy (see section 6.3.6.3).

Actions are implemented as part of the strategy to reduce Scope 1 and 2 emissions (see section 5.3.3.2), Scope 3 excluding product use (5.3.3.3) and Scope 3 product use (5.3.3.4).

Ethics and corruption

- **Code of conduct and prevention of acts of corruption:** Safran ensures that its activities are conducted with high standards of honesty, integrity and professional excellence that are in line with the international standards of business ethics, promoted by the International Forum on Business Ethical Conduct (IFBEC). Safran's business ethics policy, constructed with appropriate governance and processes, features a "zero tolerance" policy towards corruption. Safran's actions against corruption include promotion of best practices, and participation in and contributions to initiatives led by national and international professional bodies such as the French Aerospace Industries Association (GIFAS), the French Employers' Federation (Medef), the International Chamber of Commerce (ICC), the International Forum on Business Ethical Conduct (IFBEC), formed by major international aerospace and defense companies, and the European Business Ethics Network.
- **Ethical Guidelines:** Safran's Ethical Guidelines form the cornerstone of the Group's ethical commitments and apply to all employees and stakeholders. It requires adherence to fundamental principles, adoption of appropriate professional behavior, promotion of integrated management of information, environmental protection and attention to stakeholder expectations.
- **Charter on the prevention and management of conflicts of interest:** The Group's ethics policy includes a charter on the prevention and management of conflicts of interest. Safran is committed to conducting its business with honesty and integrity, while respecting the rules of its host countries. Any conflict-of-interest situation must systematically be disclosed through a declaration of conflict of interest so that the necessary measures can be taken to protect Safran's interests while respecting rules of confidentiality and protection of privacy.

Safety

Safran has a dedicated structure responsible for ensuring the **safety of all its employees** (see section 4.3.2.2) in all host countries and in all the countries to which its employees travel. The safety policy includes a country watch, training and monitoring for employees and partners, and other appropriate support systems in geographies at risk.

Personal data

Personal data protection, through a dedicated governance and organization (see section 5.5.1.6); The Group thus ensures that its business is conducted with respect for privacy and the protection of the personal data of its employees and contacts. Safran has a Group personal data protection policy.

Whistleblowing system

Safran has introduced a whistleblowing system enabling people to report any situation in breach of the principles of the Ethical Guidelines, in accordance with the requirements of France's Sapin II and duty of care laws. Details on this system appear in section 5.5.1.2.

This system is open to all of Safran's internal and external stakeholders. It specifically covers issues including human rights, corruption, health, safety and the environment. Every employee is entitled to notify or raise questions with their manager, the Head of Internal Control, the Head of IT Security, the Security Officer, the Head of Human Resources, the Ethics and Compliance Department, the Legal Department, the Finance Department, the Quality Department, the Audit and Internal Control Department or the Compliance, Ethics and Anti-Fraud Committee. They can use the alert method of their choice. Additionally, regardless of the channel used, the process of collecting and reviewing reports ensures that the identity of the whistleblower and any persons concerned is protected. The information gathered during the investigation is processed in total confidentiality by the Compliance, Ethics and Anti-Fraud Committee.

Reports can also be made, anonymously or openly, via the secure, multilingual email address, safran@alertethic.com. Each report is thoroughly investigated to determine whether it is substantiated, and appropriate action is taken as needed. Employees are kept informed on the whistleblowing system via the Group's intranet. The public web page also mentions the existence and operation of the system. The collection of alerts is managed by an external and independent third party.

System for tracking the measures taken and assessing their effectiveness

All risk prevention and remediation measures are monitored and their effectiveness assessed to determine the extent to which objectives have been achieved.

Internal monitoring and assessment of effectiveness

Progress along the Engage for the Future CSR roadmap is monitored by means of non-financial key performance indicators and their respective objectives. Certain key indicators, in particular those on environmental, social, and occupational health and safety objectives, are used to assess the actions implemented under the duty of care plan (see section 5.5.4). Environmental, social, health and safety progress, and other data are compiled as part of an annual monitoring process. Details on the collection of data relating to HSE-Climate indicators are provided in section 5.7.3.

Human rights

The indicators presented on diversity and equal opportunities in section 5.4.3.5 make it possible to measure the implementation of the actions planned. They are used to assess diversity within the Group, ensuring progress on the Diversity and Inclusion roadmap.

Health, safety and environment

The Health, Safety and Environment guidelines include the requirements of environmental management (ISO 14001) and occupational health and safety management (ISO 45001) standards, as well as Safran's standards and specific operational requirements. A maturity matrix is used to assess the maturity level on the guidelines and to set specific improvement targets. The level of maturity is an indicator of the effectiveness of the measures put in place by the Group (see section 5.4.2.1). The HSE policy includes health and safety indicators such as the lost-time accident frequency rate, to monitor the company's progress (see section 5.4.2.1).

Corruption

In 2023, 85% of senior executives and employees exposed or affected received anticorruption training (see section 5.5.1.3). In addition, Safran and its companies Safran Aerosystems, Safran Seats, Safran Transmission Systems, Safran Landing Systems, Safran Electrical & Power received ISO 37001 certification in 2023.

External monitoring and assessment of effectiveness

Non-financial rating agencies assess the measures implemented in the areas of respect for human rights, health, safety and the environment, and the fight against corruption. In 2023, Safran was rated by five major non-financial rating agencies (see section 5.1.4).

Some sites, such as the Safran Electrical & Power and MATIS Aerospace sites in Morocco and the Safran Aircraft Engines, Safran Aerosystems and Safran Landing Systems sites in Mexico, have obtained CSR certifications from external bodies.

Human rights

The receipt of the GEEIS label demonstrates the Group's determination to act in favor of professional equality. In addition, Safran's score on the French statutory gender pay gap index in France is improving, reaching 91/100 as of March 1, 2024 (see section 5.4.3.2).

Health, safety and environment

The Group's Health, Safety and Environment guidelines, on which its HSE policy is based, has been validated by an external body as meeting the requirements of ISO 14001 and ISO 45001. The maturity of its industrial sites based on these guidelines is measured by internal auditors or an external body.

Climate

In 2023, the Science-Based Targets initiative (SBTi) validated Safran's greenhouse gas emissions reduction targets as compatible with the Paris Agreement. These targets cover direct (Scope 1) and indirect (Scope 2) emissions from the energy consumption of Group operations, as well as emissions related to the use of its products (Scope 3). In addition, rating bodies (see section 5.1.4), in particular the CDP with its climate change questionnaire, evaluate Safran's strategy, action plans and outcomes in this area every year.

Corruption

In 2023, Safran Nacelles renewed the certification of its anticorruption program by the French strategic intelligence agency (ADIT) (see section 5.5.1.4). Safran has also obtained ISO 37001 certification (see section 5.5.1.3).

Lastly, an independent third-party organization, accredited by the French accreditation committee (COFRAC), produces a verification report on the non-financial performance statement. The report is provided in section 5.7.5.

5.5.4.2 Duty of care plan related to the operations of subcontractors and suppliers with which Safran has an established business relationship

Risk map

The Risk and Insurance Department consolidates and charts a comprehensive map of the Group's major risks, including those related to supplier relations (see section 4.3.1.6). This consolidation is based on data from entities' operational teams, risk correspondents and risk managers, as well as from the Group Industrial, Purchasing and Performance Department and its correspondents in the entities. Supplier relationship risks are identified, integrated into these work programs and managed.

All employees involved in supplier relations have access to duty of care handbooks examining three risks: human rights, health, safety and the environment, and corruption. Purchasing families and the suppliers concerned are identified for each risk category.

Human rights risks

Safran cross-references the geographic locations of its suppliers with a map drawn up by an independent external body that specializes in analyzing human rights risks.

Health, safety and environmental (HSE) risks

Safran has identified the activities concerned by HSE risks as well as nine types of HSE risk aligned with the HSE standards applicable to Safran sites. These types of risk include toxicology, aqueous and gaseous discharges, fires, explosions, radiation, waste, accidents and regulations. For each "activity/type of risk" pair, Safran has assessed the criticality of the risk and assigned a rating to each supplier based on the activity with the highest risk coefficient.

Corruption risks

Suppliers at risk are identified based on their geographic location and the Transparency International map.[1] Assessment of supplier integrity is based on a risk analysis, framed by the application of criteria shared by all Group companies.

Regular assessment of subcontractor and subsidiary situations

Subcontractor assessments are managed by the Group Industrial, Purchasing and Performance Department, with the help of the subsidiaries' purchasing departments. Safran also asks subcontractors to complete self-assessment questionnaires on human rights, corruption, or health, safety and the environment, depending on the nature of the activities concerned. Action plans are then prepared based on the subcontractor's compliance and the level of risk control.

Subcontractors and suppliers affected by the protection of human rights

In 2023, Safran identified 108 suppliers located in the geographies most exposed to human rights risks, out of all suppliers that generated more than €50,000 in revenue with Safran subsidiaries (excluding Group companies and suppliers belonging to a group with a public CSR policy).

These 108 suppliers received a self-assessment questionnaire focused on human rights and corruption, based on the IndustriALL Global Union questionnaire. Of them, 42 were declared compliant, while 66 are currently under investigation or monitoring as part of specific action plans following the analysis of HSE and Human Rights questionnaires deemed incomplete or unsatisfactory. The approach is shared with the Group Ethics and Compliance and Export Control departments. In addition, a regular review of the supplier base is carried out using the Visual Compliance database[2], to verify suppliers' compliance with international sanctions and embargoes, as well as any sanctions for fraud or corruption.

Subcontractors and suppliers affected by HSE challenges

Other suppliers have been identified for their involvement in one or more of the following eight critical activities: waste removal, chemical product development, surface treatments with baths, paint application, additive manufacturing, thermal spraying, buildings and public works, and radiation control.

Safran does not classify suppliers belonging to a group that applies an HSE policy as "at risk". Among the suppliers deemed the most critical:

- 326 suppliers whose activities are subject in whole or in part to the REACH regulation are considered "at risk" and therefore prioritized (priority 1 for suppliers in Europe and priority 2 for those outside Europe). Among the most critical suppliers:
  - 114 are in compliance with HSE expectations through self-declaration,
  - 33 are being monitored with action plans,
  - responses from other suppliers are being reviewed or pending receipt;
- 895 suppliers that generated more than €50,000 in revenue with Safran have a lower priority; of these, 128 are in compliance with HSE expectations and 82 have action plans. Responses from others are pending or being reviewed.

In addition, there is an annual assessment of CO_2 emissions from purchases from suppliers accounting for the majority of the CO_2 emissions (see section 5.3.3.3).

Appropriate programs to mitigate risks or prevent serious harm or damage

Policy

Rollout of the duty of care plan and anticorruption policy for the Group's suppliers and subcontractors stems from preventive actions and includes plans on risk mitigation and management. These form the basis for the Group's Ethical Guidelines (see section 5.5.1.2), code of conduct for the prevention and detection of acts of corruption (section 5.5.1.3), responsible purchasing guidelines (section 5.5.2.3), responsible purchasing policy (section 5.5.2.1), charter on the prevention and management of conflicts of interest and HSE-Climate Policy (section 5.3.3).

(1) *Transparency International's Corruption Perceptions Index (CPI) ranks countries by the perceived levels of public-sector corruption.*
(2) *Third-party integrity validation tool.*

The cornerstone of this policy is formed by the Safran responsible purchasing guidelines, the purpose of which is to obtain suppliers' commitment and involvement in complying with the Group's requirements in terms of health, safety and the environment (HSE), human rights and corruption. They incorporate the terms of the IFBEC Supplier Model Code of Conduct, see section 5.5.1.3. The nine key principles of the guidelines are:

- promotion and respect for human rights;
- development of human potential;
- maintenance of a culture of integrity within the Group;
- compliance with international import and export controls;
- accurate and reliable data archiving;
- protection of information;
- continuous efforts to achieve excellence in the security and protection of people and property;
- development of innovative products and processes with a lower environmental impact (CO_2, energy, chemicals, waste);
- involvement of suppliers and partners in the implementation of the CSR strategy.

Action plans

Safran runs specific actions to roll out the duty of care plan and anticorruption policy to suppliers and subcontractors, involving targeted prevention through responsible purchasing training, provided to all Group buyers.

Application of the CSR and duty of care strategy in purchasing procedures is also systematic:

- development of purchasing strategies, inclusion of CSR criteria in supplier selection processes, supplier approval (including mandatory signing of Safran's responsible purchasing guidelines), contracting and contract management, supplier monitoring and supplier performance metrics;
- creation of a specific communication kit on the duty of care and its distribution among Group buyers to improve their understanding of the law and the existing system, together with another communication kit on the duty of care, which is geared towards suppliers and is designed to allow buyers to raise awareness among their suppliers;
- the Buyer's Memo distributed among the purchasing community, indicating the mandatory training courses to be completed by all buyers during their career, including the "Responsible Purchasing" course.

As indicated in section 5.5.1.3, Safran applies a principle of zero tolerance to all instances of corruption, and has set up a program to prevent and detect corruption risks (see section 5.5.1.3).

Whistleblowing system

The ethics whistleblowing system consists of a reporting system open to all Safran internal and external stakeholders, via a secure email address that allows anonymity: safran@alertethic.com. The whistleblowing system is given to all suppliers in Safran's responsible purchasing guidelines and published on the website. Alerts are classified and then processed by the Group (see section 5.5.1.2).

System for tracking the measures taken and assessing their effectiveness

Management of the duty of care plan:

- additional information from other stakeholders where necessary, and requests for explanations from the supplier concerned;
- specific analysis with the supplier;
- corrective action plans to reduce risks, under the supervision of Safran's lead buyer;
- quarterly reviews with the purchasing departments to oversee the deployment plan, track action plans and make adjustments where necessary, potentially resulting in action to discontinue work with a supplier, or even terminate the business relationship completely;
- a decision by the Group Purchasing Committee, which may decide to terminate the relationship.

At each bi-monthly meeting of the Group Purchasing Committee, a review of CSR indicators and the duty of care plan takes place, with presentation of indicators and progress in the various actions underway: signature of the responsible purchasing guidelines, issue of questionnaires, collection and follow-up of responses, analysis of responses, and launch of action plans as required, etc. The Group Purchasing Committee brings together all the purchasing directors of Safran companies. Among the indicators used to monitor and evaluate the effectiveness of the measures taken, the responsible purchasing training indicator tracks the involvement of buyers in duty of care issues. In 2023, 61% of the Group's buyers were trained in responsible purchasing. 72% of purchases were made from suppliers that have signed Safran's responsible purchasing guidelines or have equivalent guidelines of their own.

Since 2020, Safran has held the Supplier Relations and Responsible Purchasing label. The label is awarded by the French Business Mediation Service and the National Procurement Council and recognizes companies demonstrating sustainable and balanced relationships with their suppliers. It is aligned with the ISO 20400:2017 Sustainable Procurement guidelines (see section 5.5.2.3).

5.6 CORPORATE SOCIAL RESPONSIBILITY: AFFIRM OUR COMMITMENT TO CITIZENSHIP

AFFIRM OUR COMMITMENT TO CITIZENSHIP

Get involved with our local communities and contribute to their development

- Be at the forefront of innovation to protect citizens
- Develop partnerships for training and research
- Enhance professional and social integration

This chapter constitutes the fourth pillar of the CSR strategy, "Affirm our commitment to citizenship". It addresses the impact on society of Safran's choices and operations, and its corporate citizenship initiatives. It also describes Safran's aim of engaging with local communities and contributing to local development. Safran is committed to being at the forefront of innovation to protect people, to developing partnerships to promote training and research, and to supporting its host regions and their communities.

5.6.1 Be at the forefront of innovation to protect citizens

5.6.1.1 Building a "safer world" through our defense business

Safran contributes to national sovereignty and security by providing state-of-the-art defense equipment. In accordance with its core purpose, Safran is committed to designing, building and supporting high-quality technological solutions to contribute sustainably to a safer world. In an increasingly unstable geopolitical environment and in the face of multiple threats such as asymmetric combat and cyberattacks, protecting the sovereignty of the French State, its allies, the European Union and their citizens requires heightened vigilance and efficient technological resources. Safran therefore offers high-tech products, services and solutions to equip armies and protect national and individual interests. Thanks to its expertise in various fields such as optronics, positioning, navigation, timing, avionics, telemetry and radio frequency, its knowledge of the needs of the armed forces and its significant investments in research and technology, Safran offers state-of-the-art equipment that delivers high levels of performance, reliability, robustness and precision in all environments, whether on land, in the air, at sea or in space. In 2023, defense activities accounted for approximately 18% of Safran's revenue. In addition to its defense business, Safran supplies an extensive range of solutions to equip rescue and civil security helicopters worldwide.

Safran's commitment to the independence and sovereignty of France and Europe is strengthened by the fact that its defense equipment businesses are located in France. As a major player in the French Defense Industrial and Technological Base (DITB), Safran has facilities in some 20 French departments, generating several thousand high value-added jobs that cannot be offshored.

Safran invests heavily in research and technology to provide the armed forces with state-of-the-art equipment adapted to increasingly complex situations. Safran's responsibility is to supply the armed forces with reliable equipment that guarantees a high level of protection and performance for military personnel and civilians. Safran's avionics, navigation, optronics and guidance systems provide soldiers with situational intelligence that reduces uncertainty during missions and contributes directly to the success of military operations and territorial defense (see section 1.2.2.5). Safran's ability to innovate provides a precise and accurate response to the needs of soldiers in the field. The industry's development also owes much to the dual use of its innovations. In addition, innovations in the defense industry also benefit the civilian world, stimulating progress in fields such as energy, space launchers and inertial measurement units fitted on aircraft.

France has made the sovereign choice of making nuclear deterrence a central pillar of its national defense. The existence of a highly efficient, sovereign industrial and technological defense industry is therefore critical. Safran participated in the establishment of France's nuclear deterrent and contributes to meeting the needs of the French deterrence policy, strictly defined within the general and sovereign framework of national consultations.

Safran's military launcher activities, including the M51 nuclear missiles of the French Strategic Ocean Force, were all transferred to ArianeGroup when it was created on June 30, 2016. ArianeGroup is a 50-50 joint venture between Safran and Airbus. Safran consolidates 50% of the net profit of ArianeGroup (which also includes civil launcher vehicle activities) in its recurring operating income, and receives dividends in proportion to its interest. Safran and ArianeGroup do not manufacture nuclear warheads for M51 missiles.

France's strictly defensive strategy is therefore aimed at deterring any aggressor from seeking to harm the country's vital interests. It is consistent with the Treaty on the Non-Proliferation of Nuclear Weapons, to which France is a signatory, and adheres to a principle of "strict sufficiency". It is based on a principle of permanence and has a delivery system structured around two components, air and submarine. Lastly, it ensures strict independence in this area, a principle of sovereignty.

French defense policy will always be reliant on the country's industrial base. France has decided to modernize its two air and submarine components, as the principle of permanence and credibility of deterrence require the most modern technologies.

To meet the priority needs of our customer governments, which comply with international treaties, Safran will continue to provide the best of its technology as a means of protecting sovereign choice in defense policy.

5.6.1.2 Compliance with laws on defense

As a defense contractor, Safran scrupulously complies with international conventions (including the International Traffic in Arms Regulation, the Oslo Convention, the Ottawa Convention, the Wassenaar Arrangement, the EU Common Military List, the Treaty on the Non-Proliferation of Nuclear Weapons, the United Nations Arms Trade Treaty, the Convention on Cluster Munitions, the Anti-Personnel Mine Ban Convention and the EU Common Position on Arms Exports), as well as with French arms legislation.

Safran complies strictly with export control laws and embargoes imposed by the governments in whose territories the Group is located, as well as the rules of international bodies. The Group applies for any governmental authorization that may be required to transfer and export defense-related products, and complies with all conditions and caveats associated with such licenses.

Safran's system for ensuring strict compliance with all arms export regulations, and its trade compliance program featuring procedures relating to business ethics and the prevention of corruption risk are described in sections 5.5.1.2, 5.5.1.3 and 5.5.1.4. Safran acts responsibly, and regularly trains its employees on these regulatory and business ethics issues. All prospective new transactions with entities, individuals and countries subject to sanctions are analyzed and either approved or rejected by the Group's Export Control and Finance departments.

5.6.2 Develop partnerships for training and research

Safran contributes to the dynamics of a broader ecosystem to develop scientific knowledge and encourage innovation. It participates in skills development through scientific and academic partnerships. By enabling students to work on thesis topics or internships in fields related to the Group's technological activities, Safran contributes to developing their knowledge and employability.

5.6.2.1 Partnerships for scientific research

Safran contributes to the development of scientific knowledge and innovation through its scientific partnerships. It facilitates the exchange of expertise and the creation of networks. As a major contracting company, Safran provides visibility to its ecosystem (manufacturers, SMEs, startups, laboratories, etc.) on the sector's challenges and outlook. This knowledge sharing in turn supports the roadmaps of other players in the aerospace, defense and space industry, and vice versa. Moreover, Safran ranks among the world's most innovative companies. Since 2022, Safran has ranked first among patent applicants in France, according to the National Institute of Intellectual Property.

Safran maintains over 300 scientific, technological and industrial research partnerships with external public and private stakeholders (see section 1.4.2). Thirty of these partnerships are seen as strategic because they carry high research and technology stakes for the Group. They are governed by framework agreements with ONERA, CNRS, École des Mines, CEA Tech and École Polytechnique de Montréal (Canada).

Safran is closely involved in 15 industrial and scientific sponsorship chairs, in competitiveness clusters (ASTech, Aerospace Valley, etc.) and in the creation of three technological research institutes as part of France's PIA Investments for the Future Program. Long-term partnerships like these, together with the coordination of thematic networks, such as the Advanced Combustion Initiative (INCA) network, serve to advance knowledge, encourage innovation, and to promote a more efficient aerospace industry with less environmental impact (see section 1.4.2). These partnerships are based on agreements involving several players or the creation of joint research centers. For example, PROTHEIS is a long-term joint research center in the field of surface treatment, founded in 2020 from the collaboration between the University of Limoges, the CNRS, Oerlikon and Safran.

ENGAGE FOR THE FUTURE

- **2025 CSR objectives: #13** Host more than 63 new PhD students in Safran teams each year

Safran also supports research through training by welcoming more than 250 PhD students and research students, by working in partnership with schools and university research centers, and through industrial chairs supported by France's national research agency. Safran was the leading employer of PhD students in France between 2018 and 2023, through industrial training-through-research agreements (CIFRE) A large number of Safran employees are involved in higher education institutions each year, teaching classes or participating in educational program guidance bodies, including over 250 "ambassador" employees (see section 5.4.1.3). This engagement in broader society helps to bring young people into the workforce in high-tech professions, and also serves to unite the academic community around concerted scientific objectives, complementing bilateral mechanisms and research chairs.

2023 KEY FIGURES

- 255 PhD students hosted by Safran teams, including 73 new PhD students[1].
- More than 300 scientific research partnerships, 30 of which are strategic.
- 258 employee "ambassadors" working with schools and universities (see section 5.4.1.3).
- France's leading patent applicant since 2022.

5.6.2.2 Partnerships with innovative companies to develop emerging technologies

Through Safran Corporate Ventures (see sections 1.4.4 and 5.5.2.4), Safran actively supports the ecosystem of young innovative companies in the aerospace and defense industries. Safran supports these companies by contributing its expertise and the financial resources (minority investments) needed for their development. Its support ranges from access to an international network of experts, and commercial and industrial exposure, to the establishment of commercial or development agreements between the startups in its portfolio and the Group's various entities, and participation in their governance to support their growth strategies. A dedicated support and development program for startups allows Safran to share its knowledge and expertise, and connect them with institutional, industrial, academic and financial players. For example, the 2022-2023 Explore H2 program identified around a hundred startups in the field of hydrogen and gave rise to practical collaborations with five of them.

These contributions are a factor of sustainability for these young companies, which are fragile in their early years. Thanks to this collaboration on innovation and R&T projects, these players become preferred partners and can ask to join the Safran supplier panel (see section 5.5.2.4), or become customers. Safran is committed to being a sustainable and responsible partner, building respectful, trust-based and win-win relationships in the interests of all parties. Safran showcased its startup partners at the Paris Air Show and at Hello Tomorrow, as well as at internal events such as the Safran Innovation Day.

To identify and support startups considered strategic for its growth, Safran is also a member of bodies including La Place Stratégique and StartAir, the club of French aerospace start-ups, through GIFAS.

5.6.2.3 Training and regional development partnerships

Safran plays a role in society by developing the knowledge and skills of the many young people who complete part of their training (through internships, work-study programs or PhDs) with the Group each year. More than 7,500 young people were welcomed on sites in Europe in 2023. Safran is developing partnerships with several schools (see section 5.4.1.3):

- in Mexico, Safran Aircraft Engines and Safran Landing Systems are involved in the Mexprotec bilateral university cooperation program, which enables Mexican senior technicians to earn a professional degree in a French institute of technology. The Group is partnered with several universities, including the National Autonomous University of Mexico (UNAM), the Aeronautical University in Querétaro (UNAQ) and the Technological University of Querétaro (UTEQ). It has collaborated with the Lycée Franco-Mexicain in Mexico City to set up a work-study program delivering a professional degree from the University of Créteil in France. Safran is also a founding member of the AeroClúster de Querétaro association;
- in Brazil, Safran Helicopter Engines promotes excellence and mobility among young students, especially in the field of science and technology. Since 2018, Safran has had a partnership agreement with the University of Brasília (UnB) to foster collaboration in research and knowledge transfer.

Safran also contributes to regional development:

- firm economic offset commitments to client governments allow Safran to support job creation by purchasing or investing directly in its host countries. The Group also contributes to strengthening the skills of talent in client countries by training qualified personnel. Safran can also participate in the development of education or health in client countries. For example, since signing the Rafale contract with India in 2016, Safran has invested in local companies each year through the purchase of production or services and training. This has led to the creation of highly qualified jobs and the development of skills, while bolstering the economy of the local ecosystem;
- at the end of 2023, Safran signed a framework agreement with the Moroccan government on a mutual commitment to support and develop the Moroccan aerospace industry ecosystem. Hand-in-hand with this long-standing partner, Safran is contributing to the development of a robust ecosystem in Morocco, notably by supporting the development of aerospace programs and the creation of joint units in partnership with Moroccan universities in the fields of engineering, R&D, test benches and simulation. Safran has been operating in Morocco for 24 years. It employs more than 4,200 people there, in eight companies or joint ventures. The Group is the leader in the country's aerospace industry and has forged strong partnerships with manufacturers in the industry, government institutions and training centers. The Moroccan plants are central to Safran's global production network.

(1) *Students preparing a thesis and embarking on their first year of research at Safran.*

5.6.2.4 Professional training centers created by Safran worldwide

The global CSR framework agreement, see section 5.1.3.3, stipulates that "*in each country where it operates, Safran favors local human resources to fill available jobs and whenever possible, develops local integration*". This commitment is demonstrated in the provision of vocational training for aerospace jobs to facilitate skills transmission, as well as in Safran's support for research to encourage innovation at the Group's various locations.

Training through the 54 industrial schools attached to the tier-one entities, the 4 CFM Training Centers and Safran campuses worldwide

For example:

- every year, 54 industrial schools around the world, including 34 attached to Safran's tier-one entities in France, provide training to their employees around the world;
- Safran operates in India through six companies located in New Delhi, Bangalore and Hyderabad, with more than 700 employees, a joint venture and a CFM Training Center, which allows Group employees and employees of local airlines to upgrade their skills. 384 interns were trained there in 2023. The joint venture between Safran Helicopter Engines and Indian company, HAL, provides support to national and international operators using helicopter engines, primarily the Indian air force, navy and army;
- in China, the CFM International training center trained more than 688 trainees in 2023. It is CFM's third-largest training center worldwide;
- in Morocco, Safran helped forge the partnership between the Moroccan government, the Moroccan Aeronautical and Space Industries Group (GIMAS) and France's Mining and Metals Industry Confederation (UIMM). It also supported the creation of the IMA aerospace vocational training institute and is partnering with Moroccan authorities to develop the country's research capabilities by creating doctoral programs in aerospace disciplines. Partnerships are also in place with École Centrale Casablanca and Mohammed VI Polytechnic University.

In addition, a campus with dedicated classrooms was inaugurated in Casablanca in 2023 to offer Safran University training courses to Safran employees in Morocco.

CampusFab training – preparing for the Factory of the Future

Since 2019, Safran partner CampusFab has been providing acculturation and training for aerospace and space technicians and engineers in the jobs that will be part of the industry of the future. The campus, located in France, is run by a consortium of industrial and employment stakeholders and training organizations. It is also supported by public institutions and by the French government as part of its Investments for the Future (PIA) program. CampusFab provides Safran employees with continuous training to prepare them for the challenges of tomorrow's digital factory, and to give them the knowledge needed to pilot industrial systems and manage data. Training modules are also offered to people on combined work-study programs. From their initial training, they will be ready for Industry 4.0 developments. Safran is also promoting the platform among engineering schools, with the aim of providing future graduates with a tool geared toward the Factory of the Future.

CampusFab is equipped with the technologies, industrial equipment and software solutions underpinning Industry 4.0. Digital technology is omnipresent in this modular 2,000 sq.m. space, with collaborative robots, connected objects, virtual or augmented reality, and additive manufacturing. Everything is designed and organized to monitor data continuity, from product design to completion.

In 2023, CampusFab signed a partnership agreement with Safran Aircraft Engines to make some of its premises and equipment available to its industrial school for practical training for method engineers.

CampusFab is an essential component of support for the digital transformation of the Group's operations. Working alongside industry experts, Safran University develops training programs geared towards the Factory of the Future. These programs meet the skills development needs of the Group's employees by offering certificates such as the CQPM metallurgy qualification certificate for autonomous production unit technicians, as well as programming modules and other training courses such as product design on the digital platform.

5.6.3 Commitment to regions and their communities

Safran actively engages with local communities in every host region, supporting a wide range of association-run and other initiatives. This corporate citizenship commitment is expressed through the Safran Foundations for corporate and skills sponsorship, and through local actions led by sites and employees.

ENGAGE FOR THE FUTURE

- **2025 objective #14:** 100% of sites with 50 or more employees carry out at least one community initiative[1].

(1) *In 2023, the scope of this indicator was extended to include facilities with 50 to 99 employees, adding 32 sites. Most of our initiatives are devoted to social, health and environmental issues.*

This indicator maps the civic engagement of foundations, sites and employees by listing the many initiatives carried out in host regions to create a fairer society. Since monitoring began in 2021, the number of initiatives identified has increased significantly. The rate was unchanged at 76% in 2023, despite the expansion of the scope of the indicator to include sites with 50 or more employees. The total number of community initiatives across all sites increased by 13% between 2022 and 2023. 188 sites carried out more than 630 community initiatives, mainly concerning social, health and environmental issues. In 2023, a digital platform was launched to identify these initiatives and manage a community of 250 “citizen ambassadors” at the various sites.

These actions comprise all forms of material, human and financial assistance undertaken directly by Safran or by employees in partnership with non-profits or local authorities. Their overall goal is to encourage sites to strengthen their positive impact on their host communities.

5.6.3.1 A sustained Group-wide effort on sponsorship activities in support of education and the integration of young people

Safran’s philanthropic activities are structured through two foundations and direct sponsorship. Since 2004, the common thread has been a commitment to young people.

The Safran Foundation for Integration

The Safran Foundation for Integration provides support for young people with disabilities or in situations of great vulnerability. It supports professional integration projects, particularly in a mainstream environment, as well as social integration projects in the areas of housing, culture and sport.

The Foundation supports its main partners through multi-year contracts, such as the partnership with the Fratries endowment fund to create shared housing for young people with disabilities and young professionals without disabilities, and that with Rocher to support the professional integration of young people in difficulty.

The Foundation also continues its commitment to the AlphaOmega Foundation, launched in 2017 with a total endowment of €1 million. Leveraging the innovative notion of venture philanthropy, the AlphaOmega Foundation supports the scaling up of seven non-profits in the field of education, from elementary to university level, including Coup de Pouce and Article 1.

2023 KEY FIGURES

- Close to €736,000 donated to 39 charities.
- 37% of the projects receiving support were put forward by Group employees.

The Safran Corporate Foundation for Music

The Safran Corporate Foundation for Music supports talented young musicians as they start their professional journeys to become leading performers in the classical music world of tomorrow, by offering them scholarships to study or to prepare for international competitions for example. Many generations of virtuosos have also benefited from partnerships (often long-term) forged with venues that have a genuine commitment to promoting young talent. 2023 was the year of the cello for the Foundation. The Safran Foundation for Music prize was won by Thomas Martin. One of his prizes was a cello made by David Leonard Wieder in partnership with Talents & Violon’celles.

2023 KEY FIGURES

- 35 young people and 11 venues supported.
- €259,000 donated.

Group educational sponsorship

Firmly believing in the importance of education in allowing people to achieve their potential, as well as its role as a vector of integration and equal opportunity, Safran supports practical educational initiatives. Its actions, representing nearly €90,000 in 2023, are focused on improving the acquisition of mathematical and scientific knowledge.

In 2023, with the support of Safran, non-profit organizations S[cube] and Scientipole Savoirs & Société created a traveling program to teach mathematical concepts through 10 board games. The games are adapted to different levels, from 7th to 10th grade. More than 3,500 middle school students in France benefited from the initiative. Hugo Duminil-Copin, winner of the 2022 Fields Medal, is the patron of the initiative.

5.6.3.2 A wide range of community commitments

Strong employee and site involvement through multiple aid and sponsorship initiatives

Financial and material donations, along with volunteering by employees of Safran companies, help many non-profits and local communities, especially those working with people with disabilities and chronic illnesses. 2023 saw the completion of more than 630 community initiatives by all companies at their sites and by their employees around the world. They covered a range of issues, including:

- health: around a hundred blood donation campaigns were organized at sites;
- environment: recycling events and clean-up campaigns were organized, getting employees onboard to preserve biodiversity;
- disability: financial support was provided to various non-profits promoting the recognition and integration of people with disabilities within companies.

In addition, collections were held to support local food banks and provide assistance to people in need. Employees were able to complete skills sponsorship assignments with non-profits during their working time.

For example, in 2023, Safran Cabin in the United States demonstrated its commitment to the community through **Give & Grow**, a non-profit organization created by Safran Cabin in 2007. Nineteen sites took action to collect financial donations, and five sites helped renovate an elementary school. Give & Grow's purpose is to support the education of underprivileged children and young adults in the United States and Canada through initiatives such as renovating local school playgrounds and buildings, academic support and scholarships for higher education. Over 250 employees are members of Give & Grow, and volunteer their time to support its work. The non-profit's 2023 budget of $80,000 was funded by Safran Cabin's contribution, employee donations and fundraising events.

Crisis solidarity

In September 2023, €1 million was given to support the Moroccan people affected by an earthquake. This financial assistance was divided between the Moroccan government's special aid fund, the Moroccan food bank and various NGOs to contribute to reconstruction efforts. At the same time, a large number of employees at Safran sites took action by organizing charity collections (food, personal hygiene products, first aid supplies, etc.), which were sent to Morocco.

The Go Safran Engage charity and sporting challenge

In 2023, Safran launched a charity and sporting challenge involving more than 9,000 employees. Through quizzes and sporting challenges, employees covered 12,030,781 kilometers, raising funds for 23 non-profits. For example, A Tree for You received a donation of €50,000 for the restoration of mangroves in Mexico. The goal is to plant 10,000 mangrove trees to improve water quality, promote biodiversity and provide economic support for 45 fishermen and their families.

Group-wide commitments

Among the long-term initiatives supported by Safran, employees are actively involved in several non-profits:

Article 1, equal opportunity through mentoring

Safran has been promoting the social and professional integration of young people in difficulty or from underprivileged neighborhoods by contributing to Article 1 as a sponsor since 2008. Group employees have also been working as mentors, supporting young people during their studies and as they enter the workforce. In 2023, 90 Safran employees took part in one of these two mentoring programs.

CGénial, linking education and industry

The Fondation CGénial aims to develop young people's appetite for science and technology, and introduce them to related professions. Safran has been partnering with CGénial since 2017. 107 employees give classroom talks about their jobs as engineers or technicians. Safran also welcomes teachers and managers from the French national education system at its sites in France every year.

Elles Bougent, encouraging women to take up careers in engineering

The non-profit Elles Bougent works to promote the place of women in the aerospace industry among girls attending middle school, high school and university, through a variety of activities including forums, workshops and company visits. Safran has been a partner since 2005; in 2023, more than 566 of its employees were members.

Safran is also a "National Defense Partner" in France through the military reserve

Safran affirms its commitment to sovereignty by supporting French volunteer reservists in the army and the police, as well as veterans in the United States. In France, the law allows employees to devote up to 10 days of their working time each year to the military reserve. Since 2006, Safran has granted its employees an additional 10 days per year, giving them a total of 20 days of authorized paid time off to fulfill their reserve obligations. Nearly 100 employees are involved as committed citizens to help protect the country. In 2021, the Group strengthened its commitment by signing an agreement with the French Ministry of the Armed Forces to support the military reserve policy. In addition, in the United States, Safran supports veterans through fundraising, non-profit organizations and on-site initiatives, such as participation in special Memorial Day and Veterans Day events.

In 2023, Safran also renewed its agreement with the French Ministry of the Interior to "support the policy of volunteering with firefighters", allowing employees to volunteer with the fire department.

5.7 METHODOLOGICAL NOTE AND REPORT OF THE INDEPENDENT THIRD PARTY (ITP)

5.7.1 Methodology note on labor, HSE and climate indicators

The labor, HSE and climate indicators in this chapter have been defined by experts from the Group's businesses. These indicators take into account legal obligations and are adapted to changes in the Group and its operations.

The reporting period is the calendar year from January 1 to December 31, 2023.

Safran has elected to have one of its Statutory Auditors, EY & Associés, review the entire non-financial information statement (NFIS), in accordance with prevailing legislation. The nature and scope of the work of the Statutory Auditor, and their conclusions, are presented in the report of the independent third party in section 5.7.5.

5.7.2 Reporting scope

The scope of the NFIS indicator reporting covers the following entities:

- the parent company Safran SA;
- its 11 tier-one entities (see sections 1.1.2 and 1.1.3);
- the subsidiaries of companies in which Safran directly or indirectly holds more than 50% of the share capital or voting rights. The environmental and climate indicators of these subsidiaries are only consolidated if Safran is responsible for their operational management.

The geographical scope of all indicators is global, with the exception of those relating to disability (France), work-study students, interns and research students (Europe), occupational illnesses (France, Mexico and United States) and the target of zero non-recycled paper (France and Belgium).

Data from any acquired or newly consolidated entities (more than 50% interest only) are included in the scope of reporting at the date on which control is acquired. Data from any sold, liquidated or deconsolidated entities (50% interest or less) are excluded from the scope of reporting at the date of disposal, liquidation or loss of control. Introducing reporting systems in start-ups and acquisitions takes time, as the necessary tools must be installed.

In addition, the scope of the reporting process for each indicator varies slightly:

- HSE and climate reporting also includes joint ventures under Safran's operational management: MATIS Aerospace, HAL, SAE Services Morocco, Ceramic Coating Center, SAC, Famat, Saifei, Airfoils Advanced Solutions, SSAMC and Aero Gearbox International;
- environment and climate reporting covers all facilities with more than 50 employees;
- health and safety reporting covers all facilities with more than 100 employees. Facilities with fewer than 100 employees can contribute to health and safety reporting if they wish.

5.7.3 Data collection

Labor data are obtained from the SELIA HR information system, with the exception of approximately 15% of the data, which are collected from companies. They are consolidated by the Group HR Data Analytics Department. HSE and climate data are collected using another dedicated Group tool. They are consolidated by the Group Health, Safety and Environment and Climate Departments.

5.7.4 Details on key social and societal indicators

The indicators are documented in internal references. The definitions of the key indicators are presented below:

Accidents

The frequency rate of occupational accidents equals the number of incidents resulting in more than one day's lost time, divided by the number of hours worked, multiplied by one million. Hours worked correspond to theoretical hours, calculated based on a three-year average of actual hours worked. This average is calculated by country.

The occupational accident severity rate corresponds to the total number of working days lost to occupational accidents, divided by the number of hours worked, multiplied by 1,000.

Absenteeism

Absenteeism corresponds to the total number of paid or unpaid hours lost (illness, occupational accidents or work-related travel accidents, strikes and unjustified absences) divided by the theoretical number of hours worked. The rate is based on the reference headcount, excluding employees on long-term absence and expatriates/seconded workers.

Long-term absence is defined as:

- contract suspensions, downtime;
- employees on sick leave for more than six consecutive months.

Purchases made from suppliers that have signed Safran's responsible purchasing guidelines

This indicator represents the percentage of the volume of purchases in euros made by Safran SA, its tier-one entities and its subsidiaries from production and non-production suppliers that have signed the GRF-0164 responsible purchasing guidelines or have equivalent guidelines. This purchase volume corresponds to the volume managed by the purchasing organization; it excludes purchases related to partners and public authorities. Guidelines are considered equivalent (i) if they are in line with Safran's CSR requirements compliance matrix, (ii) if the supplier has signed equivalent guidelines with one of the other major GIFAS contractors (Airbus, Dassault, Thales), or (iii) if it has signed the "Sustainable Procurement and Supplier Relations" guidelines of the French Business Mediation Service or of the IFBEC.

Work-study students, interns, doctoral or research students

This indicator includes people working under work-study contracts (apprenticeship and professional training contracts), internship contracts of at least four weeks, and doctoral or research students under industrial research training contracts (CIFRE) and technological research diplomas (DRT) on the European scope.

Senior executives

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

Permanent and fixed-term contracts

Permanent employment contracts are open-ended contracts. Fixed-term employment contracts are temporary contracts excluding special contracts (work-study students, research students, international corporate volunteers, interns and temporary staff).

Permanent departures

Permanent departures concern the departure from the Group of members of the reference headcount for the following reasons:

- retirements;
- resignations and other voluntary departures (e.g., end of trial period at the employee's initiative, abandonment of position);
- dismissal and other involuntary departures (e.g., negotiated termination, death, end of trial period at the employer's initiative, redundancy);
- end of contract.

Reference headcount

Headcount is stated as of December 31, 2023. It includes all employees of companies included in the labor reporting scope that work under permanent or fixed-term employment contracts, and excludes other types of contracts such as work-study programs, doctoral students, international corporate volunteers, interns and temporary staff. Headcount is calculated in terms of physical persons.

Training

The indicator on training hours covers the worldwide scope and includes the hours delivered face-to-face and remotely. The indicator showing the percentage of employees that have completed a training course during the year corresponds to the number of active employees to have completed training during the year as a proportion of the number of registered employees excluding long-term absence.

High-potential employees

High-potential employees are managers who are expected to be able to successfully assume responsibilities within a management committee or equivalent, in the short to medium term.

Permanent departure replacement index

The replacement index for permanent departures is the ratio of external new hires to permanent departures.

Managers & Professionals (managerial-grade employees)/Non Managers & Non Professionals (non-managerial-grade employees)

Managerial-grade employees (Managers & Professionals) are employees who coordinate an assigned set of physical, human or financial resources with the degree of independence and responsibility required to meet targets. The management and responsibility entrusted to them can relate to a team, projects, a process, a technique (R&D or production) or a customer or supplier portfolio.

All other employees who are not identified as Managers & Professionals are classified as Non Managers & Non Professionals.

Job mobility

This indicator takes into account mobility and transfers:

- mobility is a movement corresponding to a change of legal entity within the Group;
- transfer is a movement corresponding to a change of site within the same Safran legal entity.

New hires

New hires concern the recruitment of employees on fixed-term or permanent contracts, including employees from outside the Company hired following specific contracts. Employees who join the Group further to acquisitions are not included in the indicator.

Sites classified as "Gold" according to the Group's HSE standards

In 2021, Safran committed 149 industrial sites to its "Gold 2025" roadmap, which is reviewed quarterly by the Group's Executive Committee. In 2023, this Committee validated the modification of the initial target from 149 sites to 126 sites based on various industrial reorganizations (divestments, business transfers, etc.).

Employment rate of people with disabilities

In France, Safran applies the methodology for calculating the employment rate of people with disabilities as required under French law no. 2018-771 on the freedom to choose one's professional future.

Employee turnover rate

The turnover rate is the average of departures and arrivals of employees during a given period, divided by the number of employees present at the beginning of that period.

Attrition rate

The voluntary attrition rate is equal to all resignations and other voluntary departures (end of trial period at the initiative of the employee) over a given period, divided by the average number of employees over that period. Outgoing mobility is not taken into account in this indicator.

Percentage of senior executives and exposed or affected employees trained in anticorruption

This indicator represents the percentage of senior managers and exposed or affected employees trained in anticorruption among Executive Management and in the Purchasing, Human and Labor Relations, Legal, Finance, Audit and Internal Control, Ethics and Compliance, Commercial, Programs, Risks and Insurance and Communication departments. The base was revised in 2022 but was unchanged in 2023.

5.7.5 Details on key environmental indicators

Indicator definitions and calculation methods for climate and environmental indicators are provided in the reporting tool. The main assumptions are presented below:

Waste

Waste corresponds to the total of all hazardous and non-hazardous waste.

Categories of waste are defined according to local legislation and classed as:

- recovered waste (material or energy);
- non-recovered waste (incineration without energy recovery or landfill).

Water

Reported water consumption corresponds to total water withdrawn and used for all sources, including the public water supply, surface water and groundwater.

Cooling water is not reported because it is not directly used in the industrial processes and is not physically or chemically treated before being released into the natural environment.

CO_2 emissions

Emissions are classified as Scopes 1, 2 and 3 using the regulatory methodology for greenhouse gas emissions accounting.

Scopes 1 and 2

Safran measures the carbon footprint of its activities and energy consumption on Scopes 1 and 2, in line with the general framework proposed by the GHG Protocol. The figures take into account the increase in business, which has a significant impact on electricity and gas consumption. Carbon accounting, common to all Group companies, is based on international standards, namely the GHG Protocol, the International Energy Agency (IEA), ISO 14064-1-2016 and ADEME.

Scope 1: Scope 1 includes direct greenhouse gas emissions linked to the combustion of energy sources such as natural gas, liquefied petroleum gas, heating oil or diesel, heavy fuel oil and aviation fuel, as well as emissions related to refrigerant leaks during recharging at Safran sites. Direct emissions from biogas are also included in the Scope 1 calculation.

Scope 2: Scope 2 includes indirect greenhouse gas emissions linked to the consumption of purchase of electricity, steam, heat and cold. The emission factor for electricity only takes combustion into account.

Scope 2 emissions are calculated using two methods:

- the **location-based method** corresponds to CO_2 emissions calculated based on the average emission factors for the electricity networks in Safran's host countries. These "country" emission factors are sourced from ADEME for the years 2018-2020 and from the IEA from 2021 onwards. They do not take into account the purchase of renewable electricity with guarantee of origin;
- the **market-based method** corresponds to CO_2 emissions calculated based on the emission factors for the energy suppliers under contract with Safran, including guarantees of origin.

Scope 3

Scope 3 includes other indirect emissions from Safran's operations, upstream (purchases of goods and services, business travel and employee commuting) **or downstream** (freight and use of products sold).

1) Scope 3 from the use of the products sold

In accordance with the GHG Protocol and the principles discussed within the French Aeropace Industries Association (GIFAS), Safran presents emissions resulting from the use of its products in two sub-categories, for which the methodology used is similar:

- **emissions directly linked to product use**: for Safran, this corresponds to emissions linked to the use of products in the area of propulsion (engines or engine subsystems, and nacelles); non-propulsive energy consumed by the other equipment produced by Safran is negligible;

- **emissions indirectly linked to product use:** these are emissions allocated to equipment and cabin interiors that do not consume energy, such as seats or landing gear. The use of this equipment is associated with emissions from the aircraft on which it is fitted, but the equipment itself is not the source of these emissions.

Calculating emissions requires numerous assumptions:

- **the assessment was confined to the civil aviation sector (commercial aircraft, helicopters, large business jets).** Emissions related to Safran's products in the general aviation (private aircraft) and military aviation sectors, as well as in other sectors (defense ships, armored vehicles, etc.) appear to be negligible (around 1%) due to their very low emission intensity or very limited business volume. The precise scope of reporting includes Safran's main joint ventures in the civil aviation sector, in particular CFM International (with Safran's 50% share of the corresponding engine emissions). Joint programs, in which Safran participates in the investments and shares in the profits, have also been taken into account to the extent of Safran's proportionate share. These contracts are called risk-and-revenue-sharing partnerships;
- in accordance with the GHG Protocol methodology, emissions linked to the use of Safran's products, which are intermediate goods, reflect the allocation of a portion of the emissions from the aircraft (final products) on which the Group's products are fitted. **Safran has elected to use a physical allocation ratio equal to the weight of its products over the weight of the aircraft.** This ratio is used to assess the impact of the two areas where Safran is able to take direct technological action, i.e., improving engine fuel efficiency and reducing the weight of all products. Safran used the average aircraft weight as the reference weight for calculating the allocation ratio, rather than the operational empty weight. This provides a closer reflection of the operational reality and better aligns future improvements on Safran's Scope 3 emissions with airlines' Scope 1 emissions, which could be achieved by making equipment lighter. This assumption is also the one currently recommended by GIFAS following exchanges within the aerospace sector to identify common methodologies.
- assessing emissions from the use of Safran products therefore involves developing a scenario for the use of the aircraft on which these products are fitted, facilitating the estimation of the corresponding aircraft emissions. Safran assumes the **life of a commercial aircraft to be 22 years**, which is in line with the practices of its two main customers, Airbus and Boeing. Wherever possible, Safran has used external data (2019 average load factor provided by the International Air Travel Association (IATA), open-source fleet flight data). Depending on the diversity of products, engine families have been defined to simplify the calculation, corresponding to the most popular types sold by Safran and therefore the most representative;
- estimating future aircraft emissions also involves making an assumption about the use of sustainable fuels. These fuels have gained considerable momentum since 2022, with:
  - the adoption of an incentive framework based on tax credits in the United States, as part of the Inflation Reduction Act,
  - the 2023 agreement on the European Refuel EU program, which introduces a steady increase in blending mandates,
  - the November 2023 ICAO agreement to work toward a 5% reduction in the carbon content of all aviation fuels by 2030 (CAAF/3, Third Conference on Aviation and Alternative Fuels),
  - the adoption of blending targets by many other countries, especially in Asia,
  - the signing of a large number of sustainable fuel supply agreements by Western airlines, most of which aim to achieve a blending rate of 10% by 2030.

  According to the International Civil Aviation Organization (ICAO), contracts for the purchase of sustainable aviation fuel for delivery in the coming years amounted to 52 billion liters at the end of 2023, 11 billion liters more than the total at the end of 2022. Growth in sustainable aviation fuel production continued in 2023. According to the International Air Transport Association (IATA), it ended the year at twice the level of 2022 (600 million versus 300 million liters).

  For its emissions report, Safran took as its central assumption the trajectory for increasing the proportion of sustainable fuel used, as set out in the 2020 Sustainable Development Scenario of the International Energy Agency (IEA).
- **In addition to absolute Scope 3 emissions from product use, Safran also reports its emissions in the form of intensity per seat kilometer,** which is absolute emissions divided by the volume of traffic (expressed in seat capacity) generated over the life of all aircraft delivered in the year under review and fitted with Group equipment. Following discussions with the SBTi, Safran changed its intensity indicator in 2022, which is now expressed in terms of emissions per seat kilometer as opposed to passenger kilometer, to better reflect its role as an engine and equipment manufacturer rather than airline operator. Safran has no influence on aircraft load factors (number of passengers in proportion to the number of seats), which reflect airlines' operating decisions.

Given the many uncertainties affecting the assumptions required for the calculation, the estimate of Scope 3 emissions related to product use may be improved in subsequent years.

2) Scope 3: business travel

Emissions related to business travel within the Group's scope of consolidation are taken into account using the business travel and business expense management tools. The scope covers 94% of Safran employees in 2023. All modes of transportation (plane, train, private car, taxi) are taken into account, as well as accommodation. Emissions are then calculated for each kilometer traveled depending on the mode of transportation selected. Accommodation is also estimated for each night spent depending on the hotel chosen. Business travel emissions take into account the use of SAF under the Book and Claim principle, similar to the guarantees of origin approach used for renewable energy.

3) Scope 3: employee commuting

Emissions related to commuting to and from work were calculated taking into account the distance traveled to and from work for 93% of Group employees in 2023, with an estimate for the remainder. The distance is calculated town-to-town for a number of days corresponding to the number of statutory work days during the year. The calculation is performed by estimating the modes of transportation used, which are assigned a CO_2 emission factor per kilometer for each mode: private vehicle; public transport (bus, train, tram, metro), moped/motorbike. The emissions related to commuting represent an estimate and not an exact calculation due to the availability of data and the use of numerous assumptions. The level of uncertainty remains significant and will be gradually reduced over time.

4) Scope 3: freight

This scope mainly covers internal and downstream freight. In 2023, the calculation method changed in relation to the 2018-2022 period, when it was based solely on the application of monetary emission factors. Monetary factors allow CO_2 emissions to be associated with the amount of money committed according to the mode of transportation (road, air, rail). In 2023, a hybrid method was adopted: 35% of freight-related emissions were calculated by applying the physical emission factors associated with the weight, distance and mode of transportation of the quantities transported. The remaining 65% were calculated using the monetary method. The new methodology is being phased in, as it relies on data from "carriers", the quality of which is variable. However, it reduces the uncertainty of the estimate.

5) Scope 3: purchased goods and services

The emissions induced by Safran's controlled purchases of goods and services have been estimated using monetary emission factors that associate CO_2 emissions with the value of purchases made for the different types of goods or services purchased. The scope is limited to Safran SA and tier-one entities and excludes energy purchases (gas, electricity, aviation fuel) and freight purchases.

6) Scope 3: waste

GHG emissions associated with the waste generated by Safran's activities are calculated based on the type of waste and its treatment. Seven categories of waste are used, reflecting Safran's activities: plastic, wood, cardboard/paper, composites, metal, and other non-hazardous and hazardous waste. Each type of waste is then assigned a treatment: incineration without energy recovery, incineration with energy recovery, material recycling or landfill. Each family-treatment pair is assigned an emissions factor that converts a given amount of waste treated into greenhouse gas emissions.

7) Scope 3: upstream energy

The calculation is similar to that of the Scope 1 & 2 energy use carbon footprint, except that the emission factors are different and representative of the various stages upstream of the consumption phase (extraction, transportation, distribution, line losses, etc.). The conversion factors are derived from official sources such as ADEME or the International Energy Agency (IEA).

5.7.6 Exclusions from the non-financial information statement (NFIS)

In view of its businesses, the fight against food waste and food insecurity, respect for animal welfare and social commitments in favor of a responsible, fair and sustainable food system are not major challenges for Safran.

5.7.7 Report by the independent third party on the verification of the consolidated non-financial information statement

Year ended December 31, 2023

This is a free translation into English of the Statutory Auditor's report issued in French and is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In our capacity as independent third party ("third party"), certified by COFRAC (COFRAC Inspection Accreditation n°3-1681, whose scope is available at www.cofrac.fr) and member of the network of one of the Statutory Auditors of Safran (hereinafter "Entity"), we conducted work in order to issue a reasoned opinion expressing a limited assurance conclusion on the compliance of the consolidated non-financial information statement for the year ended December 31, 2023 (hereinafter the "Statement") with the provisions of Article R.225-105 of the French Commercial Code (*Code de commerce*) and on the fairness of the historical information (observed or extrapolated) provided in accordance with Article R.225-105 I, 3 and II of the French Commercial Code (hereinafter the "Information"), prepared in accordance with the Entity's procedures (hereinafter the "Guidelines"), presented in the management report pursuant to the provisions of Articles L.225-102-1, R.225-105 and R.225-105-1 of the French Commercial Code.

It is also our responsibility to provide, at the request of the Entity and outside the scope of our certification, a reasonable assurance opinion on the indicators selected by the Entity and identified in Appendix 1 (hereinafter "A Indicators").

Limited assurance conclusion on the Statement and the Information

Based on the procedures performed, as described in the section "Nature and scope of our work on the Statement and the Information" and the evidence that we have obtained, nothing has come to our attention that causes us to believe that the consolidated non-financial information statement is not compliant with the applicable regulatory provisions and that the Information, taken as a whole, is not presented fairly and in accordance with the Guidelines.

Reasonable assurance opinion on the Indicators

In our opinion, the Entity's Indicators were prepared, in all material respects, in accordance with the Guidelines.

Preparation of the Statement

The absence of a generally accepted and commonly used framework or established practices on which to evaluate and measure the Information permits the use of different, but acceptable, measurement techniques that may affect comparability between entities and over time.

Consequently, the Information must be read and understood with reference to the Guidelines, significant elements of which are presented in the Statement.

Inherent limitations in the preparation of the Information

The Information may be subject to inherent uncertainty because of incomplete scientific and economic knowledge and the quality of the external data used. Certain information is sensitive to the methodological choices, assumptions and/or estimates used to prepare the Information presented in the Statement.

Responsibility of the Entity

Management of the Entity is responsible for:

- selecting or establishing suitable criteria for the preparation of the Information and the Indicators;
- preparing the Statement in accordance with legal and regulatory provisions, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented in light of those risks and the outcome of those policies, including key performance indicators, and, if applicable, the information required by Article 8 of Regulation (EU) 2020/852 (green taxonomy);
- preparing the Statement and the Indicators in accordance with the Entity's Guidelines as mentioned above;
- implementing such internal control as it deems necessary to enable the preparation of Information and the Indicators that are free from material misstatement, whether due to fraud or error.

The Statement has been prepared by the Board of Directors.

Responsibility of the independent third party

On the basis of our work, our responsibility is to provide a reasoned opinion expressing a limited assurance conclusion on:

- the compliance of the Statement with the provisions of Article R.225-105 of the French Commercial Code;

- the fairness of the historical information (observed or extrapolated) provided in accordance with Article R.225-105 I, 3 and II of the French Commercial Code, i.e., the outcomes of the policies, including key performance indicators, and the measures implemented in light of the principal risks.

It is also our responsibility to provide, at the request of the Entity and outside the scope of our certification, a reasonable assurance opinion that A Indicators were prepared fairly in accordance with the Guidelines.

As we are responsible for forming an independent conclusion on the Information and A Indicators as prepared by management, we are not permitted to be involved in the preparation of the Information and A Indicators, as doing so may compromise our independence.

It is not our responsibility to comment on:

- the Entity's compliance with other applicable legal and regulatory provisions, in particular the information required by Article 8 of Regulation (EU) 2020/852 (green taxonomy), the French duty of care law and anticorruption and tax evasion legislation;
- the fairness of the information required by Article 8 of Regulation (EU) 2020/852 (green taxonomy);
- the compliance of products and services with the applicable regulations.

Applicable regulatory provisions and professional standards

We performed the work described below in accordance with the provisions of Articles A.2251 *et seq*. of the French Commercial Code, our verification program comprising our internal procedures (*Programme de vérification de la déclaration de performance extra-financière* of July 7, 2023), and the professional guidance issued by the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) applicable to such engagement, in particular its professional guidance, "*Intervention du commissaire aux comptes – Intervention de l'OTI – Déclaration de performance extra-financière*", as well as with ISAE 3000 (revised)[1].

Independence and quality control

Our independence is defined by the provisions of Article L.821-28 of the French Commercial Code and the French Code of Ethics (*Code de déontologie*) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures to ensure the compliance with the ethical requirements, French professional guidance and applicable legal and regulatory requirements.

Means and resources

Our work was carried out by a team of eight people between September 2023 and March 2024 and took a total of 30 weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted around 12 interviews with people responsible for preparing the Statement, representing the Risk and Insurance, Human Resources, Health, Safety and Environment (HSE), Circular Economy, Climate, Ethics and Compliance, Talent and Skills, Compensation, CSR, Purchasing, Diversity, Inclusion and Disability and Safran University departments, as well as the new Sustainability Department.

Nature and scope of our work on the Statement and the Information

We planned and performed our work taking into account the risk of material misstatement of the Information.

We believe that the procedures that we performed, based on our professional judgment, are sufficient to provide a basis for our limited assurance conclusion:

- we obtained an understanding of all the consolidated entities' activities and the description of the principal risks;
- we assessed the appropriateness of the Guidelines with respect to their relevance, completeness, reliability, objectivity and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of labor and environmental information set out in Article L.225-102-1 III of the French Commercial Code, as well as information regarding compliance with human rights and anticorruption and tax evasion legislation;
- we verified, where relevant with respect to the principal risks, that the Statement provides the information required under Article R.225-105 II of the French Commercial Code and includes, where appropriate, an explanation for the absence of the information required under Article L.225-102-1 III, 2 of the French Commercial Code;
- we verified that the Statement presents the business model and a description of the principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships and products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators related to the principal risks;
- we referred to documentary sources and conducted interviews to:
  - assess the process for identifying and confirming the principal risks, as well as the consistency of the outcomes and the key performance indicators used with respect to the principal risks and the policies presented,
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix 1. For certain risks (gender equality, responsible purchasing, diversity, inclusion and disability, health insurance and anticorruption), our work was carried out at the level of the consolidating entity; for other risks, our work was carried out at the level of the consolidating entity and in a selection of entities, namely: Safran Aircraft Engines, Safran Aerosystems, Safran Cabin, Safran Electronics & Defense, Safran Electrical & Power, Safran Helicopter Engines, Safran Landing Systems, Safran Nacelles, Safran Seats, Safran Transmission Systems, Safran Aero Boosters and Safran SA;
- we verified that the Statement covers the scope of consolidation, i.e., all the entities included in the scope of consolidation in accordance with Article L.233-16 of the French Commercial Code within the limitations set out in the Statement;
- we asked what internal control and risk management procedures the Entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information;
- for the key performance indicators and the other quantitative outcomes that we considered the most important presented in Appendix 1, we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data, and
  - tests of details, using sampling techniques or other selection methods, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. The work was carried out on a selection of contributing entities as listed above and covers between 17% and 55% of the consolidated data selected for these tests (17% of employees and 55% of Scope 1 and 2 GHG emissions);
- we assessed the overall consistency of the Statement based on our knowledge of all the entities included in the scope of consolidation.

(1) *ISAE 3000 (revised) – Assurance engagements other than audits or reviews of historical financial information.*

The procedures performed in a limited assurance engagement are less extensive than those required for a reasonable assurance engagement performed in accordance with the professional guidance applicable in France; a higher level of assurance would have required us to carry out more extensive procedures.

Nature and scope of our work on A Indicators

Concerning A Indicators of the Entity, our work was similar in nature to that described above under "Nature and scope of our work on the Statement and the Information" for the key performance indicators and other quantitative outcomes that we considered to be the most important, but it was more in-depth, in particular with regard to the scope of the tests.

The selected sample represents 100% of new PhD students, 100% of facilities with a "Gold" HSE rating, 100% of women among senior executives, 100% of the average number of training hours per employee, 100% of purchases made from suppliers that have signed the responsible purchasing guidelines, 100% of R&T investment focused on environmental efficiency and 55% of Scope 1 (including refrigerant emissions) and 2 GHG emissions.

We believe that this work allows us to express a reasonable assurance opinion on the Indicators.

Paris-La Défense, March 21, 2024

The independent third party

EY & Associés

Christophe Schmeitzky

Partner, Sustainable Development

Appendix 1: information considered to be the most important

Mandatory information (limited assurance report)

* A Indicators covered by a reasonable level of assurance listed in the second table below.

LABOR INFORMATION	
Quantitative information (including key performance indicators)	**Qualitative information (measures and outcomes)**
Total headcount and breakdown of employees by gender, region, age and professional category. Number of new hires. Number of internal mobilities and transfers. Number of permanent departures. Permanent departure replacement index. Absenteeism rate. Average number of training hours per employee*. Percentage of Group employees having completed at least one training course. Number of new PhD students in the Group per year*. Percentage of woman new hires. Percentage of woman engineers and managers among total engineers and managers. Percentage of women among senior managers*. Employment rate of people with disabilities (year Y-2). Percentage of employees benefiting from a minimum level of health coverage (medical, optical and dental). Frequency and severity rate of lost-time work accidents. Number of occupational illnesses. Percentage of industrial facilities with more than 100 employees with a “Gold” HSE rating*.	Attractiveness and talent retention and compensation. Health and safety and its application in the workplace. Equal opportunities (men/women, anti-discrimination, employment of people with disabilities). Social affairs. Training.

ENVIRONMENTAL INFORMATION	
Quantitative information (including key performance indicators)	**Qualitative information (measures and outcomes)**
GHG emissions linked to refrigerant leaks: t CO_2eq.*. GHG emissions, Scope 1: t CO_2eq.*. GHG emissions, Scope 2, location-based and market-based: t CO_2eq.*. GHG emissions, Scope 3: t CO_2eq. ■ use of products sold with mass weighting; ■ purchases of goods and services; ■ freight; ■ employee commuting; ■ business travel; ■ waste; ■ upstream energy. Electricity consumption: MWh. Natural gas and liquefied petroleum gas consumption: MWh HHV. Fuel oil consumption: liters. Aviation fuel consumption: liters. Heating/steam network consumption: MWh. Cooling network consumption: MWh. Rate of renewable energy consumption (including biogas): % Total waste: metric tons. Total waste recovered and reused: metric tons. Waste recovery/reuse ratio: %. Water consumption: cu.m. R&T investment focused on environmental efficiency: %*.	Means and outcomes relating to the environmental and energy policy. Circular economy (raw materials, energy, water and waste management). Climate change (significant sources of emissions owing to operations; target reductions; adaptation measures). R&T and innovation resources.

SOCIAL INFORMATION	
Quantitative information (including key performance indicators)	**Qualitative information (measures and outcomes)**
Percentage of CSR-trained buyers (cumulative basis).	The Group's responsible purchasing policy.
Percentage of purchases made from suppliers that have signed the responsible purchasing guidelines*.	Subcontracting and supplier relations (labor and environmental challenges).
Percentage of senior executives and exposed or affected employees trained in anticorruption.	Measures taken to preserve ethics and fight against corruption and tax evasion.
Rate of sites with 50 or more employees carrying out at least one community initiative per year.	

A Indicators (reasonable assurance report)

LABOR INFORMATION	
Quantitative information (including key performance indicators)	**Qualitative information (measures and outcomes)**
Average number of training hours per employee.	
Percentage of women among senior managers.	
Number of new PhD students in the Group per year.	
Percentage of industrial facilities with more than 100 employees with a "Gold" HSE rating.	
ENVIRONMENTAL INFORMATION	
Quantitative information (including key performance indicators)	**Qualitative information (measures and outcomes)**
GHG emissions linked to refrigerant leaks: t CO_2eq.	
GHG emissions, Scope 1: t CO_2eq.	
GHG emissions, Scope 2, location-based and market-based: t CO_2eq.	
R&T investment focused on environmental efficiency: %.	
SOCIAL INFORMATION	
Quantitative information (including key performance indicators)	**Qualitative information (measures and outcomes)**
Percentage of purchases made from suppliers that have signed the responsible purchasing guidelines.	

Integration on a ring laser gyroscope in a cleanroom

6 CORPORATE GOVERNANCE

This chapter constitutes the main body of the Board of Directors' report on corporate governance[1]. It provides information on the membership structure of the Board of Directors, the application of the AFEP-MEDEF Corporate Governance Code, which the Company uses as its corporate governance framework, the conditions for preparing and organizing the work of the Board of Directors and the Board Committees, the powers of the Chairman of the Board of Directors and the Chief Executive Officer, and the compensation policy applicable to the corporate officers, as well as the components of their compensation and benefits.

The information contained in this chapter was approved by the Board of Directors following a preparation and review process that notably involved the Appointments and Compensation Committee, the Chairman of the Board of Directors, and various corporate departments within the Company.

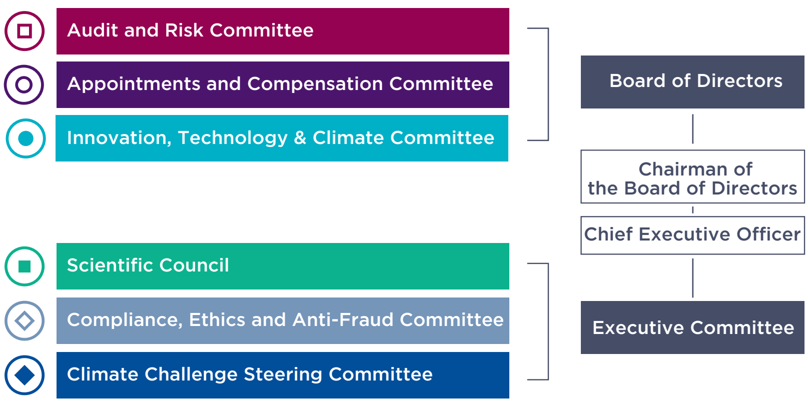
Other information relevant to the corporate governance report is provided in chapters 7 (participation in General Meetings, items with a potential impact in the event of a public offer, regulated agreements and relations with related parties, shareholders) and 8 (delegations and authorizations in force granted to the Board of Directors) of this Universal Registration Document.

Framework Corporate Governance Code

In accordance with Article L.22-10-10 4° of the French Commercial Code, Safran uses as its corporate governance framework the "Corporate Governance Code of Listed Corporations" (revised version published in December 2022) (the "AFEP-MEDEF Code"), drawn up jointly by the French employers' associations, AFEP[2] and MEDEF[3], as well as the related application guidelines (revised version of March 2024). These documents are available on the AFEP and MEDEF websites at www.afep.com and www.medef.com.

Where certain recommendations included in this Code or in its application guidelines are not implemented, the reasons are explained in section 6.4, "Application of the AFEP-MEDEF Corporate Governance Code" of this Universal Registration Document.

6.1 SAFRAN'S CORPORATE GOVERNANCE STRUCTURE



(1) *Report drawn up in accordance with Articles L.225-37, paragraph 6 and L.22-10-10, of the French Commercial Code.*
(2) Association française des entreprises privées.
(3) Mouvement des entreprises de France.

6.1.1 Board of Directors – Chair of the Board of Directors – Executive Management

Separation of the roles of Chair of the Board of Directors and Chief Executive Officer

At the Annual General Meeting of April 21, 2011, Safran's shareholders approved the adoption of a corporate governance structure with a Board of Directors.

The Board of Directors comprises at least three and no more than 14 members (who may be either individuals or legal entities), including, where applicable, a representative appointed by the French State and/or Directors put forward by the French State in accordance with Articles 4 and/or 6 of French government (order) 2014-948 of August 20, 2014. This number may be increased to allow for the inclusion of any Directors representing employee shareholders and any Directors representing employees.

The Board elects a Chair from among its members.

The Company's Executive Management is placed under the responsibility of either (i) the Chair of the Board of Directors or (ii) another individual appointed by the Board, who holds the title of Chief Executive Officer and who may or may not be a Director.

At its meeting on April 23, 2015, the Board of Directors opted to separate the roles of Chair of the Board of Directors and Chief Executive Officer. Following the appointment of Olivier Andriès as the Chief Executive Officer, the Company maintained the same governance structure.

The reasons given at the time of this decision are still valid, namely that this governance structure is suited to the Group's current needs, in particular in order to:

- ensure a clear distinction is made between (i) strategic, decision-making and oversight duties, which fall within the remit of the Board of Directors and whose members act in a collegiate manner, and (ii) operational and executive duties, which fall within the remit of Executive Management; and
- enable the Chief Executive Officer to fully exercise his duties alongside the Chairman of the Board, who must be able to devote the time and attention required for leading the Board of Directors in a continuous manner.

This separation of roles is the most effective structure for achieving the sustainable and balanced governance that Safran requires in order to pursue its business development under the best possible conditions and deliver on its objective of creating sustainable value.

- On April 23, 2015, **Ross McInnes** was appointed Chairman of the Board of Directors for an initial period of four years, before being reappointed in 2019.

  At its meeting on May 25, 2023, as the Board wished to continue to benefit from Ross McInnes' commitment, expertise and professionalism, it re-appointed him as its Chairman for the duration of his term as a Director (which was also renewed by the Annual General Meeting of May 25, 2023, for a further four-year term), i.e., until the Annual General Meeting to be held in 2027.

  The Board took this decision in view of its satisfaction with (i) the governance structure based on segregated roles of Chairman of the Board and Chief Executive Officer, and (ii) Ross McInnes' performance of his duties as the Board's Chairman.
- **Olivier Andriès** was appointed as the Group's Chief Executive Officer by way of a decision of the Board of Directors on December 16, 2020, with effect from January 1, 2021 and for a term corresponding to his term as a Director.

  The Board also appointed Olivier Andriès as a Director, for a term commencing on January 1, 2021 and expiring at the close of the 2023 Annual General Meeting. This decision reflected the Board's continuing belief that it is useful, necessary and of real value for the Chief Executive Officer to also be a Director of the Company, as it enables the Chief Executive Officer to be among his peers around the Board table, and also allows the Board to benefit from his contribution to its discussions.

  At its meeting on May 25, 2023, the Board renewed Olivier Andriès' term of office as Chief Executive Officer, for a period corresponding to his term as a Director (which was renewed for four years at the Annual General Meeting of May 25, 2023), i.e., expiring at the close of the 2027 Annual General Meeting.

The complementary profiles, expertise and careers of the Chairman of the Board of Directors and the Chief Executive Officer are a major factor for ensuring the Group's efficient governance, based on transparency between Executive Management and the Board, and a balanced, measured split between the roles of the Chairman and the Chief Executive Officer which ensures their duties are effectively segregated, as sought by the Board.

See section 6.2.2 for the profiles of the Chairman of the Board of Directors and the Chief Executive Officer.

Balanced distribution of powers

The Board deems that the Company has a balanced governance structure, in particular due to:

- the separation of the roles of Chairman of the Board of Directors and Chief Executive Officer;
- the restrictions placed on the Chief Executive Officer's powers, as described below (in section 6.1.4.2);
- the independent status of the majority of the Directors (eight out of the 12 Directors were independent at the filing date of this Universal Registration Document[1]);
- the powers of the Board and the existence of specialized committees, which are made up of a majority of independent Directors;
- the fact that the Board includes Directors representing employees and Directors representing employee shareholders.

This governance structure, which is subject to the Internal Rules of the Board and its Committees (see section 6.3.1), ensures compliance with governance best practices.

(1) *Directors representing employees and Directors representing employee shareholders are not included in this calculation.*

Quality of relations between the Board and Executive Management

Executive Management communicates with the Board of Directors via its Chairman, or directly at Board meetings, and keeps the Board regularly informed about all aspects of the Company's operations and performance.

The Board deals with all matters falling within its remit, in particular matters relating to setting the Company's strategic objectives, overseeing and monitoring the achievement of those objectives, and ensuring that the Company is managed properly and effectively.

The Board regularly meets with members of Executive Management during presentations, strategy sessions and site visits. Board meetings may be called at any time when so required. The Board may also hold meetings that are not attended by the executive corporate officer ("executive sessions").

The Board of Directors is a forum for reflection and strategic impetus, and provides valuable support to Executive Management. The Chairman leads the work of the Board, with the aim of ensuring that the Board and Executive Management work cohesively together, and that the Company is run efficiently in a climate of trust and confidence. It is in the interests not only of all the Company's shareholders but of all its stakeholders in general for the Chair to lead the Board's discussions and encourage debate among its members.

Deputy Chief Executive Officer(s)

At the proposal of the Chief Executive Officer, the Board of Directors may, at any time, appoint up to three Deputy Chief Executive Officers (who must be individuals and who may or may not be Directors) to assist the Chief Executive Officer in his duties.

In agreement with the Chief Executive Officer, the Board of Directors shall determine the scope and duration of the powers vested in the Deputy Chief Executive Officer(s). The Deputy Chief Executive Officer(s) shall have the same powers as the Chief Executive Officer with respect to third parties.

Annual General Meetings

The powers of the shareholders are regulated by law. Collective decisions of the shareholders are taken in general meetings, which are qualified as ordinary, extraordinary or special depending on the nature of the decisions they are called on to take.

6.1.2 Powers and responsibilities of the Chairman of the Board of Directors

The Board of Directors has assigned the following specific responsibilities to Ross McInnes in his role as Chairman of the Board of Directors:

- representing the Group (with the support of and in conjunction with Executive Management) in France and abroad in dealings with government authorities, major customers, partners and institutional shareholders;
- organizing the Board's strategic work;
- working with the Board on the preparation and implementation of succession plans for the Group's key operations managers and support function managers.

These specific responsibilities – which mainly cover areas relating to institutional representation, governance and strategy – are carried out without prejudice to the powers of representation vested in the Chief Executive Officer by law (see section 6.1.3).

In addition, Ross McInnes represents the Board of Directors and is responsible for organizing and managing the work of the Board, on which he reports to shareholders at the Annual General Meeting. He coordinates the work of the Board and the Board Committees, as well as ensures that the Company's corporate governance structures function effectively and, particularly, that Directors are in a position to properly perform their duties. To that end, in accordance with the applicable legislation and Article 15.2 of the Company's bylaws, he is responsible for:

- calling Board meetings based on an annual schedule and on other occasions where necessary, drawing up the agenda and ensuring that the Directors are given the appropriate information;
- ensuring that the Board Committees discuss certain matters in preparation for Board meetings and that the Directors respect the Board of Directors' Internal Rules and those of the Board Committees;
- monitoring the implementation of the Board's decisions.

Work carried out by the Chairman of the Board of Directors in 2023

Throughout the year the Chairman continued his active role of organizing the Board's work, which notably included:

- in conjunction with the Chief Executive Officer, deciding on and preparing the particular issues and strategy points to be discussed at the Board's annual strategy seminar;
- carrying out preparatory work, in conjunction with the Directors, on significant agenda items prior to Board meetings, in order to ensure that the meetings were fully effective and that the Board discussions were of the highest quality;
- informing the Directors of significant events that occurred between Board meetings;
- continuing to develop shareholder dialogue, in particular through governance roadshows organized for the Company's main shareholders and investors or proxy advisors in order to present (i) the membership structure of the Board and its operating procedures, (ii) proposed changes in governance, (iii) the re-appointment of the Chief Executive Officer, (iv) the compensation of corporate officers, and (v) Safran's business strategy and climate pledges (presented alongside the Lead Independent Director and the Director responsible for monitoring climate issues).

In addition, working with the Lead Independent Director and the Appointments and Compensation Committee, the Chairman:

- prepared the assessment of the operating procedures of the Board of Directors and its Committees, which was carried out at the end of 2023, and conducted individual interviews with the Directors, in particular for the purpose of evaluating their individual contribution to the work of the Board and its Committees (see section 6.3.7);
- prepared the review of the Directors' independence status (see section 6.2.4.1);
- in liaison with the members of the Appointments and Compensation Committee, participated in meetings and discussions on changes to the Board's membership structure;
- reviewed the succession plans presented to the Appointments and Compensation Committee in relation to Executive Management and the Executive Committee.

In addition to the duties assigned to him by law, the Chairman represented the Group in France and on the international stage within the scope of specific assignments entrusted to him, notably dealing with public authorities and shareholders. He took part in various meetings to hear their points of view and explain the Group's situation and positions relating to both corporate governance issues and strategic development.

6.1.3 Powers and responsibilities of the Chief Executive Officer

The Chief Executive Officer has authority over all the Group's operations departments and support departments.

The Chief Executive Officer represents the Company in its dealings with third parties and has the broadest powers to act in all circumstances in the Company's name.

He exercises these powers within the scope of the Company's corporate purpose and subject to the powers expressly vested by the applicable laws and regulations in Shareholders' Meetings and the Board of Directors.

The Company is bound by the actions of the Chief Executive Officer with respect to third parties even when they fall outside the scope of the corporate purpose, unless it can be proven that the third party knew, or under the circumstances could not have failed to know, that such actions exceeded the remit of the corporate purpose. Publication of the Company's bylaws does not in itself constitute such proof.

Any restrictions placed on the powers of the Chief Executive Officer by the bylaws or a decision of the Board of Directors are not binding on third parties. The restrictions placed by the Board on the powers of the Chief Executive Officer for the purposes of the Company and Group's internal organization are set out in the Board of Directors' Internal Rules (see section 6.1.4.2), and mainly relate to investments and divestments as well as certain strategic transactions.

6.1.4 Powers and responsibilities of the Board of Directors

6.1.4.1 Roles and responsibilities of the Board of Directors

The Board of Directors sets Safran's overall business strategy and oversees its implementation, in accordance with the Company's best interests and taking into account the social and environmental aspects of its activities. Subject to the powers directly vested in Shareholders' Meetings, the Board is responsible for dealing with all matters concerning the efficient running of the Company and for making all related decisions, within the scope of the Company's corporate purpose.

In accordance with the applicable laws and regulations and the terms and conditions set out in the Board of Directors' Internal Rules, the roles and responsibilities of the Board of Directors include, but are not limited to:

- calling the Annual General Meeting and setting its agenda;
- approving the Group's annual budget presented by the Chief Executive Officer, as well as any amendments thereto;
- approving the Group's medium-term business plan;
- approving the financial statements of the Company and the Group and drawing up the annual corporate governance report;
- authorizing related-party agreements governed by Article L.225-38 of the French Commercial Code (*Code de commerce*);
- selecting the Company's management structure in accordance with Articles 21.1 and 21.4 of the bylaws;
- appointing or removing from office the Chairman of the Board of Directors, the Chief Executive Officer, and, on the recommendation of the Chief Executive Officer, the Deputy Chief Executive Officer(s) (if any);
- determining the powers of the Chief Executive Officer and, in agreement with the Chief Executive Officer, of the Deputy Chief Executive Officer(s) (if any);
- appointing Directors prior to ratification by shareholders;
- setting the compensation payable to the Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officer(s) (if any);
- appointing the members of the Board Committees set up in accordance with the applicable laws, the Company's bylaws and the Board of Directors' Internal Rules;
- dividing among the Directors the aggregate annual compensation allocated to them by the shareholders at the Annual General Meeting;
- deciding on issues of debt securities not carrying rights to shares;
- deciding whether to allocate compensation to any Board Advisors (*censeurs*);
- giving the Chief Executive Officer authorization (which may be delegated) to grant guarantees, endorsements and sureties, in accordance with conditions set by the Board.

In addition, the Board of Directors performs any checks and controls that it deems appropriate (carried out by its Chairman).

6.1.4.2 Internal rules relating to transactions requiring prior approval of the Board of Directors

In accordance with Article 19.3 of the Company's bylaws and Article 4 of the Board of Directors' Internal Rules:

- the following transactions have to be approved by the Board before they can be carried out by the Chief Executive Officer or a subsidiary:
  - decisions related to starting up significant business activities in France or abroad,
  - decisions to withdraw from such business activities in France or abroad,
  - material transactions likely to affect the Group's strategy or modify its financial structure or the scope of its activity;
- the Board's prior approval is systematically required for the following:
  - any capital expenditure or self-financed development expenditure related to any project, program or industrial or commercial development that represents an amount equal to or more than €100 million for the Company or any Group entity,
  - any investment, divestment, expenditure, commitment or warranty related to the following transactions or decisions and which represents an amount equal to or more than €50 million for the Company or any Group entity:
    - any acquisition or disposal of real estate,
    - any acquisition or disposal of interests in any existing or future company, involvement in the creation of any company, group or organization, subscription to any issues of shares or bonds, excluding ordinary treasury management transactions,
    - any exchange, with or without balancing cash adjustments, relating to assets or securities, excluding ordinary treasury management transactions,
    - in the event of a dispute or litigation, the signature of any agreement or the acceptance of any settlement,
    - collateral pledged over the Company's assets.

    The prior approval referred to above is not required for transactions and decisions that result in the signature of agreements exclusively involving Group entities (between these entities or with the Company);
- the Board of Directors' prior approval is systematically required for each of the following transactions or decisions if they represent an amount equal to or more than €400 million for the Company or any Group entity:
  - granting or contracting any loan, credit or advance,
  - setting up or changing any program involving issues by the Company of negotiable debt securities (formerly the commercial paper program), apart from renewals or changes that do not result in an increase in the maximum size of the program or the maturity of the debt securities concerned (once such programs are approved, the Company's Finance Department is responsible for their implementation),
  - acquiring or disposing of any receivables due beyond one year. The prior approval referred to above is not required for transactions and decisions that result in the signature of agreements exclusively involving Group entities (between those entities or with the Company);
- the Board of Directors' prior approval is also systematically required for any offer or industrial or commercial project entered into by the Company or any Group entity that:
  - results in a guarantee commitment representing €300 million or more, or
  - is deemed material, with the notion of "material" decided by the Chief Executive Officer or any other person duly authorized to implement said offer or project;
- furthermore, the following transactions and decisions require prior authorization from the Board of Directors, with at least one Director representing the French State voting in favor if the French State owns more than 10% of Safran's capital:
  - any disposal by the Group of strategic military assets that concern prime contractor, design, manufacture, integration and operational maintenance capacities with regard to the propulsion and guidance of French cruise and tactical ballistic missiles,
  - any sale by Safran of shares in Safran Ceramics, Safran Power Units, Safran Electronics & Defense and ArianeGroup Holding,
  - any decision to grant to a third party specific management rights or rights to information related to the Group's strategic military assets that concern prime contractor, design, manufacture, integration and operational maintenance capacities with regard to the propulsion and guidance of French cruise and tactical ballistic missiles,
  - any decision to grant to a third party rights to be represented on the administrative or management bodies of Safran Ceramics, Safran Power Units, Safran Electronics & Defense and ArianeGroup Holding.

6.2 MEMBERSHIP STRUCTURE OF THE BOARD OF DIRECTORS

6.2.1 Summary table of information about Directors (at the filing date of this Universal Registration Document)

Director	Age[1]	Gender	Nationality	Number of shares held at Dec. 31, 2023	Number of directorships in listed companies[1][4]	Independent Director[2]	Date first appointed
Directors currently in office							
Ross McInnes *Chairman of the Board of Directors*	70	M	French and Australian	16,077[5]	3	No	April 23, 2015
Olivier Andriès *Chief Executive Officer*	61	M	French	26,606[5]	2	No	January 1, 2021 (effective date)
Anne Aubert	53	W	French	161[5]	1	No	May 28, 2020
Marc Aubry	61	M	French	623[5]	1	No	May 28, 2020
Hélène Auriol Potier	61	W	French	500	4	Yes	June 15, 2017
Patricia Bellinger	63	W	American and British	515	2	Yes	May 28, 2020
Fabrice Brégier	62	M	French	500	3	Yes	May 25, 2023
Monique Cohen	68	W	French	500	3	Yes	May 28, 2013
Christèle Debarenne-Fievet	55	W	French	3,227[5]	1	No	December 19, 2022
Céline Fornaro[6]	47	W	French	N/A	4	No	February 17, 2023
Laurent Guillot	54	M	French	500	2	Yes	May 23, 2019
Ivan Hardouin	48	M	French	549[5]	1	No	November 20, 2023
Alexandre Lahousse	48	M	French	N/A	1	No	July 27, 2022

	End of term (expiration or other)	Number of years on the Board[1]	Date last reappointed	Director representing employees or employee shareholders	Attendance rate (Board meetings)[3]	Membership of Board Committees[1]	Main experience and expertise brought to the Company
	2027 (AGM held to approve the 2026 financial statements)	8 years and 11 months	May 25, 2023	No	100%	-	Chairman of the Board of Directors
	2027 (AGM held to approve the 2026 financial statements)	3 years and 3 months	May 25, 2023	No	100%	-	Chief Executive Officer
	2024 (AGM held to approve the 2023 financial statements)	3 years and 10 months	-	Yes	90%	-	Perspective of an employee/Knowledge of the Group and its markets
	2024 (AGM held to approve the 2023 financial statements)	3 years and 10 months	-	Yes	100%	Audit and Risk Committee	Perspective of an employee/Knowledge of the Group and its markets
	2025 (AGM held to approve the 2024 financial statements)	6 years and 10 months	May 26, 2021	No	100%	Appointments and Compensation Committee Innovation, Technology & Climate Committee	Organization and management of corporations/International/ Digital and new technologies
	2024 (AGM held to approve the 2023 financial statements)	3 years and 10 months	-	No	80%	Appointments and Compensation Committee	HR-Diversity-Talent management/International business/Industry/Energy/ Strategy/Competitive environment
	2027 (AGM held to approve the 2026 financial statements)	10 months	-	No	100%	Innovation, Technology & Climate Committee	Aerospace/Defense/Digital and new technologies
	2026 (AGM held to approve the 2025 financial statements)	10 years and 10 months	May 25, 2022	No	100%	Chair of the Appointments and Compensation Committee	Financial and banking markets/Private equity/ Shareholding strategy
	November 19, 2027	1 year and 3 months	November 20, 2023	Yes	100%	Appointments and Compensation Committee	Perspective of an employee/Knowledge of the Group and its markets
	2027 (AGM held to approve the 2026 financial statements)	1 year and 1 month	May 25, 2023	No	100%	Appointments and Compensation Committee Audit and Risk Committee	Finance/Financial and banking markets/RTDI/ Industry/Private equity/ International business
	2027 (AGM held to approve the 2026 financial statements)	4 years and 10 months	May 25, 2023	No	100%	Chairman of the Audit and Risk Committee Innovation, Technology & Climate Committee	Organization and management of corporations/International business/Industry
	November 19, 2027	4 months	-	Yes	100%	Innovation, Technology & Climate Committee	Perspective of an employee/financial controller
	2027 (AGM held to approve the 2026 financial statements)	1 year and 8 months	May 25, 2023	No	100%	Innovation, Technology & Climate Committee	Industry/Strategy/Defense/ Competitive environment

Director	Age[1]	Gender	Nationality	Number of shares held at Dec. 31, 2023	Number of directorships in listed companies[1][4]	Independent Director[2]	Date first appointed
Fabienne Lecorvaisier	61	W	French	500	3	Yes	May 26, 2021
Patrick Pélata	68	M	French	500	1	Yes	June 15, 2017
Robert Peugeot	73	M	French	500	4	Yes	May 25, 2018
Directors whose directorship ended (on expiration of their term of office or through resignation) during 2023 and since January 1, 2024							
Stéphanie Besnier	46	W	French	N/A	4	No	May 12, 2021
Hervé Chaillou	57	M	French	125[5]	1	No	November 20, 2019
Jean-Lou Chameau	70	M	French and American	1,000	1	Yes	April 21, 2011
Sophie Zurquiyah	58	W	French and American	1,500	3	Yes	June 15, 2017

(1) At the filing date of this Universal Registration Document or the departure date of Directors whose terms of office on Safran's Board expired at end-2023.
(2) See section 6.2.4.1 "Independence of the members of the Board of Directors".
(3) At December 31, 2023.
(4) Including directorship with Safran.
(5) Including shares held via corporate mutual fund units
(6) Céline Fornaro was appointed representative of the French State by way of a ministerial decree dated February 17, 2023. Her term of office was renewed by way of a ministerial decree dated May 25, 2023.
(7) From May 25, 2018 to December 19, 2022 as the permanent representative of F&P.

End of term (expiration or other)	Number of years on the Board[1]	Date last reappointed	Director representing employees or employee shareholders	Attendance rate (Board meetings)[3]	Membership of Board Committees[1]	Main experience and expertise brought to the Company
2025 (AGM held to approve the 2024 financial statements)	2 years and 10 months	-	No	100%	Audit and Risk Committee	Energy/Finance/ Organization and management of corporations/Strategy/ Digital and new technologies/ Sustainability/International business
2025 (AGM held to approve the 2024 financial statements)	6 years and 10 months	May 26, 2021	No	100%	Innovation, Technology & Climate Committee (Chairman) Appointments and Compensation Committee Audit and Risk Committee	Organization and management of corporations/International/ Strategy/Industry/Digital – new technologies
2026 (AGM held to approve the 2025 financial statements)	5 years and 10 months[7]	May 25, 2023	No	100%	Audit and Risk Committee	Organization and management of corporations/International/ Finance/Asset management
February 17, 2023	1 year and 11 months	-	No	100%	Appointments and Compensation Committee Audit and Risk Committee	Finance/Financial and banking markets/Strategy/ Sustainable development/ Industry/Private equity/ International business
November 19, 2023	4 years	-	Yes	100%	Innovation, Technology & Climate Committee	Perspective of an employee/Knowledge of the Group and its markets
2023 (AGM held to approve the 2022 financial statements)	12 years and 1 month	May 23, 2019	No	100%	Appointments and Compensation Committee Innovation, Technology & Climate Committee	RTDI/International business
February 28, 2023 (resignation)	5 years and 9 months	May 26, 2021	No	100%	Audit and Risk Committee	Organization and management of corporations/International business/Industry

6.2.2 Directors' profiles (at the filing date of this Universal Registration Document)

Ross McInnes

Chairman of the Board of Directors

Address:
Safran – 2, bd du Général Martial-Valin – 75015 Paris, France

Number of Safran shares held:
16,077(1)

Date first appointed:
April 23, 2015

Expiration of current term of office:
2027 AGM

Born in 1954, Ross McInnes has dual French and Australian nationality and is a graduate of Oxford University. He started his career in 1977 with Kleinwort Benson, first in London and then in Rio de Janeiro. In 1980, he joined Continental Bank (now Bank of America) in which he held several positions in the corporate finance arm, in Chicago and then in Paris.

In 1989, he joined Eridania Béghin-Say, where he was appointed Chief Financial Officer in 1991 and then became a member of the Board of Directors in 1999. The following year, he joined Thomson-CSF (now Thales) as Executive Vice-President and Chief Financial Officer and assisted in the group's transformation, until 2005. He then moved to PPR (now Kering) as Senior Vice-President for Finance and Strategy, before joining the Supervisory Board of Générale de Santé in 2006. He served as acting Chairman of the Management Board of Générale de Santé from March to June 2007. He also held the position of Vice-Chairman of Macquarie Capital Europe, where he primarily specialized in infrastructure investments.

In March 2009, Ross McInnes joined Safran and became Executive Vice-President, Economic and Financial Affairs in June of that year. He was a member of the Executive Board of Safran between July 2009 and April 2011 and then served as Deputy Chief Executive Officer until April 2015.

He became Chairman of Safran's Board of Directors on April 23, 2015.

Since February 2015, Ross McInnes has also acted as Special Representative for economic relations with Australia, having been appointed to this diplomatic role by the French Minister for Europe and Foreign Affairs.

From November 2016 to November 2019, he was a member of the French High Committee for Corporate Governance.

In October 2017, Ross McInnes was appointed by the French Prime Minister as Co-Chairman of the "Action Publique 2022" Committee, which was tasked with making recommendations on reforming French public policies, a mission it has since completed.

Between January 2018 and January 2024, he was a Trustee and a Director of the IFRS Foundation.

MAIN POSITION(S) HELD

- Chairman of the Board of Directors of Safran

CURRENT OFFICES AND POSITIONS

Safran Group	Non-Group
■ Chairman of the Board of Directors of Safran (listed company) (France)	■ Lead Independent Director, Chairman of the Nominations Committee, member of the Audit Committee and member of the Strategic Committee of Lectra (listed company) (France) ■ Director, Chairman of the Audit Committee, member of the Strategy, Investment and Technology Committee, and member of the Ethics, Environment and Sustainable Development Committee of Engie (listed company) (France)

OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE YEARS

Safran Group	Non-Group
None	■ Trustee and Director of the IFRS Foundation (United States, United Kingdom) until January 2024 ■ Director, Chairman of the Governance and Nominations Committee, and member of the Audit, Risk and Compliance Committee of Eutelsat (listed company) (France) until November 2022 ■ Director and member of the Board committees of Lectra (listed company) (France) until April 2020

NUMBER OF OFFICES HELD*

- Three directorships (listed companies), including his position as Chairman of the Board of Directors of Safran SA

* *In accordance with the recommendations of the AFEP-MEDEF Code regarding the maximum number of offices that can be held, a maximum of five offices in French and/or foreign listed companies can be held by Directors.*

(1) *Including 10 registered shares, 7,567 shares held via corporate mutual fund units invested in Safran shares (conversion based on one share for one corporate mutual fund unit at December 31, 2023), and 8,500 shares purchased under a life insurance policy (whereby the insurer retains ownership of the shares and the insured party is owed the related amount by the insurer).*

Olivier Andriès

Chief Executive Officer and Director

Address:
Safran – 2, bd du Général Martial-Valin – 75015 Paris, France

Number of Safran shares held:
26,606[(1)]

Date first appointed:
January 1, 2021

Expiration of current term of office:
2027 AGM

Born in 1962, Olivier Andriès, a French national, is a graduate of École Polytechnique (1981) and École des Mines de Paris (1984).

After holding various positions in the French Ministry of Industry and the Treasury Department at the French Ministry of Finance, in 1993 he joined the cabinet of the Minister of the Economy and Finance as advisor on industrial affairs.

In 1995, he moved to the Lagardère group as Deputy Director of Strategy, where he managed various merger and acquisition projects.

In 1998, he was appointed personal advisor to Jean-Luc Lagardère.

In 2000, Olivier Andriès joined Airbus as Product Policy Director, before being appointed Vice-President, Widebody Aircraft Programs in 2004 and then Executive Vice President, Strategy and Cooperation in 2005.

In July 2007, he became Executive Vice-President, Strategy at EADS.

In March 2008, he joined Safran as Executive Vice-President, Strategy and Development, and in September 2009 was subsequently appointed Executive Vice President, in charge of the Defense and Security branch.

In 2011, he was appointed Chairman and Chief Executive Officer of Safran Helicopter Engines,

and in June 2015 was appointed Chief Executive Officer of Safran Aircraft Engines.

In September 2020, he was appointed Executive Vice-President of the Safran Group, working alongside the Chief Executive Officer.

Safran's Board of Directors appointed Olivier Andriès as the Group's Chief Executive Officer, with effect from January 1, 2021, and also as a Director from the same date.

MAIN POSITION(S) HELD

- Chief Executive Officer of Safran

CURRENT OFFICES AND POSITIONS

Safran Group	Non-Group
■ Chief Executive Officer of Safran (listed company) (France) ■ Director of Safran (listed company) (France)	■ Director, member of the Audit and Accounts Committee and member of the Compensation Committee of Veolia Environnement (listed company) (France)

OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE YEARS

Safran Group	Non-Group
■ Director of Safran Aero Boosters (Belgium), until November 2020 ■ Chief Executive Officer of Safran Aircraft Engines (France), until September 2020 ■ Chairman of Rafale International (France), until September 2020 ■ Director of EPI Europrop International GmbH (Germany), until September 2020 ■ Permanent representative of Safran Aircraft Engines (France) on the Board of Directors of PowerJet (France), until September 2020 ■ Director of Safran Aircraft Engines Mexico (Mexico), until September 2020 ■ Director of CFM International Inc. (United States), until September 2020	None

NUMBER OF OFFICES HELD*

- Two directorships in listed companies and one office as Chief Executive Officer of Safran SA

* *In accordance with the recommendations of the AFEP-MEDEF Code regarding the maximum number of offices that can be held, executive corporate officers may not hold more than two other directorships in listed companies outside his or her group.*

(1) *Including 17,395 registered shares and 9,211 shares held via corporate mutual fund units invested in Safran shares (conversion based on one share for one corporate mutual fund unit at December 31, 2023).*

Anne AUBERT

Director representing employee shareholders

Address:
Safran Seats – Z.I. La Limoise – Rue Robert-Maréchal-Senior – 36100 Issoudun, France

Number of Safran shares held:
161(1)

Date first appointed:
May 28, 2020

Expiration of current term of office:
2024 AGM

Born in 1971, Anne Aubert, a French national, has a degree in mechanical engineering from Compiègne University of Technology.

Anne Aubert has held a variety of front-line positions at Safran Seats' Issoudun plant since January 2012 and is currently head of Project Management Office. She began her career with the Group managing Business Class seat programs, spending just over six years working with American, Chinese, French and Dutch airlines on Airbus and Boeing programs. She was then put in charge of the Airbus customer account, before becoming head of Project Management Office in October 2019.

Anne Aubert brings to the Board her view of Safran from an employee shareholder's perspective, as well as an in-depth knowledge of the Group and its markets.

MAIN POSITION(S) HELD

- Head of Project Management Office at Safran Seats Issoudun

CURRENT OFFICES AND POSITIONS

Safran Group	Non-Group
■ Director representing employee shareholders of Safran (listed company) (France)	None

OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE YEARS

Safran Group	Non-Group
None	None

NUMBER OF OFFICES HELD*

- One directorship (Safran SA)

* *In accordance with the recommendations of the AFEP-MEDEF Code regarding the maximum number of offices that can be held, a maximum of five offices in French and/or foreign listed companies can be held by Directors.*

(1) *Including six registered shares and 155 shares held via corporate mutual fund units (conversion based on the Safran share price at December 31, 2023).*

Marc AUBRY

Director representing employee shareholders
Member of the Audit and Risk Committee

Address:
Safran Spacecraft Propulsion – Établissement de Vernon – Plateau de l'Espace – 1, avenue Hubert-Curien – 27200 Vernon, France

Number of Safran shares held:
623(1)

Date first appointed:
May 28, 2020

Expiration of current term of office:
2024 AGM

Born in 1963, Marc Aubry, a French national, is an engineer from École Nationale Supérieure d'Hydraulique et de Mécanique de Grenoble (ENSHMG) (major in water resources and planning) and has a post-graduate degree (DEA) in environment and engineering geophysics (major in hydrology).

Marc Aubry has been with the Group for 34 years. From 1989, he held the post of Design Engineer in the space engine turbopumps department, and in 2015 joined the plasma propulsion business.

He has been the CFDT trade union representative since 1999 at the Vernon plant, before serving at the level of Safran Aircraft Engines and finally as Group trade union coordinator. His areas of expertise include social dialogue, compensation and benefits including employee savings plans, pension savings plans, employee share ownership, supplementary benefit plans and gender equality in the workplace.

From 2011 to 2016, he represented employee shareholders on the Board of Directors of Safran and served as a member of the Audit and Risk Committee.

Since July 1, 2019, he has been seconded for 80% of his time to the FGMM CFDT union, serving as National Secretary.

Marc Aubry brings to the Board his view of Safran from an employee shareholder's perspective, as well as an in-depth knowledge of the Group and its products and markets.

MAIN POSITION(S) HELD

- National Secretary of the FGMM CFDT trade union, in charge of industrial policy and CSR; secretary for the Occitanie and Provence Alpes Côte d'Azur regions and the sectors covering aeronautics, machinery, industrial plant and R&D

CURRENT OFFICES AND POSITIONS

Safran Group

- Director representing employee shareholders of Safran (listed company) (France)
- Trade union representative and treasurer of the Safran Spacecraft Propulsion Social and Economic Committee (France)
- Vice-Chairman of the Supervisory Board of the Safran Investissement corporate mutual fund (France)
- Member of the Supervisory Board of the Safran Ouverture corporate mutual fund (France)

Non-Group

- National secretary of the Fédération Générale des Mines et de la Métallurgie CFDT (trade union) (France)
- Chairman of the Société Philharmonique de Vernon (non-profit organization) (France)
- CFDT representative on the Circular Economy National Council (France)

OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE YEARS

Safran Group

- Elected member of the Safran Aircraft Engines Central Social and Economic Committee, until October 1, 2022
- Safran Group CFDT trade union coordinator, until August 2019
- CFDT central trade union representative, Safran Aircraft Engines, until July 2019
- Chairman of the Economic Commission of Safran Aircraft Engines' Central Works Council, until January 2019

Non-Group

None

NUMBER OF OFFICES HELD*

- One directorship (Safran SA)

* *In accordance with the recommendations of the AFEP-MEDEF Code regarding the maximum number of offices that can be held, a maximum of five offices in French and/or foreign listed companies can be held by Directors.*

(1) *Including 40 registered shares and 583 shares held via corporate mutual fund units invested in Safran shares (conversion based on one share for one corporate mutual fund unit at December 31, 2023).*

Hélène AURIOL POTIER

Independent Director
Member of the Appointments and Compensation Committee
Member of the Innovation, Technology & Climate Committee

Address:
Safran – 2, bd du Général Martial-Valin – 75015 Paris, France

Number of Safran shares held:
500

Date first appointed:
June 15, 2017

Expiration of current term of office:
2025 AGM

Born in 1962, Hélène Auriol Potier, a French national, graduated as an engineer from the École Nationale Supérieure des Télécommunications de Paris and completed an Executive Program MBA at INSEAD.

Hélène Auriol Potier built her career in the digital technologies and telecommunications industry in the United States, Europe, Africa and Asia.

She started her career in New York at France Télécom in 1986.

In 1990, she joined the Canadian mobile technology company Nortel, where she spent 16 years and successively held several management positions including Vice-President Mobile Division and Vice–President EMEA, Services & Operations.

In 2006, she joined Dell as Managing Director in charge of the Africa and Mediterranean region and as a member of the Executive Committee of Dell Emerging Markets.

In 2009, Hélène Auriol Potier joined Microsoft as General Manager of Enterprises, Public Sector and Partners and a member of the Executive Committee of Microsoft France. She was then appointed General Manager of Microsoft Singapore and a member of the Executive Committee of Microsoft Asia-Pacific. In 2013, she was appointed General Manager of Microsoft Dynamics, Western Europe and then General Manager of Microsoft Europe Public Sector before going on to serve as Managing Director of Artificial Intelligence Europe.

From November 2018 to September 2020, she served as Executive Vice-President International for Orange and was a member of the Executive Committee of Orange Business Services.

She is a member of the Board of Directors and Co-Chair of ESG matters at the French Institute of Directors.

Hélène Auriol Potier brings to the Board her executive experience in international corporations, as well as her international outlook and technological, sustainable development and CSR expertise and vision.

MAIN POSITION(S) HELD (OUTSIDE THE COMPANY)

- Company Director
- Senior Advisor for Warburg Pincus LLC (United States)

CURRENT OFFICES AND POSITIONS

Safran Group	Non-Group
■ Director of Safran (listed company) (France)	■ Director, member of the Risk Management Committee and of the Environmental, Social and Governance Committee of Infosys (listed company) (India) since May 2023 ■ Director, Chair of the ESG Committee, member of the Audit, Compliance and Risks Committee and member of the Appointments and Compensation Committee of Accor (listed company) (France) ■ Member of the Supervisory Board, Chair of the Compensation Committee, and member of the Appointments Committee of Oddo BHF SCA (France) ■ Member of the Supervisory Board, Chair of the Technology Committee and member of the Governance and Nomination Committee of Randstad (listed company) (Netherlands) ■ Member of the Board of Directors of Scandit (Switzerland) ■ Member of the Board of Directors and Co-Chair of ESG Activities of the French Institute of Directors (France) ■ Member of NACD (National Association of Corporate Directors) (United States) ■ Managing Partner of Alinerom (France)

OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE YEARS

Safran Group	Non-Group
None	■ Director and member of the Compensation Committee of Mimecast (listed company) (United States), until May 2022

NUMBER OF OFFICES HELD*

- Four directorships (listed companies), including Safran SA

* *In accordance with the recommendations of the AFEP-MEDEF Code regarding the maximum number of offices that can be held, a maximum of five offices in French and/or foreign listed companies can be held by Directors.*

Patricia BELLINGER

Independent Director
Member of the Appointments and Compensation Committee

Address:
Sandbrook Capital –
677 Washington Blvd,
8th Floor, Stamford,
CT 06901, United States

Number of Safran shares held:
515

Date first appointed:
May 28, 2020

Expiration of current term of office:
2024 AGM

Born in 1961, Patricia Bellinger, has dual US and British nationality, and is trilingual (English, French and Spanish) and tricultural. She graduated from Harvard University.

Patricia Bellinger began her career in Spain, holding various positions in the arts and culture sector and then in media and communications.

In 1995, she returned to the United States to join Bristol Myers Squibb (BMS), a pharmaceutical company, where she was successively Associate Director for Communications, Associate Director for Public Affairs and in 1998, Corporate Director of Culture and Diversity.

In 2000, she joined BP in London as Vice-President for Diversity and Inclusion, and served as Group Vice-President and Director of the BP Leadership Academy until 2007.

In March 2011, she was appointed Executive Director of Executive Education at Harvard Business School. In August 2013, she was also appointed Executive Director and an adjunct lecturer at the Center for Public Leadership (CPL) at Harvard Kennedy School.

From September 2017 to June 2018, she was an adjunct lecturer and Senior Fellow at the Center for Public Leadership (CPL) at Harvard Kennedy School.

From July 2018 to June 2023, she was the Chief of Staff and Strategic Advisor to the President of Harvard University.

In October 2023, she was appointed Operating Partner at Sandbrook Capital.

Patricia Bellinger contributes to the Board the depth and breadth of her career and her diverse experience, as well as her time in industry, her HR/Diversity/Talent Management expertise (in terms of both strategic and people-centric issues), her multilingualism, and her knowledge of French corporate governance.

MAIN POSITION(S) HELD (OUTSIDE THE COMPANY)

- Operating Partner at Sandbrook Capital (United States)

CURRENT OFFICES AND POSITIONS

Safran Group	Non-Group
■ Director of Safran (listed company) (France)	■ Operating Partner at Sandbrook Capital (United States) since October 2023 ■ Member of the Corporate Board and Chair of the Nomination and Compensation Committee of Sonepar (France) ■ Director, Chair of the Nominating and Governance Committee and member of the Human Capital and Compensation Committee of Bath & Body Works, Inc. (listed company) (United States) ■ Vice-Chair of the Advisory Board of the non-profit organization My Life My Choice (United States) ■ Member of the Board of Trustees of the Academy of Motion Pictures (United States) ■ Member of the National Board of the Smithsonian Institute (United States)

OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE YEARS

Safran Group	Non-Group
None	None

NUMBER OF OFFICES HELD*

- Two directorships in listed companies, including Safran SA

* *In accordance with the recommendations of the AFEP-MEDEF Code regarding the maximum number of offices that can be held, a maximum of five offices in French and/or foreign listed companies can be held by Directors.*

Fabrice BRÉGIER

Independent Director
Member of the Innovation, Technology & Climate Committee

Address:
Palantir Technologies – 5, rue Charlot – 75003 Paris, France

Number of Safran shares held:
500

Date first appointed:
May 25, 2023

Expiration of current term of office:
2027 AGM

Born in 1961, Fabrice Brégier, a French national, is a graduate engineer of École Polytechnique (1980) and École des Mines de Paris.

He began his career at the DRIRE Alsace (French Ministry of Industry and Trade), before being appointed Sub-Director of Economic, International and Financial Affairs at the French Ministry of Agriculture (French General Directorate for Food) in 1989.

After serving as an advisor to several French ministers from 1989 to 1993, Fabrice Brégier was appointed Chairman of Franco-German joint ventures at Matra Défense, Director of Stand-Off Activities at Matra BAe Dynamics (MBD) and then Chief Executive Officer of MBD/MBDA in 1998.

Fabrice Brégier has 25 years' experience in the aerospace and defense industries. He has spent a large part of his career with the Airbus group. He was Chairman and Chief Executive Officer of Eurocopter from 2003 to 2006, before joining the Executive Committee of EADS in 2005. He was then successively Deputy Chief Executive Officer of Airbus from 2006 to 2012, Chairman and Chief Executive Officer of Airbus Group from 2012 to 2017 and, lastly, Chairman of Airbus Commercial Aircraft and Chief Operating Officer of Airbus Group from 2017 to 2018.

Fabrice Brégier has been Chairman of Palantir Technologies France, a leading Big Data company, since October 2018 and in June 2023 was appointed Chairman of the Board of Directors of Scor.

With extensive experience in the aeronautics, defense and space industries, Fabrice Brégier brings to the Board his skills and experience as an executive and director of large international groups as well as his expertise as an executive of a leading Big Data company.

MAIN POSITION(S) HELD (OUTSIDE THE COMPANY)

- Chairman of Palantir Technologies France (France)
- Chairman of the Board of Directors of Scor (listed company) (France)

CURRENT OFFICES AND POSITIONS

Safran Group	Non-Group
■ Director of Safran (listed company) (France)	■ Chairman of Palantir Technologies France (France) ■ Chairman of the Board of Directors, Chairman of the Strategic Committee, Chairman of the Crisis Management Committee, member of the Audit Committee and member of the Risk Committee of Scor (listed company) (France) ■ Director and member of the Appointments, Compensation and Governance of Engie (listed company) (France) ■ Director of KK Wind Solutions (Denmark)

OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE YEARS

Safran Group	Non-Group
None	None

NUMBER OF OFFICES HELD*

- Three directorships in listed companies, including Safran SA and one position as Chairman of the Board of Directors of Scor

* *In accordance with the recommendations of the AFEP-MEDEF Code regarding the maximum number of offices that can be held, a maximum of five offices in French and/or foreign listed companies can be held by Directors.*

Monique COHEN

Lead Independent Director
Member and Chair of the Appointments and Compensation Committee

Address:
Seven2 – 1, rue Paul-Cézanne –
75008 Paris – France

Number of Safran shares held:
500

Date first appointed:
May 28, 2013

Expiration of current term of office:
2026 AGM

Born in 1956, Monique Cohen, a French national, is a graduate of École Polytechnique (1976) and has a Master's degree in mathematics.

She started her career at Paribas, where she worked as Assistant Finance Manager from 1980 to 1987.

At Paribas, which later became BNP Paribas, Monique Cohen successively held the positions of Administrative Officer of Courcoux-Bouvet – a brokerage firm and subsidiary of Paribas – between 1987 and 1990, Head of Equity Syndication and Brokerage Activities from 1990 to 1999, and Global Head of Equity Business from 1999 to 2000.

Since 2000, Monique Cohen has been an Executive Partner at Seven2 (formerly Apax Partners) in Paris, which specializes in investments in the business and financial services sector.

Between June 2011 and September 2014, she was a member of the Board of Directors of the French financial markets authority (*Autorité des marchés financiers* – AMF).

Monique Cohen brings to the Board her experience as an executive and Director of international groups, as well as in-depth knowledge of the financial and banking markets, expertise in private equity and a financial view of shareholding structures.

MAIN POSITION(S) HELD (OUTSIDE THE COMPANY)

- Senior Advisor at Seven2 (formerly Apax Partners)

CURRENT OFFICES AND POSITIONS

Safran Group	Non-Group
■ Director of Safran (listed company) (France)	■ Vice-Chair and member of the Supervisory Board and Chair of the Audit Committee of Hermès International (listed company) (France) ■ Director, Chair of the Internal Control, Risk Management and Compliance Committee and member of the Corporate Governance, Ethics, Nominations and CSR Committee of BNP Paribas (listed company) (France) ■ Chair of the Board of Directors of Proxima Investissement (Luxembourg) ■ Chair of the Board of Directors of Fides Holdings (France) ■ Chair of the Supervisory Board of Fides Acquisitions (France) ■ Managing Partner of Société Civile Fabadari (France)

OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE YEARS

Safran Group	Non-Group
None	■ Director of Seven2 (formerly Apax Partners) (France) until June 2020

NUMBER OF OFFICES HELD*

- Three directorships in listed companies, including Safran SA

* *In accordance with the recommendations of the AFEP-MEDEF Code regarding the maximum number of offices that can be held, a maximum of five offices in French and/or foreign listed companies can be held by Directors.*

Christèle DEBARENNE-FIEVET

Director representing employees
Member of the Appointments and Compensation Committee
(only attending the "compensation" part of the Committee meetings)

Address:
Safran Aircraft Engines – Direction de la Supply Chain Maintenance et Réparation – Établissement de Saint-Quentin – 1, rue des Frères-Farman – 78771 Magny-les-Hameaux – France

Number of Safran shares held:
3,227[1]

Date first appointed:
December 19, 2022

Expiration of current term of office:
November 19, 2027

Born in 1968, Christèle Debarenne-Fievet is a French national and holds a DUT degree in management and administration of small and medium-sized organizations.

She has been an employee of the Group for 32 years.

She began her career in 1991 at Labinal (now called Safran Electrical & Power), working in the Finance Department. She then joined Safran Aircraft Engines in 2008, where she has held several positions in Finance, Customer Support, and Network Production Management.

Christèle Debarenne-Fievet brings to the Board her view of Safran from an employee's perspective, as well as an in-depth knowledge of the Group and its markets.

MAIN POSITION(S) HELD

- Head of MRO Demand Management at Safran Aircraft Engines (France)

CURRENT OFFICES AND POSITIONS

Safran Group	Non-Group
■ Director representing employees of Safran (listed company) (France)	None

OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE YEARS

Safran Group	Non-Group
■ Local trade union representative (until December 2022) ■ Member of the Social and Economic Committee, until December 2022 ■ Member of the Health, Safety and Working Conditions Commission (until December 2022) ■ Alternate member of the Supervisory Board of the Safran Investissement corporate mutual fund, until October 2022	None

NUMBER OF OFFICES HELD*

- One directorship (Safran SA)

* *In accordance with the recommendations of the AFEP-MEDEF Code regarding the maximum number of offices that can be held, a maximum of five offices in French and/or foreign listed companies can be held by Directors.*

(1) *Via corporate mutual fund units invested in Safran shares (conversion based on one share for one corporate mutual fund unit at December 31, 2023).*

Céline FORNARO

Director – Representative of the French State
Member of the Audit and Risk Committee
Member of the Appointments and Compensation Committee

Address:
Agence des participations de l'État – 139, rue de Bercy – 75572 – Paris 12, France

Number of Safran shares held:
N/A

Date first appointed:
February 17, 2023

Expiration of current term of office:
2027 AGM

Born in 1976, Céline Fornaro, a French national, is a graduate of the École Nationale de l'Aviation Civile (class of 1997), and holds a Master of Science from the College of Aeronautics at Cranfield University (UK).

She began her career in 2000 as Marketing and Product Manager in commercial aircraft sales at Embraer. In 2004, she began working for Bank of America Merrill Lynch in London, before being promoted to head up the research team in Aerospace, Defense and Satellites in 2009. In 2016, Céline Fornaro joined UBS as Managing Director of European Industrials Equity Research in aerospace, equipment and new energy sources.

On June 1, 2022, Céline Fornaro became head of Finance and Capital Markets at the French State Investments Agency (APE).

On February 17, 2023, she was appointed as representative of the French State on the Board of Directors of Safran.

She has been Deputy Chief Executive Officer of the French State Investments Agency (APE) since October 1, 2023.

Céline Fornaro brings to the Board thorough knowledge of investment banking and the finance, equipment, aerospace and transport sectors, with a global, medium- and long-term vision of these sectors.

MAIN POSITION(S) HELD (OUTSIDE THE COMPANY)

- Deputy Chief Executive Officer of the French State Investments Agency (APE)

CURRENT OFFICES AND POSITIONS

Safran Group

- Representative of the French State on the Board of Directors of Safran (listed company) (France)

Non-Group

- Representative of the French State on the Board of Directors and member of the Audit Committee, member of the Appointments and Governance Committee, and member of the Remuneration Committee of Air France–KLM (listed company) (France) since October 2023
- Representative of the French State on the Board of Directors and member of the Audit Committee, the Strategy, Investment and Technology Committee, and the Appointments, Compensation and Governance Committee of Engie (listed company) (France) since March 2023
- Representative of the French State on the Board of Directors and member of the Audit Committee of Orange (listed company) (France) since March 2023
- Member of Chatham House, The Royal Institute of International Affairs (UK)
- Member of The Royal Aeronautical Society (UK)
- Member of Women on Boards (UK)

OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE YEARS

Safran Group

None

Non-Group

- Representative of the French State on the Board of Directors of RATP Group (France) until November 2023
- Representative of the French State on the Board of Directors of EDF (listed company) (France), until October 2022
- Managing Director of European Industrials Equity Research in aerospace, equipment and new energy sources at UBS Securities Co., Ltd (listed company) (UK), until May 2022

NUMBER OF OFFICES HELD*

- Four directorships in listed companies, including Safran SA

* *In accordance with the recommendations of the AFEP-MEDEF Code regarding the maximum number of offices that can be held, a maximum of five offices in French and/or foreign listed companies can be held by Directors.*

Laurent GUILLOT

Independent Director
Member and Chair of the Audit and Risk Committee
Member of the Innovation, Technology & Climate Committee

Address:
Emeis (formerly Orpea) – 12, rue Jean-Jaurès – 92813 Puteaux Cedex – France

Number of Safran shares held:
500

Date first appointed:
May 23, 2019

Expiration of current term of office:
2027 AGM

Born in 1969, Laurent Guillot, a French national, is a graduate of École Polytechnique and of École des Ponts engineering school, and holds a postgraduate degree in macroeconomics from Université Paris I.

He began his career with the French Ministry of Finance in 1996, initially as head of the Energy unit in the Forecasting Department and then as head of the Central Africa unit within the Treasury Department's International Division. In 1999, he was appointed technical advisor to the Minister of Infrastructure, Transport and Housing, first on maritime issues and then on budgetary, financial and industrial issues.

He joined Compagnie de Saint-Gobain in 2002 as Vice-President of Corporate Planning. He was appointed Vice-President of Construction Abrasives in 2004, becoming Vice-President of High-Performance Refractories and Diesel Particulate Filters the following year. In 2007, he was appointed General Delegate for Brazil, Argentina and Chile.

From 2009 to the end of 2015, Laurent Guillot served as Saint-Gobain's Chief Financial Officer and was also in charge of Group procurement and information systems.

In 2016, he was appointed Vice-President of the High-Performance Materials business. The following year, he became Senior Vice-President of Compagnie de Saint-Gobain in charge of the High-Performance Materials business, with direct oversight over the Performance Plastics business.

Between 2019 and 2021, he was Senior Vice-President of Compagnie de Saint-Gobain in charge of High-Performance Solutions and was also responsible for information systems.

In July 2022, Laurent Guillot was appointed Chief Executive Officer of Emeis (formerly Orpea).

Laurent Guillot brings to the Board his financial expertise, his skills and experience as a corporate officer of a listed company and an operational and functional manager of a global industrial group, and his expertise in high-performance materials, industrialization and information systems.

MAIN POSITION(S) HELD (OUTSIDE THE COMPANY)

- Chief Executive Officer of Emeis (formerly Orpea) (listed company) (France)

CURRENT OFFICES AND POSITIONS

Safran Group	Non-Group
■ Director of Safran (listed company) (France)	■ Director and Chief Executive Officer of Emeis (formerly Orpea) (listed company) (France)

OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE YEARS

Safran Group	Non-Group
None	■ Non-executive Director, Chairman of the Risk Management Committee, member of the Remuneration and Nomination Committee, and member of the Corporate Social Responsibility Committee of Grindwell Norton Ltd (listed company) (India), until June 2021 ■ Laurent Guillot has held several offices in unlisted subsidiaries and/or holdings of the Saint-Gobain group. For ease of reference, not all of these offices are listed

NUMBER OF OFFICES HELD*

- Two directorships in listed companies (including one as Director of Safran SA) and one office as Chief Executive Officer of Emeis (formerly Orpea)

* *In accordance with the recommendations of the AFEP-MEDEF Code regarding the maximum number of offices that can be held, a maximum of five offices in French and/or foreign listed companies can be held by Directors.*

Ivan HARDOUIN

Director representing employees
Member of the Innovation, Technology & Climate Committee

Address:
Safran Landing Systems – Direction de la Supply Chain Roues & Freins Établissement de Molsheim – 3, rue Antoine-de-Saint-Exupéry – 67129 Molsheim – France

Number of Safran shares held:
549[(1)]

Date first appointed:
November 20, 2023

Expiration of current term of office:
November 19, 2027

Born in 1975, Ivan Hardouin, a French national, is a graduate of the Grenoble École Supérieure de Commerce.

He has been an employee of the Group for 19 years.

He began his career as a management controller with the Sidel group (a provider of solutions for packaging liquids).

In 2004, he joined Safran Landing Systems as an industrial management controller, and has been Supply Chain Manager, Wheels & Brakes at Safran Landing Systems since April 2023.

Ivan Hardouin brings to the Board his view of Safran from an employee's perspective, his management control and supply chain management skills, and his knowledge of the Landing Systems business – one of the Group's key activities – as well as a strong awareness of issues relating to health and safety and working conditions.

MAIN POSITION(S) HELD

- Supply Chain Manager, Wheels & Brakes, at Safran Landing Systems (France)

CURRENT OFFICES AND POSITIONS

Safran Group	Non-Group
■ Director representing employees of Safran (listed company) (France)	None

OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE YEARS

Safran Group	Non-Group
None	None

NUMBER OF OFFICES HELD*

- One directorship (Safran SA)

* *In accordance with the recommendations of the AFEP-MEDEF Code regarding the maximum number of offices that can be held, a maximum of five offices in French and/or foreign listed companies can be held by Directors.*

(1) *Via corporate mutual fund units invested in Safran shares (conversion based on one share for one corporate mutual fund unit at December 31, 2023).*

Alexandre LAHOUSSE

Director
Member of the Innovation, Technology & Climate Committee

Address:
Direction générale de l'armement – 60, bd du Général-Martial-Valin – 75015 Paris, France

Number of Safran shares held:
N/A

Date first appointed:
July 27, 2022

Expiration of current term of office:
2027 AGM

Born in 1976, Alexandre Lahousse, a French national and chief weapons engineer (*ingénieur général de l'armement*), is a graduate of École Polytechnique and École Nationale Supérieure de l'Aéronautique et de l'Espace.

He began his career at the Toulouse Aviation Testing Center as head of materials and aircraft structures testing, before becoming the lead expert in airframes.

In 2005, he continued his career in aircraft programs, as the French technical representative and architect for the NH90 helicopter program in collaboration with eight NATO countries.

In 2008, he joined the French Air Force at the Cuers-Pierrefeu industrial aviation workshop, first as head of the design office and then as deputy director and technical deputy director.

In 2014, he was promoted to director of the NH90 helicopter program, where he played a key role in the success of the first operational deployments.

In 2017, he joined the Defense System Architecture Department at the French Directorate General of Weapons Procurement (*Direction générale pour l'armement* – DGA), as architect for future systems readiness in "air mobility, surveillance and protection". In parallel, he designed a new capability approach as part of the transformation of the DGA, in order to promote coherent program development across capabilities.

In early 2020, he was appointed Chief of Staff to the Chief Executive Officer of the DGA.

In early 2022, he became Head of the Industrial Affairs and Economic Intelligence Department (S2IE) at the DGA.

On March 6, 2024, he was appointed Director of Defense Industry at the DGA.

Alexandre Lahousse brings to the Board in-depth knowledge of the Group's sovereignty-related products and markets, as well as his defense industry expertise, his knowledge of the European aeronautic and aerospace industry, and his expertise in industrial strategy and State research and technology.

MAIN POSITION(S) HELD (OUTSIDE THE COMPANY)

- Chief weapons engineer (*ingénieur général de l'armement*) – Director of Defense Industry at the DGA

CURRENT OFFICES AND POSITIONS

Safran Group	Non-Group
■ Representative of the French State on the Board of Directors of Safran (listed company) (France) ■ Representative of the French State on the Board of Directors of ArianeGroup Holding (France)	■ Director of KNDS (KMW+Nexter Defense Systems N.V.) (Netherlands)

OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE YEARS

Safran Group	Non-Group
None	None

NUMBER OF OFFICES HELD*

- One directorship (Safran SA)

* *In accordance with the recommendations of the AFEP-MEDEF Code regarding the maximum number of offices that can be held, a maximum of five offices in French and/or foreign listed companies can be held by Directors.*

Fabienne LECORVAISIER

Independent Director
Member of the Audit and Risk Committee

Address:
Safran – 2, bd du Général Martial-Valin – 75015 Paris, France

Number of Safran shares held:
500

Date first appointed:
May 26, 2021

Expiration of current term of office:
2025 AGM

Born in 1962, Fabienne Lecorvaisier, a French national, is a civil engineer and a graduate of the École Nationale des Ponts et Chaussées engineering school.

She began her career at Société Générale in 1985, first in the Corporate Finance Department, and then in the Mergers and Acquisitions Department. She joined Barclays Bank in 1989 as a Senior Banking Executive in charge of the LBO Department (Paris)/Corporate Finance Department (Paris and London). In 1990, she joined Banque du Louvre (Taittinger group) as Assistant General Manager.

She joined the Essilor group in September 1993 as Development Director, before being appointed Finance and Information Systems Director for Essilor America in January 1996, then Chief Financial Officer for the Essilor group in January 2001 and Chief Strategy and Acquisitions Officer for the Essilor group in January 2007.

In 2008, Fabienne Lecorvaisier joined Air Liquide, where she served as Group Chief Financial Officer until 2021. She then became Executive Vice-President, responsible for Sustainable Development, Public and International Affairs and CSR programs at Air Liquide – a position she held until May 2023 – and was also in charge of the General Secretariat. She was a member of Air Liquide's Executive Committee from 2008 until May 2023.

She has been a Director of Sanofi since May 2013 and Chair of its Audit Committee since May 2018.

In December 2019, Fabienne Lecorvaisier was named an *Officier de la Légion d'honneur* (Officer of the Legion of Honor).

Fabienne Lecorvaisier brings to the Board the experience that she has gained in various functions within international industrial groups in France and overseas, as well as her expertise as a Chief Financial Officer and her experience as a Director. She also has the skills, profile and ability to take on other tasks and responsibilities required of a Board member, notably in the areas of strategy, energy transition, risk and financial transaction management, large-scale projects, and sustainability and CSR.

MAIN POSITION(S) HELD (OUTSIDE THE COMPANY)

- Company Director

CURRENT OFFICES AND POSITIONS

Safran Group	Non-Group
■ Director of Safran (listed company) (France)	■ Member of the Supervisory Board and member of the Audit, Risks and Compliance Committee of Wendel (listed company) (France) since June 2023 ■ Director and Chair of the Audit Committee of Sanofi (listed company) (France)

OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE YEARS

Safran Group	Non-Group
None	■ Fabienne Lecorvaisier has held several offices in unlisted subsidiaries and/or holdings of the Air Liquide group. For ease of reference, not all of these offices are listed ■ Director of ANSA (the French National Association of Joint-Stock Companies) (France), until June 2021

NUMBER OF OFFICES HELD*

- Three directorships in listed companies, including Safran SA

* *In accordance with the recommendations of the AFEP-MEDEF Code regarding the maximum number of offices that can be held, a maximum of five offices in French and/or foreign listed companies can be held by Directors.*

Patrick PÉLATA

Director responsible for monitoring climate issues – Independent
Member and Chairman of the Innovation, Technology & Climate Committee
Member of the Audit and Risk Committee
Member of the Appointments and Compensation Committee

Address:
Safran – 2, bd du Général Martial-Valin – 75015 Paris, France

Number of Safran shares held:
500

Date first appointed:
June 15, 2017

Expiration of current term of office:
2025 AGM

Born in 1955, Patrick Pélata, a French national, is a graduate of the École Polytechnique (class of 1974) and of the École Nationale des Ponts et Chaussées engineering school, and holds a PhD in socioeconomics from the École des Hautes Études en Sciences Sociales.

He joined Renault in 1984 as a shop foreman at the Flins plant and from 1988 he contributed to the creation of the Renault Twingo and served in several engineering positions at Vehicle Engineering, where he became Senior Vice-President in 1998 and joined the Renault Management Committee. Following the signature of the Alliance between Renault and Nissan in 1999, he joined Nissan in Tokyo as Executive Vice-President in charge of Corporate and Product Planning, Design and Programs, sitting on the Executive Committee of Nissan and the Executive Board of the Alliance. In 2005, he returned to Renault as Executive Vice-President in charge of Corporate and Product Planning, Design and Programs, and joined the Executive Committee. Patrick Pélata served as Chief Operating Officer of the Renault group from October 2008 to April 2011, before his departure in August 2012.

From September 2012 to July 2015, he was Chief Automotive Officer and Executive Vice-President of Salesforce.com, with responsibility for strategy execution and promoting social media, mobility and cloud computing technologies to the automotive industry.

In July 2015, he created Meta Consulting LLC, of which he is the President. He returned to Paris in July 2017.

Patrick Pélata has been a member of the Académie des Technologies – a French think-tank that issues recommendations on the best use of technologies for society – since December 2018, and was elected as its Chairman in January 2024.

Patrick Pélata brings to the Board his experience of leading innovative, high-tech industrial groups on an international scale, as well as his expertise in strategy, consulting and industrialization, which is particularly valuable given today's focus on drastically reducing greenhouse gas emissions and increasing electrification and digitalization.

MAIN POSITION(S) HELD (OUTSIDE THE COMPANY)

- President of Meta Strategy Consulting (France)
- Company Director

CURRENT OFFICES AND POSITIONS

Safran Group	Non-Group
■ Director of Safran (listed company) (France)	■ Chairman of Meta Strategy Consulting (France) ■ Director of Orano (France) ■ Director of Vulog (France)

OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE YEARS

Safran Group	Non-Group
None	■ Director of Mobivia (France)

NUMBER OF OFFICES HELD*

- One directorship (Safran SA)

* *In accordance with the recommendations of the AFEP-MEDEF Code regarding the maximum number of offices that can be held, a maximum of five offices in French and/or foreign listed companies can be held by Directors.*

Robert PEUGEOT

Independent Director
Member of the Audit and Risk Committee

Address:
Peugeot Invest – 66, avenue Charles-de-Gaulle – 92200 Neuilly-sur-Seine – France

Number of Safran shares held:
500

Date first appointed:
May 25, 2018[1]

Expiration of current term of office:
2026 AGM

Born in 1950, Robert Peugeot, a French national, is a graduate of École Centrale de Paris and INSEAD.

He has held a number of high-level positions in the PSA Group and was a member of the Group Executive Committee from 1998 to 2007, responsible for Innovation and Quality.

From 2002 to 2020, Robert Peugeot served as Chairman and Chief Executive Officer of Peugeot Invest, overseeing the company's business development. Since then, he has continued to chair the Board of Directors.

Until January 2021, he was the permanent representative of Peugeot Invest on the Supervisory Board of Peugeot SA, and was also Chairman of the Strategy Committee and a member of the Finance and Audit Committee of Peugeot SA.

Since January 2021, he has been Vice-Chairman and a Director of Stellantis N.V. (created from the merger of Peugeot SA and Fiat Chrysler Automobiles N.V.), and a member of its Compensation Committee.

Since November 2018, he has been a member of the French High Committee for Corporate Governance.

Robert Peugeot brings to the Board his experience as an executive and director of international industrial groups, as well as his experience in private equity and finance.

MAIN POSITION(S) HELD (OUTSIDE THE COMPANY)

- Vice-Chairman of the Board of Directors of Stellantis N.V. (listed company) (Netherlands)
- Chairman of the Board of Directors of Peugeot Invest (listed company) (France)
- Company Director

CURRENT OFFICES AND POSITIONS

Safran Group

- Director of Safran (listed company) (France)

Non-Group

- Director and Vice-Chairman of the Board of Directors and member of the Compensation Committee of Stellantis N.V. (listed company) (Netherlands)
- Chairman of the Board of Directors, Chairman of the Investments and Shareholdings Committee, and Chairman of the Sustainable Development Committee of Peugeot Invest (listed company) (France)
- Director of Peugeot 1810 (France)
- Permanent representative of Peugeot 1810 on the Board of Directors and the Audit Committee of Faurecia (listed company) (France)
- Member of the Supervisory Board of Soparexo (France)
- Member of the Supervisory Board of Financière Guiraud SAS
- Director of Peugeot Invest UK Ltd (United Kingdom)
- Legal manager of Société Civile Rodom (France)
- Chairman of the Governance Committee of Tikehau Capital Advisors (France)
- Non-voting member of the Supervisory Board of Rothschild & Co (France)

OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE YEARS

Safran Group	Non-Group
■ Permanent representative of F&P as a Director of Safran (listed company) (France) until December 2022[1]	■ Director of Asia Emergency Assistance Holdings Pte Ltd (Singapore) until January 2024 ■ Member of the Supervisory Board and Investment Committee of Signa Prime (Austria) until November 2023 ■ Member of the Supervisory Board and Investment Committee of Signa Development (Austria) until November 2023 ■ Legal manager of Mille Sabords (France) until March 2023 ■ Legal manager of Artemisia (France) until March 2023 ■ Legal manager of Gatopardi (France) until March 2023 ■ Chairman of F&P[2] (France) until June 2023 ■ Director and Chairman of the Nominations Committee of Sofina (listed company) (Belgium) until May 2023 ■ Legal manager of CHP Gestion (France) until November 2021 ■ Director and member of the Compensation Committee of Faurecia (listed company) (France) until May 2021 ■ Permanent representative of Peugeot Invest Assets as Chairman and a member of the Supervisory Board of Financière Guiraud SAS (France) until May 2020 ■ Permanent representative of Maillot I (France) as a member of the Board of Directors of Sicav Armene 2 until 2020 ■ Member of the Supervisory Board of ACE Management SA (France), until May 2020 ■ Member of the Supervisory Board, member of the Audit Committee and member of the Compensation, Appointments and Governance Committee of Hermès International (listed company) (France), until June 2019 ■ Permanent representative of Maillot I (France) as a member of the Board of Directors of Sicav Armene until May 2019 ■ Director and member of the Nomination and Compensation Committee of DKSH Holding AG (listed company) (Switzerland) until March 2019 ■ Robert Peugeot has held several offices in subsidiaries and/or holdings of the Peugeot group. For ease of reference, not all of these offices are listed

NUMBER OF OFFICES HELD*

- Four directorships in listed companies, including Safran SA and his office as Chairman of the Board of Directors of Peugeot Invest

* *In accordance with the recommendations of the AFEP-MEDEF Code regarding the maximum number of offices that can be held, a maximum of five offices in French and/or foreign listed companies can be held by Directors.*

(1) *Initially as permanent representative of F&P (see below).*

(2) *F&P was a joint venture between Peugeot Invest Assets and Fonds Stratégique de Participations (FSP), specifically set up for the purpose of exercising the role of a Director of Safran. F&P stood down from Safran's Board of Directors with effect from December 19, 2022, the date on which the Board appointed Robert Peugeot as a Director, in an individual capacity, to replace the corporate Director F&P.*

Skills and expertise of the members of the Board of Directors

The tables below summarize the expertise and diverse skills of each of the Directors. They show that the Directors have a wide range of experience in different business sectors and expertise in varied fields, meaning that the Board is well equipped to deal with the challenges Safran faces in terms of both strategy and performance. In addition, 68.75% of the Board members (i.e., 11 out of 16) and 87.5% of the independent Directors (7 out of 8) have spent part of their careers working internationally (irrespective of their nationality).

This skills matrix is monitored and reviewed by the Appointments and Compensation Committee, particularly in order to identify Director candidate profiles in the event of any changes in the Board's membership structure.

Diverse skills and expertise of each Director

Experience and specific positions exercised by Directors in different sectors and activities	Number of Directors	Percentage of Directors
AEROSPACE INDUSTRY	11	68.75%
OTHER INDUSTRIES AND BUSINESS SECTORS	16	100%
INNOVATION, R&T, DEVELOPMENT AND ENGINEERING	13	81.25%
INTERNATIONAL CAREER AND EXPERIENCE	11	68.75%
STRATEGY, COMPETITION AND M&A	12	75%
FINANCE AND MANAGEMENT CONTROL	10	62.5%
DIGITAL – NEW TECHNOLOGIES	5	31.25%
GOVERNANCE AND COMPENSATION	10	62.5%
HR-SUSTAINABILITY-CSR	13	81.25%
CLIMATE	9	56.25%

Diverse skills and expertise of each Director

	Ross McInnes	Olivier Andriès	Anne Aubert	Marc Aubry	Hélène Auriol Potier	Patricia Bellinger	Fabrice Brégier	Monique Cohen
EXPERIENCE IN THE AEROSPACE INDUSTRY								
■ Aerospace	X	X	X	X			X	
EXPERIENCE IN OTHER INDUSTRIES								
■ Automotive	X		X					
■ Defense	X	X		X			X	
■ Energy	X					X	X	
■ Naval						X		
■ Other persons						X (Pharma-ceutical industry)		
EXPERIENCE IN OTHER BUSINESS SECTORS								
■ Finance, banking, insurance and asset management	X				X	X	X	X
■ Strategy and consulting							X	X
■ IT and telecoms					X		X	
■ New technologies					X		X	
■ Government services	X	X					X	
■ Other persons						X (Education)		
INTERNATIONAL EXPERIENCE								
■ International experience (irrespective of nationality)	X		X		X	X	X	
EXPERIENCE AS A COMPANY DIRECTOR/OFFICER AND IN GOVERNANCE AND MANAGEMENT								
■ Office(s) held in listed companies (Chair, CEO, COO, etc.)	X	X					X	
■ Director of listed companies	X	X	X	X	X	X	X	X
■ Executive of unlisted companies	X	X			X	X	X	X
■ Director of unlisted companies	X	X			X	X	X	X
■ Governance and compensation	X			X	X	X	X	X
■ Organization and management of corporations	X	X			X	X	X	X
■ Compliance (supplier relations, anticorruption)	X	X			X	X	X	X
EXPERIENCE IN STRATEGY AND M&A								
■ Strategy and competitive environment	X	X			X	X	X	X
■ M&A	X	X				X	X	X
SHAREHOLDING VISION								
■ Shareholding strategy and vision	X							X
■ Perspective of an employee or employee shareholder			X	X				
EXPERIENCE IN FINANCE AND CONSULTING								
■ Finance, performance, consulting and management control	X	X					X	X
EXPERIENCE IN INNOVATION, R&T, DEVELOPMENT AND ENGINEERING								
■ Innovation and R&T		X			X		X	
■ Performance and industrial developments – Operations, engineering		X	X	X			X	
DIGITAL – NEW TECHNOLOGIES								
■ IT and digital					X		X	
SALES & MARKETING EXPERIENCE								
■ Sales & marketing, procurement, commerce and distribution		X	X		X			
HR-SUSTAINABILITY-CSR-CLIMATE								
■ Human Resources		X		X	X	X	X	
■ Sustainability-CSR	X			X	X	X	X	X
■ Climate	X	X		X	X	X	X	

	Christèle Debarenne -Fievet	Céline Fornaro	Laurent Guillot	Ivan Hardouin	Alexandre Lahousse	Fabienne Lecorvaisier	Patrick Pélata	Robert Peugeot
EXPERIENCE IN THE AEROSPACE INDUSTRY								
■ Aerospace	X	X	X	X	X			X
EXPERIENCE IN OTHER INDUSTRIES								
■ Automotive		X	X				X	X
■ Defense	X	X		X	X			
■ Energy		X	X			X	X	
■ Naval								
■ Other			X (Materials industry)	X (Packaging)		X		
EXPERIENCE IN OTHER BUSINESS SECTORS								
■ Finance, banking, insurance and asset management	X	X	X			X		X
■ Strategy and consulting		X					X	
■ IT and telecoms			X					
■ New technologies							X	
■ Government services		X			X			
■ Other			X (Personal care services)			X (Health care)		
INTERNATIONAL EXPERIENCE								
■ International experience (irrespective of nationality)		X	X		X	X	X	X
■ Experience as a company director/officer								
EXPERIENCE AS A COMPANY DIRECTOR/OFFICER AND IN GOVERNANCE AND MANAGEMENT								
■ Office(s) held in listed companies (Chair, CEO, COO, etc.)			X				X	X
■ Director of listed companies	X	X	X	X	X	X	X	X
■ Executive of unlisted companies			X			X	X	X
■ Director of unlisted companies		X	X		X	X	X	X
■ Governance and compensation		X	X				X	X
■ Organization and management of corporations	X		X	X		X	X	X
■ Compliance (supplier relations, anticorruption)			X				X	X
EXPERIENCE IN STRATEGY AND M&A								
■ Strategy and competitive environment			X		X	X	X	X
■ M&A		X	X			X		X
SHAREHOLDING VISION								
■ Shareholding strategy and vision		X	X			X		X
■ Perspective of an employee or employee shareholder	X			X				
EXPERIENCE IN FINANCE AND CONSULTING								
■ Finance, performance, consulting and management control	X	X	X	X		X		X
EXPERIENCE IN INNOVATION, R&T, DEVELOPMENT AND ENGINEERING								
■ Innovation and R&T		X	X		X		X	X
■ Performance and industrial developments – Operations, engineering	X	X	X	X	X	X	X	X
DIGITAL – NEW TECHNOLOGIES								
■ IT and digital			X			X	X	
SALES & MARKETING EXPERIENCE								
■ Sales & marketing, procurement, commerce and distribution		X	X	X				
HR-SUSTAINABILITY-CSR-CLIMATE								
■ Human Resources	X		X	X				
■ Sustainability-CSR	X		X	X	X	X	X	
■ Climate			X		X		X	

6.2.3 Other information about the Board of Directors' membership structure

At the filing date of this Universal Registration Document, the Board of Directors comprised 16 Directors (unchanged from at December 31, 2023). Apart from the Director representing the French State and the Directors representing employees, the Directors are appointed by the shareholders in an Ordinary General Meeting for a term of four years.

Lead Independent Director – Monique Cohen

Monique Cohen has served as the Company's Lead Independent Director since March 2018 and will continue to serve in this capacity for the duration of her current term as a Director. Although the position of Lead Independent Director is not indispensable because the Company has opted to separate the roles of Chairman of the Board and Chief Executive Officer, the Board felt that it would be good practice to have such a Director.

The Lead Independent Director has the following powers and responsibilities:

- the Chairman of the Board of Directors consults with her about the agenda and schedule of Board meetings;
- in her capacity as both Lead Independent Director and a member of the Appointments and Compensation Committee, she takes part in (i) preparing the succession plan for the Company's officers, including the Chairman of the Board of Directors, (ii) the process of selecting candidates for members of the Board and its Committees (iii) organizing assessments of the Board, and (iv) discussions regarding governance matters.

  She leads the Board's discussions about the succession plan for the Chairman of the Board and any appraisals of his performance or reviews of his compensation;
- where necessary, or useful, either at her own initiative or at the request of the Chairman of the Board, she is informed of any opinions or specific questions expressed by the shareholders in relation to corporate governance matters and participates, in conjunction with the Chairman of the Board, in any resulting discussions;
- she brings to the Chairman's attention any potential conflicts of interest that he may identify and examines such situations with him;
- if the Chairman is temporarily unable to perform his duties or in the event of the Chairman's death, and if there is no Vice-Chair, then the Lead Independent Director replaces the Chairman, as follows:
  - in the event of temporary absence, the Lead Independent Director stands in for the Chairman until he is once again able to perform his duties, and
  - in the event of the Chairman's death, the Lead Independent Director acts as Chairman until a new Chairman is elected.

In either of the above cases, the Lead Independent Director chairs meetings of the Board of Directors.

The Lead Independent Director does not receive any specific additional compensation for her duties in this capacity.

Work carried out by the Lead Independent Director during the year

In 2023, Monique Cohen – Lead Independent Director and also Chair of the Appointments and Compensation Committee – chaired the parts of the Board meetings related to reviewing the Chairman's specific situation. The Chairman did not take part in any discussions or votes concerning these matters.

In addition, working alongside the Chairman of the Board, the Lead Independent Director:

- interacted with the Chairman on governance matters about which a non-Executive Chairman needs to be able to have discussions with an independent and trusted person;
- prepared the assessment of the operating procedures of the Board of Directors and its Committees carried out at the end of 2023, and conducted individual interviews with the Directors for the purpose of evaluating their individual contribution to the work of the Board and its Committees, which it reported on to the Board (see section 6.3.7);
- prepared the review of Directors' independence (see section 6.2.4.1);
- participated in discussions, in liaison with the members of the Appointments and Compensation Committee, about changes to the Board's membership structure, in preparation for the 2024 Annual General Meeting;
- chaired the Board's agenda item discussions about the appraisal, performance and compensation of the Chairman, as well as the "executive sessions" during which the independent Directors regularly discussed the Board's operating procedures without the Chief Executive Officer attending (see section 6.3.5);
- alongside the Chairman, further developed the Company's shareholder dialogue, in particular through governance roadshows organized for its main shareholders and investors in order to present the Board's membership structure and its operating procedures, as well as proposed governance changes, the renewal at the 2023 Annual General Meeting of the respective terms of office of the Chairman of the Board (without the Chairman being present during the related discussions) and the Chief Executive Officer, and the compensation of the corporate officers.

In addition, Monique Cohen regularly held discussions with:

- the Chief Executive Officer about the expectations and interactions between the Company's governance bodies (the Board of Directors and its Committees) and Executive Management;
- the Directors on topics they said they wished to address in addition to and in parallel with her discussions with the Chairman.

Director responsible for monitoring climate issues – Patrick Pélata

The Board of Directors, like the Company's shareholders, is fully aware of the strategic importance of climate issues for the aerospace industry. Consequently, it places particular importance on regularly informing shareholders about Safran's climate strategy and related action plan.

To that end, on February 24, 2021 the Board decided to appoint Patrick Pélata – an independent Director and Chairman of the Innovation, Technology & Climate Committee – as "Director responsible for monitoring climate issues".

The Director responsible for monitoring climate issues:

- takes the lead in ensuring follow-up of the climate action plan by the Innovation, Technology & Climate Committee. Within this scope, he and this Committee are involved in monitoring and overseeing Executive Management's climate action plan and in preparing the related information intended for publication by the Company and for presentation to the Annual General Meeting;
- is informed of questions from the shareholders on matters falling within the scope of his role and, where necessary, makes himself available to discuss those matters with them, in conjunction with the Chairman of the Board of Directors;
- may be assigned other specific duties related to his role by the Chairman of the Board of Directors;
- may put forward to the Chairman of the Board of Directors additional items related to his role for inclusion in the agenda for Board of Directors' meetings;
- presents information prepared by Executive Management on the climate action plan to the Annual General Meeting, after having submitted said information to the Innovation, Technology & Climate Committee for its opinion and then to the Board of Directors for its approval;
- does not receive any specific additional compensation and performs his duties under the responsibility of the Board of Directors, which makes the final decisions on the climate issues concerned.

Work carried out by the Director responsible for monitoring climate issues during the year

In 2023, Patrick Pélata's work in this capacity notably included:

- participating, alongside the Chairman and Executive Management, in reviewing Safran's climate strategy and action plan, as part of a continuous improvement approach aimed at:
  - ensuring a high degree of transparency regarding the Group's climate actions,
  - reducing the carbon emissions of Safran's operations,
  - being a leader in aviation decarbonization;
- presenting this strategy and its underlying objectives at Safran's Annual General Meeting on May 25, 2023, alongside the Chief Executive Officer;
- taking part in the governance roadshows at which the Chairman presented Safran's business strategy and climate pledges to the Company's main shareholders and investors;
- leading the work of the Innovation, Technology & Climate Committee on climate issues;
- helping draw up the standard schedules of Board and Committee meetings whose agendas included climate topics;
- as part of his work as a member of the Appointments and Compensation Committee, examining the compensation policy of the Chief Executive Officer, in particular the "Climate – Low-carbon" criterion underlying his variable compensation and which has also been introduced into his long-term compensation as from the 2022 Long-Term Incentive Plan (see section 6.6.5.2).

Independent Directors

At the filing date of this Universal Registration Document, the Board has eight independent Directors (unchanged since February 28, 2023) (see section 6.2.4.1), who are all highly engaged and involved in the Board's work. The fact that these Directors have full freedom of judgment and expression contributes to the quality of the Board's discussions and debate, and their professional and personal experience provides an outside view that is beneficial for the Company.

The independent Directors are not executives or employees of the Group and do not have any significant financial, family or other relations with the Group that could affect their freedom of judgment or lead to any actual or potential conflicts of interest.

The aim of having independent Directors on the Board is to provide the Company's shareholders with assurance that the collegiate body of the Board, and its Committees which put forward recommendations to the Board, comprise members who have total independence to analyze, judge, take decisions and act in the Company's best interests.

Representative of the French State and Director put forward by the French State

The membership structure of Safran's Board of Directors is subject to the provisions of French law applicable to (joint-stock corporations). However, as the French State owns 11.23% of the Company's capital, as provided for in Article 14.1 of the Company's bylaws, a certain number of seats on the Board must be assigned to representatives of the French State in accordance with Articles 4 and 6 of *ordonnance* 2014-948 dated August 20, 2014, which sets out the terms and conditions for State representation on the Boards of Directors of companies in which it holds an ownership interest.

Since the Annual General Meeting of May 23, 2019, the Company has had two Directors with a link to the French State, i.e.:

- one representative of the French State appointed by ministerial decree; and
- one Director put forward by the French State and appointed by shareholders at the Annual General Meeting (compared with two previously).

The reduction resulted from applying, as agreed with the French State, the provisions of the August 20, 2014 *ordonnance* in view of the change in the French State's ownership interest in Safran.

In connection with the implementation of the August 20, 2014 *ordonnance*:

- by way of a ministerial decree dated February 17, 2023, the French State appointed Céline Fornaro as its representative on Safran's Board of Directors to replace Stéphanie Besnier (who had resigned), and by way of a ministerial order dated May 25, 2023, it renewed her term of office for a four-year period, in accordance with government decree no. 2014-949 dated August 20, 2014. The Board of Directors appointed Céline Fornaro as a member of the Audit and Risk Committee and as a member of the Appointments and Compensation Committee;
- at its meeting on July 27, 2022, the Board of Directors appointed Alexandre Lahousse as a Director, who was put forward by the French State, to replace Vincent Imbert (who had resigned). This appointment by the Board was ratified by the shareholders at the May 25, 2023 Annual General Meeting, who then re-appointed him as a Director for a four-year term. The Board of Directors also appointed Alexandre Lahousse as a member of the Innovation, Technology & Climate Committee.

Directors representing employee shareholders

Safran's Board of Directors includes two Directors representing employee shareholders, who are appointed by the shareholders in a General Meeting:

- Marc Aubry; and
- Anne Aubert.

They were both appointed by the Annual General Meeting of May 28, 2020, for a four-year term expiring at the close of the May 23, 2024 Annual General Meeting.

In accordance with the applicable law and Article 14.8 of Safran's bylaws, if the shares held by employees of the Company – or of companies related to it within the meaning of Article L.225-180 of the French Commercial Code – represent more than 3% of the share capital, then one or more Directors representing employee shareholders must be appointed at an Ordinary General Meeting.

At December 31, 2023, employee shareholdings, as defined in Article L.225-102 of the French Commercial Code, corresponded to 6.13% of the Company's share capital (see section 7.3.1).

Directors representing employee shareholders have the same voting rights at Board meetings as the other Directors and must act in the corporate interest of the Company at all times. Subject to the legal provisions applying to them, they have the same rights and responsibilities and are bound by the same duties – in particular with regard to confidentiality – as the other members of the Board.

In accordance with the Company's bylaws, the candidate(s) put forward for appointment as Director(s) representing employee shareholders is/are nominated as follows:

- by the Supervisory Boards of the corporate mutual funds invested primarily in Safran shares, from among all of their permanent members representing employees;
- by employees directly holding Safran shares (within the meaning of Article L.225-102 of the French Commercial Code).

In anticipation of the expiration of the terms of office of Marc Aubry and Anne Aubert at the May 23, 2024 Annual General Meeting, the Company organized elections, in accordance with the procedures set out in its bylaws, for the purpose of nominating the candidates to be put forward for appointment at the Annual General Meeting to be held on May 23, 2024 (see section 8.2.4.2 of this Universal Registration Document).

Following these elections, two candidates were put forward to the Board:

- Pascale Dosda, Chair of the Supervisory Board of the Safran Investissement corporate mutual fund (as main candidate, having as deputy Daniel Luck, member of the Supervisory Board of the Safran Ouverture corporate mutual fund), put forward by the Supervisory Boards of the corporate mutual funds invested primarily in Safran shares (Safran Investissement, Safran Ouverture and Safran International); and
- Anne Aubert (as main candidate, having as deputy David Baudu), elected from among employees who directly hold Safran shares.

At its meeting on March 21, 2024, the Board of Directors decided to approve both nominations and to recommend that the shareholders at the Annual General Meeting of May 23, 2024 appoint Pascale Dosda, as a replacement for Marc Aubry, and re-appoint Anne Aubert as Directors representing employee shareholders.

Directors representing employees

Safran's Board of Directors includes two Directors representing employees:

- Christèle Debarenne-Fievet; and
- Ivan Hardouin.

In accordance with Article 14.9 of the Company's bylaws, the Board of Directors must include one or two Directors representing employees, depending on the total number of Board members, as follows: (i) one such Director if the Board has eight or fewer members, or (ii) two such Directors if the Board has more than eight members. The total number of Board members is assessed on the date that the Director(s) representing employees are appointed, and does not take into account any existing Directors representing employees or Directors representing employee shareholders.

Directors representing employee shareholders have the same voting rights at Board meetings as the other Directors and must act in the corporate interest of the Company at all times. Subject to the legal provisions applying to them, they have the same rights and responsibilities and are bound by the same duties – in particular with regard to confidentiality – as the other members of the Board.

On October 18, 2023, Christèle Debarenne-Fievet was re-elected and Ivan Hardouin elected as Directors representing employees for four-year terms starting on November 20, 2023, based on the lists of candidates put forward by the four trade unions represented within the Group (CFDT, CFE-CGC, CGT and CGT-FO). Eligible voters in this election corresponded to all of the employees of Safran and its direct and indirect subsidiaries whose registered offices are located in France.

The Board of Directors noted the results of the elections and (i) re-appointed Christèle Debarenne-Fievet as a member of the Appointments and Compensation Committee (only attending the "compensation" part of the Committee meetings), effective November 20, 2023, and (ii) appointed Ivan Hardouin as a member of the Innovation, Technology & Climate Committee, effective December 15, 2023.

Other persons attending Board of Directors' meetings

The following people attend Board of Directors' meetings in a non-voting capacity: a Government Commissioner appointed by decision of the French Ministry of Defense in accordance with the regulations applicable to Safran's activities, and a representative of the Central Social and Economic Committee in accordance with the French Labor Code (*Code du travail*).

Government Commissioner

Éric Méresse, Controller-General of the French Armed Forces, was appointed Government Commissioner to Safran and its subsidiaries by a decision of the Ministry of Defense on September 15, 2014, in accordance with the laws and regulations applicable to companies supplying military equipment under public contracts or more generally engaged in the manufacturing or trading of such equipment.

Representative of the Central Social and Economic Committee

Ould Bouamama was appointed on December 9, 2019 by the Central Social and Economic Committee as its representative on the Board of Directors, pursuant to the provisions of Article L.2312-72 of the French Labor Code.

The Statutory Auditors

The Statutory Auditors are invited to attend the Board meetings during which the annual and interim financial statements are reviewed. They may also be invited to any other Board meeting and also take part in all meetings of the Audit and Risk Committee.

Other persons

In accordance with the Board of Directors' Internal Rules, depending on the matters discussed, the Chairman of the Board of Directors may invite any person to attend Board of Directors' meetings whom he considers may be able to provide Board members with information on an agenda item.

6.2.4 Independence and diversity of the Board of Directors

Based on the criteria detailed below, eight Directors qualify as independent, representing an independence rate of 66.7% at the filing date of this Universal Registration Document (unchanged since February 28, 2023). This rate goes beyond the requirements set out in Article 10.3 of the AFEP-MEDEF Code, which states that the proportion of independent directors must be at least half in companies with dispersed ownership and no controlling shareholder. In accordance with the AFEP-MEDEF Code, Directors representing employee shareholders and Directors representing employees are not taken into account when calculating the percentage of independent Directors.

6.2.4.1 Independence of the members of the Board of Directors

Independence criteria

Independent Directors are those who do not have any relationship whatsoever with Safran, the Group or its Management that may compromise their freedom of judgment.

A Director is deemed independent when he or she meets all of the following criteria (Article 2.4 of the Board of Directors' Internal Rules and Article 9.5 of the AFEP-MEDEF Code):

- **criterion 1:** an independent Director must not be, or must not have been, during the past five years:
  - an employee or executive corporate officer of Safran,
  - an employee, executive corporate officer or Director of a company that is consolidated by Safran,
  - an employee, executive corporate officer or Director of Safran's parent company or a company consolidated by Safran's parent company;
- **criterion 2:** an independent Director must not be an executive corporate officer of a company in which Safran holds a directorship, directly or indirectly, or in which an employee appointed as such or an executive corporate officer of Safran (currently in office or having held office within the past five years) is a Director;
- **criterion 3:** an independent Director must not be a customer, supplier, commercial banker, investment banker, or advisor:
  - that is significant for Safran or the Group, or
  - for which Safran or the Group represents a significant portion of its business;
- **criterion 4:** for any Director who has duties in one or more banks, in order to be qualified as independent, he or she must not participate in:
  - preparing or soliciting offers for services from one or more of said banks with Safran or any other Group company,
  - the work of any of said banks in the event of the performance of a mandate entrusted to the bank by Safran or any other Group company, or
  - the vote on any resolution concerning a project in which the bank concerned is or could be involved in an advisory capacity;
- **criterion 5:** an independent Director must not have any close family ties with a corporate officer of Safran or any other Group company;
- **criterion 6:** an independent Director must not have been a Statutory Auditor of Safran in the past five years;
- **criterion 7:** an independent Director must not have been a member of Safran's Board of Directors (or previously its Supervisory Board) for over 12 years, it being specified that members lose their status as independent Directors once the 12-year threshold is reached;
- **criterion 8:** an independent Director must not be a major shareholder of Safran;
- **criterion 9:** an independent Director must not receive variable compensation in cash or in the form of securities or any compensation linked to the performance of Safran or the Group.

At each appointment of a Director (or temporary appointment of a Director prior to ratification by the Annual General Meeting), the Board of Directors examines the issue of independence with regard to the criteria set out in the Internal Rules and in the AFEP-MEDEF Code and checks whether the applicant has significant business relations with the Group. An independence review is then carried out on an annual basis.

Independence criteria	1	2	3	4	5	6	7	8	9	Independent
Ross McInnes	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗(1)
Olivier Andriès	✗	✓	✓	✓	✓	✓	✓	✓	✗	✗
Anne Aubert	✗	✓	✓	✓	✓	✓	✓	✓	✗	✗
Marc Aubry	✗	✓	✓	✓	✓	✓	✓	✓	✗	✗
Hélène Auriol Potier	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Patricia Bellinger	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Fabrice Brégier	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Céline Fornaro	✓	✓	✓	✓	✓	✓	✓	✗	✗	✗
Monique Cohen	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Christèle Debarenne-Fievet	✗	✓	✓	✓	✓	✓	✓	✓	✗	✗
Laurent Guillot	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Ivan Hardouin	✗	✓	✓	✓	✓	✓	✓	✓	✗	✗
Alexandre Lahousse	✓	✓	✓	✓	✓	✓	✓	✗	✓	✗
Fabienne Lecorvaisier	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Patrick Pélata	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Robert Peugeot	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

✓ *Independence criterion met.*

✗ *Independence criterion non met.*

(1) *Concerning the Chairman of the Board of Directors, Ross McInnes, although he could be considered as meeting the independence criteria set in the AFEP-MEDEF Code because (i) he had not been an employee or executive corporate officer of Safran in the five years preceding the independence review (criterion 1), and (ii) he does not have any relationship whatsoever with Safran, the Group or its Management that may compromise his freedom of judgment, the Board decided not to reclassify him as an independent Director. Due to the fact that there was no interruption between the end of Ross McInnes' executive functions at Safran and his appointment as Chairman of the Board, and the policies and views that the shareholders or their representatives could have with regard to that situation, he informed the Board that he did not wish to be reclassified as an independent Director.*

Independence review

At its meeting on March 21, 2024, on the recommendation of the Appointments and Compensation Committee, the Board of Directors undertook a review of the independence status of its members based on the criteria set out in the Internal Rules and in the AFEP-MEDEF Code.

During this review, both the Board and the Appointments and Compensation Committee examined any business relations that may exist between Safran, its Directors, and the companies (advisory/consultancy/management firms) and institutions in which Safran's Directors are corporate officers. The findings of the review were that none of the Directors considered as independent have any business relations with Safran that could jeopardize their independence. Following the review, the Board of Directors was able to confirm that its independent Directors still qualify as independent.

The Board of Directors relies on the following key procedures, reviewed by the Appointments and Compensation Committee, to determine independence:

- a separate annual questionnaire and a permanent obligation to inform the Board of any conflict of interest:
  - every year, a questionnaire is sent to each Director in which they must disclose their status in relation to the independence criteria set in the Board's Internal Rules as well as in the AFEP-MEDEF Code, and, where applicable, disclose any conflicts of interest between their duties as a Director and any political, jurisdictional or governmental role they may have, their private interests and any other of their roles or responsibilities, as well as any service contracts they may have entered into with Safran or any compensation they may receive from the Group,
  - strict provisions on permanent disclosure obligations and managing conflicts of interest are included in the Board of Directors' Internal Rules, as set out in section 6.2.5;
- identification and a materiality test in respect of Safran's relationships with other companies and institutions for which Directors of Safran are corporate officers – a specific materiality test in respect of Safran's relationships with bank partners.

  These tests mainly consist of:
  - a qualitative analysis, intended to ensure that any existing business relationships are free of conflicts of interest and do not bring into question the independence of the Director, mainly through a review of the history, scale and organization of the relationship (the position of the Director concerned in the contracting company). For Directors who have duties in one or more banks, the test consists of verifying that the Director concerned has not been involved in (i) preparing or soliciting service offerings of one of these banks with respect to Safran or any other Group company, (ii) the work of any of these banks in the event of the performance of a mandate entrusted to said bank by Safran or any other Group company or (iii) the vote on any resolution concerning a project in which the bank concerned is or could be involved in an advisory capacity;

- a quantitative analysis, intended to evaluate the significance of any existing business relationships to ensure that they do not result in any form of financial dependence and that they are neither exclusive nor predominant among the relationships taken as a whole. With regard to relations with bank partners, the main flows, commitments, transactions and existing terms of office are expressed in amounts and percentages and analyzed to determine their relative weighting.

The results of these reviews were as follows:

- each independent Director stated that they met the independence criteria and had no conflicts of interest;
- no information was identified showing that any conflicts of interest exist, as defined in the Board's Internal Rules;
- for the materiality test in respect of the Company's business relations with other companies (advisory/consultancy/management firms) and institutions in which the Company's independent Directors are corporate officers or executives:
  - no relations were either disclosed or identified that generate payments by Safran to companies in which Safran's independent Directors are corporate officers and which could jeopardize their independence, and no decisions taken by the independent Directors in relation to such payments were identified,
  - based on specific materiality tests concerning the business relations between Safran and (i) BNP Paribas, of which Monique Cohen is a Director, and (ii) Oddo BHF SCA, of which Hélène Auriol Potier is a member of the Supervisory Board.

  It appears that the business relations between Safran and BNP Paribas and Oddo BHF SCA do not generate any financial dependency, and Safran's relations with these banks are neither exclusive nor represent a predominant portion of its overall banking relations. In addition, their directorship at BNP Paribas and membership of Oddo BHF SCA's Supervisory Board are non-executive positions. The Board once again concluded that Monique Cohen and Hélène Auriol Potier have total independence of judgment in their roles as Directors of Safran. The Board therefore concluded that any business relations that may exist between Safran and BNP Paribas or Oddo BHF SCA do not in any way jeopardize the independent Director status of either Monique Cohen or Hélène Auriol Potier.

6.2.4.2 Diversity policy applied to the Board of Directors and its Committees

The Board of Directors regularly carries out reviews, based on the recommendations of the Appointments and Compensation Committee, to ensure that its membership structure and that of its Committees are sufficiently balanced.

Its diversity policy is notably structured around principles and objectives related to (i) the size of the Board and the representation of the Company's various stakeholders, (ii) the proportion of independent Directors, (iii) the depth and fit of the Directors' skills and expertise, (iv) international experience, and (v) gender balance.

These principles and objectives set the framework for future changes in the Board's membership structure and enable it to draw up candidate profiles to meet those objectives as the need arises. For the purpose of preparing such profiles it uses the skills matrix set out in section 6.2.2, which it regularly reviews and monitors.

The resolutions relating to the Board's membership structure that will be proposed to shareholders at the Annual General Meeting of May 23, 2024 (see sections 6.2.6.3 and 8.2.4 of this Universal Registration Document) contribute to the implementation of the Board's diversity policy.

Diverse profiles

When implementing the above diversity policy, the Appointments and Compensation Committee submits recommendations to the Board, in some cases with the assistance of an external firm, concerning the selection of candidates for appointment or re-appointment as Directors. These recommendations are based on criteria such as:

Behavioral skills:

- independence;
- the ability to work as part of a collegiate body such as the Board of Directors, and to constructively challenge the Company's Executive Management;
- integrity, open-mindedness and a determination to take into account the interests of all shareholders, in line with the Group's values.

Experience and expertise – other criteria:

- gender balance;
- skills that match the Company's overall strategy and that round out or strengthen the skills of the Board's existing members;
- specific expertise (e.g., financial and accounting, R&T, sustainable development, digital and new technologies, HR and climate), which strengthens the membership structure of the Board Committees;
- additional skills on top of the candidates' main expertise, and a willingness to become involved in the Board's other missions and responsibilities;
- significant international experience during their careers (irrespective of nationality);
- executive experience acquired in major corporations (international, French or non-French), and an understanding of the Group's business sector;
- availability;
- age: the Board of Directors endeavors to have a diverse age profile (the average age of its members is currently 60).

This list of generic criteria is reviewed on a regular basis. If necessary, it is adapted on a case-by-case basis to seek out particular profiles or factor in specific expectations.

Gender balance on the Board

At the filing date of this Universal Registration Document, the Board of Directors comprises seven women (including one Director representing employees and one Director representing employee shareholders) and nine men (including one Director representing employees and one Director representing employee shareholders). The proportion of women Directors on the Board is therefore 41.7% (5 out of 12, excluding the Directors representing employees and the Directors representing employee shareholders, as provided for under French law for the purposes of calculating the gender balance on corporate boards).

Summary table of the application of the Board of Directors' diversity policy

Independence criteria	Objectives	Findings obtained and recorded at the filing date of this Universal Registration Document
Size of the Board of Directors	Pursuant to Article 14 of the Company's bylaws, the Board of Directors must comprise between three and 18 members. The objective is to keep the size of the Board to a number of Directors that ensures a balance in terms of diversity (representation of men and women, skills, age, shareholder base), while complying with corporate governance guidelines concerning the proportion of independent members. This objective could be reassessed if new constraints emerge that require the Board's size to be reviewed.	**This objective has been met.** The Board comprises **16 members**.
Balanced representation in terms of independence	Pursuant to Article 10.3 of the AFEP-MEDEF Code, the proportion of independent Directors must be at least half in companies with dispersed ownership and no controlling shareholder. The Board's objective is to have a majority of independent Directors, which exceeds the requirements of the AFEP–MEDEF Code.	**This objective has been met.** **66.7%** (8 out of 12) of the Directors are independent, therefore the Board's independence rate exceeds the requirements of the AFEP-MEDEF Code.
Gender balance	The Board of Directors must have a representation of at least 40% for both men and women, in accordance with the legal requirement in Article L.22-10-3 of the French Commercial Code.	**This objective has been met.** The Board comprises five women (**41.7%**) and seven men (58.3%), bearing in mind that this calculation does not take into account the Directors representing employees and the Directors representing employee shareholders.
Balanced representation in terms of number of years on the Board	There must be a balanced proportion of long-serving Directors and Directors who have joined the Board more recently, in order to ensure a mix of experience and fresh ideas.	**This objective has been met.** 0 to 3 years: 7 Directors 3 to 7 years: 7 Directors 7 to 12 years: 2 Directors
Diversity of skills	Board members' skills must be sufficiently diverse, complementary and suited to the Company's business development and to achieving its long-term strategic goals. The Board's skills should cover the aerospace industry and other industries, innovation and R&T, development, engineering, career planning and international experience, strategy, competition, M&A, finance and financial control, digital and new technologies, governance and compensation, and human resources and sustainable development (see skills table in section 6.2.2).	**This objective has been met.** The Directors' skills cover the nine categories defined in the diversity policy.
Balanced representation in terms of age	Pursuant to Article 16.3 of the Company's bylaws, the number of Directors over the age of 70 may not exceed 25% of the Board's total members. The objective is to comply with the rule set in the Company's bylaws, which is deemed satisfactory.	**This objective has been met.** The average age of the Board's members is 60. The average age of women on the Board is 59. The average age of men on the Board is 61. The Directors' ages range between 47 and 73.
Available time to devote to Board matters	The Board must be attentive to the individual and actual attendance rate of each Board member. The Chairman should be informed in advance of any changes to the offices held by Directors outside the Group.	The average attendance rates of the Directors are very satisfactory: 98% for Board meetings, 96% for Audit and Risk Committee meetings, 90% for Appointments and Compensation Committee meetings, and 94% for Innovation, Technology & Climate Committee meetings. Individual attendance rates range from 80% to 100% for Board meetings, 80% to 100% for Audit and Risk Committee meetings, 67% to 100% for Appointments and Compensation Committee meetings, and 67% to 100% for Innovation, Technology & Climate Committee meetings.

Training

Directors' training takes the following different forms:

- each new Director is given a welcome pack containing the initial information they need for performing their directorship duties.

  This pack includes, among other things:

  - the schedule of Board meetings, the membership structure and operating procedures of the Company's corporate bodies, and a directory of the Board's members,
  - the Code of Ethics, the calendar for black-out periods, AMF instructions relating to insiders (executives and persons referred to in Article 19 of the European Union's Market Abuse Regulation [MAR]), and the guide on "permanent insiders" and management of insider information,
  - the Company's bylaws,
  - the Board of Directors' Internal Rules,
  - the AFEP-MEDEF Code,
  - the Code of Ethics, and
  - various other Group presentation documents, including the most recent Universal Registration Document.

  The pack also includes the main documents presented to the Board of Directors before the arrival of the new Director, when these documents are of particular importance or relate to long-term issues (such as files for the Board of Directors' strategy seminar, the Group's medium-term business plan, financial presentations and outlooks, "Capital Markets Day" presentations, etc.);
- the Directors are also provided with press reviews and regular reports about the Group's financial communications;
- when they first join the Board, and throughout their directorships, Directors are offered specific training sessions and in-house presentations about the Group, its businesses and its industry, as well as about accounting, financial and operational issues that are specific to Safran, such as liquidity risk management, financial communications, risk mapping, insurance, audit and internal control, human resources management and strategy (including climate strategy);
- the Directors are also regularly given presentations during Board meetings about the Group's operations (historical information, positioning, results, competitive environment, challenges and risks);
- the Directors representing employees and the Directors representing employee shareholders are offered additional training, notably in the field of finance and accounting. These training sessions can also cover broader issues such as (i) the roles and responsibilities, operating procedures and rights and obligations of Boards of Directors, Board Committees and Directors in general, (ii) the Group's businesses and organizational structure, and (iii) any other topic that may enhance the skills and effectiveness of the Directors concerned in performing their Board duties;
- visits to the Group's sites both in and outside France are regularly organized so that Board members can learn about or hone their knowledge of Safran's various sites and businesses. In 2023, the directors visited sites in Mexico over a three-day period: Safran Landing Systems, Safran Aircraft Engines, Safran Aero Composites, SAE Services Americas (Quérétaro) and Safran Aerosystems, Safran Seats Safran Electrical & Power and Safran Cabin (Chihuahua). They also attended the International Paris Air Show that took place at Paris-Le Bourget airport in June 2023;
- regular updates are given at each Board meeting about the Group's operations and strategy;
- specific meetings of the Board or the Board Committees may also be called to discuss particular issues.

Both in-house and external training is available to the Directors, depending on their different needs and requirements. In response to the recommendation made during the assessment of the Board's operating procedures at end-2023, all of the Directors will be invited to attend a training course on CSR and sustainability in 2024. This training will be structured around the following themes:

- an overview of CSR and sustainability;
- the regulatory framework for CSR and sustainability;
- the Board of Directors' role in terms of CSR and sustainability;
- several in-depth sessions on specific CSR and sustainability topics (such as the climate, circular economy, human rights, responsible purchasing, etc.).

6.2.4.3 Diversity within the Group's management bodies

Management commitment and policies

Safran opposes all forms of discrimination and seeks to promote an inclusive corporate culture. Diversity and inclusion are markers of the Group's identity. They promote well-being, development and engagement by allowing everyone to feel respected, empowered and valued. They are also a source of innovation and success for the Group.

Safran's diversity and inclusion policy, ethical guidelines and anti-harassment measures, as well as its leadership model, clearly show the Group's belief in the value of gender diversity.

Since the approval of the Diversity & Inclusion roadmap in December 2022, endorsing these policies has been an essential duty of each member of the Executive Committee.

Gender diversity within the Executive Committee

To continue to improve the diversity of its governance bodies, the Group is committed to enhancing the representation of women on the Executive Committee. This commitment has been achieved, as the percentage of women on the Executive Committee has steadily increased from 6% at December 31, 2018 to 16.7% at December 31, 2022 and 26.3% at December 31, 2023.

This gradual increase was achieved through a combination of external appointments and internal promotions of women to operational roles and corporate departments within the Group Executive Committee, along with the commitment to enhance cultural diversity within the Executive Committee:

- one external appointment since January 2023 (French national); and
- one internal promotion (UK national).

The objectives related to the Executive Committee are set out in the table in section 5.4.3.5 – Gender balance.

Actions aimed at increasing gender diversity going forward

Gender equality in the workplace is essential for the Group, broadening visions to ensure that Safran is able to respond to the challenges in store. Executive Management is committed to and is applying a dynamic policy to promote gender equality, fairness and gender balance in all positions. Safran raises awareness among its employees of gender stereotypes and bias.

With this in mind, the Group has set annual targets to increase the proportion of women among its executives. This population includes all managers who are generally three levels or less from the Chief Executive Officer and whose level of responsibility has been evaluated using a job evaluation methodology according to international standards. The Group's efforts are supported by the Board of Directors.

Gender diversity objectives

Between 2020 and 2023, the percentage of women among the Group's senior executives increased from 13% to 19.5%.

At its meeting in December 2021, as proposed by Executive Management, the Board of Directors reviewed and approved the diversity objectives set for the Group's management bodies.

The Group aims to have 22% of women among its senior executives by 2025[1]. To demonstrate the Group's efforts in achieving these objectives, the percentage of women senior executives has been included in the objectives for long-term compensation in the form of performance shares for eligible employees since 2022.

At its meeting on December 15, 2023, the Board of Directors was informed of the results achieved in 2023 and the resources the Group is putting in place to meet the objectives.

Monitoring executive commitment and progress made on gender diversity

The Appointments and Compensation Committee and the Board of Directors annually review the development and implementation by Executive Management of the Group's commitment to gender equality in the workplace. These reviews include an assessment of the recruitment policy initiatives rolled out by the Group, relations with schools and universities, and measures to identify and support high-potential employees. Key steps being taken to support gender diversity include:

- leadership programs that aim to accelerate the development of high-potential women, including coaching and mentoring;
- regular reporting of gender pay gaps and subsequent actions to address any identified gaps;
- development programs for managers including unconscious bias training;
- regular monitoring of employee attrition and engagement by gender, including at the level of each manager, providing tools and training to address any reported gaps;
- 461 *Elles Bougent* sponsors within the Group to raise awareness among young women of aerospace-related subjects and the partnership with CGénial to promote science and technology among middle and high school students.

6.2.5 Additional disclosures about Directors

Duration of the terms of office of the members of the Board of Directors

Directors are appointed for four-year terms. In accordance with the recommendations of the AFEP-MEDEF Code, the expiration dates of the Directors' terms of office are staggered to avoid having a block of terms coming up for renewal at the same time.

Information on service contracts between the members of the Board of Directors or Executive Management and the Company or any of its subsidiaries

There are no service contracts between the members of the Board of Directors or Executive Management and Safran or any of its subsidiaries providing for the award of benefits.

(1) *The meaning of "senior executives" is defined in section 5.7.4 of this Universal Registration Document.*

Disclosure of family ties and the absence of convictions involving members of the Board of Directors or Executive Management

To the best of Safran's knowledge:

- there are no family ties between members of the Board of Directors or Executive Management;
- no member of the Board of Directors or Executive Management:
  - has been convicted of fraud,
  - has been a manager of a company that has filed for bankruptcy or been placed in receivership or liquidation,
  - has been subject to an official public incrimination and/or sanctions by any statutory or regulatory authorities, or
  - has been disqualified by a court of law from acting as a member of an administrative, management or supervisory body, or from participating in the conduct of a company's business.

Managing conflicts of interest of members of the Board of Directors and Executive Management

Safran has not been notified of any:

- potential conflicts of interest between the duties, with respect to Safran, of any of the members of the Board of Directors or Executive Management and their private interests and/or other duties;
- arrangements or agreements with major shareholders, customers, suppliers or other parties pursuant to which any members of the Board of Directors or Executive Management were selected.

The management of conflicts of interest within the Board of Directors is organized as follows (Articles 7.2 to 7.5 of the Board of Directors' Internal Rules):

- every member of the of Board of Directors must inform the Board of Directors of any actual or potential conflicts of interest between themselves (or any other individual or corporation with which they have a business relationship) and Safran, or any of the companies in which Safran holds an interest, or any of the companies with which Safran is planning to enter into an agreement of any sort;
- in the event that a member of the Board of Directors suspects the existence of a conflict of interest, or a potential conflict of interest, he or she must immediately inform the Chairman of the Board of Directors (or if the Chairman is unavailable, the Vice-Chair, or failing that, the Lead Independent Director), whose responsibility it is to decide whether or not a conflict of interest exists and if so, to inform the Board of Directors and thus instigate the conflict of interest management process;
- in the event that the member of the Board of Directors concerned is the Chairman of the Board of Directors himself, then he must inform the Vice-Chair of the Board of Directors or, failing that, the Lead Independent Director;
- in addition, the Chairman of the Board of Directors, the members of the Board of Directors, the Chief Executive Officer and, where appropriate, the Deputy Chief Executive Officer(s) will not be obliged to transmit, to any member(s) of the Board of Directors whom they have serious reason to suspect may be subject to conflicts of interest, any information or documents relating to the agreement or transaction causing the conflict of interest in question, and they will inform the Board of Directors of the non-transmission.

Internal charter on regulated and ordinary related-party agreements

On February 26, 2020, based on the recommendation of the Audit and Risk Committee and pursuant to Article L.22-10-12 of the French Commercial Code as amended by the Pacte Act no. 2019-486 of May 22, 2019, the Board of Directors adopted an internal charter on related-party agreements that are either "regulated" (i.e., subject to approval) or "ordinary" (i.e., entered into in the ordinary course of business on arm's length terms and therefore not subject to approval).

The charter is based on a study drawn up by the *Chambre nationale des Commissaires aux comptes* (the French National Chamber of Statutory Auditors) in February 2014 on regulated and ordinary related-party agreements and was reviewed by the Statutory Auditors prior to being approved by the Board.

The purpose of this charter is to reiterate the regulatory framework applicable in France to regulated and ordinary related-party agreements and to set out the procedure applied by the Company to (i) qualify a related-party agreement as regulated or ordinary, and (ii) regularly assess whether agreements qualified as ordinary fulfill the conditions required for such qualification.

It describes the processes for identifying any related-party agreements that could qualify as regulated, as well as the qualification criteria to be used and the procedures for the Board's regular reviews of these agreements. At the same time as the Board adopted this charter, an internal procedure was sent to the various departments within the Company and to its subsidiaries, which sets out the underlying principles of the charter and how it will be implemented. This procedure, which has been relayed throughout the Group, formally documents the step-by-step verification process, ensuring that both regulated and ordinary related-party agreements are identified and effectively monitored, from the point they are first classified as either regulated or ordinary up to when they are signed, including their prior approval by the Board of Directors and their approval by the shareholders in the resolution on related-party regulated agreements.

When conducting its annual review of related-party agreements, if so recommended by the Audit and Risk Committee, the Board may decide to reclassify under regulated agreements an agreement that was previously qualified as ordinary. Conversely, as a result of this annual review, a regulated related-party agreement may be considered as no longer meeting the criteria that led to its classification as regulated, in which case it is reclassified as an ordinary related-party agreement.

The charter is available on Safran's website (under Group/ Corporate Governance).

Regulated related-party agreements

In accordance with Article L.22-10-13 of the French Commercial Code, information on the agreements that fall within the scope of Article L.225-38 of the French Commercial Code can be found on the Company's website under "Group/Governance". The Statutory Auditors' special report on regulated related-party agreements is set out in section 8.3 of this Universal Registration Document.

Two regulated related-party agreements were authorized in 2023 and will be proposed to the shareholders for approval at the Annual General Meeting to be held on May 23, 2024 (see sections 7.1.4.4 and 8.2.3 of this Universal Registration Document).

Moreover, the annual review and assessment conducted by the Board in 2023 did not give rise to any reclassifications.

6.2.6 Changes in the membership structure of the Board of Directors

6.2.6.1 Process for selecting and re-appointing Directors

The process for re-appointing Directors or selecting candidates to be put forward for appointment as Directors is carried out by the Appointments and Compensation Committee on the Board's behalf. This Committee conducts the process under the supervision of the Company's non-executive Chairman and the Chair of the Appointments and Compensation Committee, who is also the Lead Independent Director.

This process mainly concerns the re-appointment and selection of independent Directors because, by definition, it does not cover Directors whose appointment is subject to specific provisions of the law or the Company's bylaws (see section 6.2.3 – "Representative of the French State and Director put forward by the French State", "Directors representing employee shareholders" and "Directors representing employees").

Process for selecting new Directors	Application of the process in 2023
This process is based on regular reviews of the list of criteria (the skills and attributes expected of Directors or of a given candidate) that form part of the Board of Directors' diversity policy (see section 6.2.4.2). The main stages of this process are usually as follows: ■ determining the profiles sought and the related essential and additional skills and attributes (specifications), taking into account (i) the principles and objectives of the Board of Directors' diversity policy (see section 6.2.4.2), (ii) the aim of achieving a balanced Board membership structure, and (iii) any specific requirements expressed, for example during the assessment of the Board's operating procedures; ■ selecting a specialized firm or consultant to help with the process if necessary; ■ drawing up and reviewing lists of potential candidates and performing the necessary checks (compliance with specifications, independence, analysis of business relations); ■ short-listing potential candidates based on their files; ■ contacting the best profiles and organizing interviews with them by the Appointments and Compensation Committee; ■ issuance by the Appointments and Compensation Committee of its recommendation to the Board of Directors (initial selection); ■ decision by the Board of Directors (final selection of the candidate), and candidate put forward for appointment (or for ratification of the Board's appointment) by the shareholders at the Annual General Meeting, with the reasons for the Board's choice of candidate included in its report to the Annual General Meeting.	■ The process for selecting new Directors was implemented in 2023, ahead of the expiration of Jean-Lou Chameau's term of office as an independent Director after 12 years of service on Safran's Board. ■ Following this selection process, which was led by the Chairman of the Board, the Lead Independent Director and the Appointments and Compensation Committee, Fabrice Brégier's profile was chosen as the one that most closely matched the candidate requirements drawn up by the Board, in terms of independence, knowledge of the aeronautics, defense and space industries, experience of leading and serving on the Boards of international groups, and expertise in digital technologies. ■ The shareholders at the May 25, 2023 Annual General Meeting were therefore invited to appoint Fabrice Brégier as an independent Director to replace Jean-Lou Chameau, for a four-year term expiring at the close of the Annual General Meeting to be held in 2027.

Process for re-appointing Directors	Application of the process in 2023
The main stages of this process are usually as follows: ■ the Chairman (or the Lead Independent Director when the reappointment concerns the Chairman) verifies whether or not the Director whose term of office is due to expire wishes to be re-appointed; ■ The Appointments and Compensation Committee draws up its recommendation as to whether or not the Director should be re-appointed. The Committee's decision in these cases is based on a number of different factors, including: ● the Director's motivation, as reported on by the Chairman or the Lead Independent Director following an interview with the Director, or as assessed at an interview with the Committee; ● whether the Director's profile is still in line with: – the list of criteria (main and additional skills and attributes and specific factors) expected of Directors and which form part of the Board of Directors' diversity policy (see section 6.2.4.2), – the overall balance sought for the Board's membership structure; ● any specific needs and expectations mentioned in the assessments of the Board and its Committees; ● the Director's contribution to the work of the Board and any Committees of which they are a member; ● the Director's availability, particularly with regard to the number of directorships held in other companies and the Director's attendance rate at Board meetings and meetings of any Committee(s) of which he or she is a member; ● any business relationships the Director may have with the Company. ■ Decision by the Board of Directors, based on the recommendation of the Appointments and Compensation Committee, and the Director is put forward for re-appointment at the Annual General Meeting, with the reasons for the Board's decision included in its report to the Annual General Meeting.	■ The process for re-appointing Directors was implemented in 2023 (i) ahead of the expiration of the terms of office as Directors of the Chairman of the Board and the Chief Executive Officer (see sections 6.3.4 and 6.2.6.2), and (ii) ahead of the expiration of the term of office of Laurent Guillot as an independent Director. ■ The implementation of this process led to the re-appointments in 2023 of Ross McInnes, Olivier Andriès and Laurent Guillot as Directors.

See sections 6.2.6.3, 8.2.4.1 and 8.2.4.2 of this Universal Registration Document for information about the change in the Board's membership structure that will be put forward for the shareholders' approval at the next Annual General Meeting.

6.2.6.2 Changes in the membership structure of the Board of Directors in 2023 or since January 1, 2024

	Re-appointment	Temporary appointment by the Board	Appointment	Departure
BOARD OF DIRECTORS	**Ross McInnes** at the May 25, 2023 AGM			
	Olivier Andriès at the May 25, 2023 AGM			
	Laurent Guillot at the May 25, 2023 AGM			
	Alexandre Lahousse at the May 25, 2023 AGM			
	Céline Fornaro by ministerial decree on May 25, 2023		**Céline Fornaro** to replace **Stéphanie Besnier** on February 17, 2023 (by ministerial decree)	**Stéphanie Besnier** on February 17, 2023 (resignation)
				Sophie Zurquiyah February 28, 2023 (resignation) Sophie Zurquiyah has not been replaced.
			Fabrice Brégier, appointed at the May 25, 2023 AGM to replace **Jean-Lou Chameau**	**Jean-Lou Chameau** on May 25, 2023 (expiration of term of office)
	Christèle Debarenne-Fievet with effect from November 20, 2023 (elections)		**Ivan Hardouin** to replace **Hervé Chaillou** with effect from November 20, 2023 (elections)	**Hervé Chaillou** on November 19, 2023 (expiration of term of office)
AUDIT AND RISK COMMITTEE	**Céline Fornaro** by decision of the Board of Directors on May 25, 2023		**Céline Fornaro** to replace **Stéphanie Besnier** by decision of the Board of Directors on February 16, 2023, effective February 17, 2023	**Stéphanie Besnier** on February 17, 2023 (resignation)
				Sophie Zurquiyah February 28, 2023 (resignation) Sophie Zurquiyah has not been replaced
			Patrick Pélata by decision of the Board of Directors on December 15, 2023	
APPOINTMENTS AND COMPENSATION COMMITTEE				**Jean-Lou Chameau** on May 25, 2023 (expiration of term of office)
	Christèle Debarenne-Fievet by decision of the Board of Directors on October 26, 2023, with effect from November 20, 2023			
	Céline Fornaro by decision of the Board of Directors on May 25, 2023		**Céline Fornaro** to replace **Stéphanie Besnier** by decision of the Board of Directors on February 16, 2023, effective February 17, 2023	**Stéphanie Besnier** on February 17, 2023 (resignation)
INNOVATION, TECHNOLOGY & CLIMATE COMMITTEE			**Fabrice Brégier** to replace **Jean-Lou Chameau** following his appointment as a Director by decision of the Board of Directors on May 25, 2023	**Jean-Lou Chameau** on May 25, 2023 (expiration of term of office)
			Ivan Hardouin by decision of the Board of Directors on December 15, 2023	
				Hervé Chaillou on November 19, 2023 (expiration of term of office)

At the Annual General Meeting of May 25, 2023:

- Ross McInnes was re-appointed as a Director (with 95.78% of the shareholders voting in favor) for a four-year term expiring at the Annual General Meeting to be held in 2027. At the Board of Directors' meeting held on the same day, he was also re-appointed Chairman of the Board for the same term.

  The Board's decision was based in particular on:

  - the assessments of the Chairman's performance:

    The formal assessment of the Board of Directors that was carried out by an external firm in late 2021 revealed very positive assessments of (i) the separation of the roles of Chairman and Chief Executive Officer, (ii) the role and personality of the Chairman, and (iii) his good working relationship with the Chief Executive Officer.

    In addition, the Company's main institutional shareholders who were approached as part of this assessment and who were met with during governance roadshows in 2022 said they were in favor of Ross McInnes being re-appointed Chairman of the Board of Directors, due to his expertise and knowledge, the changes he is making to improve the Company's governance structure, the high quality of his dialogue with shareholders, and the sense of continuity that his re-appointment would bring.

    These positive assessments were re-iterated in the Board's annual self-assessment conducted at the end of 2022 and during the governance roadshows held in 2023,

  - the analyses undertaken by the Appointments and Compensation Committee and by the Board, which highlight and affirm that Ross McInnes is valued as Chairman and has an in-depth understanding of the Company, its industry and its challenges. He has a very good working relationship with the Chief Executive Officer, who has requested continuity,
  - the fact that Ross McInnes has indicated that he is keen and willing to be re-appointed as a Director and as Chairman if so decided by the Board.

- Olivier Andriès was re-appointed as a Director (with 99.27% of the shareholders voting in favor) for a four-year term expiring at the Annual General Meeting to be held in 2027. At the Board of Directors' meeting held on the same day, he was also re-appointed Chief Executive Officer for the same term.

  In re-appointing Olivier Andriès, the Board of Directors re–affirmed:

  - the importance it places on (i) the separation of the roles of Chairman of the Board of Directors and Chief Executive Officer and (ii) their respective performances in carrying out the duties assigned to them,
  - the complementary profiles, expertise and careers of the Chairman of the Board of Directors and the Chief Executive Officer, which are a major factor for ensuring the Group's efficient governance, based on transparency between Executive Management and the Board, and a balanced, measured split between the roles of the Chairman and the Chief Executive Officer which ensures their duties are effectively segregated,
  - the Board's belief that it is useful, necessary and of real value for the Chief Executive Officer to also be a Director of the Company, as it enables the Chief Executive Officer to be among his peers around the Board table, and also allows the Board to benefit from his contribution to its discussions,
  - in accordance with Article 21.3 of the Company's bylaws, the duration of Olivier Andriès' new term of office as Chief Executive Officer would be the same as the duration of his new term of office as Director.

- Laurent Guillot was re-appointed as an independent Director (with 98.71% of the shareholders voting in favor) for a four-year term expiring at the Annual General Meeting to be held in 2027. At the Board of Directors' meeting held on the same day, he was also re-appointed Chairman of the Audit and Risk Committee for the same term.
- Alexandre Lahousse's appointment by the Board as a Director put forward by the French State, to replace Vincent Imbert, was ratified (with 99% of the shareholders voting in favor) and his term of office was renewed (with 98.66% of the shareholders voting in favor) for a four-year term expiring at the Annual General Meeting to be held in 2027.
- Robert Peugeot's appointment by the Board as an independent Director, in an individual capacity, to replace the corporate Director F&P – which had previously resigned with effect from December 19, 2022 – was ratified (with 97.16% of the shareholders voting in favor).
- Fabrice Brégier was appointed as an independent Director (with 99.69% of the shareholders voting in favor) for a four-year term expiring at the Annual General Meeting to be held in 2027.

At its meeting on February 16, 2023, the Board of Directors:

- noted the resignation of Sophie Zurquiyah, effective February 28, 2023, and decided to defer the decision on her replacement; and
- noted the resignation of Stéphanie Besnier as the French State's representative on Safran's Board of Directors. The French State appointed Céline Fornaro to replace Stephanie Besnier as its representative on Safran's Board by way of a ministerial decree dated February 17, 2023, and renewed her term of office for a four-year period by way of a ministerial decree dated May 25, 2023. The Board of Directors appointed Céline Fornaro as a member of the Audit and Risk Committee and as a member of the Appointments and Compensation Committee, replacing Stéphanie Besnier.

The profiles of the above-mentioned Directors are set out in sections 6.2.1 and 6.2.2 of this Universal Registration Document.

See sections 6.2.1 and 6.2.2 of the 2022 Universal Registration Document for the profiles of the Directors whose terms of office ended in 2023.

In addition, at its meeting on October 26, 2023, the Board of Directors noted the re-election of Christèle Debarenne-Fievet and the election of Ivan Hardouin (replacing Hervé Chaillou) as Directors representing employees, with effect from November 20, 2023, for a four-year term expiring on November 19, 2027. At that same meeting, the Board decided to re-appoint Christèle Debarenne-Fievet as a member of the Appointments and Compensation Committee (only attending the "compensation" part of the Committee meetings).

At its meeting on December 15, 2023, the Board decided to appoint Ivan Hardouin as a member of the Innovation, Technology & Climate Committee.

6.2.6.3 Membership structure of the Board of Directors and resolutions proposed to the shareholders at the Annual General Meeting of May 23, 2024

Re-appointment of Patricia Bellinger as an independent Director

The term of office of Patricia Bellinger as an independent Director is due to expire at the close of the Annual General Meeting to be held on May 23, 2024.

Based on the recommendations of the Appointments and Compensation Committee, the Board of Directors has decided that it wishes to continue to benefit from his expertise and is therefore putting forward this independent Director for re-appointment for a four-year term expiring at the close of the Annual General Meeting to be held in 2028 (see section 8.2.4.1).

Patricia Bellinger complies with the legal requirements and the recommendations of the AFEP-MEDEF Code regarding the maximum number of offices that can be held by a corporate officer and/or Director.

Patricia Bellinger's profile is presented in section 6.2.2.

Appointment of Pascale Dosda and re-appointment of Anne Aubert as Directors representing employee shareholders

The Company organized elections, in accordance with the procedures set out in its bylaws, for the purpose of nominating the candidates to be put forward for appointment at the Annual General Meeting to be held on May 23, 2024 (see section 8.2.4.2 of this Universal Registration Document).

Following these elections, two candidates were presented to the Board:

- Pascale Dosda, Chair of the Supervisory Board of the Safran Investissement corporate mutual fund (as main candidate, having as deputy Daniel Luck, member of the Supervisory Board of the Safran Ouverture corporate mutual fund), put forward by the Supervisory Boards of the corporate mutual funds invested primarily in Safran shares (Safran Investissement, Safran Ouverture and Safran International); and
- Anne Aubert (as main candidate, having as deputy David Baudu), elected from among employees who directly hold Safran shares.

At its meeting on March 21, 2024, the Board of Directors decided to approve both nominations and to recommend that the shareholders at the Annual General Meeting of May 23, 2024 appoint Pascale Dosda and re-appoint Anne Aubert as Directors representing employee shareholders.

Pascale Dosda and Anne Aubert comply with the legal requirements and the recommendations of the AFEP-MEDEF Code regarding the maximum number of offices that can be held by a corporate officer and/or Director.

Anne Aubert's profile is presented in section 6.2.2. Pascale Dosda's profile is presented in section 8.2.10.2.

If the shareholders vote in favor of the Board's recommendations at the Annual General Meeting on May 23, 2024, at the close of that Meeting:

- the percentage of independent Directors will remain unchanged, at 66.7%;
- the percentage of women on the Board will remain unchanged at 41.7%, which complies with the applicable legal requirements.

6.2.6.4 Expiration dates of Directors' terms of office

The table below sets out the expiration dates of the terms of office of Safran's Directors.

Director	2024	2025	2026	2027	Procedure for re-appointment/ replacement
Ross McInnes				✓(4)	AGM
Olivier Andriès				✓(4)	AGM
Anne Aubert	✓(1)				AGM
Marc Aubry	✓(1)				AGM
Hélène Auriol Potier		✓(2)			AGM
Patricia Bellinger	✓(1)				AGM
Fabrice Brégier				✓(4)	AGM
Monique Cohen			✓(3)		AGM
Christèle Debarenne-Fievet				✓(5)	Election
Céline Fornaro					Ministerial decree
Laurent Guillot				✓(4)	AGM
Ivan Hardouin				✓(5)	Election
Alexandre Lahousse				✓(4)	AGM
Fabienne Lecorvaisier		✓(2)			AGM
Patrick Pélata		✓(2)			AGM
Robert Peugeot			✓(3)		AGM

(1) At the close of the Annual General Meeting to be held on May 23, 2024 to approve the 2023 financial statements.
(2) At the close of the Annual General Meeting to be held in 2025 to approve the 2024 financial statements.
(3) At the close of the Annual General Meeting to be held in 2026 to approve the 2025 financial statements.
(4) At the close of the Annual General Meeting to be held in 2027 to approve the 2026 financial statements.
(5) November 19, 2027.

6.3 OPERATING PROCEDURES AND WORK OF THE BOARD OF DIRECTORS AND THE BOARD COMMITTEES

6.3.1 Internal Rules of the Board of Directors and its Committees

In addition to the provisions of the law and the Company's bylaws that govern its operating procedures, on April 21, 2011 the Board of Directors approved a set of Internal Rules that provide a number of specific terms and conditions relating to Board meetings, list the transactions that require the Board's prior approval, define the duties and operating procedures of the Board Committees, and set out the rules for allocating compensation between Board members based on the maximum amount set by shareholders at the Annual General Meeting. These Internal Rules are available on the Company's website (www.safran-group.com, in the Group/Governance/Board of Directors section).

The Internal Rules have been regularly updated since they were first adopted in order to take into account changes in regulations, the AFEP-MEDEF Code and Safran's internal organizational structure and operating procedures.

The Internal Rules were last amended on February 14, 2024, in order to include the new roles and responsibilities of the Audit and Risk Committee following the French government order (*ordonnance*) 2023-1142 of December 6, 2023 transposing the EU Corporate Sustainability Reporting Directive (CSRD) into French law (see section 6.3.6.1).

6.3.2 Summary table of attendance at meetings of the Board of Directors and the Board Committees in 2023

The following table shows the number of meetings of the Board and its Committees that took place in 2023 and the attendance rates of each Director.

Director	Number of Board of Directors' meetings attended	Attendance rate (%)	Number of Audit and Risk Committee meetings attended	Attendance rate (%)	Number of Appointments and Compensation Committee meetings attended	Attendance rate (%)	Number of Innovation, Technology & Climate Committee meetings attended	Attendance rate (%)
TOTAL NUMBER OF MEETINGS IN 2023	**10**	**98**	**5**	**96**	**3**	**90**	**3**	**94**
Ross McInnes	10	100						
Olivier Andriès	10	100						
Anne Aubert(1)	9/10	90						
Marc Aubry(1)	10	100	5	100				
Hélène Auriol Potier	10	100			3	100	3	100
Patricia Bellinger	8/10	80			2/3	67		
Stéphanie Besnier(2)	1/1	100	1/1	100	1/1	100		
Fabrice Brégier(3)	5/5	100					1/1	100
Hervé Chaillou(4)(5)	9/9	100					3	100
Jean-Lou Chameau(6)	5/5	100			2/2	100	3	100
Monique Cohen	10	100			3	100		
Christèle Debarenne-Fievet(4)(7)	10	100			3	100	-	-
Céline Fornaro(8)	9/9	100	4/4	100	2/2	100		
Laurent Guillot	10	100	5	100			3	100
Ivan Hardouin(9)	1/1	100						
Alexandre Lahousse	10	100					2/3	67
Fabienne Lecorvaisier	10	100	5	100				
Patrick Pélata	10	100			2/3	67	3	100
Robert Peugeot	10	100	4	80				
Sophie Zurquiyah(10)	1/1	100	1/1	100				

(1) Director representing employee shareholders.

(2) Stéphanie Besnier's term of office as representative of the French State and member of the Audit and Risk Committee and the Appointments and Compensation Committee ended on February 17, 2023 (resignation).

(3) Fabrice Brégier was appointed a Director at the Annual General Meeting of May 25, 2023. He joined the Innovation, Technology & Climate Committee on the same date.

(4) Directors representing employees.

(5) Hervé Chaillou's term of office as a Director representing employees and member of the Innovation, Technology & Climate Committee expired on November 19, 2023.

(6) Jean-Lou Chameau's term of office as an independent Director and member of the Appointments and Compensation Committee and the Innovation, Technology & Climate Committee expired at the close of the Annual General Meeting of May 25, 2023.

(7) Christèle Debarenne-Fievet only attends the "compensation" part of Appointments and Compensation Committee meetings.

(8) Céline Fornaro was appointed representative of the French State by way of a ministerial decree dated February 17, 2023. She became a member of the Audit and Risk Committee and the Appointments and Compensation Committee on the same date.

(9) Ivan Hardouin was elected as a Director representing employees effective as of November 20, 2023.

(10) Sophie Zurquiyah's term of office as an independent Director and member of the Audit Committee ended on February 28, 2023 (resignation).

6.3.3 Operating procedures and work of the Board of Directors

Indicators

	2022	2023
Number of meetings	8	10
Average attendance rate	94%	98%
Number of Directors	17	16
Percentage of independent Directors[1]	69.2% (9 out of 13)	66.7% (8 out of 12)

(1) Excluding Directors representing employee shareholders and Directors representing employees.

Duty of confidentiality

Members of the Board of Directors and all individuals who attend meetings of the Board and its Committees are subject to strict duties of confidentiality and discretion with respect to the information provided to them in this context. The Directors must take all necessary measures to ensure that the files and documents communicated to them remain confidential.

In addition to this duty of confidentiality, Board members undertake not to make any public disclosures of information, in their capacity as Board members, relating to any issues concerning the Company and/or the Group (irrespective of whether or not such information concerns matters discussed in Board meetings), without obtaining the Chairman's prior approval. The Chairman of the Board is the only Board member who has the powers to communicate information on behalf of the Board of Directors.

Board of Directors' meetings

The Board of Directors meets at least twice every quarter and meetings may be called by any means.

The agenda for Board meetings is put forward by the Board Secretary to the Chairman and reflects the work of the Board Committees and proposals made by members of the Board of Directors.

Before each meeting, the Board members receive the agenda as well as documents providing them with the information they need on the matters to be discussed during the meeting.

They may request any additional documents they consider useful.

Meetings can be called by any means whatsoever. The Board of Directors' Internal Rules state that Directors may participate in meetings by videoconference or any other means of telecommunications. In addition, in the cases permitted by law, the Board of Directors may take decisions by means of written consultation.

At least half of the Board's members must be present for a meeting to be validly constituted. Decisions are made by way of a majority vote of the members present or represented and the Chairman has a casting vote in the event of a split decision.

If a Director is unable to attend a meeting, he or she may give proxy to another Board member, it being specified that each Director may only hold one proxy.

Minutes are drawn up for each Board meeting and forwarded to all members of the Board in order that they may be approved at the following meeting.

In addition, the Chairman keeps the Board of Directors informed, by any means, of all significant events concerning the Group and its financial position. The Directors receive a copy of Safran's press releases, a press review and stock market reports on Safran's share performance.

Work of the Board of Directors in 2023

The Board of Directors met ten times in 2023, with an average attendance rate of 98%.

In accordance with the provisions of the Internal Rules, certain deliberations of the Board of Directors were prepared based on recommendations and proposals put forward by the Board Committees in their area of specialization. These Committees reported on their findings and submitted their opinions and proposals to the Board.

The main work conducted by the Board of Directors in 2023 was as follows:

Strategy

Determining the Group's overall strategy is one of the essential roles of the Board of Directors.

The Board's work on strategy is primarily conducted via a strategy seminar which is organized on an annual basis. The Chairman and the Chief Executive Officer prepare these seminars and determine the particular topics and issues to be addressed, taking into account the issues identified by Executive Management and the priorities expressed by the Directors. Four or five topics are examined each year. The 2023 seminar took place over two consecutive days at the Safran University site.

The beneficial in-depth discussions that these seminars promote and the strategic goals decided on are used as a basis for dealing with and continuously monitoring the strategic issues addressed at each Board meeting (via Board agenda items).

At Board meetings, the Chairman and the Chief Executive Officer regularly provide a status report on strategic projects (strategic agreements and partnerships, major development projects or programs, external growth projects, negotiations in progress and any difficulties encountered). The Board is given presentations on these projects at the various stages of their development.

In his business reviews, the Chief Executive Officer also gives regular updates on launches of new projects and structural programs.

In 2023, these updates included reports on the geopolitical and economic context and on Safran's related adaptation plan.

Lastly, on an annual basis, the Board examines the results of the consultation with the Central Social and Economic Committee on the strategic goals set for the Company and the Group.

Certain Board meetings may be dedicated to a particular strategic or M&A project and the Board is given regular updates and progress reports on M&A activity.

In some cases, the Board's work on strategic issues is carried out with the assistance, on an ad hoc basis, of special committees specifically set up to analyze strategic operations or monitor preliminary studies on strategic matters (such as strategic partnerships and agreements or transactions affecting the Group's scope of consolidation). A special committee was set up on this ad hoc basis on one occasion in 2023 in order to examine a potential strategic acquisition envisaged by the Group.

The way the work on strategic issues is structured means that all of the Directors are directly involved in this fundamental aspect of the Board's duties.

Corporate governance and compensation

As is the case every year, the Board of Directors' corporate governance work mainly included reviewing the membership structure of the Board and its Committees, examining the independence status of Directors, preparing the Annual General Meeting, and setting the compensation policies and packages for Safran's corporate officers (both executive and non-executive).

The Board's work during the year also concerned:

- reviewing the succession plan for the Chief Executive Officer;
- examining changes in the Board's membership structure, in particular the re-appointment of Ross McInnes as a Director and Chairman of the Board, the re-appointment of Olivier Andriès as a Director and Chief Executive Officer, the re-appointment of Laurent Guillot as an independent Director, the proposed ratification of Alexandre Lahousse's appointment by the Board as a Directorput forward by the French State, the proposed ratification of Robert Peugeot's appointment by the Board as a Director, in an individual capacity, and the appointment of Fabrice Brégier as a Director (see section 6.2.6.2);
- reviewing the annual assessment of the Board and its Committees (see section 6.3.7);
- reviewing Directors' independence (see section 6.2.4.1);
- calling the May 25, 2023 Annual General Meeting;
- reviewing the compensation policies of the Chairman, the Chief Executive Officer and the Directors;
- reviewing the outcome of the consultation process with the Central Social and Economic Committee relating to the Group's annual report on gender equality in the workplace and equal pay;
- allocating performance shares to Group executives (see section 6.6.5.2.1) under the 2023 Long-Term Incentive Plan and setting the applicable performance conditions (including criteria related to CSR);
- granting existing or new shares of the Company, without consideration and without performance conditions, to employees of the Company and other Group entities (see section 8.2.2.4 of the 2022 Universal Registration Document);
- reviewing two related-party agreements governed by Article L.225-38 of the French Commercial Code: (i) the agreement entered into between the French State, ArianeGroup Holding and MaiaSpace, in the presence of Safran, relating to MaiaSpace's sensitive assets, and (ii) Amendment no. 1 to the agreement entered into on June 24, 2016 between the French State and ArianeGroup Holding, in the presence of Safran, relating to ArianeGroup's protected assets and strategic subsidiaries and interests; these agreements will be submitted for approval at the May 23, 2024 Annual General Meeting (see section 8.2.3);
- reviewing the related-party agreements that remained in force in 2023 (with the Board concluding that they continue to meet the criteria that led the Board to originally authorize them);
- addressing agenda items referred to as "executive sessions" (see section 6.3.5 below), which have been, in principle, set at each Board meeting since 2021, and holding exceptional meetings during the year when required.

Industrial and commercial matters

Updates are provided at Board meetings on the Group's industrial and commercial situation, and a progress report is given on programs under development.

Throughout the year, the Board was briefed by the Chief Executive Officer on the Group's significant events, as well as on the general operating context (notably for the aerospace industry), business trends and developments, acquisitions and divestments, the progress of major programs in light of the current context, negotiations or signatures of key agreements, overall market trends, and the competitive environment.

Targeted presentations were also given on certain activities and programs and their outlook (Electrical & Power (see section 1.2.2.3), Nacelles (see section 1.2.2.2), and Cabins (see section 1.2.3.1)).

Economic and financial matters

As is the case every year, the Board approved the annual and interim financial statements, submitted the profit appropriation and dividend payment for approval at the Annual General Meeting, and reviewed the Universal Registration Document (including the Annual Financial Report) and the Integrated Report. In addition, in 2023 the Board's work on financial matters primarily covered reviewing and approving the Group's four-year medium-term plan (MTP), approving and tracking annual budgets and reviewing financial communications (including the financial forecasts, their underlying assumptions and the non-financial information contained in such communications).

This work also concerned:

- giving updated guidance to the markets;
- reviewing acquisition and divestment projects and the related decisions;
- monitoring the Group's cash and liquidity position (financing, refinancing and ensuring liquidity);
- reviewing the Group's policy for hedging EUR/USD currency risk;
- implementing the share buyback program (in accordance with the authorization given by shareholders at the Annual General Meeting);
- examining the reports of the Audit and Risk Committee (also covering the Group's strategies concerning risk management, insurance, audit and internal control, ethics and compliance).

In accordance with the applicable laws, the Board's prior authorization is required for guarantees, endorsements and sureties granted in Safran's name. Each year, the Board sets a blanket ceiling up to which guarantees, endorsements and sureties may be granted by the Chief Executive Officer, and any commitments exceeding this ceiling must be specifically authorized by the Board. The Board once again set this blanket ceiling at €500 million for 2024 (with no ceiling on guarantees, endorsements and sureties given to tax and customs authorities).

The Board was briefed during the year by the Chief Executive Officer and Chief Financial Officer, notably at the quarterly business report presentations, about the Group's financial position, any financial guarantees granted and any disputes and litigation in process.

The Statutory Auditors attended the Board of Directors' meeting of February 16, 2023, when they reported on their audit work on the parent company and consolidated financial statements for 2022 and presented their audit findings. They certified the 2022 parent company and consolidated financial statements without qualification. They also attended the Board of Directors' meeting of July 26, 2023 to present their work on the consolidated financial statements for the first half of 2023.

Corporate Social Responsibility (CSR)

The Board of Directors sets the Company's overall business strategy and oversees its implementation, in accordance with the Company's best interests and taking into account the social and environmental aspects of its activities.

The Group's CSR strategy is validated by the Board, and the standard agendas of the meetings of the Board and its Committees regularly include items that address the four pillars of this strategy, namely:

- decarbonize aerospace;
- be an exemplary employer;
- embody responsible industry;
- affirm our commitment to citizenship.

In practice, CSR issues are not only taken into account directly at the level of the Board of Directors, but are also integrated into the work of all of the Board Committees and are reviewed collaboratively within the Board through reports drawn up by the Committee Chairs. The Board analyzes these issues at meetings where CSR is a specific agenda item or as part of standard agenda items that incorporate CSR issues, as described below.

- A general presentation on the Group's CSR strategy and its four pillars is included once a year on the agenda of a Board meeting, during which the Board reviews the Group's CSR approach, main goals (HR, social and environmental), commitments and objectives as well as the related results and a summary of the CSR work plan.
- Certain topics discussed at the Board's strategy seminars dedicated to setting the Group's strategic objectives cover or factor in environmental issues that are key to the Group's operations and business development, and to the aerospace industry in general.
- The Board of Directors approves the climate strategy after it has been reviewed by the Innovation, Technology & Climate Committee. The related climate action plan is also monitored on a regular basis by the Board, the Innovation, Technology & Climate Committee, and the Executive Committee.
- The Group's medium-term business plan – which is presented and approved annually by the Board – includes an HR/social section, on which additional presentations may be given.
- When certain investments or programs are presented to the Board for its approval, information on the related social and environmental considerations are also presented where relevant. This principle is set out in the Board of Directors' Internal Rules (see section 6.3.1).
- The Board also reviews and validates the Universal Registration Document, which sets out in its "Non-financial Performance" chapter the Group's CSR strategy and information on its four pillars, as well as the non-financial performance statement. The Group's integrated report – which includes summarized CSR information – is also presented to the Board of Directors.
- In addition, annual presentations are given or focus discussions held about specific issues such as gender parity, equal opportunities in the workplace and equal pay, and the Group's "skills and recruitment" plan.

CSR issues form a major part of the work of the Board Committees, within the scope of their respective remits.

- The Innovation, Technology & Climate Committee monitors objectives, trends, developments, progress and the overall direction of roadmaps concerning topics that include major environmental issues (CO2, hybridization, etc.). These responsibilities include an analysis of Executive Management's climate action plan and the related information intended for publication by the Company and for presentation to the Annual General Meeting (see section 6.3.6.3);
- The Audit and Risk Committee's risk review work includes analyzing CSR-HR risks, such as workplace health and safety risks and risks concerning personal safety, talent management and business ethics, and it regularly has focus discussions on the main non-financial risks contained in the Group's risk map.

  This Committee also monitors "Compliance & Ethics" issues (see section 5.5.1.2), as well as issues related to the EU taxonomy (see section 5.3.4).

  As from 2024, the Audit and Risk Committee's remit will change in accordance with government order (*ordonnance*) 2023-1142 of December 6, 2023, which transposed the EU Corporate Sustainability Reporting Directive into French law (see section 6.3.6.1).
- As part of its work on compensation and in the related recommendations it makes to the Board, the Appointments and Compensation Committee ensures that CSR-Climate performance objectives are properly taken into account in compensation policies and packages. In line with this, a portion of the Chief Executive Officer's annual variable compensation is contingent on such objectives and the same is now true for performance shares granted under LTI plans.

In its work on appointments, the Committee's selection criteria for Directors take into account the candidates' sensitivity to and experience or expertise in CSR matters.

Lastly, it ensures that the Board's formal assessment process includes CSR issues in the questionnaires and interviews with the Directors.

Thirteen Directors have been identified as having CSR-HR skills and expertise (see section 6.2.2).

6.3.4 Succession plans for the Chairman and the Chief Executive Officer

Anticipating and ensuring a smooth succession process for the Chairman and the Chief Executive Officer is one of the Board's main responsibilities.

On the recommendation of the Appointments and Compensation Committee, the Board regularly reviews and approves a succession plan aimed at covering any unforeseeable or sooner-than-expected vacancies (notably due to death, incapacity or resignation) for the positions of Chairman of the Board of Directors and Chief Executive Officer. This plan sets out several possible solutions that could be envisaged if any of these events were to occur, and can remain in force without requiring an annual review. However, the Board of Directors would need to carry out another analysis at the time any such unforeseen or sooner–than–expected vacancy occurred, before deciding on the course of action to take.

Every year, the Appointments and Compensation Committee reviews reviews the succesion plans of the Group's Executive Committee (including the Chief Executive Officer), based on relevant assumptions and expected timelines (see below).

General framework – Provisions on succession planning contained in the Board of Directors' Internal Rules

All of the elements presented below guide and enable coordinated implementation of the principles related to succession planning set out in the Board's Internal Rules, which provide that:

- the Chairman of the Board of Directors is responsible for organizing and managing the work of the Board of Directors and is notably responsible for working with the Board on the preparation and implementation of succession plans for the Group's key operations managers and support function managers, in conjunction with Executive Management (Articles 14.1 and 14.9);
- the Lead Independent Director takes part in preparing the succession plan for the Company's officers, including the Chairman of the Board of Directors, and leads the Board of Directors' discussions about the succession plan for the Chairman and any appraisals of his or her performance (Article 38.3).

Emergency succession plan for unforeseen or sooner-than-expected vacancies (due to death, resignation or incapacity)

This plan – which has been reviewed and validated by the Board of Directors – sets out the principles for the envisaged solutions that would be put in place if the position of Chairman or Chief Executive Officer were to become vacant sooner than expected or due to unforeseen circumstances. Different scenarios are provided for depending on whether the situation is definitive and lasting or temporary and short–term. However, the Board of Directors would need to carry out another analysis at the time any such unforeseen or sooner-than-expected vacancy occurred, before deciding on the course of action to take.

This emergency succession plan can remain valid without the need for an annual review or update.

Non-emergency succession plan and process, based on the assumptions that the Chairman or Chief Executive Officer's term of office will be renewed and continued (or not) and a foreseeable or anticipated departure

The process for this type of succession, which has been reviewed and validated by the Board of Directors, sets out the timing and various stages for implementing the succession plan based on the assumptions of (i) a decision taken to renew and continue (or not) the term of office of the Chairman or Chief Executive Officer when their term expires, and, (ii) a foreseeable or anticipated departure (normal or accelerated succession). Concerning this second assumption, the process:

- sets out the principle that the plan must be rapidly implemented and managed in the strictest confidentiality in order to avoid any risk of destabilization for the Group;
- defines the persons involved in the process, depending on whether it concerns the Chairman or the Chief Executive Officer;
- provides that the Board Committee in charge of this issue is the Appointments and Compensation Committee, which reverts to the Board for all final succession decisions;
- provides that the selection process will include both internal and external candidates;
- specifies that, where possible or appropriate, the Chairman or the Chief Executive Officer will be asked to give their views on the shortlisted candidates for their succession, and notably to express their opinion on whether the profiles are suitable in light of their knowledge of the issues and priorities involved.

This process (method, principle and stages) can remain valid without the need for an annual review or update.

Further information on the long-term succession plan for the Group's executives

At its meeting on December 12, 2023, the Appointments and Compensation Committee reviewed the succession plan for the Group Executive Committee. This review gave the Committee an overview of the existing pool of internal talent over different time horizons (short, medium and long term), therefore helping with the preparation of the succession plan for the Group's Chairman and the Chief Executive Officer. The succession plan for the Chief Executive Officer was also reviewed at this meeting.

This review by the Appointments and Compensation Committee is carried out in principle on an annual basis and is conducted in the presence of the Chief Executive Officer.

6.3.5 Executive sessions

Since 2021, "executive sessions" have been included as an agenda item at the end of each Board meeting.

No specific topics are necessarily assigned to these sessions beforehand and they are intended to leave room for regular discussions, without any executive Directors being present, about:

- the operating procedures of the Company's governing bodies (Board of Directors, Board Committees, Executive Committee) and any amendments thereto; and
- specific topics or subjects that the Directors would like to see presented or dealt with in Board or Committee meetings.

Executive sessions may also be held separately from Board meetings.

They are generally chaired by the Lead Independent Director and take place without the following Directors attending: the Chief Executive Officer, the Directors representing employees and the Directors representing employee shareholders, or the Chairman of the Board of Directors (when an agenda item concerns him personally). However, the above Directors may attend executive sessions in certain specific circumstances.

In 2023, the Board held four executive sessions, including one dedicated to assessing the Board's operating procedures (see section 6.3.7).

6.3.6 Committees of the Board of Directors

The Board of Directors' Internal Rules provide for the Board's decisions regarding certain issues to be prepared by specialized committees that review matters within their remit and submit their opinions, proposals and recommendations to the Board.

The Board is assisted in its work by three standing committees, whose roles, organizational structure and operating procedures are set out in the Board of Directors' Internal Rules:

- Audit and Risk Committee;
- the Appointments and Compensation Committee; and
- Innovation, Technology & Climate Committee.

In its area of expertise, each Committee carries out in-depth work and analysis prior to the Board of Directors' discussions and contributes to the preparation of the Board's decisions. It makes proposals and recommendations to the Board, and gives its opinion on the matters under review.

As such, each Committee may offer its services to the Board for the purpose of conducting internal or external studies that may provide the Board with helpful information for its decisions.

At each Board meeting, the Chair of each Committee – or any other Committee member designated if the Chair is unable to do so – reports to the Board on the Committee's work, proposals and recommendations.

The Board of Directors may set up further standing committees at any time, at its sole discretion, and may amend the Board's Internal Rules for the purpose of specifying the roles and responsibilities, resources, membership structure and operating procedures of such new committees. It may also set up temporary special committees, on an ad hoc basis, to analyze, deal with or monitor specific issues or projects.

6.3.6.1 Audit and Risk Committee

Indicators

	2022	2023
Number of meetings	6	5
Average attendance rate	92%	96%
Number of members	5	6
Percentage of independent members[(1)]	75% (3 out of 4)	80% (4 out of 5)

(1) Excluding the Director representing employee shareholders.

MEMBERSHIP STRUCTURE

In accordance with the Internal Rules of the Board and the Board Committees, the Audit and Risk Committee must have at least three members, including its Chair. These members are selected from among the Directors, other than the Chairman of the Board of Directors, who do not have management duties within Safran. Two-thirds of the members on this Committee, including its Chair, must be independent Directors. In addition, in accordance with the law, at least one of the Committee's independent members must have specific skills in finance, accounting or certified public accounting.

The Audit and Risk Committee meets at least four times a year, and the Statutory Auditors are always invited to its meetings, except where a joint meeting is held with another Committee.

Robert Peugeot was re-appointed as a member of the Audit and Risk Committee at the Board meeting following the ratification by the Annual General Meeting of May 25, 2023 of his appointment by the Board in an individual capacity.

Céline Fornaro, who was appointed representative of the French State by ministerial decree dated February 17, 2023, has joined the Audit and Risk Committee, replacing Stéphanie Besnier. Her term of office as a member of this committee was renewed at the May 25, 2023 meeting of the Board of Directors.

Sophie Zurquiyah informed the Board of her decision to terminate her office as an independent Director, and therefore as a member of the Audit and Risk Committee, with effect from February 28, 2023. Sophie Zurquiyah was not replaced, which reduced the number of members of this Committee from six to five until Patrick Pélata was appointed.

Patrick Pélata joined the Audit and Risk Committee on December 15, 2023, increasing the number of its members from five to six.

At the filing date of this Universal Registration Document, the Audit and Risk Committee has six members, 80% of whom are independent Directors (not counting the Director representing employee shareholders in accordance with the recommendations of the AFEP-MEDEF Code and Article 28.2 of the Board's Internal Rules).

At the filing date of this Universal Registration Document	Independent	Date of appointment	Expiration of term of office	Seniority as a Committee member
Laurent Guillot, Chairman	X	May 23, 2019 (member) May 26, 2021 (Chairman)	2027	5 years
Marc Aubry (Director representing employee shareholders)		May 28, 2020	2024	4 years
Céline Fornaro (appointed representative of the French State by ministerial decree dated February 17, 2023)		Feb. 17, 2023	2027	1 year and 1 month
Fabienne Lecorvaisier	X	May 26, 2021	2025	3 years
Robert Peugeot	X	Dec. 19, 2022	2026	6 years
Patrick Pélata	X	Dec. 15, 2023	2025	3 months

As from 2024, the Audit and Risk Committee's remit will change in accordance with government order (*ordonnance*) 2023-1142 of December 6, 2023, which transposed the EU Corporate Sustainability Reporting Directive into French law.

The main roles and responsibilities of the Audit and Risk Committee – which acts under the responsibility of the Board of Directors – are to examine the financial statements and address issues related to the preparation and auditing of accounting and financial information. It monitors the financial and sustainability reporting processes, as well as the process followed for deciding which information should be disclosed in accordance with sustainability reporting standards, and, where appropriate, makes recommendations to ensure the integrity of these processes.

In this regard, it is responsible for:

- reviewing the draft interim and annual parent company and consolidated financial statements before they are submitted to the Board of Directors, and in particular:
  - ensuring that the accounting policies adopted to prepare the parent company and consolidated financial statements are relevant and applied consistently, and
  - examining any problems encountered related to applying accounting policies.

  In this respect, it also monitors the plans and measures put in place for applying the main planned changes in accounting policies, including the application of new international financial reporting standards;
- reviewing the financial documents and non-financial reporting data issued by Safran in connection with the end of the annual and half-year reporting periods;
- reviewing draft financial statements prepared for the requirements of specific transactions, such as asset contributions, mergers, spin-offs or payments of interim dividends;
- reviewing the financial aspects of certain transactions proposed by Executive Management and submitted to the Board of Directors (some of which for prior authorization), such as:
  - capital increases,
  - equity investments, and
  - acquisitions or divestments;
- assessing the reliability of the systems and procedures used to prepare the financial statements and the validity of the accounting treatment applied for major transactions;
- ensuring that the parent company and consolidated financial statements are audited by the Statutory Auditors;
- reviewing the quality of the methods and procedures used for (i) reporting financial information, (ii) carrying out consolidation restatements of accounting information received from the Group's foreign companies, and (iii) sustainability reporting.

ROLES AND RESPONSIBILITIES

The Audit and Risk Committee is also responsible for verifying that Safran's internal control and risk management and, where applicable, its internal audit systems, are effective in relation to the preparation and processing of accounting, financial and sustainability-related information, including in digital format, without this affecting its independence.

In this regard, it is responsible for:

- assessing, with the people responsible for such activities, the Group's internal control systems;
- reviewing, with the people responsible for such activities at Group level and with the assistance of Internal Audit:
  - internal control objectives and contingency and action plans,
  - the findings of audits and actions carried out by the relevant managers within the Group, and
  - the recommendations made and follow-up of such audits and actions, by the relevant managers;
- reviewing Internal Audit methods and results;
- checking that the procedures used by Internal Audit lead to the preparation of financial statements that:
  - present a fair view of the Company, and
  - comply with accounting rules;
- reviewing the relevance of risk analysis and monitoring procedures, ensuring the implementation of a procedure for identifying, quantifying and preventing the main financial and non-financial risks arising in the Group's businesses; and
- reviewing and managing the rules and procedures applicable to conflicts of interest.

Lastly, the Audit and Risk Committee is tasked with ensuring the effectiveness of Safran's external audits and monitoring the work of the Statutory Auditors in relation to certifying both financial statements and sustainability disclosures.

In this regard, it is responsible for:

- overseeing the Statutory Auditor selection procedure and issuing a recommendation on the Statutory Auditors to be put forward for appointment or re-appointment by shareholders at the Annual General Meeting;
- ensuring that the Statutory Auditors respect the independence criteria required of auditors certifying financial statements and sustainability disclosures, based on discussions, and information and substantiations provided by the Statutory Auditors;
- reviewing the fees paid to the Statutory Auditors, which should not call into question their independence or objectivity;
- regularly reviewing with the Statutory Auditors:
  - the audit plans and their findings, and
  - their recommendations and the follow-up thereof;
- factoring in the observations and findings issued following any audits performed by the French Accounting Oversight Board (*Haut Conseil du Commissariat aux Comptes* – H3C);
- without prejudice to the powers of the Board of Directors, approving the provision of non-audit services as authorized under the applicable regulations, including examining and validating the related methods and procedures and ensuring they are respected;

- examining the findings of the auditors' work concerning the certification of the financial statements and sustainability disclosures, and reviewing how these engagements have contributed to the integrity of Safran's financial information and sustainability disclosures. It reports to the Board on the role it has played in this process, based on the additional report that the Statutory Auditors will issue annually, and promptly informs the Board of any difficulties encountered.

MAIN WORK CARRIED OUT IN 2023

The Audit and Risk Committee met six times in 2023 in order to address the above topics, with an average attendance rate of 96%.

The Statutory Auditors, the Government Commissioner and the Group Chief Financial Officer attended all of these meetings.

The main work carried out by the Committee during these meetings related to:

- reviewing the interim and annual parent company and consolidated financial statements, with a presentation by the Chief Financial Officer on the Group's off-balance sheet commitments, which was also attended by the Group Management Control and Accounts Director and the Group Chief Accounting Officer. The review enabled the Committee to have discussions with the Statutory Auditors without any members of Executive Management being present;
- reviewing all of the Group's accounting and financial documents, including financial communications and non-financial reporting data;
- carrying out a preliminary review of the Group's 2023 results;
- reviewing the 2023 budget and the draft 2024 budget;
- preparing the Annual General Meeting of May 25, 2023 (appropriation of profit, draft resolutions – including authorizations to increase or reduce the Company's capital and authorizations to carry out grants of free shares, with or without performance conditions, the Board of Directors' report on the draft resolutions, review of related-party agreements that remained in force in 2023, the management report and the draft Universal Registration Document including the Annual Financial Report);
- reviewing the Group's financial communication, particularly in relation to the annual and interim financial statements and market guidance;
- monitoring the Group's cash and liquidity position (financing, refinancing and safeguarding liquidity);
- examining the Group's risks, including non-financial risks (meeting also attended by the Risk Management and Insurance Director), as well as changes in the risk map with focus discussions on certain specific risks (particularly cybersecurity and information systems, currency, corruption and supply chain risks), and the Group's insurance coverage in light of the current geopolitical context;
- analyzing a presentation given by the Group's Chief Digital and Information Officer about the progress of the action plan put in place following a cybersecurity audit;
- reviewing the framework of the EU taxonomy and a simulation of its application at end-June 2023, with input from the Group Chief Accounting Officer who also attended the meeting;
- reviewing various service contracts and inventory management;
- reviewing the Group tax's policy, with input from the Group Chief Tax Officer who also attended the meeting;
- examining the Group's real-estate activities;
- assessing the Group's internal control and internal audit situation (meeting attended by the Head of Audit and Internal Control), monitoring the compliance and anti-fraud system, amending the 2023 audit plan and the 2023 internal audit campaign, drawing up the 2024 audit plan, and conducting a preliminary review of the findings of the 2023 internal control audits;
- analyzing presentations given by the Group Chief Compliance Officer about the ethics and compliance system (update on the Group's anticorruption system, organization and action plan following an audit);
- monitoring the Statutory Auditors' independence and reviewing their audit fees, audit methods and non-audit services;
- tracking and verifying the EUR/USD exchange rate and the currency hedges in place (meeting attended by the Chief Treasury and Financing Officer); financing;
- examining management forecasts;
- reviewing the cap on guarantees, endorsements and sureties;
- checking, authorizing and monitoring services provided by the Statutory Auditors other than certifying financial statements.

The Statutory Auditors gave the Committee presentations on their work concerning the annual and interim financial statements and internal control. In addition, the Committee regularly meets with the Statutory Auditors without any members of Executive Management being present.

In principle, a period of 48 hours is provided for between the Committee's examination of the annual and interim financial statements and the Board of Directors' meetings at which they are approved.

6.3.6.2 Appointments and Compensation Committee

Indicators

	2022	2023
Number of meetings	5	3
Average attendance rate	94%	90%
Number of members	7	6
Percentage of independent members(1)	83.33% (5 out of 6)	80% (4 out of 5)

(1) Excluding the Director representing employees.

MEMBERSHIP STRUCTURE

In accordance with the Internal Rules of the Board and the Board Committees, the Appointments and Compensation Committee must have at least three members, including its Chair. The majority of the members must be independent Directors.

Céline Fornaro, appointed representative of the French State by ministerial decree dated February 17, 2023, has joined the Appointments and Compensation Committee, replacing Stéphanie Besnier. Her term of office as a member of this committee was renewed at the May 25, 2023 meeting of the Board of Directors.

Jean-Lou Chameau's term of office as an independent Director and member of the Appointments and Compensation Committee expired at the close of the Annual General Meeting of May 25, 2023. At the filing date of this Universal Registration Document, the Committee has six members, four of whom are independent Directors, i.e., 80% (4 out of 5) (not counting the Director representing employees).

The Chairman of the Board of Directors is not a member of this Committee but is involved in the work it carries out in relation to nominating candidates and determining compensation. The Chief Executive Officer may also be involved in the Committee's work in relation to nominating candidates.

At the filing date of this Universal Registration Document	Independent	Date of appointment	Expiration of term of office	Seniority as a Committee member
Monique Cohen, Chair	X	June 15, 2017	2026	7 years
Hélène Auriol Potier	X	June 15, 2017	2025	8 years
Patricia Bellinger	X	May 28, 2020	2024	4 years
Céline Fornaro (appointed representative of the French State by ministerial decree dated February 17, 2023)		Feb. 17, 2023	2027	1 year
Christèle Debarenne-Fievet (Director representing employees)(1)		Dec. 19, 2022	Nov. 19, 2027	1 year
Patrick Pélata	X	June 15, 2017	2025	7 years

(1) Christèle Debarenne-Fievet only attends the "compensation" part of Appointments and Compensation Committee meetings.

ROLES AND RESPONSIBILITIES

Appointments

The Appointments and Compensation Committee has the following roles and responsibilities with respect to appointments:

- assisting the Board of Directors in its choice of:
  - members of the Board of Directors,
  - members of the Committees of the Board of Directors, and
  - the Chief Executive Officer and, where applicable, the Deputy Chief Executive Officer(s);
- selecting potential members of the Board of Directors who meet the applicable independence criteria and submitting the list of nominees to the Board of Directors;
- preparing succession plans for the positions of Chairman, Chief Executive Officer, and, where applicable, any Deputy Chief Executive Officer(s);
- helping the Board prepare succession plans for the Group's key operations managers and support function managers.

Compensation

The Appointments and Compensation Committee is also responsible for making recommendations and proposals to the Board of Directors about compensation for which Directors may be eligible, such as:

- the allocation of the Directors' compensation;
- any other components of compensation, including the terms and conditions of any benefits payable at the end of their term of office, particularly conditions based on appropriate benchmarks;
- any compensation payable to any Board Advisors (*censeurs*);
- any amendments to pension and personal risk insurance plans;
- benefits-in-kind and various financial benefits; and
- where appropriate:
  - stock option grants, and
  - free share grants.

More generally, the Appointments and Compensation Committee is also responsible for making recommendations to the Board of Directors relating to:

- the compensation policies for the Chairman and the Chief Executive Officer;
- the compensation policy for senior managers; and
- profit-sharing systems set up for the employees of Safran and other Group entities, including:
  - employee savings plans,
  - supplementary pension plans,
  - employee rights issues, and
  - stock option and/or free share grants and any other employee share ownership arrangements.

The Appointments and Compensation Committee also makes recommendations to the Board of Directors on any performance criteria to be applied for stock option and/or free share plans, particularly based on appropriate benchmarks.

In general, the Appointments and Compensation Committee is involved in preparing any resolutions submitted for shareholder approval at the Annual General Meeting that relate to the above topics.

MAIN WORK CARRIED OUT IN 2023

In 2023, the Appointments and Compensation Committee met three times, with an average attendance rate of 90%.

Its main work carried out in 2023 concerned the following:

- reviewing the succession plans for the Chairman of the Board of Directors, the Chief Executive Officer and the Executive Committee, including preparing for the expiration of the terms of office of the Chairman and the Chief Executive Officer at the close of the 2023 Annual General Meeting;
- reviewing the membership structure of the Board of Directors and its Committees and the process for identifying and selecting Director candidates (in view of Directors' terms of office expiring at the close of the 2023 and 2024 Annual General Meetings);
- reviewing the Directors' independence status;
- reviewing the annual assessment of the Board and its Committees;
- reviewing and supporting changes in the membership of the Group's Executive Committee;
- determining the compensation policies for the Chairman, the Chief Executive Officer and the Directors;
- determining the compensation packages of the Chairman and the Chief Executive Officer;
- drawing up the Group's policy for long-term incentive plans and setting up a performance share plan for certain Group managers and executives (2023 LTI Plan), and setting the underlying CSR performance criteria;
- granting existing or new shares of the Company, without consideration and without performance conditions, to employees of the Company and other Group entities (see section 8.2.2.4 of the 2022 Universal Registration Document);
- setting the Directors' compensation for 2023;
- preparing the Annual General Meeting and the Universal Registration Document (including the corporate governance report).

6.3.6.3 Innovation, Technology & Climate Committee

Indicators

	2022	2023
Number of meetings	2	3
Average attendance rate	100%	94%
Number of members	6	6
Percentage of independent members(1)	80% (4 out of 5)	80% (4 out of 5)

(1) Excluding the Director representing employees.

MEMBERSHIP STRUCTURE

In accordance with the Internal Rules of the Board and its Committees, the Innovation, Technology & Climate Committee must have at least three members, including its Chair.

Fabrice Brégier joined the Innovation, Technology & Climate Committee on May 25, 2023, replacing Jean-Lou Chameau, whose term of office expired at the close of the Annual General Meeting of May 25, 2023.

Ivan Hardouin joined the Innovation, Technology & Climate Committee on December 15, 2023, replacing Hervé Chaillou, whose term of office as a Director expired on November 19, 2023.

The Committee has six members, four of whom are independent Directors, i.e., 80% (not counting the Director representing employees).

Fully aware of the strategic importance of climate issues for the aerospace industry, at its meeting on February 24, 2021, the Board of Directors decided to:

- rename the Innovation and Technology Committee as the "Innovation, Technology & Climate Committee" and formally define its roles and responsibilities in relation to climate issues;
- appoint the Committee's Chairman, Patrick Pélata, as the Director responsible for monitoring climate issues and define his roles and responsibilities in that capacity (see section 6.2.3).

At the filing date of this Universal Registration Document	Independent	Date of appointment	Expiration of term of office	Seniority as a Committee member
Patrick Pélata, Chairman – Director responsible for monitoring climate issues	X	Oct. 26, 2017	2025	7 years
Hélène Auriol Potier	X	Oct. 26, 2017	2025	7 years
Fabrice Brégier	X	May 25, 2023	2027	10 months
Ivan Hardouin (Director representing employees)		Dec. 15, 2023	Nov. 19, 2027	3 months
Laurent Guillot	X	May 26, 2021	2023	3 years
Alexandre Lahousse (Director put forward by the French State)		July 27, 2022	2023	2 years

ROLES AND RESPONSIBILITIES

The Innovation, Technology & Climate Committee is responsible for analyzing, examining and giving its opinion on the following matters:

- the Group's medium- and long-term strategic goals and choices concerning:
  - innovation, research and technology, and
  - developments of new products and services;
- technological trends and developments that could affect the Group's strategic and industrial goals and choices, as well as other players' technological positioning and the associated risks and opportunities;
- progress made by the Group in its main innovation and technology roadmaps;
- the appropriateness of the organizational structures and resources in place to meet the roadmaps' objectives over time;
- Executive Management's climate action plan and the related information intended for publication by the Company and for presentation to the Annual General Meeting (responsibilities added following decisions taken by the Board on February 24, 2021).

MAIN WORK CARRIED OUT IN 2023

In 2023, the Innovation, Technology & Climate Committee met twice, with an average attendance rate of 94%.

Its main work carried out in 2023 concerned the following:

- the Group's climate strategy: Safran's challenges and action plan, low-carbon project, decarbonizing the aviation sector;
- R&T roadmaps and significant events;
- an update on the technical audits relating to the Group's engineering and R&T projects;
- the Académie des Technologies' report on the decarbonization of the aviation sector through the production of sustainable fuels;
- a presentation of RTDI tools and methods.

6.3.7 Annual assessment of the Board of Directors' operating procedures

As recommended in the AFEP-MEDEF Code, which Safran uses as its corporate governance framework, an assessment of the Board of Directors' operating procedures must be carried out every year. The Code also recommends that a formal assessment should be carried out at least once every three years in order to review its practices, verify that key issues are properly prepared and discussed and measure the actual contribution of each Director to the Board's work. The assessment can be carried out with the help of an external consultant, overseen by the Appointments and Compensation Committee or an independent Director. The most recent formal assessment was carried out in December 2021, and the next one will take place towards the end of 2024.

Formal assessment assisted by an external consultant in 2021	Annual self-assessment in 2022	Annual self-assessment in 2023
In 2021 the Board of Directors decided to use the services of an external consultancy firm to help it perform this assessment and give it an outside view of the practices of other boards. A specialized firm was selected for the engagement, based essentially on the following criteria: ■ its robust methodology, guaranteeing participants' full freedom of expression; ■ its experience in peer-to-peer assessments of individual Directors' performance; ■ the size of the firm and its international reputation; ■ client testimonials about similar engagements carried out with other companies; ■ its knowledge of the findings of the previous formal assessment conducted in late 2018. The assessment was launched and conducted in the fourth quarter of 2021.	At its meeting on December 19, 2022, the Board reviewed its practices. As a comprehensive formal assessment had recently been carried out (in late 2021), this self-assessment took the form of a discussion on the review of the findings of the formal assessment and the areas for improvement that were identified at the time. At the end of the assessment, the Board confirmed the positive findings expressed in the 2021 assessment on the operating procedures, membership structure and organization of the Board and its Committees (see section 6.3.7 of the 2021 Universal Registration Document), and concluded that there was no need for further observations. The Board added that it was satisfied with the actions undertaken, which it felt met the requirements for improving the points identified during the last assessment, and that it had not identified any further areas requiring improvement.	The 2023 annual assessment process was launched in October 2023 in two stages: ■ a **119-question questionnaire** prepared in conjunction with the members of the Appointments and Compensation Committee, covering: ● the organization of roles between the Chairman of the Board and the Chief Executive Officer – separation of roles, ● the Board's membership structure (size, skills, profiles), ● the Board's operating procedures (content of meetings and agenda items, organization, planning, length and efficiency of meetings, time allocated to discussions, quality of debates, freedom of expression, digital platform, involvement in strategic issues and topics, good level and quality of information, taking into account suggestions, contribution to new lines of thought, quality of relations, team spirit, organization of strategic seminars, etc.), ● role and performance of the Board Committees (membership structure, work performed, etc.), ● quality of the minutes of Board meetings and Board Committee reports, ● training and onboarding of new Directors, ● personal assessment of the Board (collective performance, trends over time, implementation of recommendations); ■ individual interviews conducted by the Lead Independent Director (Chair of the Appointments and Compensation Committee), with the support of the Chairman of the Board of Directors.
The main areas for improvement were:	The following measures were taken in 2022:	This process led to a number of comments and suggestions, which are summarized below.
(i) succession planning for the executive corporate officers (the Chairman and the Chief Executive Officer);	■ This issue was dealt with by the Appointments and Compensation Committee and by the Board, with a full review of: ● the various succession planning processes, including the contingency plan (annual review); and ● the succession plan for the Executive Committee and the Chief Executive Officer, which is now reviewed annually. ■ At its meeting on October 27, 2022, the Board: ● decided that, at the Annual General Meeting on May 25, 2023, it would invite the shareholders to re-appoint Ross McInnes and Olivier Andriès as Directors; and ● stated that it intended to re-appoint Ross McInnes and Olivier Andriès as Chairman and Chief Executive Officer respectively.	**The very good points highlighted were:** ■ the balanced relationship between the Chairman of the Board and the Chief Executive Officer; ■ the Chairman's leadership of the Board; ■ strong and diverse skills; ■ effective and efficient meetings; ■ high-quality agenda items; ■ transparent information; ■ strategy well debated and decided on within the Board; ■ team spirit/cordiality; ■ enriching and fruitful discussions and debate; ■ suggestions effectively taken into account.

Formal assessment assisted by an external consultant in 2021	Annual self-assessment in 2022	Annual self-assessment in 2023
(ii) the existence of Directors' succession plans;	■ This subject was also dealt with by the Appointments and Compensation Committee and by the Board, with a full review of: ● the processes for appointing and re-appointing Directors, ● the Board's diversity policy; and ● recommendations and decisions concerning the Board's membership structure put forward to the shareholders at the 2022 Annual General Meeting and subsequent to that Meeting, at the time of resignations, Board appointments or replacements of Directors. ■ The Appointments and Compensation Committee and the Board reviewed the membership structure of the Board (appointments and re-appointments) and the membership changes to be put forward to the shareholders at the Annual General Meeting on May 25, 2023, with a particular focus on ensuring that the Board has the range of skills and expertise it needs (aeronautics/aerospace, executive management experience, etc.; see section 6.2.6.3 of the 2022 Universal Registration Document).	The Directors' comments and observations about the Board included: "Top-notch!", "The best", "One of the two best Boards I've ever sat on", "Works well despite its size", "Efficient", "High-quality Board and matters discussed".
(iii) size of the Board;	■ The size of the Board was reduced from 18 to 17 members at the close of the 2022 Annual General Meeting, following the expiration of Didier Domange's term of office. ■ When Sophie Zurquiyah stepped down as independent Director, based on the recommendation of the Appointments and Compensation Committee, the Board decided to defer the decision on her replacement, and the number of Directors has therefore been reduced to 16.	**The following areas for improvement were identified:** ■ devote even more time to discussions instead of oral presentations; ■ devote more time to the Committee reports; ■ organize even more meetings with in-house teams, in addition to strategy seminar meetings and presentations; ■ provide more information on major social issues; ■ thought to be given to the Board's membership structure: size and profiles; ■ suggestions about strategy; ■ Directors' training.
(iv) contacts with institutional shareholders, in particular with the Lead Independent Director; and		
(v) more monitoring of key strategic areas, such as CSR (including HR aspects) and digital transformation.	■ The Board of Directors reviewed the ordinary business scheduled to be discussed in standard agendas of upcoming Board and Committee meetings, in order to incorporate CSR issues. Following this review, the Board noted that CSR issues are suitably taken into account and dealt with and that its expectations have been met in this regard, with no further specific action required. ■ The overall CSR strategy was presented at the Board meeting held in March 2022. ■ The Climate Plan was also presented at the same Board meeting, as well as at the 2022 Annual General Meeting. The Climate Plan is also monitored at each meeting of the Innovation, Technology & Climate Committee. ■ The Digital Plan was presented at the strategy seminar in 2022. The progress of this plan is being tracked by the Audit and Risk Committee. ■ CSR issues and topics are now integrated into compensation systems and policies. In particular, they are included in the Chief Executive Officer's variable compensation objectives and the underlying performance conditions of the long-term incentive plans.	

6.4 APPLICATION OF THE AFEP-MEDEF CORPORATE GOVERNANCE CODE

Safran uses the AFEP-MEDEF Corporate Governance Code (the "AFEP-MEDEF Code") as its corporate governance framework (see section 6.1 of this Universal Registration Document).

Certain recommendations of the Code, or guidelines adopted subsequently for its application, have not been implemented, the reasons for which are given in the following table.

AFEP-MEDEF Code recommendations	Safran practices – Reasons
Article 21. Termination of employment contract in the event of appointment as a corporate officer	Olivier Andriès' employment contract was suspended when he became Chief Executive Officer on January 1, 2021.
When an employee is appointed Chair and/or Chief Executive Officer, it is recommended that his or her employment contract with the Company or any other Group company be terminated.	The Group has chosen to suspend, rather than terminate, employment contracts due to the fact that terminating an employment contract could deter Group employees from moving into top executive positions on account of the rights they could lose upon such termination (depending on their age and length of service with the Group).
This recommendation applies to the Chair of the Board of Directors and the Chief Executive Officer of companies that have a Board of Directors.	This is in line with the Group's policy of favoring internal promotion of talent wherever possible, which enables it to propose corporate officers' positions to its senior managers who have the highest level of know-how, share and relay the Group's culture and values, and have an in-depth knowledge of its markets.
Article 22. Requirement to hold shares The Board of Directors should set a minimum number of shares that the Chair and/or the Chief Executive Officer are required to hold as registered shares until the end of their term of office.	In accordance with Article 11.1 of the Board's Internal Rules, this minimum shareholding requirement is considered satisfied when the corporate officer concerned holds units in corporate mutual funds that are invested in Safran shares, provided the number of units held in such funds represents at least 500 shares. Article 11.2 of the Internal Rules states that if stock options or performance shares are granted to the Chairman and/or the Chief Executive Officer, they must keep a significant proportion of the vested shares in registered form until their duties as a corporate officer cease. The applicable proportion is set by the Board of Directors. The Chairman of the Board of Directors was previously a Group employee. Consequently, in his capacity as an employee, he acquired units – and/or invested his profit-sharing bonuses – in corporate mutual funds invested in Safran shares. The Chairman supplemented these investments by participating in the Safran Sharing 2014 offer (see sections 5.3.4, 6.3 and 7.3.7.2 of the 2014 Registration Document). He has also purchased shares under a life insurance policy (whereby the insurer retains ownership of the shares and the insured party is owed the related amount by the insurer) (see section 6.5.3 of the 2020 Universal Registration Document).

6.5 DIRECTORS' INTERESTS IN THE COMPANY'S SHARE CAPITAL

6.5.1 Compulsory shareholdings

In accordance with Article 14.5 of the Company's bylaws, each Director – other than the representative of the French State and the Directors put forward by the French State in accordance with Articles 4 and 6 of the *ordonnance* dated August 20, 2014, Directors representing employee shareholders and Directors representing employees – is required to own a certain number of Safran shares, in accordance with the terms and conditions set down in the Board of Directors' Internal Rules. Article 11.1 of the Board's Internal Rules states that this minimum number of shares corresponds to 500 and that the minimum shareholding obligation can be met through units held in Group corporate mutual funds (FCPE) invested in Safran shares, provided that the number of units held is equivalent to at least 500 shares.

Article 14.8 of the bylaws and Article 11.1 of the Board's Internal Rules specify that each Director representing employee shareholders is required to hold – either individually or through a corporate mutual fund set up as part of the Group's employee share ownership plan and invested in Safran shares – at least one share or a number of units in the fund equivalent to at least one share.

6.5.2 Code of Ethics

Safran has a Code of Ethics relating to share transactions and the prevention of insider trading, which was drawn up in compliance with the recommendations published by the French financial markets authority (*Autorité des marchés financiers* – AMF) and was initially adopted by the Board of Directors on July 27, 2011. The Code – which is in question–and–answer form – sets out the obligations of Group employees and corporate officers and Directors, the specific measures taken by Safran to prevent insider trading, and the penalties for any failure to fulfill the stated obligations.

The Code also specifies the "black-out period" (preceding the publication of annual and interim results and quarterly revenue figures) during which corporate officers and other insiders must refrain from carrying out transactions in Safran shares.

As well as respecting the obligations in the Code of Ethics, corporate officers and other senior managers are also required to comply with the additional rules set out in an Amendment to the Code, which among other things prohibit speculative trading in Safran shares and state the applicable disclosure requirements in the event that such officers or managers carry out any transactions in Safran shares.

Both the Code and its Amendment are regularly updated in line with legislative and regulatory changes and the AMF's guidelines. They were last amended in January 2023 for the purpose of adding a table summarizing the main requirements set out in the Code, as well as additional and/or practical details on specific restrictions applicable to holding shares issued under free share plans, performance share plans, long-term incentive plans and stock option plans, as well as restrictions concerning investments of profit-sharing amounts and units held in corporate mutual funds invested in Safran shares.

All of Safran's corporate officers and other Group insiders receive a copy of the Code of Ethics and its Amendment and are informed of the black-out periods that are determined in line with the annual financial calendar.

In order to provide information on the Code of Ethics and its Amendment to all employees, an internal procedure based on these documents has been drawn up and posted on the Group's intranet, which is accessible to all employees in France and in most of the other countries where Safran operates. The black-out periods are appended to this procedure as they are set.

6.5.3 Transactions in the Company's shares carried out by corporate officers and senior managers

In accordance with the applicable regulations, when the aggregate amount of transactions carried out by any corporate officer or senior manager exceeded €20,000 in 2023, the person concerned disclosed the corresponding transaction(s).

The transactions in Safran shares and related financial instruments carried out in 2023 by the Company's corporate officers and senior managers and persons having close personal links with them – as defined in paragraphs a) to c) of Article L.621-18-2 of the French Monetary and Financial Code (*Code monétaire et financier*) – which exceeded the above thresholds and of which the Company is aware, were as follows:

Name	Sale of shares *(number of shares)*	Purchase of units in Group corporate mutual funds invested in Safran shares[1] *(number of shares corresponding to mutual fund units purchased)*	Buybacks of units in Group corporate mutual funds invested in Safran shares *(number of shares corresponding to mutual fund units sold)*
Pascal Bantegnie		200.0736 17.1994	
F&P SAS, entity related to Robert Peugeot (Director)	500		
Alexandre Ziegler		172.5396 1.6909	

(1) *Investment of discretionary and statutory profit-share in the Group employee savings plan – Automatic reinvestment in the plan of dividends attached to shares invested in the plan.*

6.6 COMPENSATION POLICIES AND COMPENSATION PACKAGES FOR CORPORATE OFFICERS

6.6.1 General principles

In the best interests of the Company as well as its shareholders, employees and other stakeholders, the compensation policies for corporate officers must be competitive in order to attract, motivate and retain the best profiles and talent (which may come from within or outside the Group) for key positions.

The compensation policies for the Chairman of the Board of Directors and the Chief Executive Officer are defined by the Board of Directors and reviewed annually based on recommendations issued by the Appointments and Compensation Committee.

The main principles applied are detailed below.

a) Compliance

The policies are defined based on the guidelines in the AFEP-MEDEF Code, which recommends applying the principles of comprehensiveness, balance, comparability, consistency, transparency and proportionality.

b) Comprehensiveness – Balance

All components of compensation and benefits should be exhaustively analyzed on a component-by-component basis and an overall consistency analysis should then be performed to achieve the best balance between these components.

c) Alignment of interests – Transparency

Compensation and benefits packages need to take into account the necessity for companies to attract, motivate and retain talent but also the interests of shareholders and other stakeholders, particularly in relation to transparency and performance criteria.

d) Attractive, proportional, comparable and competitive packages

Compensation levels should be set in line with the duties and responsibilities assigned to the officer concerned as well as the work performed and the results achieved.

Market practices should also be taken into account.

Safran regularly carries out benchmark surveys, assisted by consulting firms, in order to measure the levels and structures of its compensation packages compared with panels of peer companies selected for their size and international scope. The surveys are performed both for the French market, in which case the peer companies comprise large industrial groups, and for the international market (the Aerospace, Technology and Defense sectors). The composition of these panels is regularly reviewed by the Appointments and Compensation Committee.

Work on drawing up the compensation policies may include considerations such as a policy's structure and components for certain categories of the Company's personnel and specific provisions for particular employee categories (such as discretionary or statutory profit-sharing, or pension arrangements), as well as information about compensation multiples (ratio between the compensation of the Chairman and the Chief Executive Officer and that of employees).

The above-mentioned benchmark surveys are used as the basis for analyzing, and making any changes to, the components of the compensation and benefits of the Chairman and the Chief Executive Officer.

e) Compensation for the performance of executive management duties

In the compensation policies for the Company's executives, a substantial proportion of the compensation is variable, directly linked to the Group's performance. The performance conditions underlying the annual variable compensation and long-term incentive plans are demanding and aligned with Safran's overall strategy and the interests of its shareholders.

f) Governance

The compensation policies for corporate officers are defined by the Board of Directors, based on recommendations issued by the Appointments and Compensation Committee, and are then proposed to the shareholders at the Annual General Meeting.

The Appointments and Compensation Committee verifies that all of the principles described above are properly applied, both for the purpose of the Committee's work in general and for the recommendations it makes to the Board in relation to defining the policies and implementing them for setting the amounts or values of compensation and benefits packages.

This process ensures that the policies (i) are aligned with the Company's best interests, (ii) are consistent with its overall strategy (in particular its business strategy, by applying exacting performance criteria for the corporate officers concerned that are closely linked to the Group's performance and objectives), and (iii) help to ensure the Company's long-term development.

The Chairman and the Chief Executive Officer do not take part in any discussions or votes on the policies concerning themselves, which therefore avoids any conflicts of interest.

g) Consistency

The Chief Executive Officer's compensation policy and the compensation mechanisms and amounts awarded to him are set in line with the policies, mechanisms and amounts awarded to the Group's other senior executives.

The Chief Executive Officer's compensation package is drawn up strictly in accordance with the principles and objectives used for establishing his compensation policy.

The components of the Chief Executive Officer's compensation comprise:

- fixed compensation;
- annual variable compensation;
- a long-term incentive plan with the use of stock option and/or performance share plans with underlying conditions related to performance and continuing service.

The performance criteria are a means for ensuring the Group's strategy is implemented and are based on the Group's financial and operating results, as well as criteria related to Safran's corporate social responsibility.

The above principles and objectives apply to the compensation structure of all the Group's personnel.

Each senior executive's compensation comprises a fixed component and short- and long-term variable components. The short- and long-term variable components remunerate individual and collective performance (financial and societal). Each person is allocated one or more of these components depending on their level of responsibility, skills and performance within the Group.

COMPENSATION PACKAGE OBJECTIVES AND STRUCTURE

** TSR: Total Shareholder Return.*

6.6.2 Compensation policies for corporate officers – 2024

This section constitutes the report on the compensation policies for corporate officers that is required by French law to be included in the corporate governance report. It was prepared by the Board of Directors with the assistance of the Appointments and Compensation Committee.

In compliance with Article L.22-10-8 of the French Commercial Code, the Board of Directors determines the compensation policies for the corporate officers, which notably describe the principles and criteria used to set, allocate and award the fixed, variable and exceptional components of their total compensation and benefits. The policies, both in nature and substance, comprise components that are specific to each policy, differing according to the category of corporate officer concerned, i.e., the Chairman, the Chief Executive Officer or the Directors. The policies are submitted for shareholders' approval each year at the Annual General Meeting.

In compliance with the applicable regulations concerning the compensation of corporate officers of listed companies[1], the compensation policies describe:

- the principles and rules for determining the compensation and benefits for all corporate officers;
- the specific compensation policy for the Chairman of the Board of Directors, to which no changes have been made compared with the policy approved at the last Annual General Meeting (see section 6.6.2.1);
- the specific compensation policy for the Chief Executive Officer, to which no changes have been made compared with the policy approved at the last Annual General Meeting and which may be adapted and applied to any Deputy Chief Executive Officer(s) when appropriate (see section 6.6.2.2.o);
- the specific compensation policy for the Directors, to which no changes have been made compared with the policy approved at the last Annual General Meeting (see section 6.6.2.3);
- any major changes compared with the compensation policies approved at the May 25, 2023 Annual General Meeting.

Shareholder dialogue

As part of its dialogue with shareholders, prior to the Annual General Meeting and throughout the course of the year, Safran holds meetings with investors and proxy advisors on topics related to governance and executive compensation. Each year, the Group factors in the feedback from these meetings when drawing up the executive compensation policy.

The feedback from the meetings organized in 2023 was taken into account when preparing the resolutions to be submitted for shareholders' approval at the Annual General Meeting of May 23, 2024.

Thanks to the high quality of shareholder dialogue (with feedback on this quality being relayed to the Appointments and Compensation Committee), the shareholders have regularly voted in favor of the compensation policies and Say-on-Pay resolutions proposed at the Annual General Meetings as well as the clarifications provided for certain compensation components and the information contained in the compensation policies and the compensation report.

Voting results

Resolution	Approval rate – 2022 AGM	Approval rate – 2023 AGM
Say-on-Pay (*ex-post*) – Chairman	99.87%	99.78%
Say-on-Pay (*ex-post*) – Chief Executive Officer	99.23%	99.86%
Information disclosed in accordance with Article L.22-10-9 I of the French Commercial Code	99.73%	99.61%
Compensation policy for the Chairman of the Board of Directors	99.83%	99.77%
Compensation policy for the Chief Executive Officer	98.42%	96.48%
Compensation policy for the Directors	99.85%	99.81%

Process for drawing up compensation policies

JUNE TO DECEMBER	DECEMBER TO MARCH	MARCH TO MAY	MAY
Appointments and Compensation Committee	**Board of Directors**	**Dialogue with shareholders and proxy advisors**	**Annual General Meeting**
Preparatory work and recommendations to the Board	Discussion and determination of compensation and policies	Governance roadshows	Ex-ante votes on policies
Taking into account stakeholders' expectations (shareholders, employees), recommendations from proxy advisors, benchmarks, etc.		Presentation of resolutions and any changes	Ex-post vote on compensation

(1) *Articles R.22-10-14 and D.22-10-16 of the French Commercial Code.*

Changes in the Chief Executive Officer's compensation policy for 2024 as compared with the policy approved at the May 25, 2023 Annual General Meeting

No changes have been made since the shareholders' last say-on-pay vote in 2023.

6.6.2.1 Compensation policy for the Chairman of the Board of Directors

At the date of this Universal Registration Document, this policy solely concerns Ross McInnes in his role as Chairman of the Board of Directors.

a) Compensation package structure

The structure of the compensation package of the Chairman of the Board of Directors (who is a non-executive Director) comprises, on a recurring basis, annual fixed compensation which is paid in cash. He is not allocated any compensation in his capacity as a Director.

The Chairman of the Board of Directors does not receive any annual or multi-annual variable compensation and is not a beneficiary of any long-term incentive plans. The Chairman is covered by the supplementary pension schemes and personal risk insurance plan implemented by the Group.

The compensation and benefits awarded to the Chairman of the Board of Directors or for which he is eligible are described below.

b) Annual fixed compensation

The Chairman of the Board's annual fixed compensation takes into account the responsibilities required for this type of corporate office as well as the individual qualities of the holder of the position and the benchmark surveys carried out by the Company.

Consequently, it is set based on the following:

- the Chairman of the Board's roles and responsibilities, which are provided for by law, Safran's bylaws and the Board of Directors' Internal Rules, and are aimed at ensuring that the Company is governed effectively and that its various governing bodies (Board of Directors and the Board Committees and Shareholders' Meetings) operate properly;
- any specific assignments allocated to the Chairman by the Board of Directors and which he carries out in cooperation with Executive Management;
- the Chief Executive Officer's individual skills, experience, expertise and background;
- benchmark surveys related to compensation payable for comparable duties and companies.

The Board of Directors has decided that, as a general rule, the Chief Executive Officer's annual fixed compensation may only be revised on the expiration of his term of office.

However, as an exception to this rule, his compensation may be revised during his term and before his re-appointment if the scope of his duties as Chairman of the Board changes significantly – which could be related to changes within the Company itself – or if a major difference is identified compared with market practices (which can happen if the compensation has not been revised for some time). Any adjustments made to his annual fixed compensation as a result of any specific circumstances, as well as the reasons for such adjustments, would be publicly disclosed.

For information purposes, after noting that the amount of fixed compensation for the office of Chairman of the Board of Directors has stayed the same since 2018, the Board of Directors considered that, in light of the latest market survey conducted in 2023, the fixed compensation of the Chairman of the Board was lower than that of his peers. At its meeting on February 14, 2024, the Board decided to raise the Chairman's fixed compensation from €450,000 to €500,000, representing an 11% increase. This amount remains below the median of the companies in the panel used for the 2023 benchmark survey (CAC 40 companies).

In line with the Chairman's compensation policy, this increase in his fixed compensation for 2024 is justified by:

- a significant gap in the level of his fixed compensation compared with market benchmarks;
- the re-appointment of the Chairman at the Annual General Meeting of May 25, 2023 (with 95.78% of the shareholders voting in favor);
- the Chairman's high-quality performance in carrying out his role, which is one of the criteria underlying his fixed compensation.

c) Directors' compensation

Irrespective of whether or not the role of Chairman is separate from that of Chief Executive Officer, the Chairman is not entitled to receive any compensation in his capacity as a Director (formerly "attendance fees"). He is therefore not included in the allocation of Directors' compensation carried out in accordance with the rules provided for in the compensation policy for Directors (see section 6.6.2.3).

d) No annual variable compensation, multi-year variable compensation or long-term incentive plan

In line with his position as a non-executive Director, the Chairman of the Board of Directors does not receive any annual short-term variable compensation (cash-settled) or any multi-year variable compensation, and neither is he a beneficiary of any long-term compensation plans.

e) Exceptional compensation

The Board of Directors has decided against including an exceptional component in the compensation policy for the Chairman.

f) Benefits-in-kind

The Chairman of the Board of Directors has the use of a company car.

He is also entitled to be reimbursed for expenses incurred in connection with his role as Chairman and he is provided with the material resources required for performing his duties.

g) Supplementary pension plans

Safran's policy is to align the post-employment benefits of the Chairman and the Chief Executive Officer with those of the Group's managerial-grade staff. This is in line with Safran's internal promotion policy built on helping in-house executives with considerable experience and expertise, often acquired during many years of service with the Group, to move seamlessly into corporate officer positions and to grant corporate officers similar entitlements to those of the plans' other beneficiaries.

No specific supplementary pension system has been put in place for the Chairman of the Board of Directors.

However, the Chairman may be a beneficiary of the supplementary pension plans set up in France for all Group managerial-grade staff, subject to the same terms and conditions as the other plan beneficiaries, if the Board of Directors:

- authorizes the Chairman to join the plans; or
- authorizes him to continue to be a beneficiary if he was already a beneficiary prior to his appointment as Chairman.

At its meeting on February 16, 2023, as part of the process of re-appointing the Chairman of the Board, the Board of Directors maintained the decision it took at the time of his initial appointment to authorize him to continue to be a beneficiary of the plans and benefits described below. In accordance with the law that was applicable before the Pacte Act[1] came into force in France on May 22, 2019, a number of the plans presented below for which the current Chairman of the Board of Directors is eligible had already been submitted for shareholders' approval by way of the special vote required for related-party commitments, in order to authorize him to continue to be eligible for the plans for which he was previously eligible prior to his appointment as Chairman.

The pension plans of which the Chairman is a beneficiary, and of which the Group's managerial-grade staff in France are also beneficiaries, are as follows:

Defined contribution plans – Mandatory retirement savings plans (PERO)

Two "Article 83" defined contribution supplementary pension plans (Core Plan and Additional Plan) were in force for the Group's engineers and managerial-grade staff (see section 6.6.1.3 of 2020 Universal Registration Document).

In order to comply with the Pacte Act and following the signature of a Group agreement in November 2021, these plans were replaced as of January 1, 2022 by mandatory retirement savings plans (plan d'épargne retraite obligatoire – PERO), with no change to the contributions paid by Safran, which remain unchanged from those paid under the Article 83 plans:

- the "PERO – Core Plan", which is financed through employer contributions equal to 1.5% of salary Tranche 1, 4% of Tranche 2 and no contributions on Tranche 3[2]. The "PERO – Core Plan" contributions are based on the compensation subject to social security contributions that the Chairman receives in his capacity as Chairman of the Board of Directors;
- the "PERO – Additional Plan", which provides for contribution rates of 6.5% on Tranche 1 and 4% on Tranche 2. The "PERO – Additional Plan" contributions are based on the compensation subject to social security contributions that the Chairman receives in his capacity as Chairman of the Board of Directors, capped at eight times the annual social security ceiling (PASS).

The Chairman is eligible for these plans under the same terms and conditions as the Group's managerial-grade staff who are beneficiaries of the plans.

Information on the expenses recognized for 2023 by the Company in relation to the PERO plans of which the Chairman is a beneficiary, as well as the estimated theoretical amount[3] at December 31, 2023 of the annuity that could be paid to him under those plans, are disclosed in section 6.6.3.1.d.

"Article 82" defined contribution plan

The Chairman is a beneficiary of Safran's defined contribution supplementary pension plan set up in France for all Group managerial-grade staff pursuant to Article 82 of the French Tax Code (the "Article 82 Plan"), subject to the same terms and conditions as the other plan beneficiaries.

The contributions to the plan are based on the fixed compensation that Ross McInnes receives for his role as Chairman of the Board of Directors. In view of his status as Chairman, the plan does not have any underlying performance conditions, meaning that his compensation is not linked to the Company's performance, in compliance with the requirement in the AFEP-MEDEF Code for non-executive officers.

The Article 82 Plan was put in place to compensate for the closure of Safran's Article 39 defined benefit plan as from January 1, 2017 (see below). Unlike the Article 39 defined benefit plan, the Article 82 Plan does not provide a guaranteed level of retirement benefits. It is a voluntary plan which eligible beneficiaries can decide whether or not to sign up to.

Eligible beneficiaries correspond to top executives (hors statut) whose reference compensation (fixed compensation and annual bonus) for the calendar year preceding the assessment date (Y-1) is equal to or higher than seven times the social security ceiling (PASS) for Y-1. The reference compensation for Y-1 is used to calculate the contributions to the plan. This reference compensation corresponds to the beneficiary's full-time basic fixed compensation plus the short-term bonus for the year concerned and excludes any other components of compensation.

In order for entitlements to accrue under the plan, the Company is required to:

- pay monthly contributions to an insurer, the rate of which is set based on the beneficiary's reference compensation for year Y-1 (Insurer Contribution) and which may represent up to 12.735% of that reference compensation; and
- pay a cash amount to the beneficiary corresponding to the Insurer Contribution (Additional Payment) so that the beneficiary can pay the applicable tax (the plan provides for up-front taxation so that the capital accrued and received on the beneficiaries' retirement is net of tax and social security contributions).

The above payments are borne in full by the Company and are subject to social security contributions in the same way as salaries.

Information on the expenses recognized for 2023 by the Company in relation to the Article 82 Plan of which the Chairman is a beneficiary, as well as the estimated theoretical amount[4] at December 31, 2023 of the annuity that could be paid to him under that plan, are disclosed in section 6.6.3.1.d.

(1) *French law no. 2019-486 of May 22, 2019 that notably introduced changes to defined contribution supplementary pension plans.*
(2) *To calculate the amount of pension contributions, the pension funds divide gross annual salary into two tranches: Tranche 1 and Tranche 2. The portion of salary attributed to each tranche determines the amount of the contributions. Tranche 1 corresponds to the portion of salary below the social security ceiling. Tranche 2 corresponds to the portion of salary between one and eight times the social security ceiling.*
(3) *Calculated based on the assumption that the annuity would be received as from January 1, 2024, irrespective of the eligibility conditions.*
(4) *Calculated based on the assumption that the annuity would be received as from January 1, 2024, irrespective of the eligibility conditions.*

"Article 39" defined benefit plan
(closed to new entrants and entitlements frozen)

The Chairman was previously a beneficiary of Safran's defined benefit supplementary pension plan set up in France for all Group managerial-grade staff pursuant to Article 39[1] of the French Tax Code (the "Article 39 Plan"), subject to the same terms and conditions as the other plan beneficiaries. Ross McInnes was originally a beneficiary of this plan in his former capacity as Deputy Chief Executive Officer. The commitment given by the Company to enable Ross McInnes to continue to be a beneficiary of this plan was approved at the Annual General Meeting of May 19, 2016.

This plan was closed to new entrants and existing entitlements frozen as from December 31, 2016. The Article 82 defined contribution plan described above was set up to compensate for this closure.

However, as decided by the Board at its meeting on March 23, 2017, the Chairman could still be eligible for the pension entitlement that he had accrued under the plan until December 31, 2016, provided the applicable terms and conditions are met, it being specified that:

- the reference compensation used to calculate the conditional entitlements will be calculated based on the average of beneficiaries' gross fixed and variable compensation for the years 2014 to 2016 (revalued annually using the actuarial assumptions applied to calculate retirement benefit provisions);
- the seniority taken into account for the plan – which represents an additional 1.8% of the reference compensation per year of service, capped at 18% – will have a cut-off date of December 31, 2016 and no additional conditional entitlements will be accrued under the plan for any service after that date. Consequently the seniority taken into account for the Chairman will correspond to 14%;
- the overall replacement rate may not exceed 35% of the reference compensation;
- the supplementary pension annuity is capped at three times the annual social security ceiling (PASS) in force at the date that the general social security retirement pension is paid (the value of the PASS in 2024 is €46,368, compared with €43,992 in 2023);
- the payment of the supplementary pension annuity is subject to beneficiaries completing their careers with the Group and being entitled to retire under French social security rules having completed the required number of working years.

For information purposes, the estimated theoretical amount[2] at December 31, 2023 of the annuity that could be paid to the Chairman under the frozen Article 39 plan is provided in section 6.6.3.1.d.

h) Personal risk insurance plan

The Chairman of the Board of Directors is a beneficiary of the personal risk insurance plan set up in France for all Group managerial-grade staff, subject to the same terms and conditions as the other plan beneficiaries.

The contributions to this plan are based on the compensation subject to social security contributions that Ross McInnes receives for his role as Chairman of the Board of Directors.

Information on the expenses recognized for 2023 by the Company in relation to the personal risk insurance plan of which the Chairman is a beneficiary is disclosed in section 6.6.3.1.c.

i) Termination of employment contract

The Chairman's employment contract was terminated, with his agreement, when his term of office as Chairman was renewed on May 23, 2019. He did not receive any severance pay or other specific benefits on the termination of his employment contract. At that date, he lost the entitlements to severance pay and retirement bonuses associated with his employment contract (see section 6.6.2.1 of the 2018 Registration Document).

j) Indemnities or benefits payable for termination of office, change in duties or non-compete agreements

The Chairman of the Board of Directors is not eligible for any indemnities or benefits if his office is terminated or if there is a change in his duties. Similarly, he is not entitled to any non-compete indemnity.

6.6.2.2 Compensation policy for the Chief Executive Officer

At the date of this Universal Registration Document, this policy solely concerns Olivier Andriès, who has been the Group's Chief Executive Officer since January 1, 2021.

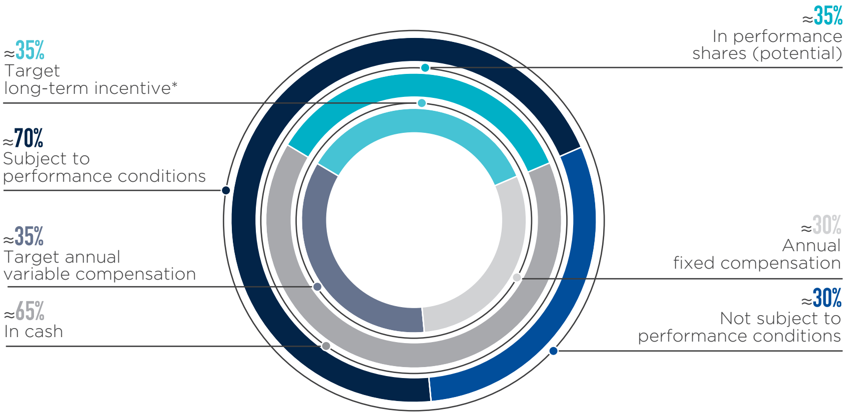
a) Compensation package structure

The structure of the Chief Executive Officer's compensation package comprises, on a recurring basis, annual fixed compensation (cash-settled), as well as annual variable compensation and performance shares granted under a long-term incentive plan. This structure is applied to all of the Company's senior executives, adapted to each individual.

The underlying aim is to closely align the Company's interests with those of its shareholders by achieving a balance between short-term and long-term performance, as assessed by the Board of Directors. Compensation subject to performance conditions accounts for the largest proportion of the Chief Executive Officer's overall compensation package.

(1) *Defined benefit plan meeting the conditions set out in Article L.137-11 of the French Social Security Code.*
(2) *Calculated based on the assumption that the annuity would be received as from January 1, 2024, irrespective of the eligibility conditions.*

Presentation of the Chief Executive Officer's recurring compensation structure



** Value at grant date in accordance with IFRS.*

The compensation and benefits awarded to the Chief Executive Officer or for which he is eligible are detailed below.

b) Annual fixed compensation

The Chief Executive Officer's annual fixed compensation takes into account the responsibilities required for this type of corporate office as well as the individual qualities of the holder of the position and the benchmark surveys carried out by the Company.

Consequently, it is set based on the following:

- the level and complexity of the assignments and responsibilities related to the position, in view of the fact that the Chief Executive Officer has the broadest powers to act in all circumstances in the Company's name and to represent the Company in its dealings with third parties;
- the Chief Executive Officer's individual skills, experience, expertise and background;
- benchmark surveys related to compensation payable for comparable duties and companies.

The Board of Directors has decided that, as a general rule, the Chief Executive Officer's annual fixed compensation may only be revised on the expiration of his term of office.

However, the Board may opt to increase his fixed compensation on an annual basis, provided that such increase is moderate and consistent with the increases in fixed compensation applied for other Safran Group senior executives in France.

Moreover, his compensation may also be revised during his term and before his re-appointment if the scope of his duties as Chief Executive Officer changes significantly – which could be related to changes within the Company itself – or if a major difference is identified compared with market practices (which can happen if the compensation has not been revised for some time). Any adjustments made to his annual fixed compensation as a result of any specific circumstances, as well as the reasons for such adjustments, would be publicly disclosed.

For information purposes, at its meeting on February 14, 2024, acting on the recommendation of the Appointments and Compensation Committee, the Board of Directors decided to increase the Chief Executive Officer's fixed compensation for 2024 from €840,000 to €950,000, representing a 13% increase. The €950,000 target level for the Chief Executive Officer's fixed compensation was initially set by the Board of Directors in 2019 but increases towards that level were put on hold due to the Covid pandemic.

In accordance with the Chief Executive Officer's compensation policy, this increase, which is being applied in connection with Olivier Andriès' reappointment as Chief Executive Officer, is justified by (i) the repeated acknowledgement by the Board that the Chief Executive Officer's compensation has been out of step with the market since 2019, and (ii) the importance of ensuring that the Chief Executive Officer's compensation package remains competitive. The comparative study[1], which has been conducted and updated annually by an independent consulting firm since 2019, once again showed in 2023 that the Chairman's compensation could be set at a significantly higher level[2]. Despite the Board's repeated intention to raise the Chief Executive Officer's fixed compensation to its target level of €950,000, Olivier Andriès voluntarily waived the increase in his fixed compensation between 2021 and 2022, and in 2023 expressed his wish not to increase his fixed compensation above 5% to remain in line with the budget for salary increases for Safran Group senior executives in France on January 1, 2023. This 5% increase in 2023 was a first step towards the €950,000 target. As the target level for the Chief Executive Officer's fixed compensation has now been reached, in accordance with the AFEP-MEDEF Code, no further increases are planned in the short term.

The Chief Executive Officer's annual fixed compensation is used as a reference for determining the target and maximum percentages of his annual variable compensation and the long-term incentive plan.

c) Annual variable compensation

1. Objectives of and principles used to determine the Chief Executive Officer's annual variable compensation

The principle of annual variable compensation is used to incentivize the Chief Executive Officer to achieve the annual performance targets that are set for him by the Board of Directors in line with Safran's overall business strategy.

(1) The panel used for the 2023 benchmark survey for the Chief Executive Officer's fixed compensation comprised some 20 companies from various industrial sectors (including aeronautics), most of whom were CAC 40 companies with an international operating presence.

(2) The amount of €950,000 set for the Chief Executive Officer's fixed compensation is still below the first quartile of the companies included in the 2023 benchmark survey.

The potential amount of this variable compensation is determined taking into account market practices and corresponds to a percentage of his fixeompensation, as recommended in the AFEP-MEDEF Code.

It is contingent on achieving pre-defined performance levels based on a number of objectives which are collective and individual, financial and non-financial and quantitative and qualitative. The objectives relate to key indicators that reflect the Group's overall performance as well as the contribution expected from the Chief Executive Officer, in line with Safran's overall business strategy.

During the first quarter of each year, acting on the recommendations of the Appointments and Compensation Committee, the Board of Directors either confirms or sets these objectives as well as their weighting and the applicable performance levels, i.e.:

- the lowest performance level, under which no variable compensation is paid;
- the target level, corresponding to when an objective is reached; and
- the maximum level applicable if an objective is exceeded.

The quantitative financial performance objectives – which are based on financial indicators – are set precisely, by reference to the budget approved in advance by the Board of Directors (as adjusted, if necessary, to take into account exceptional circumstances or events), and are subject to the performance thresholds set out below.

The achievement rates of the performance objectives are assessed by the Board of Directors, based on the review and recommendations of the Appointments and Compensation Committee. The review is carried out on an objective-by-objective basis, for all of the financial and individual and qualitative and quantitative objectives, as well as on an aggregate basis. The results of this assessment are published in a press release.

An overall percentage achievement rate is calculated both for (i) the financial objectives and (ii) the individual objectives, based on the applicable metrics and weightings and the achievement rates for each objective. These overall percentages are then used to calculate the actual amount due.

2. Detailed description of the Chief Executive Officer's annual variable compensation

The Board of Directors has decided that the Chief Executive Officer's variable compensation will be based on the following:

Target annual variable compensation and maximum amount ("Cap")

The Chief Executive Officer's "target" variable compensation – i.e., the amount payable if the achievement rate is 100% for all of the financial and individual performance objectives set out below – corresponds to 120% of his annual fixed compensation (the "Target").

If the Chief Executive Officer outperforms his objectives, his "maximum" variable compensation – i.e., the amount payable if the achievement rate is 130% for all of the financial and individual performance objectives set out below – will represent a maximum of 150% of his annual fixed compensation (the "Cap").

Structure – Criteria

The Chief Executive Officer's annual variable compensation is determined as follows:

- two-thirds is contingent on quantitative financial performance objectives based on recurring operating income (ROI)[1], free cash flow (FCF)[2] and working capital (WC), calculated by reference to operating assets (Inventories)[3] and Unpaid Receivables[4];
- one-third is contingent on quantitative and qualitative individual objectives.

This annual variable compensation structure is also used for the Group's senior executives, adapted to each individual.

Quantitative financial performance objectives – parameters

The following parameters apply:

- Weightings:
  - ROI: 60%,
  - FCF: 25%,
  - working capital: 15%, with 10% based on operating assets (Inventories) and 5% based on Unpaid Receivables;
- Triggering thresholds (Thresholds) based on the objectives in the annual budget which serves as the reference (Objective(s)):
  - 80% of the ROI Objective,
  - 65% of the FCF Objective,
  - 135% of each of the working capital Objectives, i.e., Inventories and Unpaid Receivables (if the level is higher than 135% for either of these Objectives, no additional variable compensation will be due as anything over 135% for these two metrics corresponds to underperformance);
- Calculation methods for the Thresholds, Target and Caps:
  - the Threshold for each performance metric triggers the entitlement to variable compensation (starting at 0 from the Threshold and reaching up to the Target if the budget Objective is achieved); if the achievement level of an Objective is 100%, the Target for the performance metric concerned will be payable;
  - if an Objective is exceeded, the variable compensation allocated in respect of that Objective will be increased beyond the Target in proportion to the extent to which the Objective is exceeded (but capped at a maximum of 130% irrespective of the extent to which the Objective is exceeded). Consequently:
    - if 130% (or more) of the ROI Objective is achieved, the Cap for this metric will be payable,
    - if 130% (or more) of the FCF Objective is achieved, the Cap for this metric will be payable,
    - if 70% (or less) of each of the working capital Objectives is achieved (Inventories and Unpaid Receivables), the Cap for each of these metrics will be payable.

Based on these indicators, an overall percentage achievement level of the financial objectives is obtained, which is then applied for determining the amount due.

(1) *Adjusted recurring operating income (see section 2.1.2 of this Universal Registration Document).*
(2) *Free cash flow (see section 2.2.3 of this Universal Registration Document) corresponds to cash flow from operating activities less changes in working capital and acquisitions of property, plant and equipment and intangible assets.*
(3) *Inventories and work-in-progress, as described in section 3.1, Note 3.o of this Universal Registration Document and broken down in section 3.1, Note 17.*
(4) *Receivables unpaid at their due date, as measured at the end of the reference period.*

For achievement levels between the Threshold and the Target and the Target and the Cap, the amounts payable will be calculated on a straight-line basis.

The applicable indicators are usually set by the Board of Directors in the first quarter of the year concerned and they may be changed from one year to the next.

Individual objectives (qualitative and quantitative)

These objectives are set by the Board of Directors and relate to strategic, business and managerial areas specific to the coming year. For example, they can be based on the implementation of strategic decisions validated by the Board of Directors, major industrial and commercial developments and programs, organizational and management measures or initiatives that factor in the Group's CSR and sustainable development policy.

These objectives are not related to routine tasks but to specific actions for which the Board of Directors expects a particular level of performance.

When setting these individual objectives, the Board is careful to factor in the Group's CSR and sustainable development targets and to ensure that some of the objectives are quantifiable, bearing in mind that two-thirds of the Chief Executive Officer's annual variable compensation is based on the achievement of quantitative objectives relating to financial performance.

An overall percentage achievement rate is calculated for the individual objectives based on the applicable weightings and the achievement rates for each objective. This overall percentage is then used to calculate the actual amount due.

Information on the current Chief Executive Officer's individual objectives for 2024 is provided in the table below.

ILLUSTRATIVE TABLE FOR 2024 ANNUAL VARIABLE COMPENSATION

The table below summarizes the main rules applicable to the Chief Executive Officer's annual variable compensation for 2024 as well as the underlying performance objectives and their respective weightings, as set by the Board of Directors on February 14, 2024 based on the recommendation of the Appointments and Compensation Committee.

2024 annual variable compensation for the Chief Executive Officer – Olivier Andriès (payment subject to shareholders' approval at the 2025 Annual General Meeting):

1. The proposed compensation policy for the Chief Executive Officer (see section 6.6.2.2.c) provides that his "target" variable compensation – i.e., the amount payable if the achievement rate is 100% for all of the financial and individual performance objectives – will correspond to 120% of his annual fixed compensation of €950,000 (the "Target").
2. If the Chief Executive Officer outperforms his objectives, his "maximum" variable compensation – i.e., the amount payable if the achievement rate is 130% for all of the financial and individual performance objectives – will represent a maximum of 150% of his annual fixed compensation (the "Cap").

- Target amount: €1,140,000, i.e., 120% of his fixed compensation if the achievement rate for all of the objectives is 100%.
- Maximum amount: €1,425,000, i.e., 150% of his fixed compensation if the achievement rate for all of the objectives is 130%.

1. 2024 financial performance objectives (quantitative financial objectives)* *(adjusted data)*		**Weighting**
Accounting for 2/3 of the CEO's annual variable compensation (67%)		
1	Recurring operating income (ROI)	60%
2	Free cash flow (FCF)	25%
3	Working capital, comprising the following components:	15%
	■ *Operating assets (Inventories)*	*10%*
	■ *Unpaid receivables (late customer payments)*	*5%*
Sub-total (base: 100%)		**100%**

2. Individual objectives for 2024 *(qualitative and quantitative individual performance objectives)**		**Weighting**
Accounting for 1/3 of the CEO's annual variable compensation (33%)		
1	Technological transition (quantitative)	20%
2	Technological and industrial evolution of the aircraft interiors businesses (qualitative and quantitative)	15%
3	Expand and strengthen strategic partnerships (qualitative)	10%
4	Communication plan for the Group's financial pathway, particularly regarding the CFM56/LEAP business model transition (qualitative)	10%
5	Digital/Cybersecurity (qualitative and quantitative): ■ Implement a Generative Artificial Intelligence (Gen AI) Adoption Plan ■ Implement a Cybersecurity Development Plan for specific industrial systems and complete the migration to the Safran Active Directory ■ Continue to develop offshore centers of excellence	10%

2. Individual objectives for 2024 *(qualitative and quantitative individual performance objectives)**		Weighting
6	CSR & human capital (qualitative and quantitative): ■ Safety: Frequency rate of lost-time accidents maintained at the same level, amid the ramp-up in business ■ HR/Diversity & Gender Equality: Objectives related to increasing the number of women senior executives and developing talent in the industrial sector ■ CSR: Implement new reporting requirements (in line with the CSRD) ■ Climate: ● Continue to take steps to achieve the action plan target to reduce Scopes 1 and 2 CO_2 emissions by 30% by 2025 compared to 2018, aiming to complete 95% of the plan's actions by 2024 ● Continue to take steps to achieve the target to reduce Scopes 1 and 2 CO_2 emissions by 50% by 2030 compared to 2018, taking into account the Group's growth ● Ensure that the Group's sites become increasingly energy efficient, achieving the Energy Management System Gold Standard ● Pursue the Group's Energy Sobriety Plan to reduce its worldwide energy consumption by 10% in 2024 compared to 2019, taking into account the Group's growth ● Mobilize our suppliers to become more low-carbon, ensuring that our Top 400 suppliers have Scopes 1 and 2 CO_2 emissions reduction targets and that they have communicated these ■ Circular economy ● Increase the recycling of titanium, with the target of returning 30% of potential titanium shavings to our suppliers	35%
Sub-total (base: 100%)		**100%**
*	*The content of the individual qualitative objectives and the expected achievement rates for the quantitative objectives have been precisely pre-determined and defined, but cannot be disclosed in further detail for confidentiality reasons in view of their strategic and competitive sensitivity.*	

Payment condition

The achievement of the financial and individual objectives set for the Chief Executive Officer's variable compensation for 2024 will be reviewed by the Board of Directors in early 2025, based on the recommendation of the Appointments and Compensation Committee.

Payment of this annual variable compensation will be subject to shareholders' approval at the 2025 Annual General Meeting.

d) Long-term incentive plan (performance share grants)

1. Objective

The Board of Directors considers that the long-term incentive system – which also applies to other key positions within the Company – is particularly suited to the position of Chief Executive Officer in view of the direct contribution expected from him to the Group's long-term performance. In addition, the system is based on performance share grants which strengthen the motivation and teamwork of beneficiaries and foster their loyalty, while at the same time aligning their interests with those of the Company and its shareholders. These share grants are also in line with the Board's strategy of linking the incentives of senior executives to Safran's share performance – with the inherent risks and rewards that this involves – in order to encourage long-term reasoning in their actions.

The Board of Directors may only grant performance shares if it has been given the necessary authorizations by way of a two-thirds majority vote of shareholders in an Extraordinary General Meeting. Consequently, related resolutions will be submitted to the Annual General Meeting and the shareholders will be asked to approve the components of the long-term incentive system. If approved, these resolutions could be used to add to and adjust the policy applicable to the Chief Executive Officer in relation to long-term compensation.

2. Detailed description of the Chief Executive Officer's annual variable compensation

Performance share grants made to the Chief Executive Officer are subject to the following principles and criteria:

Cap

The number of performance shares granted to the Chief Executive Officer may not:

- represent more than the equivalent of 120% of his annual fixed compensation, based on the accounting value, in accordance with IFRS 2[1], estimated prior to the grant;
- exceed 5% of the total performance shares making up each grant. In addition, the resolutions submitted to shareholders in an Extraordinary Shareholders' Meeting for the purpose of authorizing such grants will set a maximum percentage of the Company's capital that the performance shares may represent.

Performance conditions

All performance shares granted to the Chief Executive Officer will only vest if the applicable internal and external performance conditions are met. The achievement of these conditions will be assessed over three full consecutive fiscal years, including the year in which the performance shares are granted. These performance criteria are also applied to the Group's other beneficiaries of performance shares, with appropriately adapted weightings where applicable.

Standard internal performance conditions

The standard internal performance conditions account in principle for 70% of the Chief Executive Officer's total vested shares and are based on the Group's financial and economic performance as well as its non-financial performance if decided by the Board of Directors.

(1) *See section 3.1, Note 2.r of this Universal Registration Document.*

- **Financial and economic performance**

  The two standard internal performance conditions relating to financial and economic performance account in principle for 50% of the total vested shares and are based on:

  - recurring operating income (ROI), for 50%;
  - free cash flow (FCF), for 50%.

  The financial and economic performance conditions will be assessed over a three-year period. The achievement levels for these conditions are measured by reference to the average of the ROI and FCF targets for the fiscal year in which the grant takes place and for the following two fiscal years, as set in the Group's most recent medium-term plan (MTP) or in the budget based on the MTP for the fiscal year in progress, as adjusted to factor in any exceptional circumstances or events and approved by the Board of Directors before the grant date (the "Reference Target").

  The following achievement levels have been set for these conditions:

  - lowest achievement level: if 80% of the Reference Target is achieved, 40% of the shares contingent on that target will vest;
  - target achievement level: if 100% of the Reference Target is achieved, 80% of the shares contingent on that target will vest;
  - highest achievement level (cap): if 125% of the Reference Target is achieved, 100% of the shares contingent on that target will vest;
  - between the target level and the highest achievement level, the number of shares that will vest will vary in linear fashion. Below the lowest achievement level, none of the shares contingent on the non-financial performance condition concerned will vest.

- **Non-financial performance**

  The internal conditions relating to non-financial performance count, in principle, for 20% of the total vested shares.

  The non-financial conditions relate to CSR and sustainable development objectives. The conditions, defined by the Board of Directors prior to the grant date, could take into account the Group's medium-term priorities or strategic challenges on these issues.

  They will be quantifiable or measurable, making it possible to objectively monitor them and identify the actual achievement rate at the end of the performance period. When the Board of Directors grants performance shares, these conditions are communicated along with their respective weightings and other essential parameters.

  For example, they can be based on targets related to:

  - environmental and climate issues (such as the reduction of CO_2 emissions);
  - gender equality (such as the proportion of women senior executives within the Group); and
  - safety (such as reducing the lost-time accident frequency rate).

  The non-financial conditions applicable to the performance shares granted by the Board of Directors on March 21, 2024 were based on the above targets (see section 6.6.5.2.2).

External performance condition

The external performance condition counts, in principle, for 30% of the total vested shares and is based on Safran's total shareholder return (TSR) performance as measured relative to a panel of companies or reference indices. The composition of this panel may change in order to factor in changes in the structure or operations of the Group or of the companies and indices concerned.

The following achievement levels have been set for this condition:

- lowest achievement level: if Safran's TSR is equal to that of the peer companies, 40% of the shares contingent on the external performance condition will vest;
- target achievement level: if Safran's TSR is 8 points higher than that of the peer companies, 80% of the shares contingent on the external performance condition will vest;
- highest achievement level (cap): if Safran's TSR is 12 points higher than that of the peer companies, 100% of the shares contingent on the external performance condition will vest;
- between the target level and the highest achievement level, the number of shares that will vest will vary in linear fashion. Below the lowest achievement level, none of the shares contingent on the non-financial performance condition will vest.

If allowed by the relevant shareholder authorization covering performance share grants, the Board of Directors may, at its discretion, revise the weighting of this external condition, but to no less than 20%, in order to increase the weighting of the standard internal conditions to 80% where required, particularly if the Board believes that it would be useful or necessary to do so in light of the Group's strategic priorities and/or medium-term imperatives. If the Board does decide to revise this weighting, it will disclose this fact via a press release.

Additional conditions

As well as the portion attributed to the standard performance conditions, the Board of Directors may, at its discretion, apply additional demanding and quantifiable performance conditions for which it would define the parameters, in order to take into account the Group's medium-term priorities and challenges. In such a case, the additional performance conditions and their parameters, as defined by the Board of Directors prior to the grant, would be disclosed and their weighting would reduce the weighting of the standard internal performance conditions.

Such additional performance conditions would not therefore affect the cap on the value of grants to be made as defined above.

Overall presentation – Illustration and weightings

Performance conditions*			Overall weighting (in principle)
Standard internal performance conditions	Financial and economic performance	ROI (adjusted recurring operating income).	25%
		FCF (free cash flow).	25%
	Non-financial performance	CSR and sustainable development objectives. The Group's medium-term priorities or strategic challenges on these issues.	20%
External performance condition	TSR	Safran's total shareholder return (TSR) compared with a panel of companies or benchmark indices.	30%
TOTAL			**100%**

* *Excluding any additional performance conditions that may be included (see d) above).*

The achievement rate of each performance condition is assessed by the Board of Directors, based on the review and recommendations of the Appointments and Compensation Committee. The results of this assessment are published in a press release.

Vesting and lock-up periods

The shares granted to the Chief Executive Officer are subject to a vesting period set by the Board of Directors, which may not be less than three years.

In addition, any shares granted to the Chief Executive Officer will be subject to a lock-up period of at least one year following their vesting date.

Other conditions

Holding requirement and undertaking not to use hedges

The Chief Executive Officer:

- is required to hold in registered form a proportion of his vested shares, as set by the Board of Directors, until his term of office as Chief Executive Officer ends.

  The Board has decided that following the lock-up period and for the duration of his term of office, the Chief Executive Officer will be required to hold in registered form 40% of the vested performance shares delivered to him under performance share plans, until the number of shares he holds represents the equivalent of one year of his most recent annual fixed compensation.

  In addition, the Chief Executive Officer will be required to hold in registered form, until his term of office as Chief Executive Officer ends, a minimum of 500 of the vested performance shares delivered to him under each of the performance share plans under which he is granted performance shares during his term of office as Chief Executive Officer;
- must give a formal undertaking to refrain from using instruments to hedge the risks related to these shares until after the end of the lock-up period.

Continuing service condition – principles and exceptions

Under the rules of the performance share plan, the shares will only vest if the beneficiary still forms part of the Group on the vesting date ("continuing service condition"), apart from in a limited number of usual cases (death, disability, retirement of the beneficiary and a specific decision by the Board of Directors).

In particular:

- In the event of his death before the end of the vesting period, the Chief Executive Officer's heirs or beneficiaries may ask for the performance shares to be attributed (and delivered) to them. If the achievement rate of the performance conditions is not yet known at that date, the performance conditions will be deemed to have been met.
- If the Chief Executive Officer retires before the end of the vesting period, and provided that he has been with the Group for at least one year before retirement, he will retain his rights proportionately to the time he was with the Group during the vesting period.
- The Board of Directors may grant exemptions from the continuing service condition and the requirements set out above, and may decide to maintain all or part of the beneficiary's entitlements, in accordance with terms and conditions set by the Board.

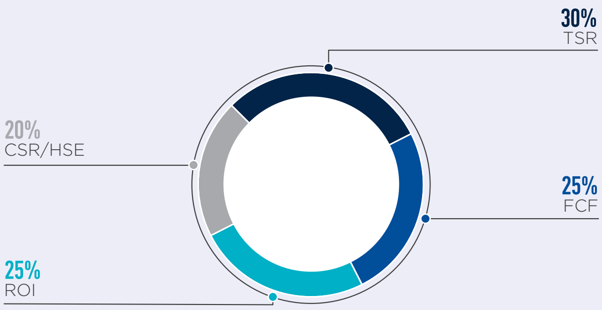
Information on performance share grants made to the Chief Executive Officer in 2023 and 2024 is provided in sections 6.6.3.2.c and 6.6.5.2.1.

ILLUSTRATIVE CASE FOR THE 2024 GRANT

At its meeting on March 21, 2024, acting on the recommendation of the Appointments and Compensation Committee, the Board of Directors used the authorization granted by the shareholders in the 27th resolution of the May 25, 2023 Annual General Meeting to grant performance shares to certain Group managers and senior executives (2024 Long-Term Incentive Plan, see section 6.6.5.2.2).

As part of this overall grant, the Board granted 7,675 performance shares to the Chief Executive Officer, representing less than 5% of the total number of performance shares granted under the 2024 Long-Term Incentive Plan, which complied with the compensation policy described in section 6.6.2.2.

The performance shares granted to the Chief Executive Officer are subject to the condition that he is still with the Group when the shares vest ("continuing service condition") and to the achievement of internal and external performance conditions (see section 6.6.5.2.2 for a summary), based on the following weightings:



The vesting period has been set at three years (2024-2026) and the number of shares that will ultimately vest will depend on the extent to which the applicable conditions are met over that period.

The performance shares delivered to the Chief Executive Officer at the end of the vesting period will be subject to a one-year lock-up period.

The Board also confirmed that following this lock-up period and until his term of office ends, the Chief Executive Officer will be required to hold in registered form 40% of the vested performance shares delivered under this plan or any other plans until the number of shares he holds represents the equivalent of one year of his most recent annual fixed compensation. In addition, the Chief Executive Officer will be required to hold in registered form, until his term of office as Chief Executive Officer ends, a minimum of 500 of the vested performance shares delivered to him under this plan and any other plan under which he is granted performance shares during his term of office as Chief Executive Officer.

The accounting value of these 7,675 performance shares, as measured at the grant date in accordance with IFRS 2 (see section 3.1, Note 2.r of this Universal Registration Document – i.e., March 21, 2024), corresponds to €1,139,876.

e) Multi-year variable compensation

The Board of Directors has decided not to put in place a multi-year variable compensation plan as it considers that share-based payments such as performance share grants are more in line with shareholders' interests (see the long-term incentive plan above).

f) Exceptional compensation

The Board of Directors has decided against including an exceptional component in the compensation policy for the Chief Executive Officer.

g) Directors' compensation

The Chief Executive Officer does not receive any compensation in his capacity as a Director of the Company. He is therefore not included in the allocation of Directors' compensation carried out in accordance with the rules provided for in the compensation policy for Directors (see section 6.6.2.3).

h) Benefits-in-kind

The Chief Executive Officer has the use of a company car.

He is also entitled to be reimbursed for expenses incurred in connection with his role as Chief Executive Officer, as well as any specifically agreed personal travel expenses, and he is provided with the material resources required for performing his duties.

i) Supplementary pension plans

Safran's policy is to align the post-employment benefits of the Chairman and the Chief Executive Officer with those of the Group's managerial-grade staff. This is in line with Safran's internal promotion policy built on helping in-house executives with considerable experience and expertise, often acquired during many years of service with the Group, to move seamlessly into corporate officer positions and to grant corporate officers similar entitlements to those of the plans' other beneficiaries.

No specific supplementary pension plan has been put in place for the Chief Executive Officer.

However, the Chief Executive Officer may be a beneficiary of the supplementary pension plans set up in France for all Group managerial-grade staff, subject to the same terms and conditions as the other plan beneficiaries, if the Board of Directors:

- authorizes the Chief Executive Officer to join the plans; or
- authorizes him to continue to be a beneficiary if he was already a beneficiary prior to his appointment as Chief Executive Officer.

At its meeting on December 16, 2020, the Board of Directors decided that the Chief Executive Officer would continue to be a beneficiary of the plans and benefits described below, for which he was already eligible when he was an employee, i.e., before he was appointed Chief Executive Officer.

The Chief Executive Officer is a beneficiary of the same plans as described in section 6.6.2.1.g concerning the compensation policy for the Chairman.

Defined contribution plans: Core Plan, PERO – Additional Plan and Article 82

The Chief Executive Officer is a beneficiary of these plans under the same terms and conditions as the other plan beneficiaries.

The “PERO – Core Plan” contributions are based on the compensation subject to social security contributions that the Chief Executive Officer receives for his role as Chief Executive Officer.

The “PERO – Additional Plan” contributions are based on the compensation subject to social security contributions that the Chief Executive Officer receives for his role as Chief Executive Officer, capped at eight times the annual social security ceiling (PASS).

The contributions to the Article 82 defined contribution plan are based on the annual fixed compensation and the annual variable compensation (subject to the performance conditions defined in section 6.6.2.2.c) that the Chief Executive Officer receives for his role as Chief Executive Officer.

Information on the expenses recognized for 2023 by the Company in relation to the PERO plans of which the Chief Executive Officer is a beneficiary, as well as the estimated theoretical amount[(1)] at December 31, 2023 of the annuity that could be paid to him under those plans, are disclosed in section 6.6.3.2.f.

Information on the expenses recognized for 2023 by the Company in relation to the Article 82 Plan of which the Chief Executive Officer is a beneficiary, as well as the estimated theoretical amount[(1)] at December 31, 2023 of the annuity that could be paid to him under that plan, are disclosed in section 6.6.3.2.f.

“Article 39” defined benefit plan (closed to new entrants and entitlements frozen)

The Chief Executive Officer was previously a beneficiary of Safran’s defined benefit supplementary pension plan set up in France for all Group managerial-grade staff pursuant to Article 39 of the French Tax Code (the “Article 39 Plan”; see section 6.6.2.1.g concerning the compensation policy for the Chairman), subject to the same terms and conditions as the other plan beneficiaries. Olivier Andriès was originally a beneficiary of this plan in his former capacity as a Company employee. This plan is now closed to new entrants and the benefit entitlements have been frozen, including for the Chief Executive Officer.

However, he could still be eligible for the pension entitlement that he had accrued under the plan until December 31, 2016, provided the applicable terms and conditions are met (see section 6.6.2.1.g). These terms and conditions notably include seniority, which accounts for an additional 15.9% of the reference compensation.

For information purposes, the estimated theoretical amount[(1)] at December 31, 2023 of the annuity that could be paid to the Chief Executive Officer under the frozen Article 39 plan is provided in section 6.6.3.2.f.

j) Personal risk insurance plan

The Chief Executive Officer is a beneficiary of the personal risk insurance plan set up in France for all Group managerial-grade staff, subject to the same terms and conditions as the other plan beneficiaries.

The contributions to this plan are based on the compensation subject to social security contributions that the Chief Executive Officer receives for his role as Chief Executive Officer.

k) Indemnities or benefits payable to the Chief Executive Officer for termination of office, change in duties or non-compete agreements

The Chief Executive Officer is not eligible for any indemnities or benefits if his office is terminated or if there is a change in his duties. Similarly, he is not entitled to any non-compete indemnity.

This approach is consistent with Safran’s policy, described below, of suspending, rather than terminating, the employment contracts of any Group senior executives who are appointed as corporate officers of the Company, and is aimed at avoiding any potential cumulation of corporate officers’ benefits and benefits attributable under employment contracts.

l) Suspension of the Chief Executive Officer’s employment contract and related entitlements

Safran’s policy is to suspend, rather than terminate, employment contracts when senior executives are appointed as corporate officers because, depending on their age and length of service with the Group, terminating their employment contract could deter them from moving into top executive positions on account of the rights they could lose upon such termination. This policy is aimed at favoring internal promotion of talent wherever possible, which enables Safran to propose corporate officer positions to its senior executives who have the highest level of know-how, share and relay the Group’s culture and values, and have in-depth knowledge of its markets. The objective of suspending, rather than terminating, employment contracts is not to avoid the AFEP-MEDEF Code’s recommendations and guidelines relating to Chief Executive Officers (notably concerning corporate officers’ departures), since reactivating an employment contract at the end of a corporate officer’s term of office does not release him or her from the regulatory framework applicable to such officers.

(1) *Calculated based on the assumption that the annuity would be received as from January 1, 2024, irrespective of the eligibility conditions.*

The Chief Executive Officer has a permanent employment contract with Safran, which has been suspended but not terminated (see sections 6.4 and 6.6.2.2.l). In accordance with the collective bargaining agreement applicable to Safran (engineers and managerial-grade employees in the metallurgy industry), the rights attached to a suspended employment contract may include benefits or indemnities provided for under French labor law. Consequently, when the Chief Executive Officer ceases to hold his corporate office and his employment contract resumes:

- on his retirement date, he may be eligible for a retirement bonus. This retirement bonus would be calculated based on (i) his seniority within the Company (taking into account the years during which his employment contract was suspended when he was a corporate officer), and (ii) his annual compensation (based on a reference salary corresponding to the salary he was earning when his employment contract was suspended), adjusted based on a percentage corresponding to the average of the individual salary increases applied at Safran during the contract suspension period;
- if the employment contract is terminated by Safran, the Chief Executive Officer may be entitled to a termination benefit and a six-month notice period. This retirement bonus would be calculated based on (i) his seniority within the Company (taking into account the years during which his employment contract was suspended when he was a corporate officer), and (ii) his compensation (based on a reference salary corresponding to the salary he was earning when his employment contract was suspended), adjusted based on a percentage corresponding to the average of the individual salary increases applied at Safran during the contract suspension period.

m) Exceptional circumstances or events

If any significant exceptional circumstances or events occur, i.e., circumstances or events that are out of the ordinary or beyond the Company's control, whose effects are not taken into account or reflected in the original metrics, criteria or benchmarks or those on which the current compensation policy concerning annual variable compensation and long-term incentive allocations is based and which may alter the assessment of the Chief Executive Officer's performance, the Board of Directors may decide, on the recommendation of the Appointments and Compensation Committee, and on an exceptional basis, to adapt and adjust these metrics, criteria or benchmarks, in particular by raising or lowering the performance targets, to take into account the impact of those circumstances or events. However, any caps on this type of compensation expressed in terms of a percentage of the Chief Executive Officer's fixed compensation may not be altered.

In such a case:

- in its assessment of the Chief Executive Officer's actual performance, the Board of Directors will take into account the favorable or unfavorable impact that the exceptional event or circumstance had on the Group's overall performance and the compensation paid to shareholders and the Group's personnel over the period;
- the Board of Directors will ensure that these adjustments (i) are designed to restore, to a reasonable extent, the original balance or objective, as adjusted for the expected impact of the event over the period concerned and (ii) maintain alignment with the Company's interests, strategy and outlook;
- the adjustments and the reasons therefore will be disclosed in a press release.

n) Adaptation of the compensation policy for the Chief Executive Officer in the event of a new Chief Executive Officer being appointed or the duties of an existing Chief Executive Officer ceasing during the year

If a new Chief Executive Officer is appointed or the duties of an existing Chief Executive Officer cease during the course of a year, the above principles will apply on a proportionate basis for the period during which he performs his duties.

In the case of a new appointment, these principles will be applied by taking as the reference point the annual fixed compensation decided by the Board of Directors when the new Chief Executive Officer is appointed.

However, if an appointment takes place during the second half of the year, the assessment of the Chief Executive Officer's performance for the purpose of calculating his annual variable compensation will be carried out by the Board of Directors on a discretionary basis, on the recommendation of the Appointments and Compensation Committee. The rationale underpinning the determination of the performance criteria achievement rate would be disclosed in a press release.

For long-term incentive plans (which take the form of performance share grants), the plan rules provide for the possibility for the Board of Directors to grant exemptions from the continuing service condition. Accordingly, the Board may decide that on the expiration of the Chief Executive Officer's term of office, he may retain all or some of his entitlement to the long-term incentive plan benefits he has accrued, based on terms and conditions set by the Board. The rationale underpinning this decision, as well as the decision about what happens to the vested rights under the plan, would be disclosed in a press release.

o) Adaptation of the policy for Deputy Chief Executive Officers

If the Company appoints any Deputy Chief Executive Officers, the compensation structure, principles and criteria provided for in the compensation policy for the Chief Executive Officer would apply to them. The Board of Directors would then adapt this policy in line with the specific situation of the Deputy Chief Executive Officer concerned in order to set the objectives, performance levels, indicators, and structure of their compensation packages and the maximum that their variable compensation may represent as a proportion of their annual fixed compensation (it being specified that this proportion and the amount of their annual fixed compensation may not be higher than those set for the Chief Executive Officer).

6.6.2.3 Compensation policy for Directors

a) Principles

Article 17 of the Company's bylaws provides for compensation to be paid to the Directors.

In accordance with the law, the shareholders in a General Meeting set the aggregate annual amount of compensation that may be allocated to the Directors as consideration for their duties (the "Aggregate Compensation"). The Aggregate Compensation is set by way of a resolution proposed to the shareholders. The Aggregate Compensation approved by the shareholders remains unchanged and applies for each successive fiscal year until decided otherwise by way of a new resolution adopted by the shareholders at a General Meeting.

The rules for allocating the Aggregate Compensation under the current Directors' compensation policy (the "Allocation Rules") were set by the Board and submitted to the shareholders for their approval.

The Allocation Rules take into account Directors' actual attendance at meetings of the Board and its Committees, and therefore include a significant variable portion. The amount of compensation paid to each Director must be adapted to their particular level of responsibility as a Director and the time they devote to their directorship duties.

The Aggregate Compensation is allocated between the Directors by the Board, by applying the Allocation Rules.

The individual amounts paid to each Director are set out in the corporate governance report (see section 6.6.4.1).

The Chairman of the Board of Directors and the Chief Executive Officer do not receive any compensation amounts out of the Aggregate Compensation, as stipulated in their compensation policies since 2019 (see sections 6.6.1.2 and 6.6.1.3 of the 2018 Registration Document and sections 6.6.2.1.c and 6.6.2.2.g of this Universal Registration Document).

The cases in which the payment of compensation to Directors must be suspended are also set out in the applicable regulations.

b) Allocation Rules

In accordance with the Allocation Rules set by the Board of Directors[1], the Aggregate Compensation is allocated as follows (which may not necessarily represent the full amount of the Aggregate Compensation):

- the representative of the French State appointed pursuant to Article 4 of *ordonnance* 2014-948 dated August 20, 2014 and the Director(s) appointed pursuant to Article 6 of said *ordonnance* do not directly receive Directors' compensation when they act in the capacity of public agents. Instead, their portion of the Aggregate Compensation is paid directly by the Company to the French Treasury. For compensation allocated to Directors appointed pursuant to Article 6 of said *ordonnance* who are not public agents, the same applies to any amount that exceeds the cap set in the ministerial decree of December 18, 2014 implementing section V of Article 6 of said *ordonnance;*
- irrespective of whether or not the role of Chairman of the Board of Directors is separate from that of Chief Executive Officer, the Chairman and the Chief Executive Officer (if he is a Director) are not entitled to Directors' compensation and are not included in the allocation of compensation carried out by the Board in accordance with the Allocation Rules;
- For membership of the Board of Directors:

  Annual fixed compensation:

  - each Director (excluding the Chairman and the Chief Executive Officer if either is a Director) and any Board Advisors (*censeurs*) are entitled to annual fixed compensation whose amount is set by the Board of Directors,
  - if a new Director is appointed (or elected) during a given year, or if a directorship ceases during a given year, this annual fixed compensation is calculated proportionately based on the number of Board meetings held during the year.

  Variable compensation per Board meeting:

  - each Director (excluding the Chairman and the Chief Executive Officer if either is a Director) and any Board Advisors (*censeurs*) are entitled to variable compensation for each Board meeting he or she attends, the amount of which is set by the Board of Directors,
- for membership of the Board Committees:

  Variable compensation per Committee meeting:

  - each Director (including the Chair(s) of temporary committees, but excluding the Chairman and the Chief Executive Officer if either is a Director) is entitled to variable compensation for each meeting he or she attends of any Committee(s) of which he or she is a member (or each meeting of any temporary committee that he or she chairs). The amount of this variable compensation is set by the Board of Directors,
  - each Chair of a standing Board committee (excluding, where applicable, the Chairman and the Chief Executive Officer if either is a Director) is entitled to a higher amount of variable compensation for each standing Committee meeting that he or she chairs. The amount of this variable compensation is set by the Board of Directors;
- additional compensation for geographical distance:
  - directors residing outside Metropolitan France are entitled to an additional amount of variable compensation per Board and Committee meeting that he or she physically attends. The amount of this additional variable compensation is set by the Board of Directors;
- cap and potential adjustment:
  - a maximum annual gross amount of Directors' compensation is set per Director by the Board of Directors. If the application of the Allocation Rules leads to an individual annual gross amount of Directors' compensation exceeding this cap, the individual allocation of the Director(s) concerned will be reduced to this cap, before any adjustment is made,
  - if the application of the Allocation Rules leads to a total amount of compensation to be allocated that is higher than the Aggregate Compensation set by the shareholders, said total amount will be decreased by reducing, on an equal proportionate basis, each individual allocation (rounded down to the nearest euro where necessary), such that the total amount allocated is equal to the Aggregate Compensation;
- each year, the Board of Directors places on record the overall and individual allocation of the Directors' compensation resulting from the application of the Allocation Rules. Where appropriate, the Board may decide to allocate any residual unallocated amount corresponding to the difference between the Aggregate Compensation set by the shareholders and the total allocated amount resulting from the application of the Allocation Rules.

c) Reimbursement of expenses

Each member of the Board of Directors is entitled to be reimbursed for travel expenses incurred in connection with their directorship, subject to providing the appropriate receipts.

d) Specific or one-off assignments

Directors may be allocated additional compensation if they carry out specific assignments, such as, by way of illustration, those performed by the Vice-Chair or the Lead Independent Director. In such a case, the Board may decide to set specific amounts for this purpose that will be taken into account when applying the Allocation Rules for the Aggregate Compensation.

Directors may also be paid additional compensation for any one-off assignments they may carry out, in which case the payment of this additional compensation will be subject to the procedure applicable to related-party agreements.

(1) *Rules set on February 26, 2018 and applicable as from 2018.*

e) Additional information

For information purposes, it is hereby disclosed that:

- the amount of the Aggregate Compensation to be allocated among the Directors, as approved by the shareholders at the May 25, 2022 Annual General Meeting, is €1,300,000;
- the total amount of the allocations made to each Director may not exceed the maximum authorized amount of the Aggregate Compensation in effect, as set by the shareholders at the Annual General Meeting;
- the amounts of fixed and variable compensation payable per meeting under the Allocation Rules were set on a discretionary basis by the Board of Directors in 2023. The individual cap per director remains unchanged:

Amounts set for the purpose of applying the Allocation Rules:	As from 2023 and for all subsequent years, unless otherwise decided by the Board (in €)
Annual fixed compensation per Director (full-year basis) (excluding the Chairman and the Chief Executive Officer)	11,550
For attendance at Board meetings:	
■ Variable compensation per Board meeting for the Directors (no Directors' compensation for the Chairman and the Chief Executive Officer)	5,250
For attendance at meetings of the standing Board Committees and special temporary committees:	
■ Variable compensation per meeting for the Chairs of the standing Committees	9,450
■ Variable compensation per meeting for Committee members (including for the Chairs of special temporary committees)	5,250
Additional compensation for geographical distance, based on physical attendance per Board and Committee meeting	
■ Cross-Atlantic travel or equivalent	+3,675
■ Travel from a European country	+1,315
Annual cap on individual Directors' compensation paid out of the Aggregate Compensation	130,000
Annual cap on the Aggregate Compensation* approved at the AGM for all the Directors	1,300,000

- if there are any major changes in the membership structure and work of the Board or the Board Committees or if their Chair changes during a given year, or if any significant exceptional circumstances or events occur, the Board may adjust these amounts accordingly, provided the weighting of the variable portion of Directors' compensation still represents the majority of the individual amounts allocated. In all circumstances, any such adjustments may not result in the total final allocation exceeding the amount of the Aggregate Compensation in effect at the time the adjustment(s) are made.

The table summarizing the compensation paid to members of the Board of Directors for 2022 and 2023 is provided in section 6.6.4.1.

6.6.3 Compensation and benefits of the Chairman and the Chief Executive Officer for 2023 (Report on the compensation of corporate officers)

The following section sets out the compensation and benefits of:

- the Chairman of the Board of Directors, Ross McInnes, for 2023;
- the current Chief Executive Officer, Olivier Andriès, for 2023.

6.6.3.1 Compensation and benefits of the Chairman of the Board of Directors for 2023

In his role as Chairman of the Board of Directors, in 2023 Ross McInnes received a fixed amount of annual compensation. He does not receive any variable compensation or Directors' compensation (formerly "attendance fees"). Ross McInnes continued to be a beneficiary of the Group's personal risk insurance plan and supplementary pension plan, subject to the same terms and conditions as the other plan beneficiaries. In addition, he had the use of a company car as a benefit-in-kind.

The structure of Ross McInnes' compensation package for 2023 is in line with the compensation policy described in section 6.6.1.3 of the 2022 Universal Registration Document, which was approved by the shareholders at the Annual General Meeting of May 25, 2023.

The compensation and benefits of the Chairman of the Board of Directors are summarized in the tables in section 6.6.3.3.

a) Fixed compensation (2023)

At its meeting on February 16, 2023, acting on the recommendation of the Appointments and Compensation Committee, the Board of Directors decided to keep the Chairman's annual fixed compensation at €450,000 for 2023, i.e., unchanged from 2022.

b) Directors' compensation for 2023

The Chairman did not receive any compensation in his capacity as a Director for 2023, in accordance with the compensation policy for the Chairman approved at the Annual General Meeting of May 25, 2023 (see section 6.6.2.1 of this Universal Registration Document).

c) Personal risk insurance plan

At its meeting on April 23, 2015, the Board of Directors decided to authorize the Chairman to continue to be a beneficiary of Safran's personal risk insurance plan set up in France for all Group managerial-grade staff (see section 6.6.2.1.h), subject to the same terms and conditions as the other plan beneficiaries. The Chairman was previously a beneficiary of this plan in his former capacity as a Company employee, then as Deputy Chief Executive Officer. The commitment given by the Company to enable Ross McInnes to continue to be a beneficiary of this plan was approved at the Annual General Meeting of May 19, 2016, pursuant to the legal provisions applicable at that date.

The corresponding expense recognized in the 2023 financial statements amounted to €6,549.60.

d) Supplementary pension system in 2023

No specific supplementary pension system has been put in place for the Chairman of the Board.

Defined contribution plans – PERO

Pursuant to a decision taken by the Board of Directors on February 26, 2018, the Chairman was a beneficiary of Safran's two defined contribution supplementary pension plans set up in France for all Group managerial-grade staff in accordance with Article 83 of the French Tax Code (the "Article 83 plans") and in force as at January 1, 2018 (replaced by PERO since January 1, 2022 – see section 6.6.2.1.g of this Universal Registration Document), subject to the same terms and conditions as the other plan beneficiaries. This commitment was approved by the shareholders at the May 25, 2018 Annual General Meeting pursuant to the legal provisions applicable at that date, and the Board decided to maintain it at its meeting on February 16, 2023 as part of the process of re appointing the Chairman of the Board of Directors (see section 6.1.1 of the 2022 Universal Registration Document).

The expenses recorded in the 2023 financial statements relating to the contributions paid for Ross McInnes under the PERO – Core Plan and the PERO – Additional Plan amounted to €12,977.64 and €15,177.24 respectively. At December 31, 2023, the estimated theoretical amount(1) of the annuities that could be paid to Ross McInnes under the PERO – Core Plan and the PERO – Additional Plan amounted to €11,454.63 and €4,766.74 respectively.

"Article 82" defined contribution plan

In accordance with a decision taken by the Board of Directors on March 23, 2017, the Chairman is a beneficiary of Safran's defined contribution supplementary pension set up in France for all Group managerial-grade staff pursuant to Article 82 of the French Tax Code (the "Article 82 Plan"), subject to the same terms and conditions as the other plan beneficiaries (see section 6.6.2.1.g). This decision was maintained by the Board at its meeting on February 16, 2023 in connection with the decision in principle to re-appoint Ross McInnes as Chairman of the Board of Directors (see section 6.1.1 of the 2022 Universal Registration Document).

Under the Article 82 Plan, the Insurer Contribution and Additional Payment for the Chairman for 2023 totaled €39,015 each (i.e., €78,030 altogether), corresponding in each case to 8.67% of his reference compensation (17.34% in total).

At December 31, 2023, the estimated theoretical amount(2) of the annuity that could be paid to the Chairman under the Article 82 Plan was €14,938.38.

"Article 39" defined benefit plan (closed to new entrants and entitlements frozen)

The Chairman was previously a beneficiary of Safran's defined benefit supplementary pension plan set up in France for all Group managerial-grade staff pursuant to Article 39(3) of the French Tax Code (the "Article 39 Plan", closed to new entrants and entitlements frozen, see section 6.6.2.1.g), subject to the same terms and conditions as the other plan beneficiaries. Ross McInnes was originally a beneficiary of this plan in his former capacity as Deputy Chief Executive Officer. The commitment given by the Company to enable Ross McInnes to continue to be a beneficiary of this plan was approved at the Annual General Meeting of May 19, 2016.

This plan was closed to new entrants and existing entitlements frozen as from December 31, 2016. The Article 82 defined contribution plan described in section 6.6.2.1.g was set up to compensate for this closure.

However, as decided by the Board at its meeting on March 23, 2017 (and most recently confirmed at its February 16, 2023 meeting as part of the preliminary decision to re-appoint Ross McInnes as Chairman of the Board of Directors), the Chairman could still be eligible for the pension entitlement that he had accrued under the plan until December 31, 2016, provided the applicable terms and conditions are met.

At December 31, 2023, the estimated theoretical amount(4) of the annuity that could be paid to the Chairman corresponded to the cap set in the plan, i.e., €139,104 (corresponding to three times the annual social security ceiling [PASS], based on the 2024 value of the PASS).

e) Termination of employment contract

The Chairman's employment contract was terminated, with his agreement, when his term of office as Chairman was renewed on May 23, 2019. He did not receive any severance pay or other specific benefits on the termination of his employment contract. At that date, he lost the entitlements to severance pay and retirement bonuses associated with his employment contract (see section 6.6.2.1 of the 2018 Registration Document).

f) Other indemnities or benefits payable for the termination of office or a change in duties – Non-compete indemnities

The Chairman of the Board of Directors is not eligible for any indemnities or benefits if his office is terminated or if there is a change in his duties. Similarly, he is not entitled to any non-compete indemnity.

(1) Calculated based on the assumption that the annuity would be received as from January 1, 2024, irrespective of the eligibility conditions (in accordance with Article D.22-10-16 of the French Commercial Code).
(2) Calculated based on the assumption that the annuity would be received as from January 1, 2024, irrespective of the eligibility conditions.
(3) Defined benefit plan meeting the conditions set out in Article L.137-11 of the French Social Security Code.
(4) Calculated based on the assumption that the annuity would be received as from January 1, 2024, irrespective of the eligibility conditions.

6.6.3.2 Compensation and benefits of the Chief Executive Officer for 2023

In his role as Chief Executive Officer, Olivier Andriès' compensation package for 2023 included annual fixed compensation, annual variable compensation and performance shares granted under a long-term incentive plan. He continues to be a beneficiary of the Group's personal risk insurance plan and supplementary pension plan, subject to the same terms and conditions as the other plan beneficiaries. In addition, he has the use of a company car as a benefit-in-kind and can claim travel expenses.

The structure of his 2023 compensation package as Chief Executive Officer was in line with the compensation policy described in section 6.6.2.2 of the 2022 Universal Registration Document, which was approved by the shareholders at the Annual General Meeting of May 25, 2023.

The structure of his 2024 compensation package is the same as the structure approved at the 2023 Annual General Meeting.

a) Fixed compensation (2023)

At its meeting on February 16, 2023, acting on the recommendation of the Appointments and Compensation Committee, the Board of Directors decided to increase the Chief Executive Officer's fixed compensation for 2023 from €800,000 to €840,000. This revision represented a 5% increase on the amount of his previous fixed compensation, which had stayed the same since he was appointed Chief Executive Officer on January 1, 2021 and which had also remained unchanged since 2018 for the position of Chief Executive Officer in general.

b) Annual variable compensation for 2023

The Chief Executive Officer's annual variable compensation for 2023 was determined based on the terms and conditions set out in the compensation policy approved by the shareholders at the Annual General Meeting of May 25, 2023, as described in section 6.6.2.2 of the 2022 Universal Registration Document.

Acting on the recommendation of the Appointments and Compensation Committee, on February 14, 2024 the Board of Directors set the amount of the Chief Executive Officer's annual variable compensation for 2023.

Based on the achievement levels of the applicable financial and individual objectives, the amount of Olivier Andriès' annual variable compensation for 2023 totals €1,000,723, representing 119.13% of his annual fixed compensation.

This amount reflects:

- An overall achievement rate of 102% for the portion related to the Group's financial performance (accounting for two-thirds of the variable compensation), for which the objectives related to:
  - recurring operating income (ROI) (60% weighting): 106% achievement;
  - free cash flow (FCF) (25% weighting): 118% achievement;
  - working capital, comprising the following components:
    - operating assets (Inventories) (10% weighting): 45% achievement, and
    - unpaid receivables (5% weighting): 97% achievement.
- An overall achievement rate of 94.50% for the portion related to individual quantitative and qualitative performance objectives (accounting for one-third of the variable compensation).

The table below summarizes the main rules applicable to the Chief Executive Officer's variable compensation for 2023 as well as the underlying performance objectives, the achievement rates and the related amounts.

2023 annual variable compensation for the Chief Executive Officer – Olivier Andriès – Results of operations
(payment subject to shareholders' approval at the 2024 Annual General Meeting)

The compensation policy for the Chief Executive Officer provides that his "target" variable compensation – i.e., the amount payable if the achievement rate is 100% for all of the financial and individual performance objectives – corresponds to 120% of his annual fixed compensation (the "Target").

If the Chief Executive Officer outperforms his objectives, his "maximum" variable compensation – i.e., the amount payable if the achievement rate is 130% for all of the financial and individual performance objectives – will represent a maximum of 150% of his annual fixed compensation (the "Cap").

- Target amount: €1,008,000, i.e., 120% of his fixed compensation if the achievement rate for all of the objectives is 100%.
- Maximum amount: €1,260,000, i.e., 150% of his fixed compensation if the achievement rate for all of the objectives is 130%.

Objectives		Weighting	Achievement rate*	Comments**
Financial performance objectives *(quantitative financial objectives) (adjusted data)*		**Accounting for 2/3 of the CEO's annual variable compensation (67%)**		
1	Recurring operating income (ROI)	60%	63.3%	Objectives met or exceeded (outperformance) ■ ROI was €3,166 million, ahead of the 2023 budget (€3,000 million).
2	Free cash flow (FCF)	25%	29.4%	■ FCF was €2,945 million, ahead of the 2023 budget (€2,500 million).
3	Working capital, comprising the following components:	15%	9.3%	■ Inventory turnover remained stable at 140 days' sales (compared with an expected decrease of 26 days in the 2023 budget). The favorable change in working capital during the year (€758 million) reflects higher deferred income and significant amounts of advance payments by customers, partly offset by an increase in the value of inventories.
	■ *Operating assets (Inventories)*	*10%*	*4.5%*	
	■ *Unpaid receivables (late customer payments)*	*5%*	*4.8%*	
Sub-total (base: 100%)		**100%**	**102%**	**(Potential range: 0% to 130%)**
AMOUNT *(IN €)*			**€683,200**	**REPRESENTING 122% OF 2/3 OF THE CEO'S REFERENCE FIXED COMPENSATION OF €840,000**

Objectives		Weighting	Achievement rate*	Comments**
Individual objectives *(qualitative and quantitative individual performance objectives)**		**Accounting for 1/3 of the CEO's annual variable compensation (33%)**		
1	Technological transition (qualitative and quantitative)	20%	26%	Objective exceeded (outperformance) ■ The action plans drawn up and implemented to help drive the Group's technological transition were completed and the objective was exceeded. For strategic reasons, the details of these action plans are not disclosed.
2	Technological and industrial evolution of Seats and Cabin businesses (qualitative and quantitative)	20%	15%	Objective partially achieved ■ The action plans were drawn up and implemented for the Cabin business, and their expected results were achieved. ■ The action plans for the Seats business were carried out but their expected results were only partially achieved. ■ For strategic reasons, the details of these action plans are not disclosed.
3	Expand and strengthen strategic partnerships in civil and military aeronautic (qualitative)	15%	7.5%	Objective partially achieved ■ Partnerships were signed, but one identified partnership did not materialize in 2023. For strategic reasons, the details of this objective are not disclosed.
4	Digital/Cybersecurity (qualitative and quantitative): ■ Continuing to roll out the Cyber plan	10%	10%	Objective achieved ■ The Cybersecurity plan continued to be rolled out, with new 24/7 protection and detection measures, thereby enhancing the level of security in 2023.
	■ Deploying the "Digital Academy" focused on digital transformation			■ The Digital Academy created and launched in 2022 was successfully deployed, with a new fun learning platform, new acculturation modules, and wide-ranging content covering all the domains of the Group's digital transformation.
	■ Drafting the High Performance Computing (HPC) 4.0 roadmap			■ A new strategy for High Performance Computing at Safran was drawn up to meet both short- and long-term needs.
	■ Pushing ahead with the international expansion of digital centers of excellence			■ Our new in-house centers of excellence, in particular the DIGIT offshore centers, are exceeding expectations: two operational centers, over 500 people recruited, lower costs, etc.

* *Corresponding to the relevant weighting multiplied by the achievement rate of the objective. For example, the ROI objective – which had a 60% weighting – was 106% (therefore corresponding to outperformance), so the overall achievement rate is 63.3% (i.e., 60 x 106%).*

** *The precise content of each of the individual objectives and the expected achievement rates for the quantitative objectives were precisely pre-determined and defined, but cannot be disclosed in further detail for confidentiality reasons in view of their strategic and competitive sensitivity.*

Objectives	Weighting		Achievement rate*	Comments**
Individual objectives *(qualitative and quantitative individual performance objectives)**	**Accounting for 1/3 of the CEO's annual variable compensation (33%)**			
5 CSR & human capital (qualitative and quantitative)		35%	36%	Objectives met or exceeded (outperformance)
■ Safety: Frequency rate of lost-time accidents maintained at the same level, amid the ramp-up in business	5%			■ Safety: The frequency rate of lost-time accidents was maintained at the same level, in the context of the ramp-up in activity.
■ Diversity & gender equality: Objectives linked to increasing the number of women among senior executives and within the Group Executive Committee and companies' management committees – Implementation of the inclusion/diversity roadmap	10%			■ Diversity & gender equality: The ratio of women senior executives increased by 2.5% from 17% to 19.5% in 2023, outperforming the objective; ten management committees have three or more women each vs. seven management committees in 2022 and six in 2021 (with a total of six new women joining the management committees). The Group Executive Committee included five women in 2023. The inclusion/diversity roadmap was completed.
■ Human capital: Initiatives to develop Safran talent and executives over the long term	10%			■ HR: Increase in number of high-potential employees identified and acceleration of talent development pathways.
■ Climate – Low-carbon: ● Ensuring the rise in maturity of the energy management system, with the aim of all sites achieving Silver status (analysis of the main sources of consumption and energy performance, robust energy saving action plan)	10%			■ Climate – Low-carbon ● 87% of sites have reached Silver or Gold status.
● Implementing the Energy Sobriety Plan in Europe				● The Energy Sobriety Plan in Europe has been implemented. Electricity and gas consumption in Europe was reduced by more than 15%.
● Taking ongoing steps to achieve the action plan to reduce CO_2 emissions by 30% by 2025 (compared to 2018), with 75% of the actions completed, the remaining 25% on track, and sufficient margins identified to deal with contingencies				● This objective was over 100%-achieved: 76% of the plan's actions were completed, 37% got underway, and additional actions were introduced (14% that will definitely be implemented and 13% identified) to deal with contingencies.
● Establishing an action plan for each key company to achieve a 50% reduction in emissions by 2030 (compared to 2018) and integrating financing of the plans into the Group's medium-term plan				● An action plan was presented and approved by the Climate Challenge Steering Committee in December 2023.
● Mobilizing the main suppliers to increase their maturity on decarbonization, with the objective of conducting a carbon assessment for the 400 main suppliers				● A carbon assessment was carried out on 90% of the Group's 400 main suppliers.
Sub-total (base: 100%)		**100%**	**94.50%**	**(Potential range: 0% to 130%)**
Amount *(in €)*			€317,523	Representing 113.40% of 1/3 of the CEO's reference fixed compensation of €840,000
TOTAL *(IN €)*			**€1,000,723**	**REPRESENTING 119.13% OF THE CEO'S REFERENCE FIXED COMPENSATION OF €840,000**

* *The precise content of each of the individual objectives and the expected achievement rates for the quantitative objectives were precisely pre-determined and defined, but cannot be disclosed in further detail for confidentiality reasons in view of their strategic and competitive sensitivity.*

** *The precise content of each of the individual objectives and the expected achievement rates for the quantitative objectives were precisely pre-determined and defined, but cannot be disclosed in further detail for confidentiality reasons in view of their strategic and competitive sensitivity.*

Payment of the Chief Executive Officer's annual variable compensation for 2023 is subject to shareholders' approval at the Annual General Meeting of May 23, 2024.

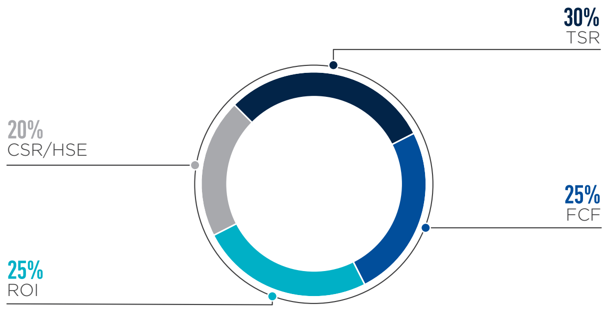
c) Long-term incentive plan (performance share grants)

Performance share grants in 2023

At its meeting on March 23, 2023, acting on the recommendation of the Appointments and Compensation Committee, the Board of Directors used the authorization granted by the shareholders in the 30th resolution of the May 26, 2021 Annual General Meeting to grant performance shares to certain Group managers and senior executives (see section 6.6.5.2.1 of the 2022 Universal Registration Document).

As part of this overall grant, the Board granted 10,721 performance shares to the Chief Executive Officer(1), representing less than 2% of the total number of performance shares granted, in compliance with the compensation policy approved at the 2021 Annual General Meeting.

The performance shares granted to the Chief Executive Officer are subject to the condition that he is still with the Group when the shares vest ("continuing service condition") and to the achievement of internal and external performance conditions (see section 6.6.5.2.1 for a summary), based on the following weightings:



The vesting period has been set at three years (2023-2025) and the number of shares that will ultimately vest will depend on the extent to which the applicable conditions are met over that period.

The vesting period will be followed by a one-year lock-up period.

The Board also confirmed that following this lock-up period and until his term of office ends, the Chief Executive Officer will be required to hold in registered form 40% of the vested performance shares delivered under this plan or any other plans until the number of shares he holds represents the equivalent of one year of his most recent annual fixed compensation. In addition, the Chief Executive Officer will be required to hold in registered form, until his term of office as Chief Executive Officer ends, a minimum of 500 of the vested performance shares delivered to him under this plan and any other plan under which he is granted performance shares during his term of office as Chief Executive Officer.

The accounting value of these performance shares, as measured at the grant date in accordance with IFRS 2 (see section 3.1, Note 2.r of this Universal Registration Document – i.e., March 23, 2023), corresponds to €1,007,988.42.

d) Directors' compensation for 2023

The Chief Executive Officer did not receive any compensation in his capacity as a Director for 2023, in accordance with the compensation policy described in section 6.6.2.2.g above.

e) Personal risk insurance plan

As decided by the Board of Directors on December 16, 2020, the Chief Executive Officer is a beneficiary of Safran's personal risk insurance plan set up in France for all Group managerial-grade staff (see section 6.6.2.2.j), subject to the same terms and conditions as the other plan members. The Chief Executive Officer was previously a beneficiary of this plan in his former capacity as a Company employee.

The corresponding expense recognized in the 2023 financial statements amounted to €6,669.

f) Supplementary pension system in 2023

No specific supplementary pension plan has been put in place for the Chief Executive Officer.

Defined contribution plans – PERO

In accordance with a decision taken by the Board of Directors on December 16, 2020, the Chief Executive Officer is a beneficiary of Safran's two defined contribution supplementary pension plans set up in France for all Group managerial-grade staff pursuant to Article 83 of the French Tax Code (the "Article 83 plans") and in force at January 1, 2018 (see section 6.6.2.2.j), subject to the same terms and conditions as the other plan members. The Chief Executive Officer was previously a beneficiary of these plans in his capacity as a Company employee. The Article 83 plans were replaced by the PERO plans on January 1, 2022 (see section 6.6.2.1.g).

The expenses recorded in the 2023 financial statements relating to the contributions paid for Ross McInnes under the PERO – Core Plan and the PERO – Additional Plan amounted to €12,977.64 and €15,177.24 respectively.

At December 31, 2023, the estimated theoretical amount(2) of the annuities that could be paid to Olivier Andriès under the PERO – Core Plan and the PERO – Additional Plan amounted to €10,693.28 and €3,712.58 respectively.

"Article 82" defined contribution plan

In accordance with a decision taken by the Board of Directors on December 16, 2020, the Chief Executive Officer is a beneficiary of Safran's defined contribution supplementary pension plan set up in France for all Group managerial-grade staff pursuant to Article 82 of the French Tax Code (the "Article 82 Plan"), subject to the same terms and conditions as the other plan beneficiaries (see section 6.6.2.2.i).

Under the Article 82 Plan, the Insurer Contribution and Additional Payment for the Chief Executive Officer for 2023 totaled €229,512.96 each (i.e., €459,026.92 altogether), corresponding in each case to 12.735% of his reference compensation (25.47% in total).

At December 31, 2023, the estimated theoretical amount(3) of the annuity that could be paid to the Chief Executive Officer was €36,570.92.

"Article 39" defined benefit plan (closed to new entrants and entitlements frozen)

The Chief Executive Officer was previously a beneficiary of Safran's defined benefit supplementary pension plan set up in France for all Group managerial-grade staff pursuant to Article 39(4) of the French Tax Code (the "Article 39 Plan"; see section 6.6.2.2.i), subject to the same terms and conditions as the other plan beneficiaries. Olivier Andriès was originally a beneficiary of this plan in his former capacity as a Company employee.

(1) The number of performance shares granted to the Chief Executive Officer may not represent more than the equivalent of 120% of his annual fixed compensation, based on the accounting value (in accordance with IFRS 2; see section 3.1 Note 2.r of this Universal Registration Document), as estimated at the grant date.
(2) Calculated based on the assumption that the annuity would be received as from January 1, 2024, irrespective of the eligibility conditions (in accordance with Article D.22-10-16 of the French Commercial Code).
(3) Calculated based on the assumption that the annuity would be received as from January 1, 2024, irrespective of the eligibility conditions (in accordance with Article D.22-10-16 of the French Commercial Code).
(4) Defined benefit plan meeting the conditions set out in Article L.137-11 of the French Social Security Code.

This plan was closed to new entrants and existing entitlements frozen as from December 31, 2016. The Article 82 defined contribution plan described in section 6.6.2.2.i was set up to compensate for this closure.

However, the Chief Executive Officer could still be eligible for the pension entitlement that he had accrued until December 31, 2016, provided the applicable terms and conditions are met.

At December 31, 2023, the estimated theoretical amount(1) of the annuity that could be paid to Olivier Andriès corresponded to the cap set in the plan, i.e., €139,104 (corresponding to three times the annual social security ceiling [PASS], based on the 2024 value of the PASS).

g) Indemnities or benefits payable for the termination of office or a change in duties - Non-compete indemnities

The Chief Executive Officer is not eligible for any indemnities or benefits if his office is terminated or if there is a change in his duties. Similarly, he is not entitled to any non-compete indemnity.

h) Suspension of the Chief Executive Officer's employment contract and related entitlements

On December 16, 2020, when Olivier Andriès was appointed Chief Executive Officer, the Board of Directors decided and placed on record that his employment contract with Safran entered into on March 1, 2008 would be suspended as from January 1, 2021 (see sections 6.4 and 6.6.2.2.l).

The Chief Executive Officer's employment contract was therefore automatically suspended on the date he took up office. This Board decision is in line with the Group's strategy of favoring internal promotion of talent wherever possible, which enables Safran to propose corporate officer positions to its senior executives who have the highest level of know-how, share and relay the Group's culture and values, and have in-depth knowledge of its markets.

The entitlements attached to Olivier Andriès' employment contract, as at the date of its suspension and based on a seniority of 12 years and 10 months, are as follows:

- When he ceases to serve as Chief Executive Officer and his employment contract resumes, on retirement he may be entitled to a retirement bonus pursuant to French labor law. In accordance with the applicable collective bargaining agreement (engineers and managerial-grade employees in the metallurgy industry), this retirement bonus would be calculated based on (i) his seniority within the Company (taking into account the years during which his employment contract was suspended when he was a corporate officer), and (ii) his annual compensation (based on a reference salary corresponding to the salary he was earning when his employment contract was suspended), adjusted based on a percentage corresponding to the average of the individual salary increases applied at Safran during the contract suspension period. For information purposes, at December 31, 2023 this retirement bonus amounted to €190,113.
- After his employment contract resumes when he ceases to serve as Chief Executive Officer and if the contract is then terminated by Safran, he may be entitled to a termination benefit pursuant to French labor law, as well as to a six-month notice period. In accordance with the collective bargaining agreement applicable to engineers and managerial-grade employees in the metallurgy industry, this retirement bonus would be calculated based on (i) his seniority within the Company (taking into account the years during which his employment contract was suspended when he was a corporate officer), and (ii) his compensation (based on a reference salary corresponding to the salary he was earning when his employment contract was suspended), adjusted based on a percentage representing the average of the individual salary increases applied at Safran during the contract suspension period. For information purposes, at December 31, 2023 this termination benefit amounted to €579,846.
- The payment of his paid vacation entitlements accrued and not taken prior to the suspension of his employment contract, adjusted based on a percentage corresponding to the average of the individual salary increases applied at Safran during the suspension period.
- An employee's salary corresponding to (i) the fixed compensation he was earning in his capacity as an employee on the date his employment contract was suspended, adjusted based on a percentage corresponding to the average of the individual salary increases applied at Safran during the suspension period, plus (ii) annual variable compensation, whose target amount (i.e., if the applicable objectives are achieved) would represent 70% of his fixed compensation.

6.6.3.3 Summary of the compensation of the Chairman and the Chief Executive Officer for 2023

6.6.3.3.1 Summary tables showing the individual compensation and benefits of the Chairman of the Board of Directors

The summary table based on the AMF/AFEP-MEDEF table no. 3 template is presented in section 6.6.4.1, "Compensation paid during or awarded for 2023 to the members of the Board of Directors".

(1) *Calculated based on the assumption that the annuity would be received as from January 1, 2024, irrespective of the eligibility conditions (in accordance with Article D.22-10-16 of the French Commercial Code).*

Summary table of compensation, stock options and performance shares granted to the Chairman of the Board of Directors (AMF/AFEP-MEDEF table no. 1)

Summary of compensation, stock options and performance shares granted	2022	2023
Compensation allocated for the year (detailed in the table below)	494,894.36[1]	€493,311.61
Value of multi-year variable compensation allocated during the year	N/A	N/A
Value of stock options granted during the year	N/A	N/A
Value of performance shares granted during the year	N/A	N/A
TOTAL	**€494,894.36**	**€493,311.61**

(1) *Including €39,015.00 corresponding to the Additional Payment under the Article 82 defined contribution plan (see section 6.6.3.1.d).*

Summary table of the individual compensation and benefits of the Chairman of the Board of Directors (AMF/AFEP-MEDEF table no. 2)

	2022		2023	
Summary of compensation *(gross)*	Amounts allocated for the year	Amounts paid during the year	Amounts allocated for the year	Amounts paid during the year
Fixed compensation	€450,000	€450,000	€450,000	€450,000
Annual variable compensation	N/A	N/A	N/A	N/A
Multi-year variable compensation	N/A	N/A	N/A	N/A
Exceptional compensation	N/A	N/A	N/A	N/A
Directors' compensation	N/A	N/A	N/A	N/A
Benefits-in-kind[1]	€5,879.36	€5,879.36	€4,296.61	€4,296.61
Additional Payment provided for under a defined contribution supplementary pension plan	€39,015	€39,015	€39,015	€39,015
Other	N/A	N/A	N/A	N/A
TOTAL	**€494,894.36**	**€494,894.36**	**€493,311.61**	**€493,311.61**

(1) *Company car.*

6.6.3.3.2 Summary tables showing the individual compensation and benefits of the Chief Executive Officer

Summary table of compensation, stock options and performance shares granted to the Chief Executive Officer (AMF/AFEP-MEDEF table no. 1)

Summary of compensation, stock options and performance shares granted	2022	2023
Compensation allocated for the year	€2,032,135.71[2]	€2,097,018.33
Value of multi-year variable compensation allocated during the year	N/A	N/A
Value of stock options granted during the year	N/A	N/A
Value of performance shares granted during the year[1]	€959,947.98	€1,007,988.42
TOTAL	**€2,992,083.69**	**€3,105,006.75**

(1) *The value of the performance shares is estimated at the grant date in accordance with IFRS 2 (see section 3.1, Note 2.r of this Universal Registration Document) and does not correspond to compensation received by the beneficiary during the year.*
(2) *Including €229,512.96 corresponding to the Additional Payment under the Article 82 defined contribution plan (see section 6.6.3.2.f).*

Summary table of the compensation of the Chief Executive Officer (AMF/AFEP-MEDEF table no. 2)

	2022		2023	
Summary of compensation *(gross)*	Amounts allocated for the year	Amounts paid during the year	Amounts allocated for the year	Amounts paid during the year
Fixed compensation	€800,000	€800,000	€840,000	€840,000
Annual variable compensation	€1,072,671	€1,002,222	€1,000,723	€1,072,671
Multi-year variable compensation	N/A	N/A	N/A	N/A
Exceptional compensation	N/A	N/A	N/A	N/A
Directors' compensation	N/A	N/A	N/A	N/A
Benefits-in-kind[1]	€24,091.15	€24,091.15	€26,782.37	€26,782.37
Additional Payment provided for under a defined contribution supplementary pension plan	€135,373.56	€135,373.56	€229,512.96	€229,512.96
TOTAL	**€2,032,135.71**	**€1,961,686.71**	**€2,097,018.33**	**€2,168,966.33**

(1) *Company car and specific travel expenses.*

Summary table of performance shares granted during 2023 to the Chief Executive Officer (AMF/AFEP-MEDEF table no. 6)

	Plan no. and date	Number of shares granted	Value of shares	Vesting date	End of lock-up period	Performance conditions
Olivier Andriès	Board meeting of March 23, 2023	10,721	€1,007,988	March 24, 2026	March 25, 2027	All the shares are subject to the performance conditions described in section 6.6.5.2.1.

Performance shares granted to the Chief Executive Officer and which were delivered during 2023 (AMF/AFEP-MEDEF table no. 7)

	Plan no. and date	Total number of shares whose lock-up period ended
Olivier Andriès	Board meeting of March 27, 2019	1,007[(1)] For the determination of the achievement rate of the 2019 Long-Term Incentive Plan, see section 6.6.4.2.4 of the 2021 Universal Registration Document.

(1) Granted to Olivier Andriès, in his capacity as a salaried employee and member of the Executive Committee, prior to his appointment as Chief Executive Officer.

Performance shares granted to the Chief Executive Officer for which the lock-up period ended since January 1, 2024

	Plan no. and date	Total number of shares whose lock-up period ended
Olivier Andriès	Board meeting of March 26, 2020	0[(1)] The conditions (lowest achievement level, target achievement level, highest achievement level) of the 2020 Long-Term Incentive Plan are presented in section 6.6.4.2 of the 2020 Universal Registration Document.

(1) 5,900 performance shares were granted to Olivier Andriès in his capacity as a salaried employee and member of the Executive Committee, prior to his appointment as Chief Executive Officer.
At its meeting on March 23, 2023, on the recommendation of the Appointments and Compensation Committee, the Board of Directors placed on record that the overall achievement rate for all of the plan's performance conditions was 0 for the Chief Executive Officer and Executive Committee members and 0 for the other beneficiaries.
The achievement levels for the performance conditions for the various categories of beneficiaries are detailed in section 6.6.5.2.4 of the 2022 Universal Registration Document.

Summary table of performance shares granted to the Chief Executive Officer (still in vesting period at December 31, 2023) (AMF/AFEP-MEDEF table no. 10)

Grantee	Plan no. and date	Total number of shares granted (currently in the vesting period)
Olivier Andriès	Board meeting of March 24, 2021	14,466
	Board meeting of March 24, 2022	14,334
	Board meeting of March 23, 2023	**10,721**
TOTAL		**39,521**

Summary table of stock options granted in 2023 to the Chief Executive Officer (AMF/AFEP-MEDEF table no. 4)

None.

Summary table of stock options exercised in 2023 by the Chief Executive Officer

None.

Summary table of employment contracts, supplementary pension plans and termination benefits of the Chairman of the Board of Directors and the Chief Executive Officer (AMF/AFEP-MEDEF table no. 11)

Name	Position	Employment contract	Supplementary pension plan	Indemnities or benefits payable for termination of office, change in duties, or non-compete agreements
Ross McInnes	Chairman of the Board of Directors	No(1)	Yes(3)	No(4)
Olivier Andriès	Chief Executive Officer	Yes, suspended(2)	Yes(3)	No(4)

(1) *Employment contract suspended from April 21, 2011 until May 23, 2019 and terminated on May 23, 2019, when the Chairman's term of office was renewed (see section 6.6.2.1.i).*

(2) *Employment contract suspended since January 1, 2021, the date on which he took up office as Chief Executive Officer (see sections 6.6.2.2.l and 6.4).*

(3) *No specific pension plans have been set up for the Chairman of the Board of Directors or the Chief Executive Officer. The Chairman and the Chief Executive Officer are beneficiaries under the Article 82 and PERO defined contribution supplementary pension plans set up for the Group's managerial-grade staff, subject to the same terms and conditions as the other plan members. They remain potential beneficiaries of the defined benefit supplementary pension plan (Article 39 plan) which has now been closed and whose benefit entitlements were frozen at December 31, 2016 (see sections 6.6.2.1.g and 6.6.2.2.i).*

(4) *See sections 6.6.2.1.j, 6.6.2.2.k and 6.6.2.2.l.*

6.6.3.4 Pay ratios between the level of compensation of the Chairman and the Chief Executive Officer and the average and median compensation of Safran's employees

Compensation multiples (ratios between the compensation of the Chairman and the Chief Executive Officer and the average and median compensation of Safran's employees) and annual changes in compensation and Safran's performance as shown below.

This information forms part of the disclosure requirements of Article L.22-10-9 I of the French Commercial Code and, pursuant to Article L.22-10-34 of said Code, will be included in the overall say-on-pay resolution put to the shareholders' vote at the 2024 Annual General Meeting.

The Company has based its pay ratio reporting methods on the provisions of Article L.22-10-9 I of the French Commercial Code and on AFEP guidelines as updated in February 2021.

Calculation method and scope

The multiples shown have been calculated based on the following compensation and benefits paid or awarded: fixed compensation, annual variable compensation, the Additional Payment under the Article 82 defined contribution plan (see section 6.6.2.1.g), Directors' compensation, employee share ownership and long-term incentive plans (in the form of free performance share grants).

All of these compensation components refer to amounts paid during 2023, apart from the long-term incentive compensation which is valued at the grant date (corresponding to the grant-date fair value), for the years 2019 to 2023.

The compensation components included in the calculations are based on gross amounts, i.e., excluding employer contributions.

For any given year Y, only those employees who were continuously present are taken into account for the calculation, i.e., those who were with the Group for the whole of years Y-1 and Y.

In accordance with the applicable regulations, the scope used for calculating these pay ratios corresponds to Safran SA (France), a listed company and head of the Safran Group (around 1,200 employees, representing 3% of the Group's headcount in France at December 31, 2023).

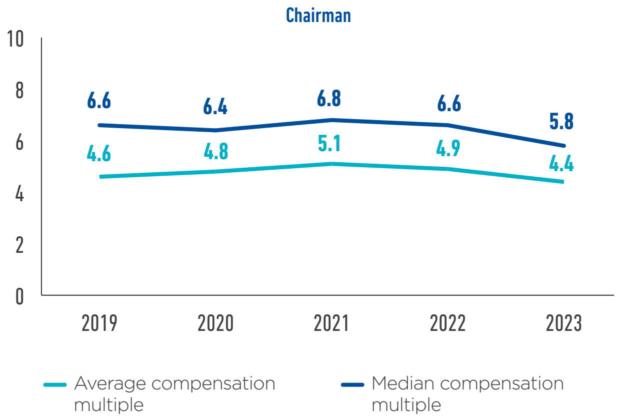
However, on a voluntary basis, the ratios have also been calculated for all Safran Group companies in France (representing, at December 31, 2023, an average of about 34,000 employees over the five-year period), as this scope is more representative, relevant and coherent, using comparable data for cost of living, compensation structure and the institutional framework.

Ratios for the Chairman of the Board of Directors

Details of the compensation and benefits of the Chairman of the Board of Directors for 2023 are set out in section 6.6.3.1.

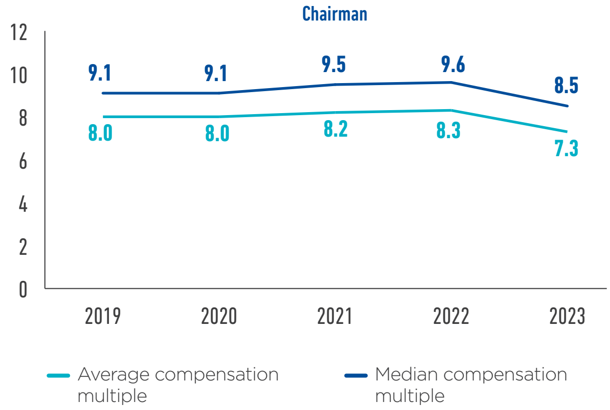
"Safran SA" scope

Compensation multiples for the past five years (Safran SA)



"Safran France" scope

Compensation multiples for the past five years (Safran France)



Observation:

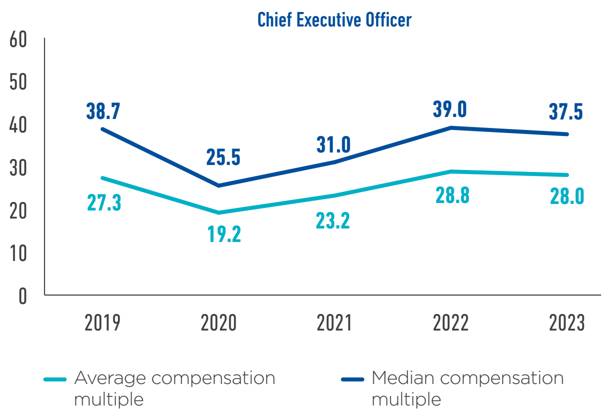
The amounts used are those received by or awarded to Ross McInnes in his capacity as Chairman.

Ratios for the Chief Executive Officer

Details of the compensation and benefits of the Chief Executive Officer for 2023 are set out in section 6.6.3.2.

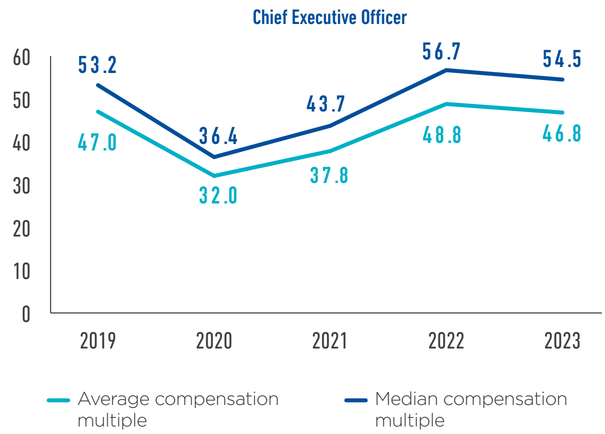
"Safran SA" scope

Compensation multiples for the past five years (Safran SA)



"Safran France" scope

Compensation multiples for the past five years (Safran France)



Observation:

The amounts used are those received or awarded solely in respect of the position of Chief Executive Officer in a given year, regardless of the person holding the office at the time.

The amounts paid or awarded in 2023 take into account:

- the fixed compensation paid to Olivier Andriès in 2023;
- the variable compensation for 2022 paid to Olivier Andriès in 2023;
- the shares granted to Olivier Andriès under the 2023 Long-Term Incentive Plan.

For 2020, Philippe Petitcolin was in the last year of his term of office as Chief Executive Officer and was not therefore granted any performance shares,

which explains the difference in the multiples between 2019 and 2020 (for both average and median compensation), and between 2020 and 2021.

Annual changes in compensation and Safran's performance

The following table presents year-on-year changes in the Group's performance and in paid and awarded compensation and benefits.

	2019	2020	2021	2022	2023
COMPENSATION RATIO TABLE FOR THE CHAIRMAN					
Year-on-year change (in %) in compensation	*-8%*	*0%*	*-9%*	*+9%*	*0%*
INFORMATION FOR THE "SAFRAN SA" SCOPE					
Year-on-year change (in %) in employees' average compensation	*+1%*	*-3%*	*-14%*	*+13%*	*+12%*
Year-on-year change (in %) in employees' median compensation	*+1%*	*+3%*	*-14%*	*+11%*	*+13%*
Ratio in relation to employees' average compensation	4.6	4.8	5.1	4.9	4.4
Year-on-year change (in %) in the ratio based on average compensation	*-9%*	*+3%*	*+5%*	*-4%*	*-10%*
Ratio in relation to employees' median compensation	6.6	6.4	6.8	6.6	5.8
Year-on-year change (in %) in the ratio based on median compensation	*-8%*	*-3%*	*+6%*	*-2%*	*-12%*
ADDITIONAL INFORMATION FOR THE "SAFRAN GROUP FRANCE" SCOPE					
Year-on-year change (in %) in employees' average compensation	*+3%*	*0%*	*-11%*	*+8%*	*+14%*
Year-on-year change (in %) in employees' median compensation	*+3%*	*0%*	*-13%*	*+8%*	*+13%*
Ratio in relation to employees' average compensation	8	8	8.2	8.3	7.3
Year-on-year change (in %) in the ratio based on average compensation	*-10%*	*0%*	*+3%*	*0%*	*-12%*
Ratio in relation to employees' median compensation	9.1	9.1	9.5	9.6	8.5
Year-on-year change (in %) in the ratio based on median compensation	*-10%*	*+1%*	*+4%*	*+1%*	*-11%*
PERFORMANCE OF SAFRAN					
Financial criterion: Adjusted profit attributable to owners of the parent					
Year-on-year change (in %)[1]	*+35%*	*-68%*	*-10%*	*+55%*	*+72%*

	2019	2020	2021	2022	2023
COMPENSATION RATIO TABLE FOR THE CHIEF EXECUTIVE OFFICER					
Year-on-year change (in %) in compensation	*+7%*	*-32%*	*+5%*	*+40%*	*+9%*
INFORMATION FOR THE "SAFRAN SA" SCOPE					
Year-on-year change (in %) in employees' average compensation	*+1%*	*-3%*	*-14%*	*+13%*	*+12%*
Year-on-year change (in %) in employees' median compensation	*+1%*	*+3%*	*-14%*	*+11%*	*+13%*
Ratio in relation to employees' average compensation	27.3	19.2	23.2	28.8	28.0
Year-on-year change (in %) in the ratio based on average compensation	*+5%*	*-30%*	*+21%*	*+24%*	*-3%*
Ratio in relation to employees' median compensation	38.7	25.5	31	39	37.5
Year-on-year change (in %) in the ratio based on median compensation	*+6%*	*-34%*	*+22%*	*+26%*	*-4%*
ADDITIONAL INFORMATION FOR THE "SAFRAN GROUP FRANCE" SCOPE					
Year-on-year change (in %) in employees' average compensation	*+3%*	*0%*	*-11%*	*+8%*	*+14%*
Year-on-year change (in %) in employees' median compensation	*+3%*	*0%*	*-13%*	*+8%*	*+13%*
Ratio in relation to employees' average compensation	47	32	37.8	48.8	46.8
Year-on-year change (in %) in the ratio based on average compensation	*+4%*	*-32%*	*+18%*	*+29%*	*-4%*
Ratio in relation to employees' median compensation	53.2	36.4	43.7	56.7	54.5
Year-on-year change (in %) in the ratio based on median compensation	*+4%*	*-32%*	*+20%*	*+30%*	*-4%*
PERFORMANCE OF SAFRAN					
Financial criterion: Adjusted profit attributable to owners of the parent					
Year-on-year change (in %)(1)	*+35%*	*-68%*	*-10%*	*+55%*	*+72%*

(1) Over the past five years, changes in the Group's profit have reflected a series of non-recurring events that make each year-on-year comparison atypical. These include the Covid-19 pandemic in 2020 and 2021, followed by a difficult macro-economic context when air traffic resumed in 2022 (supply chain constraints, inflation and cessation of activities in Russia). Recurring operating income rose steadily until 2019 before coming to a halt in 2020 due to the Covid-19 pandemic. The Covid-19 crisis severely disrupted the Group's businesses, with both original equipment and services impacted by the stark decline in air traffic and airline companies' financial difficulties.

The 68% decrease between 2019 and 2020 reflects both the impact of the Covid-19 pandemic on 2020 performance and the fact that the 2019 basis of comparison was particularly high.

6.6.4 Compensation of the members of the Board of Directors

Article 17 of Safran's bylaws provides for the payment of compensation to Directors for the duties they perform. The rules for allocating this compensation are set by the Board of Directors. These rules are included in the compensation policy for Directors which is put to an ex-ante shareholder vote each year at the Annual General Meeting.

The Board of Directors also sets the amount of fixed and variable compensation payable per meeting under the allocation rules. These amounts are provided for information purposes in the compensation policy for Directors.

The Directors' compensation policy for 2023 was approved at the May 25, 2023 Annual General Meeting and is set out in section 6.6.2.3 of the 2022 Universal Registration Document.

In accordance with this policy and the per-meeting amounts set by the Board, at its meeting on February 14, 2024 the Board decided the individual allocations for 2023, as shown in the table below.

6.6.4.1 Summary table of compensation paid to the members of the Board of Directors (AMF/AFEP-MEDEF table no. 3)

	Amount of compensation				
	2022		2023		
	Gross amount	Net amount paid in 2023[1]	Gross amount	Net amount paid in 2024[1]	% variable compensation[5]
NON-EXECUTIVE DIRECTORS (EXCLUDING THE REPRESENTATIVE OF THE FRENCH STATE AND THE DIRECTOR PUT FORWARD BY THE FRENCH STATE)					
Anne Aubert[2]	51,000.00	42,228.00	58,800.00	48,686.40	80.36%
Marc Aubry[2]	81,000.00	67,068.00	95,550.00	79,115.40	87.91%
Hélène Auriol Potier	86,000.00	60,200.00	95,550.00	66,885.00	87.91%
Patricia Bellinger	83,500.00	72,812.00	75,075.00	65,465.40	84.62%
Fabrice Brégier (Director since May 25, 2023)	-	-	37,275.00	26,092.50	84.51%
Hervé Chaillou (Director until November 19, 2023)[2]	61,000.00	50,508.00	73,395.00	60,771.06	85.84%
Jean-Lou Chameau (Director until May 25, 2023)	76,000.00	53,200.00	53,025.00	37,117.50	89.11%
Monique Cohen	96,000.00	67,200.00	92,400.00	64,680.00	87.50%
Christèle Debarenne-Fievet (Director since December 19, 2022)	-	-	79,800.00	66,074.40	85.53%
Didier Domange (Director until May 25, 2022)	35,500.00	24,850.00	-	-	-
Laurent Guillot	115,000.00	80,500.00	130,000.00	91,000.00	92.88%
Ivan Hardouin (Director since November 20, 2023)[2]	-	-	6,405.00	5,303.34	81.97%
Fabienne Lecorvaisier	66,000.00	46,200.00	90,300.00	63,210.00	87.21%
Daniel Mazaltarim[2] (Director until December 19, 2022)	56,000.00	46,368.00	-	-	-
Patrick Pélata	94,000.00	65,800.00	108,150.00	75,705.00	89.32%
Robert Peugeot (Director, in an individual capacity, replacing F&P since December 19, 2022)	81,000.00	81,000.00	90,300.00	63,210.00	87.21%
Sophie Zurquiyah (Director until February 28, 2023)	81,000.00	56,700.00	11,655.00	8,158.50	90.09%
Total compensation paid to non-executive Directors excluding the representative of the French State and the Director put forward by the French State	**1,063,000.00**	**814,634**	**1,097,680.00**	**821,474.50**	**87.47%**
Stéphanie Besnier (until February 17, 2023)[3]	91,000.00	91,000.00	16,905.00	16,905.00	93.17%
Céline Fornaro (from February 17, 2023)[3]	-	-	94,395.00	94,395.00	88.99%
Vincent Imbert (until July 27, 2022)[4]	36,875.00	36,875.00	-	-	-
Alexandre Lahousse (from July 27, 2022)[4]	19,125.00	19,125.00	74,550.00	74,550.00	84.51%
Total compensation paid to the representative of the French State and to the Director put forward by the French State	**147,000.00**	**147,000.00**	**185,850.00**	**185,850.00**	**87.57%**
Total compensation paid to non-executive Directors	**1,210,000.00**	**961,634.00**	**1,283,530.00**	**1,007,324.50**	**87.49%**
CHAIRMAN AND CHIEF EXECUTIVE OFFICER					
Ross McInnes	-	-	-	-	-
Olivier Andriès	-	-	-	-	-
Total compensation paid to the Chairman and the Chief Executive Officer	**-**	**-**	**-**	**-**	**-**
TOTAL COMPENSATION PAID TO MEMBERS OF THE BOARD OF DIRECTORS	**1,210,000.00**	**961,634.00**	**1,283,530.00**	**1,007,324.50**	**87.49%**

(1) After deducting (i) 17.2% for social security contributions and the 12.8% tax payment on account applicable for individuals domiciled in France for tax purposes, and (ii) the 12.8% tax payment on account for the Director domiciled in the United States for tax purposes.
(2) As the Directors representing employees and the Directors representing employee shareholders requested that their compensation be paid over to their trade union, these amounts were exempt from tax.
(3) Director representing the French State.
(4) Director put forward by the French State.
(5) Calculated based on the gross amounts awarded for 2023.

6.6.4.2 Compensation in 2023 of Directors representing employee shareholders and Directors representing employees

Anne Aubert, who has been a Director representing employee shareholders since May 28, 2020, received €106,448 in gross annual compensation (fixed and variable) in 2023 under her employment contract with Safran Seats. She also received profit-sharing on the same basis and under the same terms and conditions as the other employees of the Group's companies. At December 31, 2023, the estimated theoretical amount[(1)] of the annuity that could be paid to Anne Aubert under the defined contribution supplementary pension plan of which she is a beneficiary (PERO – Core Plan) was €177.71.

Marc Aubry, who has been a Director representing employee shareholders since May 28, 2020, received €90,991.75 in gross annual compensation (fixed and variable) in 2023 under his employment contract with Safran Aircraft Engines. He also received profit-sharing on the same basis and under the same terms and conditions as the other employees of the Group's companies. At December 31, 2023, the estimated theoretical amount[(1)] of the annuity that could be paid to Daniel Mazaltarim under the defined contribution supplementary pension plan of which he is a beneficiary (PERO – Core Plan) was €2,259.59.

Hervé Chaillou, who was a Director representing employees until his term ended on November 19, 2023, received €52,290.25 in gross (fixed and annual variable) compensation in 2023 under his employment contract with Safran Aircraft Engines. He also received profit-sharing on the same basis and under the same terms and conditions as the other employees of the Group's companies. He is not a beneficiary of the Group's defined contribution supplementary pension plans (PERO).

Christèle Debarenne-Fievet, who has been a Director representing employees since December 19, 2022, received €78,140.31 in gross (fixed and variable) compensation in 2023 under her employment contract with Safran Aircraft Engines. She also received profit-sharing on the same basis and under the same terms and conditions as the other employees of the Group's companies. At December 31, 2022, the estimated theoretical amount[(1)] of the annuity that could be paid to Anne Aubert under the defined contribution supplementary pension plan of which she is a beneficiary (PERO – Core Plan) was €636.17.

Ivan Hardouin, who has been a Director representing employees since November 20, 2023, received €82,213.19 in gross (fixed and variable) compensation in 2023 under his employment contract with Safran Landing Systems. He also received profit-sharing on the same basis and under the same terms and conditions as the other employees of the Group's companies. At December 31, 2023, the estimated theoretical amount[(1)] of the annuity that could be paid to Daniel Mazaltarim under the defined contribution supplementary pension plan of which he is a beneficiary (PERO – Core Plan) was €958.25.

6.6.5 Long-term incentive plan

6.6.5.1 Stock options

No stock options were granted during 2023.

There are currently no stock options outstanding.

When the merger of Zodiac Aerospace into Safran was completed on December 1, 2018, Safran took over from Zodiac Aerospace with respect to all of the obligations resulting from the commitments given by Zodiac Aerospace to holders of Zodiac Aerospace stock options outstanding at the merger completion date. Consequently, the outstanding Zodiac Aerospace stock options are now exercisable for ordinary Safran shares, based on the exchange ratio used for the merger. The stock option plan in effect until February 12, 2023 (the only remaining stock option plan in effect during 2023) is described in section 7.3.7.3 of the 2022 Universal Registration Document. Neither the Chairman nor the Chief Executive Officer hold any of stock options under this plan.

6.6.5.2 Performance shares

Free performance share grants are a common method used by companies in order to strengthen the motivation and teamwork of beneficiaries and foster their loyalty, while at the same time aligning their interests with those of the Company and its shareholders.

Unchanged performance conditions

The same performance conditions were applied to the performance share plans from when the plans were first set up in 2016 up until 2022, when a CSR criterion was added.

Level of achievement of performance conditions for performance share plans

Despite the global health and economic crisis in 2020, no adjustments have been made to the plans' performance conditions, in line with the Company's policy of strictly adhering to the plans' terms and conditions.

(1) Calculated based on the assumption that the annuity would be received as from January 1, 2024, irrespective of the eligibility conditions.

Plan date	Vesting date	Level of achievement of plans for the Chief Executive Officer and Executive Committee members	Level of achievement of plans for the other beneficiaries
March 27, 2019	March 27, 2022	17.08%	19.52%
March 26, 2020	March 27, 2023	0%	0%
March 24, 2021	March 26, 2024	60.09%	68.67%

6.6.5.2.1 Performance share grants in 2023

In the 30th resolution of the May 26, 2021 Annual General Meeting, the Company's shareholders authorized the Board of Directors to grant performance shares to (i) employees or certain categories of employees of the Company and/or of other entities in the Group, and/or (ii) executive corporate officers of the Company and/or of other entities in the Group (excluding the Chairman of the Company's Board of Directors when the duties of Chairman of the Board and Chief Executive Officer are separated), provided said corporate officers are eligible for such grants under the applicable law.

The shareholders gave full powers to the Board of Directors to decide on the individual beneficiaries or categories of beneficiaries of the grants.

The total number of performance shares granted could not exceed 0.4% of the Company's capital as at the date on which the Board of Directors decides to make the share grants (main ceiling), or two-thirds of this percentage in any given fiscal year (sub-ceiling).

In addition, it was specified that, for each grant of performance shares, the maximum number of shares granted to each of the Company's corporate officers could not exceed 5% of the total number of shares making up the grant (representing a sub-ceiling of 0.01% of the Company's capital per corporate officer per fiscal year).

Acting on the recommendation of the Appointments and Compensation Committee, at its March 23, 2023 meeting, the Board of Directors decided to grant 799,866 performance shares to certain Group managers and senior executives under the 2023 Long-Term Incentive Plan, which is designed to recognize contributions to the Group's operating performance and the creation of shareholder value, as measured over a period of several years.

The shares granted could either be new shares or existing shares previously bought back by the Company.

The grants decided by the Board of Directors have the following characteristics and conditions:

Conditions

The vesting of all of the free shares is subject to the achievement of internal and external performance conditions, which are similar for all beneficiaries and are assessed over three full consecutive fiscal years, including 2023 – the year when the performance shares were granted. Beneficiaries of the grants are also subject to a continuing service condition within the Group.

Standard internal conditions applying to all beneficiaries:

These standard internal performance conditions count for at least 70% of the total for all beneficiaries and are based on the Group's financial and economic performance as well as its non-financial performance.

Financial and economic performance

The two financial and economic performance conditions are based on:

- ROI (adjusted recurring operating income, as defined in section 2.1.2);
- FCF (free cash flow, as defined in section 2.2.3),

each counting for half of the weighting assigned to these two conditions.

The achievement levels for these conditions will be measured based on comparisons with each reference target approved by the Board of Directors prior to the grant date (the "Reference Target") as described below. The following levels have been set:

- lowest achievement level: if 80% of the Reference Target is achieved, 40% of the shares contingent on that target will vest;
- target achievement level: if 100% of the Reference Target is achieved, 80% of the shares contingent on that target will vest;
- highest achievement level (cap): if 125% of the Reference Target is achieved, 100% of the shares contingent on that target will vest;
- between the target level and the highest achievement level, the number of shares that will vest will vary in linear fashion. Below the lowest achievement level, none of the shares contingent on the non-financial performance condition concerned will vest.

Based on the Group's medium-term plan (MTP), the Reference Target set by the Board of Directors for this grant is the average of the ROI and FCF targets set in (i) the budget contained in the MTP for the fiscal year in which the grant took place (2023) and (ii) the MTP for the following two fiscal years (2024 and 2025).

The performance criteria will be measured by comparing results against a same-scope reference base. If an entity is deconsolidated, the reference bases used for past grants will be adjusted to exclude the amounts related to the deconsolidated entity for the years concerned. For the first performance share grant after a new entity has been consolidated, additional performance conditions may be added. Past grants would continue to be measured, whenever possible, based on the previous scope of consolidation (i.e., not including the newly-consolidated entity).

Non-financial performance

The overall weighting of the non-financial performance conditions is 20% for the 2023 Long-Term Incentive Plan. There are three conditions, concerning (i) an environment and climate objective (reducing Scopes 1 & 2 CO_2 emissions compared with 2018, for 10%); (ii) a gender equality objective (increasing the proportion of women among Safran's senior executives, for 5%) and (iii) a safety objective (maintaining the frequency rate of lost-time accidents at the same level, for 5%).

The purpose, weightings, terms and conditions, references and parameters of the conditions are as follows:

- The first "environment and climate" condition concerns the reduction of the Group's Scope 1 and 2 CO_2 emissions[1].

  The target is to achieve a 30% reduction compared with 2018 emissions (the reference year) at the end of the three-year performance period[2]. This condition counts for 10% of the overall conditions.

  The achievement rate[3] for this condition will be measured based on comparisons with the reference (2018 emissions – Scopes 1 & 2), with the following levels set:

  - lowest achievement level: if emissions are reduced by 28% compared to the reference, 40% of the shares contingent on this condition will vest,
  - target achievement level: if emissions are reduced by 30% compared to the reference, 80% of the shares contingent on this condition will vest,
  - highest achievement level (cap): if emissions are reduced by 31% compared to the reference, 100% of the shares contingent on this condition will vest,
  - between the target level and the highest achievement level, the number of shares that will vest will vary in linear fashion.

  Below the lowest achievement level, none of the shares contingent on the non-financial performance condition concerned will vest.

- The second condition relating to "gender equality" concerns the increase in the proportion of women among the Group's senior managers[4].

  The target is to increase the proportion to 22% by the end of the three-year performance period, from 17.1% at the end of 2022. This condition counts for 5% of the overall conditions.

  The achievement rate[5] for this condition will be measured at December 31, 2025, with the following levels set:

  - target achievement level: if the proportion is increased to 22%, 80% of the shares contingent on this condition will vest.

    The target achievement level will also constitute the lowest achievement level. Below the target achievement level, none of the shares contingent on this condition will therefore vest,
  - highest achievement level (cap): if the proportion is increased to 23%, 100% of the shares contingent on this condition will vest,
  - between the target level and the highest achievement level, the number of shares that will vest will vary in linear fashion.

- The third condition relating to "safety" concerns the frequency rate of lost-time accidents at Group level[6].

  The target is to bring the rate to 2.0 at the end of the three-year performance period at the end of 2025 (compared to 2.1 at the end of 2022), amid the ramp-up in business. This condition counts for 5% of the overall conditions.

  The achievement rate[7] for this condition will be measured at December 31, 2025, with the following levels set:

  - lowest achievement level: if the frequency rate of lost-time accidents is 2.2, 40% of the shares contingent on this condition will vest,
  - target achievement level: if the frequency rate of lost-time accidents is maintained at 2.0, 80% of the shares contingent on this condition will vest,
  - highest achievement level (cap): if the frequency rate of lost-time accidents is reduced to 1.9, 100% of the shares contingent on this condition will vest,
  - between the target level and the highest achievement level, the number of shares that will vest will vary in linear fashion.

  Below the lowest achievement level, none of the shares contingent on the non-financial performance condition will vest.

External performance condition

The external performance condition counts for at least 10% of the total conditions. It is based on Safran's total shareholder return (TSR) as measured relative to a composite index allowing simultaneous comparison with the European market, the US market and the benchmark index for the French market.

This composite index is made up of:

- the STOXX® Europe TMI Aerospace & Defense Index (Stoxx A&D Net Return);
- the S&P Aerospace & Defense Industry Select index (S&P A&D);
- the CAC 40 index (CAC 40 Gross Return).

Each of these three indices counts for one-third of the composite index.

The following achievement levels have been set for this condition:

- lowest achievement level: if Safran's TSR is equal to that of the peer companies, 40% of the shares contingent on the external performance condition will vest;
- target achievement level: if Safran's TSR is 8 points higher than that of the peer companies, 80% of the shares contingent on the external performance condition will vest;
- highest achievement level (cap): if Safran's TSR is 12 points higher than that of the composite index, 100% of the shares contingent on the external performance condition will vest;
- between the lowest achievement level and the target level, and between the target level and the highest achievement level, the number of shares that will vest will vary in linear fashion. Below the lowest achievement level, none of the shares contingent on the non-financial performance condition will vest.

Vesting and lock-up periods

The shares granted are subject to a three-year vesting period as set by the Board of Directors.

In addition, the shares granted to the Chief Executive Officer and members of Safran's Executive Committee are subject to a lock-up period of at least one year following their vesting date.

As stipulated in the Board of Directors' Internal Rules, the Chief Executive Officer is required to hold in registered form a proportion of his vested shares, as set by the Board of Directors, until his term of office as Chief Executive Officer ends.

(1) Scope 1: direct greenhouse gas emissions linked to the combustion of energy sources such as gas, liquefied petroleum gas and aviation fuel as well as refrigerant emissions during the production phases at Safran sites. Scope 2: indirect emissions linked to the consumption of energy, electrical power or heating/cooling at Safran sites.
(2) The achievement rate will be measured between September 30, 2024 and September 30, 2025.
(3) The rate is measured to two decimal places and rounded mathematically to the nearest hundredth.
(4) Senior manager: Group employee whose position is classified as such in the corresponding categories ("bands") of Safran's directory of positions (including positions on the Group Executive Committee).
(5) The rate is measured to two decimal places and rounded mathematically to the nearest hundredth.
(6) Number of accidents per million hours worked.
(7) The rate will be measured to two decimal places and rounded mathematically to the nearest hundredth.

In addition, each beneficiary has given a formal undertaking not to hedge the risks related to the shares granted to them until those shares become freely transferable (i.e., at the end of either the vesting period or the lock-up period set by the Board of Directors, depending on the beneficiary concerned).

Performance share grants to Olivier Andriès, Chief Executive Officer

Under the 2023 Long-Term Incentive Plan, 10,721 shares were granted to the Chief Executive Officer, Olivier Andriès (see section 6.6.3.2.c).

6.6.5.2.2 Performance share grants in 2024

In the 27th resolution of the May 25, 2023 Annual General Meeting, the Company's shareholders authorized the Board of Directors to grant performance shares to (i) employees or certain categories of employees of the Company and/or of other entities in the Group, and/or (ii) executive corporate officers of the Company and/or of other entities in the Group (excluding the Chairman of the Company's Board of Directors when the duties of Chairman of the Board and Chief Executive Officer are separated), provided said corporate officers are eligible for such grants under the applicable law.

The shareholders gave full powers to the Board of Directors to decide on the individual beneficiaries or categories of beneficiaries of the grants.

The total number of performance shares granted could not exceed 0.4% of the Company's capital as at the date on which the Board of Directors decides to make the share grants (main ceiling), or two-thirds of this percentage in any given fiscal year (sub-ceiling).

In addition, it was specified that, for each grant of performance shares, the maximum number of shares granted to each of the Company's corporate officers could not exceed 5% of the total number of shares making up the grant (representing a sub-ceiling of 0.01% of the Company's capital per corporate officer per fiscal year).

Acting on the recommendation of the Appointments and Compensation Committee, at its March 21, 2024 meeting, the Board of Directors decided to grant 435,388 performance shares to certain Group managers and senior executives under the 2024 Long-Term Incentive Plan, which is designed to recognize their contributions to the Group's operating performance and the creation of shareholder value, as measured over a period of several years.

The shares granted could either be new shares or existing shares previously bought back by the Company.

The grants decided by the Board of Directors have the following characteristics and conditions:

Conditions

The vesting of all of the free shares is subject to the achievement of internal and external performance conditions, which are similar for all beneficiaries and are assessed over three full consecutive fiscal years, including 2024 – the year when the performance shares were granted. Beneficiaries of the grants are also subject to a continuing service condition within the Group.

Standard internal conditions applying to all beneficiaries:

These standard internal performance conditions count for at least 70% of the total for all beneficiaries and are based on the Group's financial and economic performance as well as its non-financial performance.

Financial and economic performance

The financial and economic performance conditions count for at least 50% and are based equally on ROI and FCF.

Based on the Group's medium-term plan (MTP), the Reference Target set by the Board of Directors for this grant is the average of the ROI and FCF targets set in (i) the budget contained in the MTP for the fiscal year in which the grant took place (2024) and (ii) the MTP for the following two fiscal years (2025 and 2026).

Performance (lowest achievement level, target achievement level, highest achievement level) will be measured in the same way and according to the same parameters as the 2023 grant (see section 6.6.5.2.1).

Non-financial performance

The overall weighting of the non-financial performance conditions is 20% for the 2024 Long-Term Incentive Plan. There are three conditions, concerning (i) an environment and climate objective (reducing Scopes 1 & 2 CO_2 emissions compared with 2018, for 10%); (ii) a gender equality objective (increasing the proportion of women among Safran's senior executives, for 5%) and (iii) a safety objective (maintaining the frequency rate of lost-time accidents at the same level, for 5%).

The purpose, weightings, terms and conditions, references and parameters of the conditions are as follows:

- The first "environment and climate" condition concerns the reduction of the Group's Scope 1 and 2 CO_2 emissions(1).

  The target is to achieve a 34% reduction compared with 2018 emissions (the reference year) at the end of the three-year performance period(2). This condition counts for 10% of the overall conditions.

  The achievement rate(3) for this condition will be measured based on comparisons with the reference (2018 emissions – Scopes 1 & 2), with the following levels set:

  - lowest achievement level: if emissions are reduced by 32% compared to the reference, 40% of the shares contingent on this condition will vest,
  - target achievement level: if emissions are reduced by 34% compared to the reference, 80% of the shares contingent on this condition will vest,
  - highest achievement level (cap): if emissions are reduced by 35% compared to the reference, 100% of the shares contingent on this condition will vest,
  - between the target level and the highest achievement level, the number of shares that will vest will vary in linear fashion.

  Below the lowest achievement level, none of the shares contingent on the non-financial performance condition concerned will vest.

(1) *Scope 1: direct greenhouse gas emissions linked to the combustion of energy sources such as gas, liquefied petroleum gas and aviation fuel as well as refrigerant emissions during the production phases at Safran sites. Scope 2: indirect emissions linked to the consumption of energy, electrical power or heating/cooling at Safran sites.*
(2) *The achievement rate will be measured between September 30, 2025 and September 30, 2026.*
(3) *The rate is measured to two decimal places and rounded mathematically to the nearest hundredth.*

- The second condition relating to "gender equality" concerns the increase in the proportion of women among the Group's senior managers[1].

  The target is to increase the proportion to 24% by the end of the three-year performance period, from 19.5% at the end of 2023. This condition counts for 5% of the overall conditions.

  The achievement rate[2] for this condition will be measured at December 31, 2026, with the following levels set:

  - target achievement level: if the proportion is increased to 24%, 80% of the shares contingent on this condition will vest.

    The target achievement level will also constitute the lowest achievement level. Below the target achievement level, none of the shares contingent on this condition will therefore vest;
  - highest achievement level (cap): if the proportion is increased to 25%, 100% of the shares contingent on this condition will vest;
  - between the target level and the highest achievement level, the number of shares that will vest will vary in linear fashion.
- The third condition relating to "safety" concerns the frequency rate of lost-time accidents at Group level[3].

  The target is to bring the rate to 2.0 at the end of the three-year performance period at the end of 2026 (compared to 2.0 at the end of 2023), amid the ramp-up in business. This condition counts for 5% of the overall conditions.

  The achievement rate[4] for this condition will be measured at December 31, 2026, with the following levels set:

  - lowest achievement level: if the frequency rate of lost-time accidents is 2.2, 40% of the shares contingent on this condition will vest,
  - target achievement level: if the frequency rate of lost-time accidents is maintained at 2.0, 80% of the shares contingent on this condition will vest,
  - highest achievement level (cap): if the frequency rate of lost-time accidents is reduced to 1.9, 100% of the shares contingent on this condition will vest,
  - between the target level and the highest achievement level, the number of shares that will vest will vary in linear fashion.

  Below the lowest achievement level, none of the shares contingent on the non-financial performance condition will vest.

External performance condition

The external performance condition counts for at least 10% of the total conditions. It is based on Safran's total shareholder return (TSR) as measured relative to a composite index allowing simultaneous comparison with the European market, the US market and the benchmark index for the French market.

The composite index for the 2024 grant is the same as that used for the 2023 grant and the performance achievement levels set for this condition are identical to those for the 2023 grant (see section 6.6.5.2.1).

Vesting and lock-up periods

The shares granted are subject to a three-year vesting period as set by the Board of Directors.

In addition, the shares granted to the Chief Executive Officer and members of Safran's Executive Committee are subject to a lock-up period of at least one year following their vesting date.

As stipulated in the Board of Directors' Internal Rules, the Chief Executive Officer is required to hold in registered form a proportion of his vested shares, as set by the Board of Directors, until his term of office as Chief Executive Officer ends.

In addition, each beneficiary has given a formal undertaking not to hedge the risks related to the shares granted to them until those shares become freely transferable (i.e., at the end of either the vesting period or the lock-up period set by the Board of Directors, depending on the beneficiary concerned).

Performance share grants to Olivier Andriès, Chief Executive Officer

Under the 2024 Long-Term Incentive Plan, 7,675 shares were granted to the Chief Executive Officer, Olivier Andriès (see section 6.6.2.2.d).

(1) Senior manager: Group employee whose position is classified as such in the corresponding categories ("bands") of Safran's directory of positions (including positions on the Group Executive Committee).
(2) The rate is measured to two decimal places and rounded mathematically to the nearest hundredth.
(3) Number of accidents per million hours worked.
(4) The rate is measured to two decimal places and rounded mathematically to the nearest hundredth.

6.6.5.2.3 Summary table of performance share plans at December 31, 2023 (AMF/AFEP-MEDEF table no. 10)

	2017 Plan – March 23, 2017	2018 Plan – July 24, 2018	2019 Plan – March 27, 2019	2020 Plan – March 26, 2020	2021 Plan – March 24, 2021	2022 Plan – March 24, 2022	2023 Plan – March 23, 2023
Shareholder authorization	May 19, 2016	May 25, 2018	May 25, 2018	May 23, 2019	May 23, 2019	May 26, 2021	May 26, 2021
Grant date by the Board of Directors	March 23, 2017	July 24, 2018	March 27, 2019	March 26, 2020	March 24, 2021	March 24, 2022	March 23, 2023
Number of performance shares granted	567,747	574,712	732,130	759,360	733,640	784,171	799,866
■ Of which to corporate officers (in office at the grant date)	27,165	13,600	13,350	0	14,466	14,334	10,721
■ Of which to Olivier Andriès, Chief Executive Officer in office since January 1, 2021	5,898(1)	5,900(1)	5,900(1)	5,900(1)	14,466	14,334	10,721
■ Of which to the ten employees (non-corporate officers) who received the most shares	58,980	61,713	57,200	59,000	58,886	59,000	52,048
Number of beneficiaries at the grant date	430	440	589	797	764	969	1,127
Vesting date	March 25, 2020	July 26, 2021	March 29, 2022	March 24, 2023	March 25, 2024	March 25, 2025	March 24, 2026
■ Availability date	March 25, 2020	July 26, 2021	March 29, 2022	March 27, 2023	March 26, 2024	March 26, 2025	March 25, 2026
■ Availability date for the Chief Executive Officer (end of lock-up period)	March 26, 2021	July 27, 2022	March 30, 2023	March 26, 2024	March 27, 2025	March 26, 2026	March 25, 2027
■ Availability date for other Executive Committee members	March 26, 2021	July 27, 2022(2)	March 30, 2023(2)	March 26, 2024(2)	March 27, 2025	March 26, 2026	March 25, 2027
Performance conditions	See section 6.6.4.2 of the 2017 Universal Registration Document(3)	See section 6.6.4.2 of the 2018 Universal Registration Document(4)	See section 6.6.2.2 of the 2019 Universal Registration Document(5)	See sections 6.6.2.2 and 6.6.4.2 of the 2020 Universal Registration Document(6)	See sections 6.6.2.2.d and 6.6.4.2.1 of the 2021 Universal Registration Document(7)	See sections 6.6.2.2.d and 6.6.5.2.1 of the 2022 Universal Registration Document(7)	See sections 6.6.2.2.d and 6.6.5.2.1 of this Universal Registration Document(7)
Total number of shares canceled or forfeited	58,231	83,755	615,671	757,200(8)	70,364	19,929	6,600
Number of performance shares vested at December 31, 2023	509,516	490,957	116,459	2,160(9)	2,080(9)	1,920(9)	0
Number of performance shares outstanding at December 31, 2023	0	0	0	0	661,196	762,322	793,266

(1) Granted to Olivier Andriès before he was appointed Chief Executive Officer.

(2) Date on which the shares became available to Olivier Andriès, member of the Executive Committee, Chief Executive Officer since January 1, 2021.

(3) Two internal conditions (ROI and FCF, together counting for 70% of the total vested shares) and one external condition (counting for 30%) based on Safran's TSR performance compared with a panel of peer companies operating in the same business sectors as Safran. These peer companies are: Airbus, BAE Systems, MTU AeroEngines, Rolls Royce, Thales, Boeing, Leonardo SPA, Meggitt, Spirit Aerospace and Esterline (until it was delisted).

(4) As well as the standard internal performance conditions (ROI and FCF, counting for 45%, 70% or 80% of the total vested shares depending on the beneficiary), additional performance conditions have been added, applicable to a certain category of beneficiaries involved in integrating Zodiac Aerospace (including the Chief Executive Officer). These additional conditions count for 25%, reducing the weighting of the standard conditions to 45%. The external condition (counting for 30% or 20% of the total vested shares depending on the beneficiary) is based on Safran's TSR compared with that of a composite index comprising three indices (each counting for one-third): STOXX® Europe TMI Aerospace & Defense (Stoxx A&D Net Return), S&P Aerospace & Defense Industry Select (S&P A&D) and CAC 40 (CAC 40 Gross Return).

(5) Two internal conditions (ROI and FCF, together counting for 70% or 80% of the total vested shares depending on the beneficiary) and one external condition (counting for 30% or 20% depending on the beneficiary) based on Safran's TSR compared with a composite index comprising three indices (each counting for one third): STOXX® Europe TMI Aerospace & Defense (Stoxx A&D Net Return), S&P Aerospace & Defense Industry Select (S&P A&D) and CAC 40 (CAC 40 Gross Return).

(6) Two internal conditions (ROI and FCF, together counting for 70% or 80% of the total vested shares depending on the beneficiary) and one external condition (counting for 30% or 20% depending on the beneficiary) based on Safran's TSR compared with a composite index comprising three indices (each counting for one third): STOXX® Europe TMI Aerospace & Defense (Stoxx A&D Net Return), S&P Aerospace & Defense Industry Select (S&P A&D) and CAC 40 (CAC 40 Gross Return).

(7) Internal conditions (ROI, FCF, and objectives based on the environment and climate, gender equality and safety, together counting for at least 70% of the total vested shares) and one external condition (counting for between 10% and 30% depending on the beneficiary) based on Safran's TSR compared with a composite index comprising three indices (each counting for one third): STOXX® Europe TMI Aerospace & Defense (Stoxx A&D Net Return), S&P Aerospace & Defense Industry Select (S&P A&D) and CAC 40 (CAC 40 Gross Return).

(8) As indicated in section 6.6.5.2.4 of the 2022 Universal Registration Document, at its meeting of March 23, 2023, the Board of Directors noted that the performance conditions attached to the 2020 Long-Term Incentive Plan had not been met. No shares were delivered to the beneficiaries under this plan, including the Chief Executive Officer (apart from to the heirs of employees who passed away during the vesting period).

(9) Shares delivered to the heirs of employees who passed away during the vesting period.

6.6.5.2.4 2021 Long-Term Incentive Plan – Determination of the achievement rate at the end of the performance measurement period

At its meeting on March 24, 2021, the Board of Directors decided to award 14,466 performance shares to Olivier Andriès under the 2021 Long-Term Incentive Plan.

The number of performance shares to be delivered at the end of the three-year vesting period depended on the extent to which internal (ROI and FCF) and external (TSR) performance conditions were met over the 2021-2023 period.

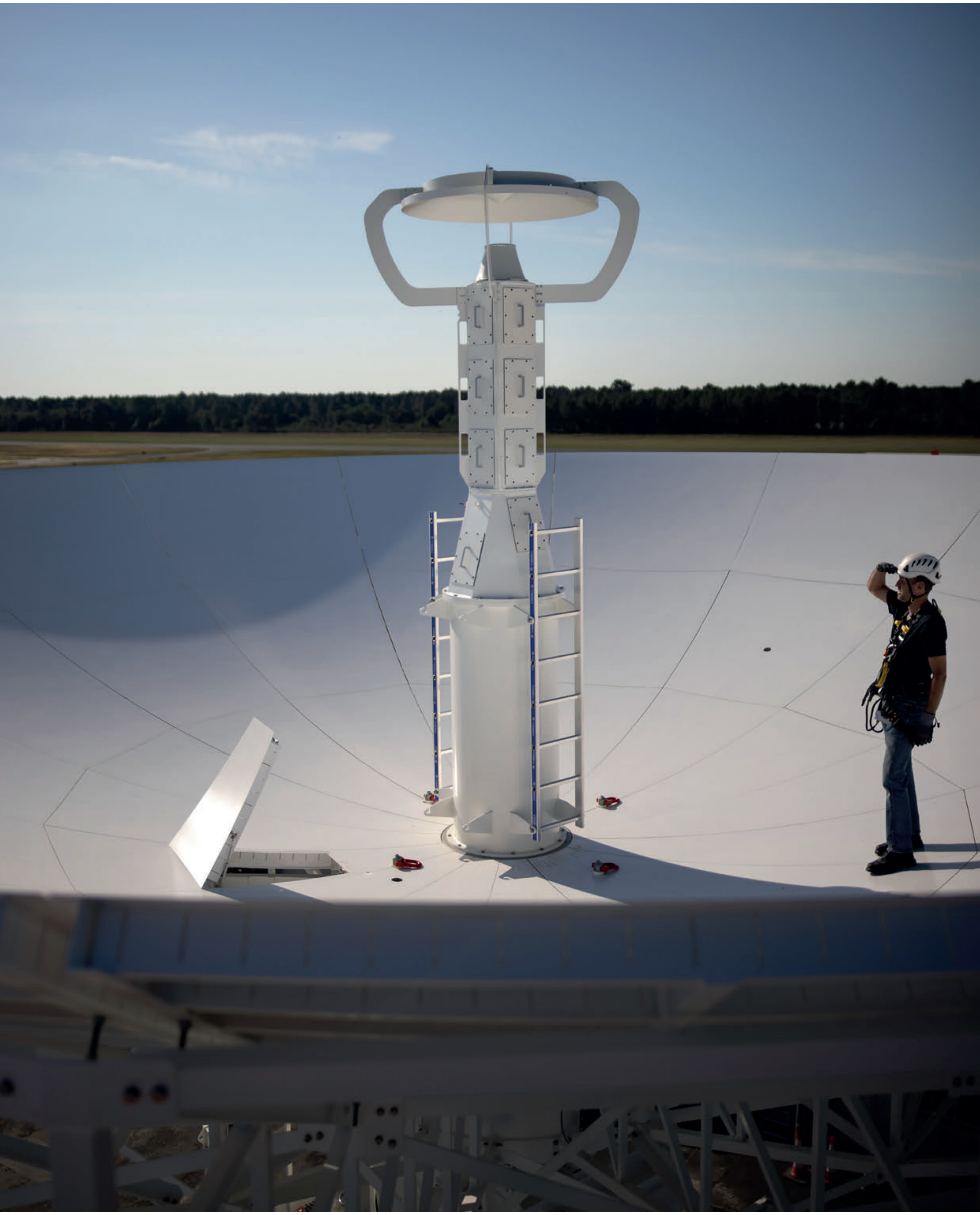
At its meeting on March 21, 2024, on the recommendation of the Appointments and Compensation Committee, the Board of Directors noted that the overall achievement rate for all of the Plan's performance conditions was 60.09% for the Chief Executive Officer and Executive Committee members and 68.67% for the other beneficiaries, corresponding to:

- recurring operating income (ROI) (35% weighting for the Chief Executive Officer and Executive Committee members and 40% for the other beneficiaries): 97.4% achievement, representing a vesting rate of 74.8% for the shares contingent on this condition;
- free cash flow (FCF) (35% weighting for the Chief Executive Officer and Executive Committee members and 40% for the other beneficiaries): 121.1% achievement, representing a vesting rate of 96.9% for the shares contingent on this condition;
- Safran's total shareholder return (TSR) (30% weighting for the Chief Executive Officer and Executive Committee members and 20% for the other beneficiaries): 7.9 points lower than that of the peer companies, meaning that none of the shares contingent on this condition will vest.

Consequently, an aggregate 437,808 shares vested and will be delivered to the beneficiaries of the 2021 Plan, including 8,692 to Olivier Andriès, the Chief Executive Officer.

6.6.5.2.5 Potential dilutive impact of securities carrying rights to shares of the Company

Based on the Company's share capital comprising 427,260,541 shares at December 31, 2023, if shares were to be issued for all of the rights to performance shares granted to the Chief Executive Officer and not yet vested, i.e., a total of 32,730 shares (14,334 shares under the 2022 Long-Term Incentive Plan, 10,721 shares under the 2023 Long-Term Incentive Plan and 7,675 shares under the 2024 Long-Term Incentive Plan), this would result in a maximum potential dilution of the Company's share capital of 0.008%.



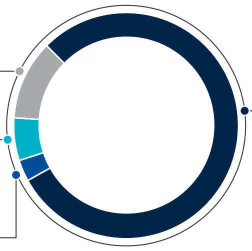
Access to the tri-band S/X/Ka source of an ORION1300 antenna

7 INFORMATION ABOUT THE COMPANY, THE CAPITAL AND SHARE OWNERSHIP

FOREWORD

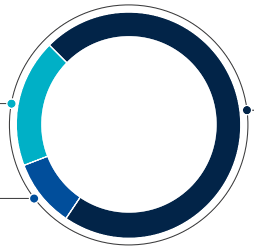
At December 31, 2023, Safran's share capital amounted to €85,452,108.20, comprising 427,260,541 fully paid-up shares, all of the same class, with a par value of €0.20 each.

Breakdown of share capital at December 31, 2023*



* *Based on the 427,260,541 shares making up the Company's capital at December 31, 2023.*

Breakdown of exercisable voting rights at December 31, 2023*



* *On the basis of 427,260,541 shares making up the Company's capital and 527,965,224 exercisable voting rights at December 31, 2023.*

Safran share price

Main stock market data over three years	2021	2022	2023
NUMBER OF SHARES AT DECEMBER 31	**427,242,440**	**427,245,970**	**427,260,541**
SAFRAN SHARE PRICE *(in €)*			
High	127.70	120.10	168.80
Low	96.20	87.90	116.60
Closing	107.66	116.92	159.46
MARKET CAPITALIZATION AT DECEMBER 31 *(in € millions)*	**45,997**	**49,954**	**68,131**

7.1 GENERAL INFORMATION AND BYLAWS

7.1.1 General information

Corporate name

Safran

Registered office

2, boulevard du Général-Martial-Valin, 75015 Paris – France.

Tel.: +33 (0)1 40 60 80 80

Legal form

Safran is a French *société anonyme* (joint-stock corporation).

Registration

The Company is registered with the Paris Trade and Companies Registry under number 562 082 909.

Its legal entity identifier (LEI) is 969500UIC89GT3UL7L24.

Fiscal year

The fiscal year begins on January 1 and ends on December 31.

Incorporation date and term

The Company was incorporated on August 16, 1924.

The Company's term, which was initially set at 99 years from the date of registration with the Trade and Companies Registry, i.e., expiring on August 28, 2023, was extended by decision of the Extraordinary Shareholders' Meeting of May 25, 2022 (16th resolution) for a term of 99 years from the date of said Meeting, i.e., until May 24, 2121, unless said term is extended or the Company is wound up in advance.

Corporate purpose

Under Article 3 of the bylaws, the Company's purpose, in any and all countries, for its own account, on behalf of third parties, or directly or indirectly in conjunction with third parties, is to carry out research, design, development, testing, manufacturing, sales, maintenance and support operations for high-technology activities, and notably for:

- all aviation and aerospace activities for the civilian and military markets;
- all air, land and naval defense activities;
- and generally, to conduct any and all transactions of a commercial, industrial or financial nature or involving movable assets or real estate that relate directly or indirectly to the above corporate purpose or to anything incidental or conducive to the achievement of said corporate purpose.

7.1.2 Principal provisions of the bylaws

Article 6 regarding the Company's share capital was also updated during the year to reflect capital increases resulting from the exercise of stock options in 2023 (see section 7.3.7.3).

7.1.2.1 Board of Directors

Membership structure

Under the terms of Article 14 of the bylaws, the Company is administered by a Board of Directors with at least three and no more than 14 members, including, where applicable, a representative appointed by the French State and/or Directors put forward by the French State in accordance with Articles 4 and/or 6 of French government (order) 2014-948 of August 20, 2014 regarding the governance of companies in which the French State has a stake and regarding corporate actions involving these companies.

The maximum number of 14 Board members may be increased to allow for the inclusion of Directors representing employee shareholders, appointed as provided for in Article 14.8 of the bylaws, and Directors representing employees, appointed as provided for in Article 14.9 of the bylaws.

The Board of Directors appoints a Chairman and, if applicable, a Vice-Chairman from among its members, who must be individuals.

Representatives of employee shareholders

The Safran Board of Directors includes one or several Directors representing employee shareholders, who are elected by the Annual General Meeting in accordance with Article 14.8 of the bylaws.

Representatives of employees

In accordance with the law on securing employment of June 14, 2013, the Safran Board of Directors includes Directors representing employees, who are elected under Article 14.9 of the Company's bylaws.

Shareholding

Under Article 14.5 of the bylaws, each member of the Board of Directors shall be required to own a certain number of shares in the Company for his/her entire term of office in accordance with the terms and conditions set down in the Board of Directors' Internal Rules.

As an exception, this shareholding obligation shall not apply to the representative of the French State and/or Directors put forward by the French State in accordance with Articles 4 and/or 6 of aforementioned French government (order) 2014-948 of August 20, 2014, or Directors representing employees or Directors representing employee shareholders. However, under Article 14.8 of the bylaws, each Director representing employee shareholders shall be required to hold – either individually or through a corporate mutual fund set up as part of the Group's employee share ownership program – at least one share or a number of units in the fund equivalent to at least one share.

Term of office – age limit

Members of the Board of Directors are appointed by the Ordinary Shareholders' Meeting for a term of four years, ending at the close of the Ordinary Shareholders' Meeting held during the year in which their term of office expires in order to approve the financial statements for the previous year. Members of the Board of Directors may be re-appointed, it being specified that:

- the number of Directors (both individuals and permanent representatives of legal entities) over the age of 70 may not exceed one-quarter of the total number of Directors in office, rounded up to the nearest whole number where appropriate;
- no Director over the age of 70 may be appointed if such appointment would raise the number of Directors over the age of 70 to more than one-quarter of the total number of Directors in office, rounded up to the nearest whole number where appropriate;
- if the number of Directors over the age of 70 exceeds one-quarter of the total number of Directors in office, and if no Director over the age of 70 resigns, the oldest Board member shall automatically be deemed to have resigned.

Article 15 of the bylaws stipulates that the duties of the Chairman and Vice-Chairman shall end no later than at the close of the first Ordinary Shareholders' Meeting following the date on which they reach the age of 75.

Meetings

Under the terms of Article 18 of the bylaws, the Board of Directors shall meet as often as required in the interests of the Company and at least four times a year. Meetings shall be called by the Chairman, or if he is unable to do so, by the Vice-Chairman.

If the Board has not met for more than two months, a group of at least one-third of the Directors may ask the Chairman to call a meeting to discuss a specific agenda.

The Chief Executive Officer or the Deputy Chief Executive Officer(s) may also request that the Chairman call a Board meeting to consider a specific agenda.

In both of these cases, the Chairman is bound by such requests and must call a Board meeting within seven days of receiving the request (or within a shorter timeframe in urgent matters).

Board meetings shall only be validly constituted if at least half of the Directors are present.

Directors who participate in Board meetings by videoconference or any other telecommunications media that comply with the technical criteria set in the applicable laws and regulations shall be considered as being physically present for the purposes of calculating the quorum and voting majority, in accordance with the terms and conditions set out in the Board of Directors' Internal Rules.

Directors may give written proxy to another Director to represent them at Board meetings, provided that no Director holds more than one proxy at any single meeting.

The Company's bylaws provide that the Board of Directors may make decisions by way of a written consultation where permitted by law (Article 18.12).

Powers

Under Article 19 of the bylaws, the Board of Directors shall determine the Company's overall business strategy and oversee its implementation. Subject to the powers directly vested in Shareholders' Meetings (appointment of Directors and Statutory Auditors, approval of the financial statements and related-party agreements, decisions that amend the bylaws), the Board is responsible for dealing with all matters concerning the efficient running of the Company, and for making all related decisions, within the scope of the Company's corporate purpose.

Subject to the applicable laws and regulations and the terms and conditions set out in the Board of Directors' Internal Rules, the roles and responsibilities of the Board of Directors shall include, but shall not be limited to:

- calling the Annual General Meeting and setting its agenda;
- approving the Group's annual budget presented by the Chief Executive Officer as well as any amendments thereto;
- approving the Group's medium-term business plan;
- approving the financial statements of the Company and the Group and deciding on the wording of the annual management report;
- authorizing related-party agreements governed by Article L.225-38 of the French Commercial Code (*Code de commerce*);
- selecting the Company's management structure;
- appointing and removing from office (i) the Chairman of the Board of Directors, and the Vice-Chairman (if any), and (ii) the Chief Executive Officer and, on the recommendation of the Chief Executive Officer, the Deputy Chief Executive Officer(s) (if any);
- determining the powers of the Chief Executive Officer and, in agreement with the Chief Executive Officer, of the Deputy Chief Executive Officer(s) (if any);
- appointing Directors prior to ratification by shareholders;
- setting the compensation payable to the Chairman of the Board of Directors and the Vice-Chairman (if any), and the Chief Executive Officer and the Deputy Chief Executive Officer(s) (if any);
- appointing the members of the Audit and Risk Committee and the members of any other Board committees set up in accordance with the provisions of the bylaws and the Board of Directors' Internal Rules;
- allocating among its members the aggregate annual amount of compensation allocated to the Directors as consideration for their duties (formerly "attendance fees");
- deciding on issues of debt securities not carrying rights to shares;
- deciding whether to allocate compensation to any Board Advisors (*censeurs*);
- giving the Chief Executive Officer authorization (which may be delegated) to grant guarantees, endorsements and sureties, in accordance with conditions set by the Board.

In addition to the legal and regulatory requirements concerning prior authorizations that must be obtained from the Board of Directors, a number of specific transactions must also be approved by the Board before they can be carried out by the Chief Executive Officer or a Deputy Chief Executive Officer, as required by the internal procedures of the Company and Group. These transactions are listed in the Board of Directors' Internal Rules (see sections 6.1.4.2 and 6.3.1).

The Board of Directors shall perform any checks and controls that it deems appropriate. Each Director shall be provided with all the information required to carry out his/her duties and may request any documents he or she deems useful.

Aggregate Compensation awarded to the Directors as consideration for their duties

Under Article 17 of the bylaws, at the Annual General Meeting, the Company's shareholders shall set the aggregate annual amount of compensation allocated to the Directors as consideration for their duties, effective for the current year and, if appropriate, subsequent years until the shareholders decide otherwise.

The Board of Directors shall allocate the Aggregate Compensation among its members as it deems fit, in accordance with the compensation policy for Directors (see section 6.6.2.3).

Board Advisors

Under Article 20 of the bylaws, shareholders in an Ordinary Shareholders' Meeting may appoint up to two Board Advisors (*censeurs*) to attend Board meetings in an advisory capacity. However, if the French State's interest in the Company's capital falls below 10%, the French State would automatically be entitled to appoint a Board Advisor and the maximum number would be increased to three. Board Advisors are appointed for four years and may be re-appointed. Any Board Advisor reaching the age of 70 shall be deemed to have resigned.

Executive Management

Under Article 21 of the bylaws, the Company's management shall be placed under the responsibility of either:

- the Chairman of the Board of Directors; or
- another individual appointed by the Board, who shall hold the title of Chief Executive Officer and who may or may not be a Director.

Under Article 22 of the bylaws, the Chief Executive Officer shall have the broadest powers to act in all circumstances in the Company's name. The Chief Executive Officer shall exercise these powers within the scope of the Company's corporate purpose, and subject to:

- the powers expressly vested by the applicable laws and regulations in Shareholders' Meetings and the Board of Directors; and
- any restrictions placed on his powers and any matters that require the prior approval of the Board of Directors in accordance with the Board of Directors' Internal Rules.

The Board of Directors shall determine compensation payable to the Chief Executive Officer and the length of his term of office. The age limit for the Chief Executive Officer is set at 68 years.

Deputy Chief Executive Officer(s)

Under Article 23 of the bylaws, at the proposal of the Chief Executive Officer, the Board of Directors may appoint up to three Deputy Chief Executive Officers (who may or may not be Directors) to assist the Chief Executive Officer in his duties.

In agreement with the Chief Executive Officer, the Board of Directors shall determine the scope and duration of the powers vested in the Deputy Chief Executive Officer(s). The Board of Directors shall also set their compensation, in accordance with Article 24 of the bylaws.

The Deputy Chief Executive Officer(s) shall have the same powers as the Chief Executive Officer with respect to third parties.

The age limit for holding office as Deputy Chief Executive Officer is set at 68 years.

7.1.2.2 General Shareholders' Meetings

Convening and participating

General Shareholders' Meetings shall be called in accordance with the applicable laws and regulations.

The conditions for the participation of shareholders in General Meetings are governed by the legal provisions and regulations in effect and by Articles 30 *et seq.* of Safran's bylaws. Any shareholder, regardless of the number of shares held, is entitled to attend General Meetings, on proof of identity and of his/her capacity as a shareholder, provided that the shareholder's shares are registered in his/her name in Safran's share register managed by Uptevia, or in the securities accounts managed by the authorized intermediary, no later than zero hours (CET) on the second business day preceding the meeting.

Proxy/postal voting forms for General Shareholders' Meetings may be sent in paper form or, by decision of the Board of Directors published in the notice of meeting, by electronic mail in accordance with the applicable laws and regulations.

Where a shareholder electronically submits a proxy or postal voting form, the shareholder's signature must be a secure electronic signature or be subject to a reliable identification procedure to ensure signature security, for example by registering a unique identification code and password.

Shareholders who have not paid up the amounts due on their shares within 30 days of a notice to pay issued by the Company shall not be entitled to participate in General Shareholders' Meetings and the shares concerned shall be deducted from the total of the Company's outstanding shares for the purposes of calculating the quorum.

Exercising voting rights – double voting rights – restriction on voting rights

Under Article 31 of the bylaws, each shareholder shall have a number of votes corresponding to the number of shares held or represented by proxy, unless otherwise provided for in the applicable laws or regulations.

The General Shareholders' Meeting of June 21, 1974 decided to allocate double voting rights in respect of all fully paid-up shares registered in the name of the same holder for at least two years (Article 31.8 of the bylaws).

In the event of a capital increase paid up by capitalizing retained earnings, profits or additional paid-in capital, the registered bonus shares allocated in respect of shares carrying double voting rights shall also carry double voting rights.

Double voting rights shall be forfeited if registered shares are converted into bearer shares or transferred. However, registered shares shall not be stripped of double voting rights and the qualifying period shall continue to run following a transfer of shares included in the estate of a deceased shareholder, or in connection with the settlement of the marital estate, or an *inter vivos* gift to a spouse or a relative in the direct line of succession.

Any merger or demerger of the Company shall have no impact on double voting rights, which may be exercised in the surviving company if its bylaws so provide.

In accordance with the law, double voting rights may not be abolished by the Extraordinary Shareholders' Meeting unless this decision is first approved by a special meeting of holders of shares with double voting rights.

Under Article 31.12 of the bylaws, no shareholder may exercise more than 30% of the total voting rights attached to all of the Company's shares. The voting rights exercised by a shareholder for this purpose shall include the voting rights exercised directly by the shareholder himself/herself and in the capacity as proxy for another shareholder that are attached to shares (i) that he/she holds directly or indirectly and (ii) that are owned by another shareholder for which he/she is acting as proxy.

For the purposes of these provisions:

- the total number of voting rights attached to the Company's shares taken into account shall be calculated as at the date of the General Shareholders' Meeting concerned and the shareholders shall be informed thereof at the start of the meeting;
- the number of voting rights held directly or indirectly shall mean those voting rights attached to shares held by:
  - a private individual, either personally or as part of jointly-owned property, or
  - a company, group of entities, association or foundation,

  as well as voting rights attached to shares held by a company that is controlled – within the meaning of Article L.233-3 of the French Commercial Code – by a company, private individual, association, group of entities or foundation;
- the restrictions set out above shall not include voting rights exercised by the Chairman of a General Shareholders' Meeting when said voting rights are (i) attached to shares for which a proxy form has been returned to the Company without any named proxy, and (ii) do not individually infringe the specified restrictions.

The restrictions provided for above shall automatically become null and void, without the requirement for a new decision by shareholders in an Extraordinary Shareholders' Meeting, in the event that an individual or entity – acting alone or in concert with one or more other individuals or entities – acquires an interest in the Company representing two-thirds of the Company's capital or voting rights following a public tender offer for all of the Company's shares.

7.1.2.3 Rights, preferences and restrictions attached to shares

Under Article 9 of the bylaws, fully paid-up ordinary shares may be held either in registered or bearer form, at the shareholder's discretion, subject to compliance with the provisions of the applicable laws and regulations and the Board of Directors' Internal Rules concerning the form of shares held by certain categories of shareholder.

Under Article 12 of the bylaws, each share shall entitle its holder to a proportion of the Company's profits, net assets and any liquidation surplus equal to the proportion of capital represented by the share.

Where a shareholder must own a specific number of shares to exercise a particular right, notably in the event of an exchange or allocation of shares, a stock-split, reverse stock-split, a capital increase or reduction, a merger, demerger, partial asset transfer, dividend payment or any other corporate action, any shares held that fall below the required number shall not confer any rights on their holders with respect to the Company, and the shareholders concerned shall be personally responsible for obtaining the necessary number of shares or rights, including through purchases or sales of shares or rights where required.

7.1.2.4 Conditions governing changes to share capital and shareholders' rights

The Company's bylaws do not require that the conditions to change share capital and shareholders' rights be more restrictive than prevailing legislation. These changes are subject to the approval of the shareholders at the Extraordinary Shareholders' Meeting deliberating in accordance with the rules of quorum and majority set out in the applicable laws and regulations.

7.1.2.5 Disclosure obligation in the event of exceeding the threshold for ownership set out in the bylaws

Under Article 13 of the bylaws, in addition to the disclosures required under the applicable laws and regulations when certain ownership thresholds are crossed, any person or legal entity, acting alone or in concert with others, that becomes the owner - directly or indirectly through one or more companies controlled by said person or entity within the meaning of Article L.233-3 of the French Commercial Code - of 1% or more of the Company's capital or voting rights or any multiple thereof, as calculated in accordance with Articles L.233-7 and L.233-9 of the French Commercial Code and the General Regulations of the French financial markets authority (*Autorité des marchés financiers* – AMF), must notify the Company of the total number of shares and voting rights held as well as the total number of securities held that carry deferred rights to the Company's capital and the potential voting rights attached thereto. Said notification shall be sent to the Company by registered letter with recorded delivery within four trading days of the relevant threshold being crossed.

The same disclosures are required – within the same timeframe and in accordance with the same conditions – in cases where a shareholder's interest falls below any of the thresholds referred to above.

The sanctions provided for by law in the event of a failure to comply with the disclosure requirements applicable when a legal threshold is crossed shall also apply if a shareholder does not comply with the disclosure requirements applicable in the bylaws, where requested by one or more shareholders holding at least 5% of the Company's capital or voting rights (with said request duly recorded in the minutes of the relevant General Shareholders' Meeting).

7.1.2.6 Provisions that could delay, postpone or prevent a change in control of the Company

The provisions of the bylaws or other contractual documents related to the Company that could delay, postpone or prevent a change in the Company's control are as follows: (i) the granting of double voting rights to any shareholder owning fully paid-up shares which the shareholder must prove have been registered in the name of the same shareholder for at least two years, (ii) the restriction on voting rights provided for by Article 31.12 of the bylaws (see section 7.1.2.2), (iii) an agreement between Safran and the French State (see section 7.1.4.2).

7.1.3 Information on investments

7.1.3.1 Direct and indirect investments as of December 31, 2023

The direct and indirect investments which meet the criteria defined by the European Securities and Markets Authority (ESMA) in its March 2013 recommendation are set out in section 3.1, Note 38 and section 3.3, Note 3.1.

7.1.3.2 Investments

In accordance with the provisions of Article L.233-6 of the French Commercial Code, in 2023 Safran acquired the following investments:

- Safran Electronics & Defense acquired the entire share capital and all of the voting rights of Thales Avionics Electrical Systems and Thales Avionics Electrical Motors;
- Safran Corporate Ventures acquired an 8.4% stake in Greenerwave.

7.1.4 Relations with related parties

Related parties (as defined by the Group in accordance with IAS 24) and quantitative information concerning related-party transactions are presented in section 3.1, Note 33.

7.1.4.1 Relations with the French State

In 2023, Safran generated adjusted revenue of €1,332 million with the French State and entities in which it has interests, primarily in military areas.

The Aerospace Propulsion business (see section 1.2.1) develops, manufactures and maintains aircraft engines for the French armed forces. It is the industrial prime contractor for this equipment in major aviation projects.

In the Aircraft Equipment (sections 1.2.2.1, 1.2.2.2 and 1.2.2.3)/ Defense (section 1.2.2.5)/Aerosystems (section 1.2.2.4) segment:

- Safran participates in major French military aviation programs, both in terms of landing gear and braking systems and of safety systems;
- Safran provides the following equipment and related services to the French Armed Forces:
  - portable and onboard optical and optronic equipment for soldiers, land vehicles, aircraft, helicopters, drones, ships, submarines and satellites,
  - space surveillance systems and services,
  - tactical drones,
  - onboard and ground systems for mission preparation and recording, data collection and processing (flight conditions, tests, training, intelligence, etc.),
  - critical ECUs and engine control systems,
  - independent positioning, navigation, timing and guidance systems for all types of aircraft, vehicles and engines,
  - cockpit systems, piloting controls and electromechanical actuation for airplanes and helicopters,
  - missile guidance seekers and high-precision modular air-to-ground weapon systems,
  - equipment for dismounted soldiers, including parachute systems (for troops and heavy cargo),
  - safety and survival equipment for air crews (combat vests, life rafts, anti-G pants, waterproof suits),
  - complete fuel systems (for aircraft, helicopters and missiles) including fuel gauging, fuel circulation and fuel inerting systems,
  - in-flight refueling nacelles and engine equipment.

7.1.4.2 Agreement with the French State relating to strategic assets and subsidiaries

In order to protect national interests and preserve national independence, and in the context of the proposed combination of Sagem and Snecma's businesses through the merger of these two companies, the French State reminded these companies of its right to a "golden share" with regard to Snecma of the kind defined in Article 10 of Law 86-912 of August 6, 1986. In exchange for the waiver of this right to a "golden share", the French State required sufficient contractual rights to ensure national interests are protected.

In view of this, a three-way agreement in lieu of a "golden share" was entered into by Sagem and Snecma (now Safran) and the French State on December 21, 2004 (the "2004 Agreement").

In view of the 2005 merger of Snecma and Sagem that led to the creation of Safran, and the various transactions completed by Safran since that date which have substantially altered the Group's scope, Safran and the French State decided to amend the 2004 Agreement with six successive Amendments between 2011 and 2016.

In 2018, Safran and the French State wished to consolidate the 2004 Agreement and its amendments into a single document (the "Agreement") and to update its contents.

The new Agreement was signed on March 26, 2018, canceling and replacing the 2004 Agreement as from that date. It was authorized by the Board of Directors on March 22, 2018 and approved by the Annual General Meeting on May 25, 2018.

The Agreement notably provides as follows:

On corporate governance matters:

- Safran's competent bodies shall be invited to appoint the French State as a Director if its interest in the Company's share capital is less than 10% but more than 1%;
- Safran's competent bodies shall in addition be invited to appoint a member proposed by the French State to the Board of Directors if its interest in the Company's share capital is more than 5%, and the shareholders will thus be invited to approve the terms of office of these Directors;
- at the request of the French State, the Board of Directors shall be invited to appoint one of the persons referred to above to any Board committees that may be set up for the purpose of addressing matters directly related to its rights under the Agreement;
- the French State shall be entitled to appoint a non-voting representative to the Boards of Directors or equivalent bodies of Safran's strategic subsidiaries (Safran Ceramics and Safran Power Units) and subsidiaries owning sensitive defense assets.

On strategic or sensitive defense assets and the entities that hold such assets:

- the French State shall have a prior right of approval over:
  - sales of assets (other than those that do not affect the defense activities) owned by strategic subsidiaries and accordingly identified as strategic; sales of shares in strategic subsidiaries Safran Ceramics and Safran Power Units; and sales of shares in ArianeGroup Holding,
  - sales of certain assets identified as defense sensitive (such as engines, components and systems, high precision inertial navigation and missile guidance systems, financed directly or indirectly by the French Defense Ministry) owned by Group entities,
  - sales of shares in Safran Electronics & Defense, which owns sensitive defense assets,
  - acquisitions of interests resulting in a holding of more than 33.33% or more than 50% of the share capital or voting rights of the other Group companies that own sensitive defense assets,
  - projects conferring special management or information rights over strategic or sensitive defense assets or rights of representation on the administrative or management bodies of Safran Ceramics, Safran Power Units, ArianeGroup Holding or another entity owning sensitive defense assets controlled by Safran;

the French State's failure to respond within a period of 30 business days shall be deemed to constitute agreement, except in the case of proposals to sell shares in ArianeGroup Holding, in which case failure to respond shall be deemed to constitute refusal;

- the French State shall be informed beforehand of any proposal by a strategic subsidiary or an entity controlled by Safran that owns sensitive defense assets to sell assets that do not fall into these protected categories but whose sale could have a material impact on the independent management on French territory of the entity's strategic assets or sensitive defense assets;
- in the event a third party acquires more than 10% or a multiple of 10% of the capital or voting rights of Safran, and failing an agreement on other ways of protecting national interests in connection with the strategic assets, the French State shall be entitled to purchase the securities and assets of the strategic subsidiaries Safran Ceramics and Safran Power Units and the stake in ArianeGroup Holding at a price to be set by a panel of experts.

7.1.4.3 Other related-party agreements

Agreement with the French State relating to the sensitive assets of Aubert & Duval

On April 28, 2023, AD Holding (owned by a consortium comprising Safran, Airbus SE and Tikehau Ace Capital) completed its acquisition of all the shares and voting rights held by Eramet SA in Aubert & Duval SAS ("AD SAS").

AD SAS and its subsidiaries directly or indirectly hold assets that are directly related to protecting the French State's strategic interests in materials that are essential for national defense needs in the aviation, naval, land and nuclear sectors and, in particular, preserving innovation, design and production capacities, as well as securing the supply of such materials.

Consequently, in order to protect France's essential interests, by way of a decree dated August 25, 2022[(1)], the French State created a specific share in AD SAS (the "Specific Share") covering the sensitive assets of AD SAS or any company to which its rights and obligations are transferred, or any subsidiary that it controls – within the meaning of Article L.233-3 of the French Commercial Code – which replaced the specific share previously held by the French State within Eramet SA[(2)].

Furthermore, it has been agreed between Safran, Airbus SE, Tikehau Ace Capital and the French State that an agreement (the “AD Agreement”) is necessary for the Specific Share, in order to ensure full protection of France’s national interests and therefore the continuity of AD SAS’ sovereignty-related operations and give the French State:

- rights over the ownership and, where applicable, the devolution of all or part of the sensitive defense assets defined in the AD Agreement; and
- rights of representation on the governing bodies of AD Holding and, where applicable, AD SAS.

In particular, the AD Agreement provides for:

Protection scope:

- assets identified as sensitive defense assets that are essential for national defense needs in the aviation, naval, land and nuclear sectors;
- shares in AD Holding, AD SAS and its subsidiaries, as well as interests held directly or indirectly by AD SAS, or any company to which its rights and obligations are transferred, if said company holds or operates an asset identified as a sensitive defense asset (“Protected Sector Interests”).

On corporate governance matters:

- the French State shall be entitled to appoint a non-voting representative to the Board of Directors of AD Holding and, where applicable, the Board of Directors of AD SAS, if there is one.

On sensitive assets and entities holding such assets:

- the French State shall have a prior right of approval over:
  - any proposal to sell sensitive defense assets to a third party,
  - any proposal from a third party to purchase shares in AD Holding, AD SAS, its subsidiaries and Protected Sector Interests,
  - any proposal to sell all or part of the interest held by AD Holding in AD SAS to a third party,
  - any proposal to confer rights on a third party for the purpose of transferring expertise, technology or intellectual property rights related to a sensitive defense asset or to confer rights of representation on the administrative or management bodies of AD Holding or AD SAS.

Failure by the French State to respond within one month (renewable once) shall be deemed to constitute agreement;

- the French State shall be informed beforehand of any proposal to change the distribution of AD Holding’s share capital between Airbus SE, Safran SA and Tikehau Ace Capital or of any proposal to restructure AD Holding or AD SAS;
- if the French State establishes that AD Holding or AD SAS has failed to comply with the essential obligations undertaken in respect of the French State in the AD Agreement (in particular, failure to comply with the above-mentioned right of approval or the rights linked to the Specific Share), and that such non-compliance continues for more than three months after notification is received from the French State, the French State may acquire all or part of the sensitive defense assets at a price to be set by a panel of experts.

The AD Agreement was authorized by Safran’s Board of Directors on February 23, 2022 (the representative of the French State and the Director put forward by the French State did not take part in the vote).

It was signed on July 22, 2022 and came into effect when AD Holding’s acquisition of AD SAS was completed, i.e. April 28, 2023. The AD Agreement was approved by the Company's shareholders at the May 25, 2023 Annual General Meeting (see section 8.2.3 of the 2022 Universal Registration Document).

New agreement with the French State concerning the sensitive assets of MaiaSpace, an ArianeGroup subsidiary

A new regulated related-party agreement and an amendment to an existing regulated related-party agreement have been entered into with the French State in 2024:

- new agreement entered into between the French State, ArianeGroup Holding and MaiaSpace, in the presence of Safran, relating to MaiaSpace's sensitive assets; and
- Amendment no. 1 to the agreement entered into on June 24, 2016 between the French State and ArianeGroup Holding, in the presence of Safran, relating to ArianeGroup's protected assets and strategic subsidiaries and interests.

They were authorized by Safran’s Board of Directors on December 15, 2023 (the representative of the French State and the Director put forward by the French State did not take part in the vote) and were signed on March 20, 2024.

These agreements will be submitted to the Company’s shareholders for approval at the May 23, 2024 Annual General Meeting in a single resolution in view of the fact that they are indivisible (see section 8.2.3).

Other regulated related-party agreements that remained in force in 2023

The related-party agreements authorized in previous years, and which had continuing effect during 2023, are presented in the Statutory Auditors’ special report in section 8.3 of this Universal Registration Document.

(1) Decree no. 2022-1182 dated August 25, 2022, creating a specific share in the capital of Aubert & Duval SAS.
(2) Decree no. 2022-206 dated February 18, 2022, creating a specific share in the capital of Eramet SA, repealed by decree no. 2022-1182 dated August 25, 2022.

7.2 INFORMATION ON SHARE CAPITAL

7.2.1 Share capital

At December 31, 2023, Safran's share capital amounted to €85,452,108.20, comprising 427,260,541 fully paid-up shares, all of the same class, with a par value of €0.20 each.

New ordinary shares were issued at regular intervals during 2023 upon exercise of stock options (see section 7.3.7.3). The resulting capital increases were automatically considered as having been completed upon receipt by the Company of notification that the options were being exercised, together with the corresponding share subscription form and the subscription price.

New ordinary shares were issued at regular intervals between January 1, 2023 and February 12, 2023, the date at which the last share subscription plan in effect expired (see section 7.3.7.3). The total amount by which the share capital was increased between January 1, 2023 and February 12, 2023 was €2,914.20, through the exercise of 14,571 stock subscription options. Consequently, since February 28, 2023 Safran's share capital has amounted to €85,452,108.20, comprising 427,260,541 fully paid-up shares, all of the same class, with a par value of €0.20 each.

7.2.2 Authorizations granted to the Board of Directors with respect to share capital increases

The authorizations with respect to share capital increases currently in force, already granted by shareholders to the Board of Directors, are summarized in section 8.2.11 of this Universal Registration Document.

The authorization given to the Board of Directors in the 30th resolution of the May 26, 2021 Annual General Meeting to grant free shares was used in March 2022 (see section 7.3.7.1 of the 2022 Universal Registration Document) and March 2023 (see section 7.3.7.1 of this Universal Registration Document).

The authorization given to the Board of Directors in the 28th resolution of the May 25, 2023 Annual General Meeting to grant free shares not subject to performance conditions was used in May 2023 (see section 7.3.7.1).

The authorization given to the Board of Directors in the 27th resolution of the May 25, 2023 Annual General Meeting to grant free shares subject to performance conditions was used in March 2024 (see section 7.3.7.1).

The other authorizations with respect to share capital increases currently in force, granted to the Board of Directors by the May 25, 2023 Annual General Meeting, were not used in 2023 nor between January 1, 2024 and the filing date of this Universal Registration Document.

7.2.3 The Company's securities

7.2.3.1 Securities not representing capital

Other securities issued by Safran not representing the Company's capital as of the date of this Universal Registration Document are set out in section 3.1, Note 23 and section 3.3, Note 3.9.

7.2.3.2 Securities carrying rights to shares of the Company

2027 OCEANEs

As a reminder, on May 15, 2020 Safran issued 7,391,665 bonds (the "Initial Bonds") convertible into new shares and/or exchangeable for existing shares, due May 15, 2027 ("2027 OCEANEs"). On October 12, 2020, Safran carried out a tap issue of 1,847,916 bonds (the "New Bonds") convertible into new shares and/or exchangeable for existing shares. The New Bonds carry the same terms and conditions as the Initial Bonds, with the exception of the issue price. They are fungible with the Initial Bonds, with which they form a single series of 2027 OCEANEs. The 2027 OCEANEs have a par value of €108.23 each. See section 1.9 and chapter 2, Note 18 of the 2023 Interim Financial Report, and section 3.1, Note 23 and section 3.3, Note 3.9 of this Universal Registration Document for further information.

The background, terms and conditions, purpose and impact of the 2027 OCEANE bond issues are presented in the reports of the Board of Directors and the Statutory Auditors, in section 8.4 of the 2020 Universal Registration Document.

At the Annual General Meeting of May 25, 2023, the shareholders approved a dividend payment of €1.35 per share. The ex-dividend date was May 30, 2023 and the record date was May 31, 2023. Consequently and in accordance with the terms and conditions of the 2027 OCEANEs, the 2027 OCEANE conversion ratio – previously 1.009 Safran shares for 1 OCEANE bond – was adjusted to 1.019 Safran shares for 1 OCEANE bond, effective June 1, 2023.

At December 31, 2023, all the 9,239,581 OCEANEs issued were still outstanding.

In the event that Safran decided to provide only new shares upon the exercise of the conversion rights for all the 2027 OCEANEs, the maximum dilution as estimated based on the Company's capital and the 2027 OCEANE conversion ratio at December 31, 2023 would be 2.20%.

2028 OCEANEs

As a reminder, on June 14, 2021 Safran issued 4,035,601 bonds convertible into new shares and/or exchangeable for existing shares, due April 1, 2028 ("2028 OCEANEs"). The 2028 OCEANEs have a par value of €180.89 each. See section 1.9 and chapter 2, Note 18 of the 2023 Interim Financial Report, and section 3.1, Note 23 and section 3.3, Note 3.9 of this Universal Registration Document for further information.

The background, terms and conditions, purpose and impact of the 2028 OCEANE bond issue are presented in the reports of the Board of Directors and the Statutory Auditors, in section 8.4 of the 2021 Universal Registration Document.

At the Annual General Meeting of May 25, 2023, the shareholders approved a dividend payment of €1.35 per share. The ex-dividend date was May 30, 2023 and the record date was May 31, 2023. Consequently and in accordance with the terms and conditions of the 2028 OCEANEs, the 2028 OCEANE conversion ratio – previously 1 Safran shares for 1 OCEANE bond – was adjusted to 1.003 Safran shares for 1 OCEANE bond, effective June 1, 2023.

At December 31, 2023, all the 4,035,601 OCEANEs issued were still outstanding.

In the event that Safran decided to provide only new shares upon the exercise of the conversion rights for all the 2028 OCEANEs, the maximum dilution as estimated based on the Company's capital and the 2028 OCEANE conversion ratio at December 31, 2023 would be 0.95%.

7.2.4 History of the share capital since 2005

Date	Transaction	Safran share price *(in €)*	Amount of share capital *(in €)*	Number of shares	Additional paid-in capital *(cumulative, in €)*
Situation at December 31, 2023		**0.20**	**85,452,108.20**	**427,260,541**	**5,294,589,688.01**
February 28, 2023	Cumulative increases in share capital and additional paid-in capital resulting from the exercise of stock options between January 1, 2023 and February 12, 2023, placed on record on March 6, 2023 (see section 7.3.7.3 of this Universal Registration Document)	0.20	85,452,108.20	427,260,541	5,294,589,688.01
December 31, 2022	Cumulative increases in share capital and additional paid-in capital resulting from the exercise of stock options in the period to December 31, 2022, placed on record on January 5, 2023	0.20	85,449,194	427,245,970	5,293,026,656.82
December 31, 2021	Cumulative increases in share capital and additional paid-in capital resulting from the exercise of stock options in the period to December 31, 2021, placed on record on January 10, 2021	0.20	85,448,488	427,242,440	5,292,647,993.72
June 30, 2021	Cumulative increases in share capital and additional paid-in capital resulting from the exercise of stock options in the period to June 30, 2020, placed on record on July 7, 2021	0.20	85,447,723.20	427,238,616	5,292,300,002.44
February 13, 2021	Conversion of Class A preferred shares (see section 7.2.1 of the 2021 Universal Registration Document) into ordinary shares (at a ratio of 1 Class A preferred share to 1 ordinary share)	0.20	85,447,187.80	427,235,939	5,292,086,789.53
June 30, 2020	Cumulative increases in share capital and additional paid-in capital resulting from the exercise of stock options in the period to June 30, 2020, placed on record on July 7, 2020	0.20	85,447,187.80	427,235,939	5,292,086,789.53
December 31, 2019	Cumulative increases in share capital and additional paid-in capital resulting from the exercise of stock options in December 2019, placed on record on January 9, 2020	0.20	85,446,831	427,234,155	5,291,895,416.85
December 19, 2019	Capital reduction by canceling treasury shares	0.20	85,446,697.20	427,233,486	5,291,823,656.22
November 30, 2019	Cumulative increases in share capital and additional paid-in capital resulting from the exercise of stock options in the period to November 30, 2019, placed on record on December 19, 2019	0.20	87,159,268.40	435,796,342	5,291,823,656.22
December 17, 2018	Capital reduction by canceling treasury shares	0.20	87,153,590.20	435,767,951[1]	5,289,486,113.84
December 1, 2018	Merger of Zodiac Aerospace into Safran	0.20	89,434,167	447,170,835[1]	5,289,486,113.84

Date	Transaction	Safran share price *(in €)*	Amount of share capital *(in €)*	Number of shares	Additional paid-in capital *(cumulative, in €)*
February 13, 2018	Settlement of Class A Preferred Shares delivered in exchange as part of the Safran subsidiary exchange offer for Zodiac Aerospace shares	0.20	88,736,128.60	443,680,643(1)	5,289,486,113.84
May 11, 2005	Merger of Snecma into Sagem SA, now Safran	0.20	83,405,917	417,029,585	3,051,330,263
March 17, 2005	Settlement of Sagem shares delivered in exchange as part of the Sagem public exchange offer for Snecma shares	0.20	73,054,834	365,274,170	3,051,330,263

(1) Including 26,651,058 Class A Preferred Shares (see section 7.2.1 of the 2021 Universal Registration Document).

7.2.5 Pledging of shares

To the best of the Company's knowledge, 1,069,803 shares representing 0.25% of the share capital were pledged at December 31, 2023, compared with 1,102,675 shares representing 0.26% of the share capital at December 31, 2022.

7.2.6 Treasury shares

Situation at December 31, 2023

	Number of shares	% share capital	Carrying amount at Dec. 31, 2023 *(in €)*	Total nominal value *(in €)*
Treasury shares, held directly	13,733,425	3.21	1,848,765,725	2,746,685
Treasury shares, held indirectly	-	-	-	-
TOTAL	**13,733,425**	**3.21**	**1,848,765,725**	**2,746,685**

7.2.7 Share buyback programs

The Annual General Meeting of May 25, 2023, in its 18th resolution, authorized the Board of Directors, for a period of 18 months, to set up a share buyback program with the following main characteristics:

Purpose of the program:

- to maintain a liquid market in the Company's shares via a liquidity agreement that complies with the Code of Ethics drawn up by the French association of financial and investment firms (*Association française des marchés financiers* – AMAFI) approved by the AMF, and entered into with an investment services firm;
- for allocation or sale to employees and/or corporate officers of the Company or other Group companies, in accordance with the terms and conditions provided for by law, notably in connection with a profit-sharing plan, free share grants, the exercise of stock options, the Group employee savings plan, or any company employee savings plan in place within the Group;
- for delivery on exercise of rights attached to securities redeemable, convertible, exchangeable or otherwise exercisable for shares of the Company;
- to hold shares in treasury for subsequent delivery as payment or exchange for external growth transactions;
- for cancellation, pursuant to the authorization in effect granted by the Annual General Meeting.

Maximum percentage of share capital to be bought back:

- 10% of share capital.

Maximum purchase price per share:

- €175.

Total maximum amount that may be invested in the share buyback program:

- €7.4 billion.

At May 25, 2023, this program had terminated the previous share buyback program authorized by the Annual General Meeting of May 25, 2022 (15th resolution), with the same objectives, a maximum purchase price of €165 per share, and a total maximum amount of €7 billion to be invested in the buyback program.

7.2.7.1 Treasury share transactions in 2023

Share buybacks

In 2023, Safran entered into the following agreements:

- on January 13, 2023, an agreement with an investment services provider to buy back a tranche of Safran shares for the purpose of fulfilling the Company's obligations relating to its convertible bonds maturing in 2027 (OCEANE 2027 – see section 7.2.3.2), for up to a maximum aggregate amount of €650 million, during the period from January 16, 2023 through March 31, 2023. An aggregate 4,554,920 shares were bought back under this tranche, for a total amount of €597 million;
- on April 7, 2023, an agreement with an investment services provider to buy back another tranche of Safran shares for the purpose of fulfilling the Company's obligations relating to its convertible bonds maturing in 2027 (OCEANE 2027 – see section 7.2.3.2), for up to a maximum aggregate amount of €350 million, during the period from April 11, 2023 through June 9, 2023. An aggregate 2,534,773 shares were bought back under this tranche, for a total amount of €350 million;
- on July 28, 2023, an agreement with an investment services provider to buy back Safran shares, for up to a maximum aggregate amount of €300 million, during the period from August 1, 2023 through September 11, 2023. A total of 2,055,693 shares were bought back under this tranche, for a total amount of €300 million, and were earmarked for allocation or sale to employees or officers of Safran or other Group companies; and
- on September 22, 2023, an agreement with an investment services provider to buy back Safran shares for the purpose of fulfilling the Company's obligations relating to its convertible bonds maturing in 2028 (OCEANE 2028 – see section 7.2.3.2), for up to a maximum aggregate amount of €350 million, during the period from September 25, 2023 through November 17, 2023. An aggregate 2,030,720 shares were bought back under this tranche, for a total amount of €302 million.

Liquidity agreement

The liquidity agreement, which has been managed by Oddo since February 1, 2012, was renewed in 2019.

Share buybacks under the liquidity agreement

In 2023, Safran purchased 2,723,347 treasury shares under the liquidity agreement, of which:

- 943,568 shares were purchased between January 1 and May 25, 2023, at an average price of €134.4575;
- 1,779,779 shares were purchased between May 26 and December 31, 2023, at an average price of €147.4626.

Sales of shares under the liquidity agreement

In 2023, Safran sold 2,851,051 treasury shares under the above-mentioned liquidity agreement, of which:

- 1,070,623 shares were purchased between January 1 and May 25, 2023, at an average price of €134.0372;
- 1,780,428 shares were purchased between May 26 and December 31, 2023, at an average price of €148.0283.

Shares held under the liquidity agreement

At December 31, 2023, 94,431 shares were held under the liquidity agreement.

Cancellation of shares

No shares were canceled during 2023.

Delivery of free shares

At its meeting on March 26, 2020, the Board of Directors decided to award 759,360 performance shares to certain managers and senior executives of the Group (2020 Long-Term Incentive Plan). Subject to a continuing service condition, the number of performance shares that were ultimately delivered at the end of the three-year vesting period depended on the extent to which internal and external performance conditions were met over the 2020-2022 period (see section 6.6.4.2 of the 2020 Registration Document). At its March 23, 2023 meeting, the Board of Directors noted that the performance conditions attached to the 2020 Long-Term Incentive Plan had not been met. Consequently, no shares were delivered to the beneficiaries under this plan.

Situation at December 31, 2023

At December 31, 2023, Safran directly held 13,733,425 of its own shares, representing 3.21% of the Company's capital.

These treasury shares were held for the following purposes:

- for allocation or sale to employees: 2,131,834 shares, representing 0.50% of the Company's capital;
- to cover exchangeable debt securities: 11,507,160 shares, representing 2.69% of the Company's capital;
- to maintain a liquid market in the Company's shares via a liquidity agreement: 94,431 shares, representing 0.02% of the Company's capital;
- for cancellation: 0.

Situation at February 29, 2024

At February 29, 2024, Safran directly held 14,516,151 of its own shares, representing 3.40% of the Company's capital.

These treasury shares were held for the following purposes:

- for allocation or sale to employees: 2,131,744 shares, representing 0.50% of the Company's capital;
- to cover exchangeable debt securities: 12,335,361 shares, representing 2.89% of the Company's capital;
- to maintain a liquid market in the Company's shares via a liquidity agreement: 49,046 shares, representing 0.01% of the Company's capital;
- for cancellation: 0.

7.2.7.2 Description of the share buyback program submitted for approval to the Annual General Meeting of May 23, 2024

Under the 16th resolution, the Annual General Meeting of May 3, 2024 is invited to authorize a new share buyback program (see section 8.2.8). Drafted in accordance with the provisions of Article 241-2 of the AMF's General Regulations, the program's description is presented below and will not be published separately pursuant to Article 241-3 of said Regulations.

Information about the number of shares and the percentage of share capital held directly and indirectly by the Company at February 29, 2024 is provided in sections 7.2.6 and 7.2.7.1.

Objectives of the share buyback program

In accordance with Regulation (EU) no. 596/2014 of the European Parliament, the AMF's General Regulations and market practices permitted by the AMF, the objectives of the share buyback program to be approved by the Annual General Meeting of May 23, 2024 are:

- to maintain a liquid market in the Company's shares via a liquidity agreement that complies with the AMAFI Code of Ethics, approved by the AMF, and entered into with an investment services firm;
- for allocation or sale to employees and/or corporate officers of the Company or other Group companies, in accordance with the terms and conditions provided for by law, notably in connection with a profit-sharing plan, free share grants, the exercise of stock options, the Group employee savings plan, or any company employee savings plan in place within the Group;
- for delivery on exercise of rights attached to securities redeemable, convertible, exchangeable or otherwise exercisable for shares of the Company;
- to hold shares in treasury for subsequent delivery as payment or exchange for external growth transactions;
- for cancellation, pursuant to the share capital reduction authorization in effect, granted by the Annual General Meeting.

The program is also designed to enable any current or future market practices permitted by the AMF to be carried out and, more generally, to enable any other authorized operations or operations that would be authorized in the future by the applicable regulations. The Company will inform its shareholders in a press release prior to carrying out any such operations.

Maximum percentage of share capital, maximum number and purchase price, and characteristics of the shares the Company wishes to acquire

The number of shares that may be bought back under the program may not exceed 10% of the Company's total shares. This ceiling is reduced to 5% for shares acquired for the purpose of being held in treasury for subsequent delivery as payment or exchange for external growth transactions. When shares are bought back for the purpose of maintaining a liquid market in the Company's shares via a liquidity agreement, the number of shares included for the calculation of the 10% ceiling corresponds to the number of shares purchased less any shares sold during the authorization period.

Under no circumstances may the use of this authorization have the effect of increasing the number of Safran shares held by the Company, either directly or indirectly, to more than 10% of its share capital.

For information purposes, at December 31, 2023, the Company's capital comprised 427,260,541 shares. Given the 13,733,425 shares already directly held by the Company at this date, the maximum number of shares the Company could still acquire in connection with this buyback program would be 28,992,629 shares.

The shareholders are invited to set a maximum price representing approximately 145% of the highest closing price of the Safran share over the 12 months preceding the pricing date. The shareholders are therefore invited to set the maximum price at €300 per share. The maximum amount that could be invested in the program would be €12.8 billion. The maximum purchase price does not represent a target price.

The maximum number of shares and the maximum purchase price as indicated above may be adjusted to reflect the impact on the share price of any share capital transactions carried out by the Company.

Share buyback program procedures

Shares may be purchased, sold, or transferred in one or several transactions and by any method allowed under the laws and regulations applicable at the transaction date, including over-the-counter and through a block trade for all or part of the program, as well as via the use of derivative financial instruments.

The Board of Directors may use this authorization at any time subject to the limitations set down by the applicable regulations, except during, or in the run-up to, a public offer for the Company's shares.

Term of the share buyback program

This new share buyback program shall be valid for a period of 18 months as from the approval of the Annual General Meeting of May 23, 2024, i.e., until November 22, 2025 at the latest.

7.3 SHARE OWNERSHIP

7.3.1 Breakdown of share capital and voting rights

Based on the disclosures provided by shareholders about crossing ownership thresholds, and to the best of the Company's knowledge, Safran's share capital and voting rights were held as follows as at December 31, 2023:

	Shares		Exercisable voting rights		Theoretical voting rights[1]	
Shareholders	**Number**	**% capital**	**Number**	**%**	**Number**	**%**
Free float	339,335,048	79.43	380,742,136	72.11	380,742,136	70.28
■ *o/w The Capital Group Companies, Inc.*	*42,792,516*[2]	*10.02*[3]	*42,792,516*[2]	*8.11*[3]	*42,792,516*[2]	*7.9*[3]
■ *o/w TCI Fund Management Limited*	*24,467,640*[4]	*5.73*[5]	*37,942,310*[4]	*7.2*[5]	*37,942,310*[4]	*7*[5]
French State	47,983,131	11.23	95,966,262	18.18	95,966,262	17.72
Employees[6]	26,208,937	6.13	51,256,826	9.71	51,256,826	9.46
■ *o/w FCPE Safran Investissement*	*23,775,351*	*5.56*	*46,508,202*	*8.81*	*46,508,202*	*8.59*
Treasury shares, held directly	13,733,425	3.21	-	-	13,733,425	2.54
Treasury shares, held indirectly	-	-	-	-	-	-
TOTAL	**427,260,541**	**100**	**527,965,224**	**100**	**541,698,649**	**100**

(1) Calculated based on all the shares making up the Company's share capital, including treasury shares and other shares stripped of voting rights (Article 223-11 of the AMF's General Regulations).
(2) Number of shares and voting rights at July 26, 2023 disclosed by The Capital Group Companies, Inc. on behalf of Capital Research and Management Company and its clients and managed funds (AMF notice no. 223C1195).
(3) Calculated based on the number of shares and voting rights at July 26, 2023 disclosed by The Capital Group Companies, Inc. (see above) and the number of shares and voting rights making up the Company's capital at December 31, 2023.
(4) Number of shares and voting rights disclosed by TCI Fund Management Limited at November 9, 2023 on behalf of the clients and funds that it manages.
(5) Calculated based on the number of shares and voting rights disclosed by TCI Fund Management Limited at November 9, 2023 (see above) and the number of shares and voting rights making up the Company's capital at December 31, 2023.
(6) Employee shareholding within the meaning of Article L.225-102 of the French Commercial Code.

To the best of the Company's knowledge, no shareholder apart from those listed in the table above held more than 5% of Safran's share capital or voting rights as of December 31, 2023.

Double voting rights

At December 31, 2023, 114,438,108 of the 427,260,541 shares making up the share capital carried double voting rights pursuant to Article 31.8 of the Company's bylaws.

The main Safran shareholders do not have different voting rights from those of other shareholders. Any shareholder may be entitled to double voting rights in accordance with the conditions stipulated in Article 31.8 of the Company's bylaws (see section 7.1.2.2).

7.3.2 Breakdown of share ownership

According to a survey on identifiable bearer shares carried out by Euroclear France at December 31, 2023:

- Safran's free-float shareholders break down as around 87% institutional investors, around 5% other institutional holdings, 7% individual investors and 1% unidentified;
- the breakdown by geographic area of the free-float shares held by the identified institutional investors is as follows: North America (53%), United Kingdom and Ireland (18.5%), France (8%) and other countries (7.5%);
- around 6% of Safran's share capital is held by individual shareholders, the majority of them being French.

7.3.3 Change in the breakdown of share capital and voting rights over the last three years

	December 31, 2021			December 31, 2022			December 31, 2023		
Shareholders	Number of shares	% capital	% voting rights(1)	Number of shares	% capital	% voting rights(1)	Number of shares	% capital	% voting rights(1)
Free float	348,856,484	81.65	72.05	347,795,090	81.40	71.95	339,335,048	79.43	72.11
■ *o/w The Capital Group Companies, Inc.*	*38,096,384(2)*	*8.91(3)*	*6.94(3)*	*38,469,389(4)*	*9(5)*	*7.12(5)*	*42,792,516(6)*	*10.02(7)*	*8.11(7)*
■ *o/w TCI Fund Management Limited*	*14,360,510(8)*	*3.36(9)*	*5.07(9)*	*21,386,096(10)*	*5.01(11)*	*6.45(11)*	*24,467,640(12)*	*5.73(13)*	*7, 2(13)*
French State	47,983,131	11.23	17.48	47,983,131	11.23	17.76	47,983,131	11.23	18.18
Employees(14)	29,946,660	7.01	10.47	28,780,560	6.74	10.29	26,208,937	6.13	9.71
■ *o/w Safran Investissement corporate mutual fund*	*18,800,750*	*4.40*	*6.85*	*17,932,600*	*4.20*	*6.61*	*23,775,351*	*5.56*	*8.81*
Treasury shares, held directly	456,165	0.11	-	2,687,189	0.63	-	13,733,425	3.21	-
Treasury shares, held indirectly	-	-	-	-	-	-	-	-	-
TOTAL	**427,242,440**	**100.00**	**100.00**	**427,245,970**	**100.00**	**100.00**	**427,260,541**	**100.00**	**100.00**

(1) Exercisable voting rights
(2) Number of shares and voting rights disclosed by The Capital Group Companies, Inc. at November 2, 2021 on behalf of Capital Research and Management Company and its clients and managed funds.
(3) Calculated based on the number of shares and voting rights disclosed by The Capital Group Companies, Inc. at November 2, 2021 (see above) and the number of shares and voting rights making up the Company's capital at December 31, 2021.
(4) Number of shares and voting rights disclosed by The Capital Group Companies, Inc. at October 28, 2022 on behalf of Capital Research and Management Company and its clients and managed funds.
(5) Calculated based on the number of shares and voting rights disclosed by The Capital Group Companies, Inc. at October 28, 2022 (see above) and the number of shares and voting rights making up the Company's capital at December 31, 2022.
(6) Number of shares and voting rights at July 26, 2023 disclosed by The Capital Group Companies, Inc. on behalf of Capital Research and Management Company and its clients and managed funds (AMF notice no. 223C1195).
(7) Calculated based on the number of shares and voting rights at July 26, 2023 disclosed by The Capital Group Companies, Inc. (see above) and the number of shares and voting rights making up the Company's capital at December 31, 2023.
(8) Number of shares and voting rights disclosed by TCI Fund Management Limited at December 15, 2021 on behalf of the clients and funds that it manages (AMF notice no. 220C5172).
(9) Calculated based on the number of shares and voting rights disclosed by TCI Fund Management Limited at December 15, 2021 (see above) and the number of shares and voting rights making up the Company's capital at December 31, 2021.
(10) Number of shares and voting rights disclosed by TCI Fund Management Limited at November 11, 2022 on behalf of the clients and funds that it manages (AMF notice no. 220C5172).
(11) Calculated based on the number of shares and voting rights disclosed by TCI Fund Management Limited at November 11, 2022 (see above) and the number of shares and voting rights making up the Company's capital at December 31, 2022.
(12) Number of shares and voting rights disclosed by TCI Fund Management Limited at November 9, 2023 on behalf of the clients and funds that it manages (AMF notice no. 222C2498).
(13) Calculated based on the number of shares and voting rights disclosed by TCI Fund Management Limited at November 9, 2023 (see above) and the number of shares and voting rights making up the Company's capital at December 31, 2023.
(14) Employee shareholding within the meaning of Article L.225-102 of the French Commercial Code.

7.3.4 Disclosure thresholds

7.3.4.1 Significant movements during 2023

Safran presents below the threshold crossings (share capital and voting rights held and treated as held in accordance with Articles L.233-7 to L.233-9 of the French Commercial Code) disclosed during the year. Safran has no obligation to verify the completeness of the disclosures.

Disclosure of the crossing of legal thresholds

The crossing of three legal thresholds were disclosed in 2023:

1. Natixis Investment Managers International, acting on behalf of the corporate mutual fund FCPE Safran Investissement, disclosed that, on February 1, 2023, FCPE Safran Investissement had increased its interest to above the threshold of 5% of the Company's share capital and that at that date it held 24,483,013 shares and 48,760,311 voting rights, representing 5.73% of the Company's share capital and 8.98% of its voting rights (AMF notice no. 223C0246).
2. The Capital Group Companies, Inc. disclosed that, on July 26, 2023, the interest that it held on behalf of one or more investment management companies had risen to above the threshold of 10% of the Company's share capital, and that at that date it held, on behalf of said investment management companies, 42,792,516 shares with the same number of voting rights, representing 10.02% of the Company's share capital and 7.91% of the voting rights (AMF notice no. 223C1195).
3. TCI Fund Management Limited made several disclosures during the year that the shares it held in the Company on behalf of clients and funds that it manages had either exceeded or fallen below the 5% legal disclosure threshold (AMF notice nos. 223C0169, 223C1551 and 223C1584). The most recent disclosure stated that on October 3, 2023 the interest it held on behalf of clients and funds that it manages had increased to above the 5% legal threshold of the Company's share capital, and that at that date it held 21,371,497 shares and 34,846,167 voting rights, representing 5.002% of the Company's share capital and 6.43% of the voting rights.

Disclosure of the crossing of thresholds set out in the bylaws

In addition to the legal threshold disclosures described above, the Company was notified of several crossings of the thresholds set out in the bylaws in 2023. The material or most recent crossings of the thresholds set out in the Company's bylaws were as follows, as disclosed to Safran:

Shareholder	Date of crossing	Bylaws threshold crossed	Upward or downward	Number of shares disclosed post-crossing	% capital disclosed post-crossing	% voting rights disclosed[1] post-crossing
D1 Capital Partners L.P.	January 27, 2023	1% of the Company's capital	Downward	4,232,715	0.991	0.779
Royal Bank of Canada	January 31, 2023	1% of the Company's capital	Upward	4,314,735	1.01	0.80
Veritas Asset Management LLP	May 8, 2023	1% of the Company's capital	Downward	4,965,809	1.16	-
Caisse des Dépôts	July 4, 2023	2% of the Company's capital	Downward	7,017,020	1.64	1.91
	July 7, 2023	2% of voting rights	Downward			
Select Equity Group	July 27, 2023	1% of voting rights	Downward	5,406,117	1.265	0.99
Fidelity International	March 23, 2023	2% of the Company's capital	Upward	8,632,361	2.02	1.59
	September 29, 2023	2% of voting rights	Upward	10,843,004	2.54	2.00
TCI Fund Management Limited	November 3, 2023	7% of voting rights	Upward	24,467,640	-	7.01
WCM Investment Management	November 23, 2023	1% of the Company's capital	Upward	4,606,525	1.10	-
Artisan Partners	November 24, 2023	2% of the Company's capital	Downward	8,087,957	1.89	1.50
Amundi	December 13, 2023	1% of voting rights	Downward	4,145,996	0.97	-

(1) *Theoretical voting rights.*

7.3.4.2 Significant movements since January 1, 2024

The main legal or bylaw thresholds that were crossed and declared between January 1, 2024 and February 28, 2024 were as follows:

1. On January 31, 2024, Amundi disclosed that it had raised its interest to above the threshold of 1% of the Company's share capital and that at that date it held 4,322,948 Safran shares in its mutual funds, representing 1.01% of the share capital.
2. The Capital Group Companies, Inc. disclosed that (i) on January 29, 2024 it had raised its interest to above the threshold of 9% of the Company's voting rights, and that at that date it held 48,889,863 shares, representing 9.03% of the voting rights, and (ii) on February 10, 2024 it had raised its interest to above the threshold of 11% of the Company's share capital, and that at that date it held 47,017,519 shares, representing 11% of the share capital.

7.3.4.3 Trigger level for mandatory bids – grandfather clause

No shareholder benefits from a "grandfather" clause providing an exception from the legal trigger level for mandatory filing of a public offer.

The French State, a shareholder of the Company, benefited from a grandfather clause from February 2011 to March 2013 (described in section 7.3.4.3 of the 2013 Registration Document).

7.3.5 Control of the Company – shareholders' agreement

As of the date of filing of this Universal Registration Document, no shareholder held, directly or indirectly, jointly or in concert with another shareholder, a percentage of voting rights conferring control of the Company.

To the best of the Company's knowledge, there are no current shareholder agreements relating to Safran shares.

7.3.6 Agreements whose implementation could lead to a change in control of the Company

To the best of the Company's knowledge, there are no agreements whose implementation at a later date could lead to a change in control of the Company.

7.3.7 Employee shareholders

7.3.7.1 Free share grants

At its March 23, 2023 meeting, using the authorization granted in the 30th resolution of the Annual General Meeting of May 26, 2021, the Board of Directors authorized grants of performance shares to certain managers and senior executives of the Group (2023 Long-Term Incentive Plan). The number of performance shares to be delivered after the three-year vesting period will depend on the extent to which the different performance conditions, applicable over 2023-2025, are achieved. Under the 2023 Long-Term Incentive Plan, 10,721 performance shares were granted to the Chief Executive Officer, Olivier Andriès (see section 6.6.5.2.1 and 6.6.3.2.c of this Universal Registration Document).

At its May 25, 2023 meeting, the Board of Directors used the authorization given in the 28th resolution of the Annual General Meeting held on the same date to authorize a grant of 10 free Safran shares (or their equivalent) to each of the Group's employees, excluding the Chief Executive Officer (see section 5.4.1.7 of this Universal Registration Document). These shares are not subject to performance conditions.

At its March 21, 2024 meeting, using the authorization granted in the 27th resolution of the Annual General Meeting of May 25, 2023, the Board of Directors authorized grants of performance shares to certain managers and senior executives of the Group (2024 Long-Term Incentive Plan). The number of performance shares to be delivered after the three-year vesting period will depend on the extent to which the different performance conditions, applicable over 2024-2026, are achieved. Under the 2024 Long-Term Incentive Plan, 7,675 performance shares were granted to the Chief Executive Officer, Olivier Andriès (see section 6.6.5.2.2 of this Universal Registration Document).

Safran affiliates did not grant free shares during the year.

7.3.7.2 Other transactions

As a reminder, the French State has previously sold the following Safran shares:

- 2.64% of the Company's share capital on December 1, 2015 (see section 7.3.4.1 of the 2015 Registration Document);
- 1.39% of the share capital on November 23, 2016 (see section 7.3.4.1 of the 2016 Registration Document); and
- 2.35% of the share capital on October 1, 2018 (see section 7.3.4.1 of the 2018 Registration Document).

Following the above sales by the French State, a total of 3,023,333 additional shares (1,222,222 shares sold in 2015, 644,444 shares sold in 2016 and 1,156,667 shares sold in 2018) will be offered to current and former employees of Safran and its subsidiaries at a later date, in accordance with Article 31.2 of French government *ordonnance* (order) 2014–948 of August 20, 2014 regarding the governance of companies in which the French State has a stake and regarding corporate actions involving these companies, as amended by French Act 2015-990 of August 6, 2015 on growth, business and equal economic opportunities.

7.3.7.3 Stock options

No authorizations for the Board of Directors to give stock options granting entitlement to subscribe for new shares of the Company or to purchase existing shares were in force as of December 31, 2023 or the date of this Universal Registration Document.

No stock option plan granting entitlement to purchase existing shares is currently in progress.

When the merger of Zodiac Aerospace into Safran was completed on December 1, 2018, Safran took over from Zodiac Aerospace with respect to all of the obligations resulting from the commitments given by Zodiac Aerospace to holders of Zodiac Aerospace stock options outstanding at the merger completion date. Consequently, the outstanding Zodiac Aerospace stock options are now exercisable for ordinary Safran shares, based on the exchange ratio used for the merger. The only plan still in progress at December 31, 2023 was as follows:

Zodiac Aerospace stock subscription options exercisable for Safran shares	Plan 14 Zodiac Aerospace
Date of the (Zodiac Aerospace) Shareholders' Meeting	01/08/2014
Date of the (Zodiac Aerospace) Supervisory Board or Management Board meeting	02/12/2015
Option exercise start date	02/12/2016
Option expiration date	02/12/2023
Corporate officers concerned	0
Option subscription price	€107.47
Number of shares subscribed at December 31, 2023	14,571
Total number of options canceled or forfeited	163,570
Options outstanding at December 31, 2023	0
Maximum number of Safran shares to which the options outstanding at December 31, 2023 grant entitlement	0

The plan expired on February 12, 2023.

14,571 stock subscription options were exercised between January 1, 2023 and February 12, 2023, the date at which the options expired. The share capital has been increased by a total amount of €2,914.20 in 2023, through the exercise of 14,571 options granting entitlement to 14,571 shares.

Safran affiliates do not grant stock subscription or purchase options.

7.3.8 Temporary transfer of Safran shares

In accordance with French law, any individual or legal entity (with the exception of the investment services firms described in paragraph IV-3 of Article L.233-7 of the French Commercial Code) holding alone or in concert a number of shares representing more than 0.5% of the Company's voting rights pursuant to one or more temporary transfers or similar transactions within the meaning of Article L.22-10-48 of the aforementioned Code, is required to notify the Company and the AMF of the number of shares owned on a temporary basis no later than the second business day preceding the Shareholders' Meeting at zero hours.

If no notification is sent, any shares acquired under a temporary transfer will be stripped of voting rights at the Shareholders' Meeting concerned and at any Shareholders' Meeting that may be held until such shares are resold or returned.

No disclosures of temporary transfers were notified to the Company in 2023.

7.4 RELATIONS WITH SHAREHOLDERS

7.4.1 Accessible financial information

The following financial information and financial publications are available on Safran's website, at www.safran-group.com:

- the Universal Registration Document (including the annual financial report) and the half-year financial report filed with the AMF;
- the Integrated Report, on a stand-alone basis and also as the opening chapter of the Universal Registration Document;
- financial press releases and financial publications (results, Capital Markets Day, roadshows, etc.);
- documents relating to the Annual General Meeting;
- the shareholders' newsletter, the shareholders' guide and the site visit program (reserved for members of the Safran Shareholders' Club).

The information can be mailed upon request from the Financial Communications Department.

7.4.2 Relations with institutional investors and financial analysts

To ensure good relations with the financial community, the Financial Communications Department regularly organizes events to enable financial analysts and institutional investors to meet with Executive Management.

In 2023, Executive Management participated in conference calls during which it presented the customary financial data (quarterly revenue, first-half and annual results) and answered questions from investors and financial analysts. A governance roadshow was also organized with the participation of the Chairman of the Board of Directors, the Lead Independent Director and the Director responsible for monitoring climate change issues, in order to discuss governance issues with Safran's main institutional shareholders and proxy advisory firms ahead of the Annual General Meeting.

During the year, Executive Management and the Financial Communications Department also participated in meetings with the financial community (financial analysts and institutional investors) in the form of conference calls and roadshows in France and abroad, as well as industry-specific conferences organized by brokers and at the Paris Air Show. These regular contacts contribute to developing a relationship of trust.

Lastly, in response to CSR issues, the Financial Communications Department, in collaboration with the CSR and Climate departments, continued its dialogue with non-financial rating agencies and responded to various questions raised by analysts and investors about these issues.

7.4.3 Relations with individual shareholders

Safran organizes events throughout the year specifically for its individual shareholders, with a view to fostering close relationships of trust with them. For example, on November 9, 2023, the Group invited its individual shareholders to a shareholders' meeting in Strasbourg, where they were given presentations about Safran's strategy and latest financial results. And Safran also invited members of its Shareholders Club on exclusive visits to six of its industrial sites in France during the year.

In 2023, Safran met up with individual shareholders at the Investir Day trade show on November 28 in Paris, where they were able to attend a presentation given by the Group's Chief Strategy Officer about Safran's strategy as a key player in the technological and ecological transition. This presentation is available on the Group's website at https://www.safran-group.com/finance/individual-shareholders.

The Group's regular publications including the "Shareholders' Club Program", the "Shareholders' Guide" and two shareholders' newsletters were published during the year and are available in the Finance section of the Group's website at www.safran-group.com/finance.

In December 2023, the French newspaper, *Le Revenu*, awarded Safran the Bronze 2023 Grand Trophy for Best Shareholder Relations of CAC40 companies. This prize was awarded in recognition of Safran's high-quality relations with its individual shareholders.

In addition, Safran's financial communications teams provide a permanent channel of communication with the Company's shareholders (see section 7.4.5, "Group investor relations contacts").

7.4.4 Provisional 2024 shareholders' calendar

First-quarter 2024 revenue: April 26, 2024

Ordinary Shareholders' Meeting: May 23, 2024 at 2:00 p.m. (CET) at Campus Safran – 32, rue de Vilgénis – 91300 Massy, France

First-half 2024 results: July 31, 2024

Third-quarter 2024 revenue: October 25, 2024

Capital Markets Day: December 5, 2024

Full-year 2024 results: February 14, 2025

7.4.5 Group investor relations contacts

2, boulevard du Général-Martial-Valin

75724 Paris Cedex 15 – France

Tel.: +33 (0)1 40 60 80 80

Website: safran-group.com

Investors and analysts	Individual shareholders and Shareholders' Club
■ Email: investor.relation@safrangroup.com	■ Toll-free number (France only): 0 800 17 17 17 ■ Email: actionnaire.individuel@safrangroup.com

7.5 STOCK MARKET INFORMATION

The Safran share (ISIN code: FR0000073272 – Ticker symbol: SAF) is listed on compartment A of the Euronext Paris Eurolist market and is eligible for deferred settlement (see Euronext notice no. 2005-1865 of May 11, 2005).

Since September 19, 2011, the Safran share has been included in the CAC 40, CAC 40 Equal Weight, CAC Large 60, SBF 120, CAC All-Tradable, CAC All-Share, CAC Industrials, CAC Aero. & Def., Euronext 100 and Euronext FAS IAS indices. The Safran share has been included in the LC 100 Europe index since March 21, 2011 and the Euro STOXX 50 index since September 21, 2015.

Main stock market data over three years	2021	2022	2023
Number of shares at December 31	**427,242,440**	**427,245,970**	**427,260,541**
Safran share price (in €)			
High	127.70	120.10	168.80
Low	96.20	87.90	116.60
Closing	107.66	116.92	159.46
Market capitalization at December 31 *(in € millions)*	45,997	49,954	68,131

Change in share price from January 1, 2023 to February 29, 2024		Average share price* (in €)	High (in €)	Low (in €)	Average daily transactions (in number of shares)	Average market capitalization** (in € millions)
January	**2023**	126.226	133.180	116.600	743,149	53,931
February		132.677	137.580	129.020	780,807	56,688
March		133.696	138.380	125.160	758,607	57,123
April		139.230	143.680	133.720	731,584	59,487
May		139.431	145.520	135.340	628,588	59,573
June		139.380	144.380	133.360	502,925	59,552
July		140.858	152.420	133.660	524,469	60,183
August		146.581	151.700	142.060	505,236	62,628
September		148.794	153.600	144.420	592,560	63,574
October		147.777	153.900	142.320	575,569	63,139
November		156.682	162.380	146.880	539,596	66,944
December		161.816	168.760	157.140	594,429	69,138
January	**2024**	167.373	175.520	156.680	412,869	71,512
February		195.280	195.280	170.200	436,136	78,333

Source: Euronext.

* *Average closing price.*

** *Based on the number of outstanding shares (published monthly on the Company's website, in the section Finance/Publications/Regulated Information).*

7.6 CREDIT RATINGS

On December 2, 2022, Standard & Poor's upgraded Safran's long-term credit rating to A- with a stable outlook.

LEAP 1-B AGB (Accessory GearBox) quality control

8 ANNUAL GENERAL MEETING

8.1 AGENDA

First resolution:	Approval of the parent company financial statements for the year ended December 31, 2023
Second resolution:	Approval of the consolidated financial statements for the year ended December 31, 2023
Third resolution:	Appropriation of profit for the year and approval of the recommended dividend
Fourth resolution:	Approval of two new related-party agreements governed by Article L.225-38 of the French Commercial Code, and of the Statutory Auditors' special report on related-party agreements
Fifth resolution:	Re-appointment of Patricia Bellinger as an independent Director
Sixth resolution:	Appointment of Pascale Dosda as a Director representing employee shareholders
Seventh resolution:	Re-appointment of Anne Aubert as a Director representing employee shareholders
Eighth resolution:	Appointment of Mazars as Statutory Auditor in charge of certifying the Company's sustainability disclosures
Ninth resolution:	Appointment of Ernst & Young et Autres as Statutory Auditor in charge of certifying the Company's disclosures relating to sustainability
Tenth resolution:	Approval of the fixed, variable and exceptional components of the total compensation and benefits paid during or awarded for 2023 to the Chairman of the Board of Directors
Eleventh resolution:	Approval of the fixed, variable and exceptional components of the total compensation and benefits paid during or awarded for 2023 to the Chief Executive Officer
Twelfth resolution:	Approval of the disclosures required under Article L.22-10-9 I of the French Commercial Code concerning the compensation of corporate officers for 2023
Thirteenth resolution:	Approval of the compensation policy applicable to the Chairman of the Board of Directors for 2024
Fourteenth resolution:	Approval of the compensation policy applicable to the Chief Executive Officer for 2024
Fifteenth resolution:	Approval of the compensation policy applicable to the Directors for 2024
Sixteenth resolution:	Authorization for the Board of Directors to carry out a share buyback program
Seventeenth resolution:	Powers to carry out formalities

The Annual General Meeting will be held on May 23, 2024 at 2:00 p.m. (CET) at the Safran Campus – 32, rue de Vilgénis, 91300 Massy (France).

Shareholders are invited to regularly check the 2024 Annual General Meeting section of the Company's website (https://www.safran-group.com/finance/annual-general-meeting).

The Annual General Meeting will be broadcast live and the video replay will be available on the Company's website.

Dividend

At the Annual General Meeting on May 23, 2024, the Board of Directors will recommend the payment of a €2.20 per-share dividend for 2023, representing a total payout of approximately €940 million.

The dividend payout ratio is calculated on the basis of profit for the year adjusted to exclude any non-recurring items such as goodwill impairment. Safran's dividend payout ratio has historically been around 40%. For 2023, the payout ratio represents 40% of adjusted profit, excluding €327 million in goodwill impairment related to the Cabin and Seats businesses.

The dividends for the past three years were as follows:

Year	2020	2021	2022
Dividend per share	€0.43	€0.50	€1.35

8.2 REPORT OF THE BOARD OF DIRECTORS ON THE RESOLUTIONS PROPOSED TO THE ANNUAL GENERAL MEETING AND TEXT OF THE PROPOSED RESOLUTIONS

The proposed resolutions that will be submitted for shareholder approval at Safran's Ordinary General Meeting on May 23, 2024 are presented below.

Each of the resolutions is preceded by an explanatory paragraph providing a description of the resolution and setting out the reasons why it is being proposed.

8.2.1 Approval of the parent company and consolidated financial statements for the year ended December 31, 2023

Presentation of the first and second resolutions

The shareholders are invited to approve the parent company and consolidated financial statements for the year ended December 31, 2023, as well as the expenses incurred during the year that are not deductible for tax purposes (company vehicles):

- the parent company financial statements show that the Company ended 2023 with profit of €658 million;
- the consolidated financial statements show attributable profit for the year amounting to €3,444 million.

Text of the first resolution

Approval of the parent company financial statements for the year ended December 31, 2023

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings and having considered the management report prepared by the Board of Directors and the Statutory Auditors' report on the parent company financial statements, the shareholders approve the parent company financial statements for the year ended December 31, 2023 as presented – showing profit for the year of €657,785,887.06 – together with the transactions reflected in those financial statements and referred to in those reports.

Pursuant to Article 223 *quater* of the French Tax Code *(Code général des impôts*), the shareholders approve the non-deductible expenses governed by Article 39-4 of said Code, which totaled €431,256 and gave rise to a tax charge of €111,372.

Text of the second resolution

Approval of the consolidated financial statements for the year ended December 31, 2023

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings and having considered the management report prepared by the Board of Directors and the Statutory Auditors' report on the consolidated financial statements, the shareholders approve the consolidated financial statements for the year ended December 31, 2023 as presented, together with the transactions reflected in those financial statements and referred to in those reports.

8.2.2 Appropriation of profit for the year and approval of the recommended dividend

Presentation of the third resolution

The Company's distributable profit for 2023 totals €5,733 million, breaking down as €658 million in profit for the year plus €5,075 million in retained earnings brought forward from the previous year.

The Board of Directors recommends paying a dividend of €2.20 per share, corresponding to a total payout of €940 million based on the 427,260,541 shares making up the Company's capital at December 31, 2023 (see section 7.2.1 of this Universal Registration Document) and a 40% payout ratio[(1)].

The remaining €4,793 million of distributable profit would be allocated to retained earnings.

The amount of €4,793 million (and, consequently, the amount allocated to retained earnings) will be adjusted, if necessary, to take into account new shares with dividend rights issued before the ex-dividend date and the number of shares held in treasury at that date for which the dividend is credited to retained earnings.

For individual shareholders domiciled for tax purposes in France, this dividend will be subject to the 30% flat-rate tax comprising 12.8% for the tax prepayment provided for in Article 200-A of the French Tax Code and 17.2% for social security contributions. This flat-rate tax will automatically apply unless the taxpayer opts to be taxed based on the standard income tax bands for all of his or her investment income. For shareholders who exercise this option, the dividend will be eligible for the 40% tax relief provided for in Article 158, 3-2° of the French Tax Code.

The dividend will be paid based on the following timetable:

- ex-dividend date: May 28, 2024;
- record date: May 29, 2024;
- dividend payment date: May 30, 2024.

Text of the third resolution

Appropriation of profit for the year and approval of the recommended dividend

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings, and based on the Board of Directors' recommendation, the shareholders resolve to appropriate the profit for the year ended December 31, 2023 as follows:

Profit for 2023	€657,785,887.06
Retained earnings[(1)]	€5,074,830,370.46
Profit available for distribution	€5,732,616,257.52
Appropriation:	
■ Dividend	€939,973,190.20
■ Retained earnings	€4,792,643,067.32

(1) Including €12,993,750 corresponding to the 2022 dividend due on shares held in treasury at the dividend payment date.

Accordingly, the dividend paid will be €2.20 per share.

For individual shareholders domiciled for tax purposes in France, this dividend will be subject to the 30% flat-rate tax comprising 12.8% for the tax prepayment provided for in Article 200-A of the French Tax Code and 17.2% for social security contributions. This flat-rate tax will automatically apply unless the taxpayer opts to be taxed based on the standard income tax bands for all of his or her investment income. For shareholders who exercise this option, the dividend will be eligible for the 40% tax relief provided for in Article 158, 3-2° of the French Tax Code.

The ex-dividend date will be May 28, 2024 and the record date will be May 29, 2024. The dividend will be paid on May 30, 2024.

The shareholders resolve that in the event of an increase or decrease in the number of shares carrying dividend rights at the ex-dividend date, the dividend payout and also the amount allocated to retained earnings will be adjusted accordingly.

The shareholders note that dividends paid for the past three years were as follows:

	Number of shares carrying dividend rights[(1)]	Net dividend per share	Total payout
2022	417,620,970	€1.35	€563,788,309.50[(2)]
2021	426,925,638	€0.50	€213,462,819.00[(2)]
2020	426,321,373	€0.43	€183,318,190.39[(2)]

(1) Total number of shares carrying dividend rights less the number of Safran shares held in treasury at the dividend payment date.
(2) Subject to the flat-rate tax or, on a discretionary basis, tax levied at the progressive rate after deducting the 40% tax relief.

(1) The dividend payout ratio is calculated on the basis of profit for the year adjusted to exclude any non-recurring items such as goodwill impairment. For 2023, the payout ratio represents 40% of adjusted profit, excluding €327 million in goodwill impairment related to the Cabin and Seats businesses.

8.2.3 Regulated related-party agreements

Presentation of the fourth resolution

No regulated related-party agreements were entered into during 2023.

The following new regulated related-party agreement and Amendment to an existing regulated related-party agreement have been entered into in 2024:

- new agreement entered into between the French State, ArianeGroup Holding and MaiaSpace, in the presence of Safran, relating to MaiaSpace's sensitive assets; and
- Amendment no. 1 to the agreement entered into on June 24, 2016 between the French State and ArianeGroup Holding, in the presence of Safran, relating to ArianeGroup's protected assets and strategic subsidiaries and interests.

These agreements were authorized by Safran's Board of Directors on December 15, 2023 (the representative of the French State and the Director put forward by the French State did not take part in the vote). They were signed on March 20, 2024.

They are being submitted to the shareholders for approval in a single resolution in view of the fact that they are indivisible.

New agreement entered into between the French State, ArianeGroup Holding and MaiaSpace, in the presence of Safran, relating to MaiaSpace's sensitive assets, and Amendment no. 1 to the agreement entered into on June 24, 2016 between the French State and ArianeGroup Holding, in the presence of Safran, relating to ArianeGroup's protected assets and strategic subsidiaries and interests

On June 30, 2016, Safran and Airbus finalized the combination (carried out in two stages) of their launch vehicle activities within ArianeGroup Holding, which is 50/50 owned by Safran and Airbus SE ("AGH"), and its subsidiary ArianeGroup SAS. In connection with this process, in the first half of 2016 a number of indivisible agreements were signed between the French State and AGH, in the presence of Safran and Airbus SE, which were required to establish the combination in order to protect the strategic interests of the French State.

These agreements were authorized by the Board of Directors on December 17, 2015, were signed on June 24, 2016, came into force on June 30, 2016, and were approved by Safran's shareholders at the Annual General Meeting of June 15, 2017.

The agreements include an agreement relating to the protected assets and strategic subsidiaries and interests of AGH and its subsidiaries (the "AGH Agreement").

In 2022, AGH set up a new subsidiary – MaiaSpace – to design, test and commercialize a mini-launcher called "Maia" that addresses the market needs for launches of small satellites into low Earth orbit.

In view of the nature of MaiaSpace's sovereignty-related activities, specific procedures are required to protect France's national interests.

AGH and the French State therefore agreed to set up a dedicated framework for MaiaSpace, (i) by entering into an agreement on the protection of MaiaSpace's sensitive assets and (ii) with an Amendment to the AGH Agreement, both in the presence of Safran and Airbus SE.

This framework takes into account the constraints linked to the work conducted jointly between AGH and MaiaSpace as part of the development of MaiaSpace's activities, particularly regarding access to sensitive technologies.

The rights granted to AGH under this framework are presented below.

Agreement concerning the protection of MaiaSpace's sensitive assets and France's national interests in relation to MaiaSpace (the "MS Agreement")

The MS Agreement sets out (i) AGH's rights relating to the governance of MaiaSpace and (ii) the rights enabling AGH and the French State to exercise control over the management and transfer of MaiaSpace's sensitive assets.

The main rights provided for under the MS Agreement are as follows:

a) MaiaSpace governance principles:

- MaiaSpace's head office and that of its subsidiaries must always be located in France;
- the legal representative(s) of MaiaSpace must be a French national/French nationals and reside in France;
- the majority of the members of any and all MaiaSpace governance bodies must be French nationals residing in France, and the other members must be nationals and residents of another European Union member state;
- AGH has the right to appoint a non-voting representative on MaiaSpace's Board of Directors (or equivalent governance body);
- any new investor seeking to acquire more than 10% of MaiaSpace's share capital must obtain prior approval from AGH and the French State.

b) AGH's rights regarding the securities and sensitive assets of MaiaSpace and its subsidiaries:

- AGH's approval must be obtained – after consultation with the French State – prior to (i) any transfer to a third party of shares in MaiaSpace or in its subsidiaries holding sensitive assets, or (ii) such shares being used for the purpose of providing any form of guarantee to a third party;
- AGH's approval must be obtained – after consultation with the French State – prior to any sale or transfer to a third party, by any method, of sensitive assets (including the transfer of know-how, technology and/or intellectual property rights) held by MaiaSpace or any of its subsidiaries.

In addition to the MS Agreement, the above rights will also be attached to one preference share incorporated into the capital of MaiaSpace and held by AGH (the "Preference Share").

The above provisions regarding MaiaSpace will be binding on any new investors in the event that MaiaSpace's capital is subsequently opened up to additional investors.

Amendment no. 1 to the AGH Agreement

The signature of the MS Agreement also requires an Amendment to be signed to the AGH Agreement (Amendment no. 1 – the "AGH Agreement Amendment"), in order to integrate into the AGH Agreement the provisions concerning the protection of the French State's interests in relation to MaiaSpace.

The AGH Agreement Amendment stipulates that AGH's Preference Share in the capital of MaiaSpace qualifies as a protected security within the meaning of the AGH Agreement.

Therefore, following the signature of this Amendment, the AGH Agreement will provide that any sale by AGH of its Preference Share to a third party will require the prior approval of the French State.

Previous related-party agreements

The related-party agreements authorized in previous years, and which had continuing effect during 2023, are presented in the Statutory Auditors' special report in section 8.3 of this Universal Registration Document.

Text of the fourth resolution

Approval of two new related-party agreements governed by Article L.225-38 of the French Commercial Code, and of the Statutory Auditors' special report on related-party agreements

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings and having considered the Board of Directors' report and the Statutory Auditors' special report on related-party agreements governed by Articles L.225-38 *et seq.* of the French Commercial Code, the shareholders approve the conclusions of this report and the two new related-party agreements entered into with the French State as described therein.

8.2.4 Membership structure of the Board of Directors

8.2.4.1 Re-appointment of an independent Director

Presentation of the fifth resolution

Patricia Bellinger's term of office as an independent Director is due to expire at the close of the May 23, 2024 Annual General Meeting.

Based on the recommendations of the Appointments and Compensation Committee, the Board of Directors has decided that it wishes to continue to benefit from her expertise and is therefore putting forward this independent Director for re-appointment for a four-year term expiring at the close of the Annual General Meeting to be held in 2028.

The Board has verified that Patricia Bellinger continues to qualify as independent based on (i) the criteria set out in the AFEP-MEDEF Code, (ii) the Board of Directors' Internal Rules (see section 6.2.4.1), and (iii) the legal requirements and the recommendations of the AFEP-MEDEF Code concerning multiple directorships.

The Board has also assessed her individual contribution to the work of the Board and that of the Appointments and Compensation Committee, of which she is a member. At the time of that assessment, the Board took the opportunity to once again praise Patricia Bellinger's expertise in strategic and people-related matters.

Her profile is presented in section 6.2.2 of this Universal Registration Document.

Text of the fifth resolution

Re-appointment of Patricia Bellinger as an independent Director

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings and having considered the Board of Directors' report, the shareholders re-appoint Patricia Bellinger as a Director, for a four-year term expiring at the close of the Annual General Meeting to be held in 2028 to approve the financial statements for the year ending December 31, 2027.

8.2.4.2 Directors representing employee shareholders

Presentation of the sixth and seventh resolutions

Expiry of the terms of office of the two Directors representing employee shareholders

The Board of Directors includes two Directors representing employee shareholders, Marc Aubry and Anne Aubert, whose terms of office are due to expire at the close of the Annual General Meeting of May 23, 2024.

In accordance with the applicable law and Article 14.8 of Safran's bylaws, if the report presented by the Board at the Annual General Meeting shows that the shares held by employees of the Company – or of companies related to it within the meaning of Article L.225-180 of the French Commercial Code (*Code de commerce*) – represent more than 3% of the share capital, then one or more Directors representing employee shareholders must be appointed at an Ordinary General Meeting.

Employee shareholdings (within the meaning of Article L.225-102 of the French Commercial Code) represented 6.13% of the Company's capital at December 31, 2023.

Consequently, at the Annual General Meeting on May 23, 2024, the shareholders will be asked to vote on the appointment/re-appointment of Directors representing employee shareholders.

Nominations

In application of the procedure specified in Article 14.8 of the Company's bylaws, prior to the Annual General Meeting, the Chairman of the Board of Directors:

- contacted the supervisory boards of the corporate mutual funds (FCPEs) set up as part of the Group's employee share ownership program – whose investments mainly comprise shares in the Company – to ask them to designate one or several candidates from among their members;
- organized elections, preceded by calls for candidates, for the designation of candidates by Safran employees who held registered shares received under free share plans from 2016 (and who therefore qualified as direct shareholders of the Company within the meaning of Article L.225-102 of the French Commercial Code). Specific electoral rules applied to these elections, which specified the procedures for electing the candidates, including provisions concerning the call for candidates, electronic voting and the single-round majority voting system.

On completion of this process:

- the supervisory boards of the FCPEs representing employee shareholders validly designated one candidate from among their members: Pascale Dosda, Chair of the supervisory board of the Safran Investissement corporate mutual fund;
- employees holding Safran shares in registered form validly elected a candidate: Anne Aubert.

Both of these nominations are valid in terms of the law and the Company's bylaws.

Approval by the Board of Directors of the two candidates whose nominations are being put forward to the Annual General Meeting

At the Board meeting on March 21, 2024, the Directors decided to keep the system of having two seats on the Board for Directors representing employee shareholders, and they approved the nominations of Pascale Dosda and Anne Aubert for those directorships.

This decision took into account a number of factors, including the candidates' representativeness of employee shareholders and their respective backgrounds, as well as their commitment to their roles within Group companies.

Pascale Dosda is Chair of the supervisory board of FCPE Safran Investissement – Safran's largest corporate mutual fund in terms of the representation of employee shareholders who own units in corporate mutual funds (almost 6% of Safran's capital). Her nomination also contributes to trade union representation.

Pascale Dosda's profile is provided in section 8.2.10.2. In addition to her perspective as an employee shareholder, Pascale Dosda will bring to the Board her financial and industrial expertise, alongside her knowledge of supply chain issues and her experience in HR.

Anne Aubert has been nominated to represent employees holding Safran registered shares delivered under Safran free share plans or Zodiac free share plans originally set up for Zodiac Group employees.

Anne Aubert's profile is provided in section 6.2.2. In addition to her perspective as an employee shareholder, Anne Aubert brings to the Board her knowledge of the operational reality of the programs in the Group's Seats activities. She has been a director representing Safran's employee shareholders since the 2020 AGM, having previously been a member of Zodiac Aerospace's Supervisory Board, and therefore already has experience of governance matters within a listed company.

As of the close of the Annual General Meeting of May 23, 2024, subject to shareholder approval of the resolutions put to the vote relating to the membership structure of the Board of Directors, the Board of Directors will have 16 members, as follows:

- 66.7% of Directors qualifying as independent[1] (unchanged);
- 41.7%[2] of Directors being women (unchanged), which complies with the legal requirement.

(1) *Excluding the Directors representing employees and employee shareholders.*
(2) *Excluding the Directors representing employees and employee shareholders.*

Text of the sixth resolution

Appointment of Pascale Dosda as a Director representing employee shareholders

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings, the shareholders approve the Board of Directors' proposal and appoint Pascale Dosda as a Director representing employee shareholders, to replace Marc Aubry whose term of office is due to expire at the close of this Meeting.

Pascale Dosda is appointed for a four-year term expiring at the close of the Annual General Meeting to be held in 2028 to approve the financial statements for the year ending December 31, 2027.

Text of the seventh resolution

Re-appointment of Anne Aubert as a Director representing employee shareholders

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings, the shareholders approve the Board of Directors' proposal and re-appoint Anne Aubert as a Director representing employee shareholders, for a four-year term expiring at the close of the Annual General Meeting to be held in 2028 to approve the financial statements for the year ending December 31, 2027.

8.2.5 Certification of sustainability disclosures

Presentation of the eighth and ninth resolutions

As part of the implementation of the CSRD directive[1], transposed into French law by way of a government order (*ordonnance*) dated December 6, 2023[2], Safran's first sustainability report, covering 2024, will be included in the 2024 Universal Registration Document that will be published in 2025.

This sustainability report will disclose information designed to provide an understanding of:

- the impact of Safran's activities on issues relating to environmental, social and governance (ESG) topics as well as wider sustainability issues (impact on people and the environment); and
- the impact of sustainability issues on Safran's business trends, results and financial position.

Prior to publication, the sustainability report will have to be certified by one or more Statutory Auditors or independent third-party organizations.

In preparation for this, the Board is recommending that the shareholders appoint two auditors – who may be Safran's Statutory Auditors – to verify and certify the information on sustainability (qualitative and quantitative data) that will be disclosed by Safran.

For this purpose, a call for tenders was launched, to which Mazars and Ernst & Young et Autres (Safran's current Statutory Auditors) responded, along with other independent third-party organizations such as leading audit firms and certification companies.

Following an internal selection process, the decision was made to appoint the two Statutory Auditors responsible for certifying Safran's financial statements as the Statutory Auditors responsible for certifying Safran's sustainability disclosures. Their work in this area will begin with verifying the Group's sustainability disclosures for 2024.

The Board selected these two Statutory Auditors based on their knowledge of the Group and the aviation industry, their efficient collaboration and ability to organize sharing the scope of sustainability certification, potential synergies relating to the allocation of work on the audit of the financial statements, the collective approach they offer for this verification engagement, which is a guarantee for Safran of their quality and efficiency, as well as their membership of networks with relevant geographical coverage that allow them to share expertise.

Each of these two Statutory Auditors will be represented by a natural person meeting the conditions required to perform the task of certifying sustainability disclosures, pursuant to the conditions set out in Article L.821-18 of the French Commercial Code.

As permitted under the option provided in Article 38 of the French government order of December 6, 2023, the Board is inviting the shareholders to align the term of the Statutory Auditors' first sustainability audit engagement with the remaining term of their terms of office as Statutory Auditors of the Company's financial statements, i.e., expiring at the close of the Annual General Meeting to be held in 2028 to approve the financial statements for the year ending December 31, 2027.

(1) *Directive 2022/2464 of December 14, 2022 (Corporate Sustainability Reporting Directive, or CSRD).*
(2) *French government order 2023-1142 of December 6, 2023, on the publication and certification of sustainability disclosures and the environmental, social and governance obligations of commercial companies.*

Text of the eighth resolution

Appointment of Mazars as Statutory Auditor in charge of certifying the Company's sustainability disclosures

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings and having considered the Board of Directors' report, the shareholders appoint Mazars as Statutory Auditor in charge of certifying the Company's sustainability disclosures, in accordance with Articles L.821-40 *et seq.* of the French Commercial Code, for the remainder of Mazars' term of office as Statutory Auditors of the Company's financial statements, i.e., expiring at the Annual General Meeting to be held in 2028 to approve the financial statements for the year ending December 31, 2027.

Text of the ninth resolution

Appointment of Ernst & Young et Autres as Statutory Auditor in charge of certifying the Company's sustainability disclosures

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings and having considered the Board of Directors' report, the shareholders appoint Ernst & Young et Autres as Statutory Auditor in charge of certifying the Company's sustainability disclosures, in accordance with Articles L.821-40 *et seq.* of the French Commercial Code, for the remainder of Ernst & Young et Autres' term of office as Statutory Auditors of the Company's financial statements, i.e., expiring at the Annual General Meeting to be held in 2028 to approve the financial statements for the year ending December 31, 2027.

8.2.6 Approval of the components of compensation and benefits paid during or awarded for 2023 to the corporate officers (*ex-post*)

Presentation of the tenth and eleventh resolutions – Specific votes on the components of compensation and benefits paid during or awarded for 2023 to the Chairman of the Board of Directors, Ross McInnes, and the Chief Executive Officer, Olivier Andriès (*ex-post*)

At the Annual General Meeting of May 25, 2023, the shareholders approved the 2023 compensation policies for (i) the Chairman of the Board of Directors, in the 15th resolution, and (ii) the Chief Executive Officer, in the 16th resolution (*ex-ante* vote).

The Board set the respective compensation packages for the Chairman and the Chief Executive Officer for 2023 in accordance with these policies.

Shareholders are asked to vote on the individual components of compensation and benefits paid during or awarded for the previous year to the Chairman of the Board of Directors and to the Chief Executive Officer (*ex-post* vote).

In accordance with the applicable regulations[1], the specific vote concerning each corporate officer covers the fixed, variable and exceptional components of the total compensation and benefits paid during the previous year (i.e., cash compensation paid to the officer in 2023, whatever the year to which it relates) or awarded for that year (i.e., share-based and/or cash compensation awarded in respect of the work performed in 2023, the quantity and/or amount of which does not vest on the grant date and is therefore measured at the grant-date accounting value, if applicable).

At the Annual General Meeting, the shareholders will be asked to approve the components of the compensation and benefits paid during or awarded for 2023 to the Chairman and the Chief Executive Officer (*ex-post* vote), as fixed by the Board. These components may comprise:

- fixed compensation;
- variable compensation;
- performance shares;
- supplementary pension plans;
- benefits-in-kind.

The following tables summarize the various components of the compensation and benefits of the Chairman and the Chief Executive Officer, which are presented in detail in sections 6.6.3.1 and 6.6.3.2 of this Universal Registration Document.

In accordance with the applicable law, payment of the corporate officers' variable compensation and any exceptional compensation for the previous year (year Y-1) is subject to the approval of the shareholders at the Annual General Meeting held the following year (year Y).

Payment of the annual variable compensation of the Chief Executive Officer, Olivier Andriès, for 2023 is therefore subject to the approval of the shareholders at the Annual General Meeting of May 23, 2024.

Consequently:

- in the 10th resolution, the shareholders are asked to approve the fixed, variable and exceptional components making up the total compensation and benefits paid during or awarded for 2023 to Ross McInnes, Chairman of the Board of Directors; and
- in the 11th resolution, the shareholders are asked to approve the fixed, variable and exceptional components making up the total compensation and benefits paid during or awarded for 2023 to Olivier Andriès, Chief Executive Officer.

(1) *Article L.22-10-34 II of the French Commercial Code.*

Components of the compensation paid during or awarded for 2023 to Ross McInnes, Chairman of the Board of Directors

Compensation components put to the vote	Amounts paid during 2023	Amounts awarded for 2023 or accounting value	Presentation
Fixed compensation (2023)	**€450,000** Awarded for 2023 and paid in 2023	**See opposite**	At its meeting on February 16, 2023, acting on the recommendation of the Appointments and Compensation Committee, the Board of Directors kept the Chairman's annual fixed compensation at €450,000 for 2023, i.e., unchanged from 2022 (see section 6.6.3.1.a of this Universal Registration Document).
Annual variable compensation (2023)	**N/A**(1)	**N/A**	Ross McInnes does not receive any annual variable compensation.
Multi-year variable compensation	**N/A**	**N/A**	Ross McInnes does not receive any multi-year variable compensation.
Exceptional compensation	**N/A**	**N/A**	Ross McInnes did not receive any exceptional compensation.
Stock options, performance shares and any other long-term compensation	**N/A**	**N/A**	Ross McInnes does not receive any stock options. Ross McInnes does not receive any performance shares or any other long-term compensation.
Directors' compensation	**N/A**	**N/A**	Ross McInnes did not receive any compensation for his duties as member of the Board of Directors for 2023.
Benefits-in-kind	**N/A**	**€4,296.61** *(accounting value)*	Ross McInnes has the use of a company car.
Termination benefits	**N/A**	**N/A**	Ross McInnes is not entitled to any termination benefits in his capacity as Chairman of the Board of Directors.
Supplementary pension			The Chairman of the Board of Directors is not covered by any specific supplementary pension plan, other than those described below.
	€0	**N/A**	**Defined contribution pension plans (– PERO)** The Chairman is a beneficiary of "PERO – Core" and "PERO – Additional" plans set up on January 1, 2022 (see section 6.6.3.1.d of this Universal Registration Document) for all Group managerial-grade staff, subject to the same terms and conditions as the other plan beneficiaries. His participation in these plans was approved at the Annual General Meeting of May 25, 2023, through the 15th resolution relating to the compensation policy for the Chairman, which included said supplementary pension benefits. The expenses recorded in the 2023 financial statements relating to the contributions paid for Ross McInnes under the PERO – Core Plan and the PERO – Additional Plan amounted to €12,977.64 and €15,177.24 respectively. At December 31, 2023, the estimated theoretical amount(2) of the annuities that could be paid to Ross McInnes under the PERO – Core Plan and the PERO – Additional Plan amounted to €11,454.63 and €4,766.74 respectively.
	Additional payment: €39,015	**N/A**	**"Article 82" defined contribution plan** The Chairman is a beneficiary of Safran's defined contribution supplementary pension plan set up in France (see section 6.6.3.1.d of this Universal Registration Document) for all Group managerial-grade staff pursuant to Article 82 of the French Tax Code (the "Article 82 Plan"), subject to the same terms and conditions as the other plan beneficiaries. The commitment was approved at the Annual General Meeting of May 25, 2023, through the 15th resolution relating to the compensation policy for the Chairman, which included said supplementary pension benefits. The contributions to the plan are based on the fixed compensation that Ross McInnes receives for his role as Chairman of the Board of Directors. In view of his status as Chairman, the plan does not have any underlying performance conditions, meaning that his compensation is not linked to the Company's performance, in compliance with the requirement in the AFEP-MEDEF

Compensation components put to the vote	Amounts paid during 2023	Amounts awarded for 2023 or accounting value	Presentation
			Code for non-executive officers. The Article 82 Plan was put in place to compensate for the closure of Safran's Article 39 defined benefit plan as from January 1, 2017 (see below). In order for entitlements to accrue under the plan, the Company is required to: ■ pay monthly contributions to an insurer, the rate of which is set based on the beneficiary's reference compensation for year Y-1 (Insurer Contribution) and which may represent up to 12.735% of that reference compensation; and ■ pay a cash amount to the beneficiary corresponding to the Insurer Contribution (Additional Payment) so that the beneficiary can pay the applicable tax (the plan provides for up-front taxation so that the capital accrued and received on the beneficiaries' retirement is net of tax and social security contributions). The commitment was approved at the Annual General Meeting of May 25, 2023, through the 15th resolution relating to the compensation policy for the Chairman, which included said supplementary pension benefits. Under the Article 82 Plan, the Insurer Contribution and Additional Payment for the Chairman for 2023 totaled €39,015 each (i.e., €78,030 altogether), corresponding in each case to 8.67% of his reference compensation (17.34% in total). At December 31, 2023, the estimated theoretical amount(2) of the annuity that could be paid to Ross McInnes was €14,938.38.
	€0	**N/A**	**"Article 39" defined benefit plan (closed to new entrants and entitlements frozen)** The Article 39 defined benefit supplementary pension plan(3) of which the Chairman was previously a beneficiary (further to the decision of the Board of Directors on April 23, 2015 and by the shareholders at the May 19, 2016 Annual General Meeting) is now closed to new entrants and the benefit entitlements have been frozen, including for the Chairman. However, he could still be eligible for the pension entitlement that he had accrued under the plan until December 31, 2016, provided the applicable terms and conditions are met (see section 6.6.3.1.d of this Universal Registration Document). At December 31, 2023, the estimated theoretical amount(2) of the annuity that could be paid to Ross McInnes corresponded to the cap set in the plan, i.e., €139,104 (corresponding to three times the annual social security ceiling [PASS], based on the 2024 value of the PASS).

(1) Not applicable.

(2) Calculated based on the assumption that the annuity would be received as from January 1, 2024, irrespective of the eligibility conditions (in accordance with Article D.22-10-16 of the French Commercial Code).

(3) Defined benefit plan meeting the conditions set out in Article L.137-11 of the French Social Security Code.

Components of the compensation paid during or awarded for 2023 to Olivier Andriès, Chief Executive Officer

Compensation components put to the vote	Amounts paid during 2023	Amounts awarded for 2023 or accounting value	Presentation
Fixed compensation (2023)	**€840,000** Awarded for 2023 and paid in 2023	**See opposite**	At its meeting on February 16, 2023, based on the recommendation of the Appointments and Compensation Committee, the Board of Directors decided to increase the Chief Executive Officer's fixed annual compensation for 2023 from €800,000 to €840,000 (see section 6.6.3.2.a), representing a 5% increase compared with its previous level, which had remained the same since Olivier Andriès became Chief Executive Officer and had not been increased since 2018 for the role of Chief Executive Officer in general.
Annual variable compensation (2023)		**€1,000,723** Awarded for 2023 and payable in 2024 Payment of the Chief Executive Officer's annual variable compensation for 2023 is subject to shareholders' approval at the Annual General Meeting of May 23, 2024	The Chief Executive Officer's annual variable compensation for 2023 was determined by the Board of Directors in accordance with the compensation policy approved by the shareholders at the Annual General Meeting of May 25, 2023 (see section 6.6.2.2 of the 2022 Universal Registration Document) and described in section 6.6.3.2.b of this Universal Registration Document. On February 16, 2023, the Board of Directors decided to change the Chief Executive Officer's variable compensation policy regarding the weighting of the free cash flow (FCF) objective, which was reduced from 30% to 25%, and the working capital (WC) objective, which was increased from 10% to 15%, including 10% for operating assets (Inventories) (see section 6.6.2.2.c of the 2022 Universal Registration Document). The Chief Executive Officer's "target" variable compensation – i.e., the amount payable if the achievement rate is 100% for all of the financial and individual performance objectives set out below – corresponds to 120% of his annual fixed compensation (the "Target"). If the Chief Executive Officer outperforms his objectives, his "maximum" variable compensation – i.e., the amount payable if the achievement rate is 130% for all of the financial and individual performance objectives set out below – will represent a maximum of 150% of his annual fixed compensation (the "Cap"). At its meeting on February 16, 2023, the Board of Directors reviewed the achievement of the objectives set for the variable compensation payable to the Chief Executive Officer for 2023, after consultation with the Appointments and Compensation Committee. Following this review, it set Olivier Andriès' variable compensation at €1,000,723, i.e., 119.13% of his annual fixed compensation. This amount reflects: ■ An overall achievement rate of 102% for the portion related to the Group's financial performance (accounting for two-thirds of the variable compensation), for which the objectives related to: ● recurring operating income (ROI) (60% weighting): 106% achievement; ● free cash flow (FCF) (25% weighting): 118% achievement; ● working capital, comprising the following components: – operating assets (Inventories) (10% weighting): 45% achievement, and – unpaid receivables (5% weighting): 97% achievement. ■ An overall achievement rate of 94.50% for the portion related to individual quantitative and qualitative performance objectives (accounting for one-third of the annual variable compensation), as detailed in section 6.6.3.2.b of this Universal Registration Document.
Multi-year variable compensation	**N/A**[1]	**N/A**	No multi-year variable compensation was awarded to Olivier Andriès.
Exceptional compensation	**N/A**	**N/A**	Olivier Andriès did not receive any exceptional compensation.

Compensation components put to the vote	Amounts paid during 2023	Amounts awarded for 2023 or accounting value	Presentation
Stock options, performance shares and any other long-term compensation	**Stock options: N/A**	**Stock options: N/A**	Olivier Andriès did not receive any stock options.
		Performance shares: €1,007,988.42 *(accounting value on grant date)*	On the recommendation of the Appointments and Compensation Committee, at its March 23, 2023 meeting, the Board of Directors used the authorization granted in the 30th resolution of the May 26, 2021 Annual General Meeting to grant 10,721 performance shares to Olivier Andriès (see section 6.6.3.2.c of this Universal Registration Document). The general terms and conditions of this performance share plan and the terms and conditions relating specifically to the Chief Executive Officer are described in section 6.6.5.2.1 of this Universal Registration Document. The estimated accounting value of these performance plans, as measured at the grant date, corresponds to €1,007,988.42[2].
	Other long-term compensation: **N/A**	Other long-term compensation: **N/A**	Olivier Andriès did not receive any other long-term compensation.
Directors' compensation	**N/A**	**N/A**	Olivier Andriès did not receive any compensation for his duties as member of the Board of Directors for 2023.
Value of benefits-in-kind	**N/A**	**€26,782.37** *(accounting value)*	Olivier Andriès has the use of a company car and is eligible for specific travel expenses.
Termination benefits	**N/A**	**N/A**	Olivier Andriès is not entitled to any termination benefits in his capacity as Chairman of the Board of Directors.
Supplementary pension			The Chief Executive Officer is not covered by any specific supplementary pension plan, other than those described below.
	€0	N/A	**Defined contribution pension plans (plan d'épargne retraite obligatoire – PERO)** The Chief Executive Officer is a beneficiary of "PERO – Core" and "PERO – Additional" plans set up on January 1, 2022 (see section 6.6.3.2.f of this Universal Registration Document) for all Group managerial-grade staff, subject to the same terms and conditions as the other plan beneficiaries. The commitment was approved at the Annual General Meeting of May 25, 2023, through the 16th resolution relating to the compensation policy for the Chief Executive Officer, which included said supplementary pension benefits. The expenses recorded in the 2023 financial statements relating to the contributions paid for Olivier Andriès under the PERO – Core Plan and the PERO – Additional Plan amounted to €12,977.64 and €15,177.24 respectively. At December 31, 2023, the estimated theoretical amount[3] of the annuities that could be paid to Olivier Andriès under the PERO – Core Plan and the PERO – Additional Plan amounted to €10,693.28 and €3,712.58 respectively.

Compensation components put to the vote	Amounts paid during 2023	Amounts awarded for 2023 or accounting value	Presentation
	Additional payment: €229,512.96	**N/A**	**"Article 82" defined contribution plan** The Chief Executive Officer is a beneficiary of Safran's defined contribution supplementary pension plan set up in France (see section 6.6.3.2.f of this Universal Registration Document) for all Group managerial-grade staff pursuant to Article 82 of the French Tax Code (the "Article 82 Plan"), subject to the same terms and conditions as the other plan beneficiaries. The commitment was approved at the Annual General Meeting of May 25, 2023, through the 16th resolution relating to the compensation policy for the Chief Executive Officer, which included said supplementary pension benefits. In order for entitlements to accrue under the plan, the Company is required to: ■ pay monthly contributions to an insurer, the rate of which is set based on the beneficiary's reference compensation for year Y-1 (Insurer Contribution) and which may represent up to 12.735% of that reference compensation; and ■ pay a cash amount to the beneficiary corresponding to the Insurer Contribution (Additional Payment) so that the beneficiary can pay the applicable tax (the plan provides for up-front taxation so that the capital accrued and received on the beneficiaries' retirement is net of tax and social security contributions). The contributions to the Article 82 defined contribution plan are based on the annual fixed compensation and the annual variable compensation (subject to performance conditions, as defined in section 6.6.3.2.b) that the Chief Executive Officer receives for his role as Chief Executive Officer. Under the Article 82 Plan, the Insurer Contribution and Additional Payment for the Chief Executive Officer for 2023 totaled €229,512.96 each (i.e., €459,026.92 altogether), corresponding in each case to 12.735% of his reference compensation (25.47% in total). At December 31, 2023, the estimated theoretical amount(3) of the annuity that could be paid to Olivier Andriès under the Article 82 Plan was €36,570.92.
	€0	**N/A**	**"Article 39" defined benefit plan (closed to new entrants and entitlements frozen)** The Chief Executive Officer was previously a beneficiary of Safran's defined benefit supplementary pension plan set up in France for all Group managerial-grade staff pursuant to Article 39(4) of the French Tax Code (the "Article 39 Plan" – see section 6.6.3.2.f of this Universal Registration Document), subject to the same terms and conditions as the other plan beneficiaries. Olivier Andriès was originally a beneficiary of this plan in his former capacity as a Company employee. This plan is now closed to new entrants and the benefit entitlements have been frozen, including for the Chief Executive Officer. In accordance with a decision taken by the Board of Directors on December 16, 2020, however, the Chief Executive Officer could still be eligible for the pension entitlement that he had accrued under the plan until December 31, 2016, provided the applicable terms and conditions are met (see section 6.6.2.1.g of this Universal Registration Document). At December 31, 2023, the estimated theoretical amount(3) of the annuity that could be paid to Olivier Andriès corresponded to the cap set in the plan, i.e., €139,104 (corresponding to three times the annual social security ceiling [PASS], based on the 2024 value of the PASS).

(1) Not applicable.
(2) The value of the performance shares was estimated at the grant date (i.e., March 23, 2023) in accordance with IFRS 2 (see section 3.1, Note 2.r) and does not correspond to compensation received by the beneficiary during the year.
(3) Calculated based on the assumption that the annuity would be received as from January 1, 2024, irrespective of the eligibility conditions (in accordance with Article D.22-10-16 of the French Commercial Code).
(4) Defined benefit plan meeting the conditions set out in Article L.137-11 of the French Social Security Code.

Text of the tenth resolution

Approval of the fixed, variable and exceptional components of the total compensation and benefits paid during or awarded for 2023 to the Chairman of the Board of Directors

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings and in application of Article L.22-10-34 II of the French Commercial Code, having considered the Board of Directors' corporate governance report prepared in accordance with Article L.225–37 of the French Commercial Code, the shareholders approve the fixed, variable and exceptional components making up the total compensation and benefits paid during or awarded for 2023 to Ross McInnes, Chairman of the Board of Directors, as presented in section 6.6.3.1 of the 2023 Universal Registration Document.

Text of the eleventh resolution

Approval of the fixed, variable and exceptional components of the total compensation and benefits paid during or awarded for 2023 to the Chief Executive Officer

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings and in application of Article L.22-10-34 II of the French Commercial Code, having considered the Board of Directors' corporate governance report prepared in accordance with Article L.225–37 of the French Commercial Code, the shareholders approve the fixed, variable and exceptional components making up the total compensation and benefits paid during or awarded for 2023 to Olivier Andriès, Chief Executive Officer, as presented in section 6.6.3.2 of the 2023 Universal Registration Document.

Presentation of the twelfth resolution – Vote on the total compensation paid to corporate officers in 2023 (Report on the compensation of corporate officers)

As every year, the shareholders are invited to vote on the aggregate compensation and benefits paid during the previous year or awarded for that year to all corporate officers, executive and non-executive.

The disclosures on which the shareholders are required to vote are presented in the report on the compensation of corporate officers (see sections 6.6.3 and 6.6.4 of this Universal Registration Document).

In addition to the disclosures concerning the compensation and benefits of the Chairman of the Board, Ross McInnes, and the Chief Executive Officer, Olivier Andriès, which will be put to the vote in the 10th and 11th resolutions presented above, they include disclosures on the compensation allocated to the Directors (see section 6.6.4), pay ratios between the level of compensation of the Chairman and the Chief Executive Officer and the average and median compensation of Safran's employees (see section 6.6.3.4), and a certain number of other disclosures required under the applicable regulations (specifically, Article L.22-10-9 I of the French Commercial Code).

A concordance table for all of these disclosures is provided in section 10.1.2 of this Universal Registration Document.

Text of the twelfth resolution

Approval of the disclosures required under Article L.22-10-9 I of the French Commercial Code concerning the compensation of corporate officers for 2023

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings and in application of Article L.22-10-34 of the French Commercial Code, having considered the Board of Directors' corporate governance report prepared in accordance with Article L.225-37 of the French Commercial Code, the shareholders approve the disclosures required under Article L.22-10-9 I of the French Commercial Code, as presented in the aforementioned report.

8.2.7 Compensation policies *(ex-ante votes)*

Presentation of the thirteenth to fifteenth resolutions

In compliance with Articles L.22-10-8 and R.22-10-14 of the French Commercial Code, the Board of Directors determines a compensation policy for the corporate officers, which sets out the principles and criteria used to determine, allocate and award the fixed, variable and exceptional components of their total compensation and benefits.

By nature and by construction, taking into account compensation-related governance rules, the components of the policies are specific and different, depending on whether they concern the Chairman of the Board, the Chief Executive Officer or the Directors, all of whom are corporate officers. These policies are submitted for shareholders' approval each year at the Annual General Meeting.

These specific policies are disclosed in sections 6.6.1 and 6.6.2 of this Universal Registration Document.

This section presents:

- the principles and rules for determining the compensation and benefits for all corporate officers;
- the specific compensation policy for the Chairman of the Board of Directors. No changes have been made that alter this policy compared with the compensation policy approved at the last Annual General Meeting;
- the specific compensation policy for the Chief Executive Officer, which may be adapted and applied to any Deputy Chief Executive Officer(s) who may be appointed in the future. No changes have been made that alter this policy compared with the compensation policy approved at the last Annual General Meeting.
- the specific compensation policy for Directors, the principles, and terms and conditions of which are unchanged compared with those approved at the last Annual General Meeting.

The 2023 policies have been approved by the Board of Directors and will be submitted to a shareholder vote at the Annual General Meeting on May 23, 2024.

At the May 23, 2024 Annual General Meeting, shareholders are invited to approve the compensation policies that will be applicable for 2024 to the Chairman of the Board of Directors (13th resolution) and the Chief Executive Officer (14th resolution), as well as the compensation policy that will be applicable to the Directors (15th resolution).

Text of the thirteenth resolution

Approval of the compensation policy applicable to the Chairman of the Board of Directors for 2024

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings and having considered the Board of Directors' report on the compensation policy applicable to corporate officers prepared in accordance with Article L.22-10-8 of the French Commercial Code, the shareholders approve the compensation policy applicable to the Chairman of the Board of Directors, as presented in sections 6.6.1 and 6.6.2.1 of the 2023 Universal Registration Document.

Text of the fourteenth resolution

Approval of the compensation policy applicable to the Chief Executive Officer for 2024

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings and having considered the Board of Directors' report on the compensation policy applicable to corporate officers prepared in accordance with Article L.22-10-8 of the French Commercial Code, the shareholders approve the compensation policy applicable to the Chief Executive Officer, as presented in sections 6.6.1 and 6.6.2.2 of the 2023 Universal Registration Document.

Text of the fifteenth resolution

Approval of the compensation policy applicable to the Directors for 2024

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings and having considered the Board of Directors' report on the compensation policy applicable to corporate officers prepared in accordance with Article L.22-10-8 of the French Commercial Code, the shareholders approve the compensation policy applicable to the Directors, as presented in sections 6.6.1 and 6.6.2.3 of the 2023 Universal Registration Document.

8.2.8 Authorization for the Board of Directors to carry out a share buyback program

Presentation of the sixteenth resolution

Share buyback program

The Company needs to have the necessary flexibility to react to changes in financial markets by buying back Safran shares.

The shareholders are therefore invited to renew the authorization given to the Board of Directors to carry out a share buyback program, with the following main conditions:

- the number of shares that may be bought back may not exceed 10% of the Company's total outstanding shares (for information purposes, 42,726,054 shares based on the issued capital at December 31, 2023) and the Company may at no time, directly or indirectly, hold a number of Safran shares representing more than 10% of the Company's capital;
- the shares may be purchased, sold or transferred by any authorized method, including through block trades for all or some of the program, subject to the regulations in force at the date on which the authorization is implemented.

Subject to the limits authorized by the applicable laws and regulations, the Board of Directors may use this authorization at any time during the period of validity of the buyback program, **except during, or in the run-up to, a public offer for the Company's shares, when this authorization may not be used and the Company may not pursue the execution of a share buyback program unless specifically authorized by shareholders in General Meeting.**

The shareholders are invited to set a maximum price representing approximately 145% of the highest closing price of the Safran share over the 12 months preceding the pricing date. The shareholders are therefore invited to set the maximum price at €300 per share. The maximum amount that could be invested in the program would be €12.8 billion. The maximum purchase price does not represent a target price.

The objectives of this share buyback program are set out in the text of the 16th resolution below and are identical to those of the previous authorization given to the Board of Directors by the Annual General Meeting.

This authorization would be given for a period of 18 months and would supersede the previous authorization granted for the same purpose in the 18th resolution of the Annual General Meeting of May 25, 2023.

Report on the utilization in 2023 of previous shareholder-approved share buyback programs

In 2023, Safran entered into the following agreements:

- on January 13, 2023, an agreement with an investment services provider to buy back a tranche of Safran shares for the purpose of fulfilling the Company's obligations relating to its convertible bonds maturing in 2027 (OCEANE 2027 – see section 7.2.3.2), for up to a maximum aggregate amount of €650 million, during the period from January 16, 2023 through March 31, 2023. An aggregate 4,554,920 shares were bought back under this tranche, for a total amount of €597 million;
- on April 7, 2023, an agreement with an investment services provider to buy back another tranche of Safran shares for the purpose of fulfilling the Company's obligations relating to its convertible bonds maturing in 2027 (OCEANE 2027 – see section 7.2.3.2), for up to a maximum aggregate amount of €350 million, during the period from April 11, 2023 through June 9, 2023. An aggregate 2,534,773 shares were bought back under this tranche, for a total amount of €350 million;
- on July 28, 2023, an agreement with an investment services provider to buy back Safran shares, for up to a maximum aggregate amount of €300 million, during the period from August 1, 2023 through September 11, 2023. A total of 2,055,693 shares were bought back under this tranche, for a total amount of €300 million, and were earmarked for allocation or sale to employees or officers of Safran or other Group companies; and
- on September 22, 2023, an agreement with an investment services provider to buy back Safran shares for the purpose of fulfilling the Company's obligations relating to its convertible bonds maturing in 2028 (OCEANE 2028 – see section 7.2.3.2), for up to a maximum aggregate amount of €350 million, during the period from September 25, 2023 through November 17, 2023. An aggregate 2,030,720 shares were bought back under this tranche, for a total amount of €302 million.

In 2023, the aggregate number of shares purchased under the liquidity agreement entered into with Oddo BHF SCA amounted to 2,723,347.

The total number of shares sold under this liquidity agreement during the year amounted to 2,851,051.

At December 31, 2023, Safran held 13,733,425 of its own shares, representing 3.21% of its capital.

These treasury shares were held for the following purposes:

- for allocation or sale to employees: 2,131,834 shares, representing 0.50% of the Company's capital;
- to cover exchangeable debt securities: 11,507,160 shares, representing 2.69% of the Company's capital;
- to maintain a liquid market in the Company's shares via a liquidity agreement: 94,431 shares, representing 0.02% of the Company's capital;
- for cancellation: 0.

Text of the sixteenth resolution

Authorization for the Board of Directors to carry out a share buyback program

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings and having considered the Board of Directors' report, the shareholders grant the Board of Directors – or any representative duly empowered in accordance with the law – an authorization to purchase, directly or indirectly, the Company's shares in accordance with the conditions set out in Articles L.22-10-62 *et seq.* of the French Commercial Code and EC Regulation No. 596/2014 dated April 16, 2014, as well as any other laws and regulations that may be applicable in the future.

The authorization may be used to purchase shares:

- to maintain a liquid market in the Company's shares via a liquidity agreement that complies with the Code of Ethics drawn up by the French association of financial and investment firms (*Association française des marchés financiers* – AMAFI) approved by the AMF, and entered into with an investment services firm;
- for allocation or sale to employees and/or corporate officers of the Company or other Group companies, in accordance with the terms and conditions provided for by law, notably in connection with a profit-sharing plan, free share grants, the exercise of stock options, the Group employee savings plan, or any company employee savings plan in place within the Group;
- for delivery on exercise of rights attached to securities redeemable, convertible, exchangeable or otherwise exercisable for shares of the Company;
- to hold in treasury for subsequent delivery in payment or exchange for external growth transactions; and
- for cancellation, pursuant to the share capital reduction authorization in effect, granted by the Annual General Meeting.

This authorization is also designed to enable any future market practices permitted by the AMF to be carried out and, more generally, to enable any other operations authorized by the applicable regulations. The Company will inform its shareholders in a press release prior to carrying out any such operations.

Shares may be purchased, sold, or transferred by any method allowed under the applicable laws and regulations, on one or more occasions, including, in accordance with the regulations in force at the date of this Meeting, over the counter and through block trades for all or part of the program, as well as through the use of derivative financial instruments. The Board of Directors may use this authorization at any time subject to the limitations set down by the applicable laws and regulations, except during, or in the run-up to, a public offer for the Company's shares.

The Board of Directors may use this authorization at any time subject to the limitations set down by the applicable laws and regulations, except during, or in the run-up to, a public offer for the Company's shares.

The number of shares that may be bought back under this authorization may not exceed 10% of the Company's total outstanding shares (for information purposes, 42,726,054 shares based on the issued capital at December 31, 2023). This ceiling is reduced to 5% for shares acquired for the purpose of being held in treasury for subsequent delivery in payment or exchange for external growth transactions. When shares are bought back for the purpose of maintaining a liquid market in the Company's shares via a liquidity agreement, the number of shares included in the calculation of the 10% ceiling corresponds to the number of shares purchased less any shares sold during the period covered by this authorization.

Under no circumstances may the Company hold more than 10% of its capital, either directly or indirectly through a person acting in their own name but on behalf of the Company.

The shares may not be purchased at a price of more than €300 per share and the maximum amount that may be invested in the program is €12.8 billion. However, the Board of Directors may adjust this maximum purchase price to take into account the impact on the share price of any corporate actions.

The shareholders give full powers to the Board of Directors – or any representative duly empowered in accordance with the law – to carry out this share buyback program, set the applicable terms and conditions, make the required adjustments as a result of any corporate actions, place any and all buy and sell orders, enter into any and all agreements notably for the keeping of registers of share purchases and sales, make any and all filings with the AMF and any other organization, carry out all other formalities, and generally do everything necessary to use this authorization.

This authorization is given for a period of 18 months from the date of this Meeting and supersedes the unused portion of the authorization given to the Board of Directors for the same purpose in the 18th resolution of the Annual General Meeting of May 25, 2023.

8.2.9 Resolution concerning powers to carry out formalities

Presentation of the seventeenth resolution

The 17th resolution concerns the powers that are necessary to carry out the filing and other legal formalities required for the resolutions adopted at the meeting.

Text of the seventeenth resolution

Powers to carry out formalities

The shareholders give full powers to the bearer of an original, extract or copy of the minutes of this Meeting to carry out any and all filing, publication, declaration and other formalities required by the applicable laws and regulations.

8.2.10 Nominees to the Board of Directors

8.2.10.1 Re-appointment of Patricia Bellinger as an independent Director

Based on the recommendations of the Appointments and Compensation Committee, in order to continue to benefit from Patricia Bellinger's expertise, the Board of Directors invites shareholders to re-appoint her (see section 8.2.4.1) for a four-year term expiring at the close of the Annual General Meeting to be held in 2028.

Patricia Bellinger's profile is set out in section 6.2.2.

8.2.10.2 Directors representing employee shareholders

Based on the recommendation of the Appointments and Compensation Committee (see section 8.2.4.2), the Board of Directors is inviting the shareholders to:

- appoint Pascale Dosda as a Director representing employee shareholders for a four-year term expiring at the close of the Annual General Meeting to be held in 2028 (see below for Pascale Dosda's profile);
- re-appoint Anne Aubert as a Director representing employee shareholders for a four-year term expiring at the close of the Annual General Meeting to be held in 2028 (see section 6.2.2 for Anne Aubert's profile).

Pascale DOSDA

Director representing employee shareholders - appointment recommended to shareholders at the May 23, 2024 Annual General Meeting

Address: Safran Aircraft Engines – Route Henri-Auguste Desbruères, 91000 Corbeil-Essonnes – France

Number of Safran shares held:
6,488(1)

Born in 1962, Pascale Dosda, a French national, holds a post-graduate diploma (DESS) in Financial Control and Internal Audit from IAE Bordeaux (1988) and a degree in Economics and Finance from Institut d'Etudes Politiques de Bordeaux (1987).

Pascale Dosda has been International Mobility Manager in Safran Aircraft Engines' Human Resources department since September 2022. She has spent her whole career with Safran Aircraft Engines (formerly called Snecma). Prior to her current job, she was Industrial Platform and Supply Chain Manager for Piston Engines. She began her career as a member of the Snecma Group audit department before holding various posts in Safran Aircraft Engines' finance department, where she spent fifteen years.

Pascale Dosda was Industrial Director of SMA between June 2012 and December 2017, and helped oversee the closure of the Bourges site and the relocation of the workshop to Villaroche.

MAIN POSITION(S) HELD

- International Mobility Manager at Safran Aircraft Engines since September 2022

CURRENT OFFICES AND POSITIONS

Safran Group	Non-Group
■ Chair of the supervisory board of the Safran Investissement corporate mutual fund since its 2022 elections (France) ■ Secretary of the Safran Aircraft Engines' Central Social and Economic Committee and an elected member of the Corbeil Social Economic Committee	None

OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE YEARS

Safran Group	Non-Group
None	None

NUMBER OF OFFICES HELD*

- One directorship (Safran SA)

* *In accordance with the recommendations of the AFEP-MEDEF Code regarding the maximum number of offices that can be held, a maximum of five offices in French and/or foreign listed companies can be held by Directors.*

(1) *Including 90 registered shares and 6,398 shares held via corporate mutual fund units (conversion based on the Safran share price at December 31, 2023).*

8.2.11 Summary table showing the delegations and authorizations currently in force to increase the share capital

Type of authorization	Date of authorization Term and expiration	Ceiling *(maximum nominal amount of capital increases and maximum principal amount of debt securities authorized)*	Amount used at Dec. 31, 2023
Authorization for the Board of Directors to increase the Company's capital by issuing ordinary shares and/or securities carrying rights to shares of the Company, with pre-emptive subscription rights for existing shareholders, which may not be used during, or in the run-up to, a public offer for the Company's shares, and blanket ceiling for capital increases with or without pre-emptive subscription rights	May 25, 2023 AGM (19th resolution) 26 months, i.e., until July 25, 2025	€20 million €2 billion (debt securities)	None
Authorization for the Board of Directors to increase the Company's capital by issuing ordinary shares and/or securities carrying rights to shares of the Company, without pre-emptive subscription rights for existing shareholders, by way of a public offer other than offers governed by Article L.411-2, 1°of the French Monetary and Financial Code, which may not be used during, or in the run-up to, a public offer for the Company's shares	May 25, 2023 AGM (20th resolution) 26 months, i.e., until July 25, 2025	€8 million(1) €2 billion (debt securities)(2)	None
Authorization for the Board of Directors to issue shares and/or securities carrying rights to shares of the Company, without pre-emptive subscription rights for existing shareholders, in the event of a public exchange offer initiated by the Company, which may not be used during, or in the run-up to, a public offer for the Company's shares	May 25, 2023 AGM (21st resolution) 26 months, i.e., until July 25, 2025	€8 million(1)(3) €2 billion (debt securities)(2)(4)	None
Authorization for the Board of Directors to increase the Company's capital by issuing ordinary shares and/or securities carrying rights to shares of the Company, without pre-emptive subscription rights for existing shareholders, through an offer governed by Article L.411-2, 1° of the French Monetary and Financial Code, which may not be used during, or in the run-up to, a public offer for the Company's shares	May 25, 2023 AGM (22nd resolution) 26 months, i.e., until July 25, 2025	€8 million(1)(3) €2 billion (debt securities)(2)(4)	None
Authorization for the Board of Directors to increase the number of securities included in an issue carried out with or without pre-emptive subscription rights for existing shareholders (pursuant to the 18th, 19th, 20th or 21st resolutions), which may not be used during, or in the run-up to, a public offer for the Company's shares.	May 25, 2023 AGM (23rd resolution) 26 months, i.e., until July 25, 2025	15% of the original issue(5)	None
Authorization for the Board of Directors to increase the Company's capital by capitalizing reserves, retained earnings, profits or additional paid-in capital, which may not be used during, or in the run-up to, a public offer for the Company's shares	May 25, 2023 AGM (24th resolution) 26 months, i.e., until July 25, 2025	€12.5 million	None
Authorization for the Board of Directors to increase the Company's capital by issuing ordinary shares to employees who are members of a Group employee savings plan, without pre-emptive subscription rights for existing shareholders	May 25, 2023 AGM (25th resolution) 26 months, i.e., until July 25, 2025	1% of the Company's capital(1)	None
Authorization for the Board of Directors to grant existing or new shares of the Company, without consideration and with performance conditions, to employees and corporate officers of the Company and other Group entities, with a waiver of shareholders' pre-emptive subscription rights	May 25, 2023 AGM (27th resolution) 26 months, i.e., until July 25, 2025	0.4% of the Company's capital at the grant date	Amount used at December 31, 2023: 0 Amount used in March 2024: 0.19% Balance at March 31, 2024: 0.21%
Authorization for the Board of Directors to grant existing or new shares of the Company, without consideration and without performance conditions, to employees of the Company and other Group entities, with a waiver of shareholders' pre-emptive subscription rights	May 25, 2023 AGM (28th resolution) 26 months, i.e., until July 25, 2025	0.3% of the Company's capital at the grant date	Amount used in May 2023: 0.2% Balance at December 31, 2023: 0.1%

(1) This amount is included in the €20 million ceiling for capital increases set in the 19th resolution adopted by the shareholders at the May 25, 2023 AGM.

(2) This amount is included in the €2 billion ceiling for issues of debt securities set in the 19th resolution adopted by the shareholders at the May 25, 2023 AGM.

(3) This amount is included in the €8 million ceiling for capital increases set in the 20th resolution adopted by the shareholders at the May 25, 2023 AGM.

(4) This amount is included in the €2 billion ceiling for issues of debt securities set in the 20th resolution adopted by the shareholders at the May 25, 2023 AGM.

(5) The ceilings applicable to the 19th, 20th, 21st and 22nd resolutions submitted to the shareholders at the May 25, 2023 AGM still apply if the option provided for in the 23rd resolution adopted by the shareholders at that AGM is used.

8.3 STATUTORY AUDITORS' SPECIAL REPORT PRESENTED TO THE ORDINARY GENERAL MEETING OF MAY 23, 2024

8.3.1 Statutory Auditors' special report on related-party agreements

Annual General Meeting for the approval of the financial statements for the year ended December 31, 2023

This is a free translation into English of the Statutory Auditors' special report on related-party agreements and is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of Safran, we hereby report to you on related-party agreements.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of agreements that have been disclosed to us or that we may have identified as part of our engagement, as well as the reasons given as to why they are beneficial for the Company, without commenting on their relevance or substance or identifying any undisclosed agreements. Under the provisions of Article R.225-31 of the French Commercial Code (*Code de commerce*), it is the responsibility of the shareholders to determine whether the agreements are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by Article R.225-31 of the French Commercial Code in relation to the implementation during the year of agreements already approved by the Annual General Meeting.

We performed the procedures that we deemed necessary in accordance with the professional guidance issued by the French national auditing body (*Compagnie nationale des commissaires aux comptes*) for this type of engagement. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

Agreements submitted for approval by the Annual General Meeting

Agreements authorized during the year, entered into subsequent to the year-end

We have been advised of the following agreements which were authorized by your Board of Directors during the year and which were entered into between the reporting date and the date of this report.

With the French State (shareholder holding more than 10% of the Company's voting rights)

Persons concerned

- Céline Fornaro, representative of the French State on the Board of Directors of Safran;
- Alexandre Lahousse, Director of Safran put forward by the French State.

a) Agreement concerning the protection of MaiaSpace's sensitive assets and France's national interests in relation to MaiaSpace (the "MS Agreement")

Nature, purpose, terms and conditions

In 2022, ArianeGroup Holding (AGH) set up a new subsidiary – MaiaSpace – to design, test and commercialize a mini-launcher called "Maia" that addresses the market needs for launches of small satellites into low Earth orbit.

The MS Agreement sets out (i) AGH's rights relating to the governance of MaiaSpace and (ii) the rights enabling AGH and the French State to exercise control over the management and transfer of MaiaSpace's sensitive assets.

The main rights provided for under the MS Agreement are as follows:

<u>MaiaSpace governance principles:</u>

- MaiaSpace's head office and that of its subsidiaries must always be located in France;
- the legal representative(s) of MaiaSpace must be a French national/French nationals and reside in France;
- the majority of the members of any and all MaiaSpace governance bodies must be French nationals residing in France, and the other members must be nationals and residents of another European Union member state;
- AGH has the right to appoint a non-voting representative on MaiaSpace's Board of Directors (or equivalent governance body);
- any new investor seeking to acquire more than 10% of MaiaSpace's share capital must obtain prior approval from AGH and the French State.

<u>AGH's rights regarding the securities and sensitive assets of MaiaSpace and its subsidiaries:</u>

- AGH's approval must be obtained – after consultation with the French State – prior to (i) any transfer to a third party of shares in MaiaSpace or in its subsidiaries holding sensitive assets, or (ii) such shares being used for the purpose of providing any form of guarantee to a third party;
- AGH's approval must be obtained – after consultation with the French State – prior to any sale or transfer to a third party, by any method, of sensitive assets (including the transfer of know-how, technology and/or intellectual property rights) held by MaiaSpace or any of its subsidiaries.

In addition to the MS Agreement, the above rights will also be attached to one preference share incorporated into the capital of MaiaSpace and held by AGH (the "Preference Share").

The above provisions regarding MaiaSpace will be binding on any new investors in the event that MaiaSpace's capital is subsequently opened up to additional investors.

The MS Agreement was authorized by the Board of Directors on December 15, 2023 (the representative of the French State to the Board of Directors and the Director of Safran put forward by the French State did not take part in the vote).

It was signed on March 20, 2024.

Reason for the agreement

The Board of Directors signed this agreement for the following reason:

In view of the nature of MaiaSpace's sovereignty-related activities, specific procedures are required to protect France's national interests.

AGH and the French State therefore agreed to set up a dedicated framework for MaiaSpace, (i) by entering into an agreement on the protection of MaiaSpace's sensitive assets and (ii) with an amendment to the AGH Agreement, both in the presence of Safran and Airbus SE.

This framework takes into account the constraints linked to the work conducted jointly between AGH and MaiaSpace as part of the development of MaiaSpace's activities, particularly regarding access to sensitive technology.

b) Amendment no. 1 to the AGH Agreement

Nature, purpose, terms and conditions

The signature of the MS Agreement also requires an Amendment to be signed to the AGH Agreement (Amendment no. 1 – the "AGH Agreement Amendment"), in order to integrate into the AGH Agreement the provisions concerning the protection of the French State's interests in relation to MaiaSpace.

The AGH Agreement Amendment stipulates that AGH's Preference Share in the capital of MaiaSpace qualifies as a protected security within the meaning of the AGH Agreement. Therefore, following the signature of this amendment, the AGH Agreement will provide that any sale by AGH of its Preference Share to a third party will require the prior approval of the French State.

The amendment to the AGH Agreement was authorized by the Board of Directors on December 15, 2023 (the representative of the French State on the Board of Directors and the Director of Safran put forward by the French State did not take part in the vote).

It was signed on March 20, 2024.

Reason for the agreement

The Board of Directors signed this agreement for the following reason:

In view of the nature of MaiaSpace's sovereignty-related activities, specific procedures are required to protect France's national interests.

AGH and the French State therefore agreed to set up a dedicated framework for MaiaSpace, (i) by entering into an agreement on the protection of MaiaSpace's sensitive assets and (ii) with an amendment to the AGH Agreement, both in the presence of Safran and Airbus SE.

This framework takes into account the constraints linked to the work conducted jointly between AGH and MaiaSpace as part of the development of MaiaSpace's activities, particularly regarding access to sensitive technology.

Agreements already approved by the Annual General Meeting

In accordance with Article R.225-30 of the French Commercial Code, we were informed of the following agreements, approved by the Annual General Meeting in prior years, remained in force during the year.

With the French State (shareholder holding more than 10% of the Company's voting rights)

Persons concerned

- Céline Fornaro, representative of the French State on the Board of Directors of Safran;
- Alexandre Lahousse, Director of Safran put forward by the French State.

a) Agreement of July 22, 2022 between Safran, Airbus SE, Tikehau ACE Capital, AD Holding and the French State on Aubert & Duval SAS' sensitive assets (the "AD Agreement")

Nature, purpose, terms and conditions

On April 28, 2023, AD Holding (owned by a consortium comprising Safran, Airbus SE and Tikehau Ace Capital) completed its acquisition of all the shares and voting rights held by Eramet SA in Aubert & Duval SAS ("AD SAS").

AD SAS and its subsidiaries directly or indirectly hold assets that are directly related to protecting the French State's strategic interests in materials that are essential for national defense needs in the aviation, naval, land and nuclear sectors and, in particular, preserving innovation, design and production capacities, as well as securing the supply of such materials.

Consequently, in order to protect France's essential interests, by way of a decree dated August 25, 2022, the French State created a specific share in AD SAS (the "Specific Share") covering the sensitive assets of AD SAS or any company to which its rights and obligations are transferred, or any subsidiary that it controls – within the meaning of Article L. 233-3 of the French Commercial Code – which replaced the specific share previously held by the French State within Eramet SA.

Furthermore, it has been agreed between Safran, Airbus SE, Tikehau Ace Capital and the French State (collectively the "Parties") that the AD Agreement is necessary for the Specific Share, in order to ensure full protection of France's national interests and therefore the continuity of AD SAS' sovereignty-related operations and give the French State:

- control over the ownership and, where applicable, the devolution of all or part of the sensitive defense assets defined in the AD Agreement;
- rights of representation on the governing bodies of AD Holding and, where applicable, AD SAS.

In particular, the AD Agreement provides for:

Protection scope:

- assets identified as sensitive defense assets that are essential for national defense needs in the aviation, naval, land and nuclear sectors;
- shares in AD Holding, AD SAS and its subsidiaries, as well as interests held directly or indirectly by AD SAS, or any company to which its rights and obligations are transferred, if said company holds or operates an asset identified as a sensitive defense asset ("Protected Sector Interests").

On corporate governance matters:

- the French State shall be entitled to appoint a non-voting representative to the Board of Directors of AD Holding and, where applicable, the Board of Directors of AD SAS, if there is one.

On sensitive assets and entities holding such assets:

- the French State shall have a prior right of approval over:
  - any proposal to sell sensitive defense assets to a third party,
  - any proposal from a third party to purchase shares in AD Holding, AD SAS, its subsidiaries and Protected Sector Interests,
  - any proposal to sell all or part of the interest held by AD Holding in AD SAS to a third party,
  - any proposal to confer rights on a third party for the purpose of transferring expertise, technology or intellectual property rights related to a sensitive defense asset or to confer rights of representation on the administrative or management bodies of AD Holding or AD SAS.

  Failure by the French State to respond within one month (renewable once) shall be deemed to constitute agreement, without prejudice to the application of the provisions of the Specific Share;
- the French State shall be informed beforehand of any proposal to change the distribution of AD Holding's share capital between Airbus SE, Tikehau Ace Capital and Safran or of any proposal to restructure AD Holding or AD SAS;
- if the French State establishes that AD Holding or AD SAS has failed to comply with the essential obligations undertaken in respect of the French State in the AD Agreement (in particular, failure to comply with the above-mentioned right of approval or the rights linked to the Specific Share), and that such non-compliance continues for more than three months after notification is received from the French State, the French State may acquire all or part of the sensitive defense assets at a price to be set by a panel of experts.

The AD Agreement was authorized by the Board of Directors on February 23, 2022 (the representative of the French State and the Director put forward by the French State did not take part in the vote).

It was signed on July 22, 2022 and came into effect on the date on which the acquisition of AD SAS by AD Holding was completed, i.e., April 28, 2023.

It was approved by your shareholders at the May 25, 2023 Annual General Meeting.

b) Agreement of March 22, 2018 between Safran and the French State – Consolidation and update of the 2004 Agreement related to strategic defense assets and subsidiaries and its amendments in a single document

Nature, purpose, terms and conditions

When Snecma was privatized following its merger with Sagem, the French State agreed to waive its right, pursuant to Article 10 of the privatization act of August 6, 1986, to take a golden share in Snecma, provided that equivalent contractual rights were granted in an agreement. In order to protect France's national interests and preserve the country's independence, the French State entered into an agreement on December 21, 2004 with Sagem and Snecma related to strategic defense assets and subsidiaries (hereinafter the "2004 Agreement"). The terms of the 2004 Agreement is designed (i) to give the French State control over the ownership and, where applicable, the devolution of all or part of certain assets and shares of subsidiaries or other equity investments held by the companies party to the 2004 Agreement, combined with certain acquisition thresholds, and (ii) to give the French State rights of representation on the governing bodies of the strategic subsidiaries and subsidiaries holding assets related to French combat aircraft engines.

The merger between Snecma and Sagem which created Safran in 2005 and the various transactions completed by Safran since then have significantly changed the Group's scope, prompting Safran and the French State to amend the 2004 Agreement through a series of six successive amendments.

Safran and the French State wished to consolidate the 2004 Agreement and its amendments into a single document (the "Agreement") and to update its contents. The Agreement supersedes the 2004 Agreement, and notably provides as follows:

On corporate governance matters:

- Safran's competent bodies shall be invited to appoint the French State as a Director if its interest in the Company's share capital is less than 10% but more than 1%;
- Safran's competent bodies shall in addition be invited to appoint a member proposed by the French State to the Board of Directors if its interest in the Company's share capital is more than 5%;
- at the request of the French State, the Board of Directors of Safran shall be invited to appoint one of the persons referred to above to any Board committee that may be set up for the purpose of addressing matters directly related to its rights under the Agreement;
- the French State shall be entitled to appoint a non-voting representative to the Boards of Directors or equivalent bodies of Safran's strategic subsidiaries (Safran Ceramics and Safran Power Units) and subsidiaries owning sensitive defense assets.

On strategic or sensitive defense assets and the entities that hold such assets:

- the French State shall have a prior right of approval over:
  - sales of assets (other than those that do not affect the defense activities) owned by strategic subsidiaries and accordingly identified as strategic; sales of shares in the strategic subsidiaries Safran Ceramics and Safran Power Units; and sales of shares in ArianeGroup Holding (AGH);
  - sales by Group companies of certain assets identified as defense sensitive (such as engines, components and systems, high precision inertial navigation and missile guidance systems, financed directly or indirectly by the French Defense Ministry);
  - sales of shares in Safran Electronics & Defense, which owns sensitive defense assets;
  - acquisitions by Group companies of interests resulting in a holding of more than 33.33% or more than 50% of the share capital or voting rights of the other Group companies that own sensitive defense assets;
  - projects conferring special management or information rights over strategic or sensitive defense assets or rights of representation on the administrative or management bodies of Safran Ceramics, Safran Power Units, AGH or another entity owning sensitive defense assets controlled by Safran. Failure by the French State to respond within a period of 30 business days shall be deemed to constitute agreement, except in the case of proposals to sell shares in AGH, in which case failure to respond shall be deemed to constitute refusal;
  - the French State shall be informed beforehand of any proposal by a strategic subsidiary or an entity controlled by Safran that owns sensitive defense assets, to sell assets that do not fall into these protected categories but whose sale could have a material impact on the independent management on French territory of the entity's strategic assets or sensitive defense assets;
  - in the event that a third party acquires more than 10% or a multiple of 10% of the share capital or voting rights of Safran, and failing an agreement on other ways of protecting national interests in connection with the strategic assets, the French State shall be entitled to purchase the securities and assets of the strategic subsidiaries Safran Ceramics and Safran Power Units and the stake in AGH at a price to be set by a panel of experts.

The Agreement was authorized by the Board of Directors on March 22, 2018 (the representative of the French State and the Directors put forward by the French State did not take part in the vote). It was signed and entered into force on March 26, 2018.

The Agreement was approved by shareholders at the May 25, 2018 Annual General Meeting.

c) Agreements related to the establishment of ArianeGroup Holding – AGH Agreement, Arianespace Agreement, Pre-emption Agreement, addendum no. 6 to the Agreement of December 21, 2004 and addendum to the Environmental Guarantee Agreement (EGA)

Nature, purpose, terms and conditions

On June 30, 2016, Safran and Airbus Group (since renamed Airbus SE) finalized the combination, carried out in two stages, of their launch vehicle business into Airbus Safran Launchers Holding (since renamed ArianeGroup Holding [AGH]) and its wholly-owned subsidiary Airbus Safran Launchers (since renamed ArianeGroup SAS).

In the first half of 2016, the following agreements and amendments, which are indivisible and were required to establish the combination, were signed with the French State:

- AGH Agreement;
- Arianespace Agreement;
- Pre-emption Agreement;
- Addendum no. 6 to the Agreement of December 21, 2004 (the "Agreement", as described above in section a);
- Addendum to the Environmental Guarantee Agreement (EGA).

The AGH Agreement, the Arianespace Agreement and the Pre-emption Agreement, as well as addendum no. 6 to the 2004 Agreement, were authorized by the Board of Directors on December 17, 2015.

They were signed on June 24, 2016 and entered into force on June 30, 2016. They were subsequently approved by the Annual General Meeting of June 15, 2017.

Effective from June 30, 2016, the protection of the French State's strategic interests is ensured via:

- the AGH Agreement: an agreement between the French State and AGH relating to protected assets and strategic subsidiaries and interests, entered into in the presence of Safran and Airbus SE;
- the Arianespace Agreement: an agreement between the French State and AGH relating to Arianespace Participation and Arianespace SA shares, entered into in the presence of Safran and Airbus SE;
- concurrently with these agreements, we also entered into the Pre-emption Agreement: an agreement between Safran, Airbus SE and the French State, which sets out the conditions under which Airbus SE and Safran may exercise a pre-emptive right on the shares of the other partner in AGH if the French State exercises any of the call options granted to it by Airbus SE and Safran. The French State may only buy back AGH shares once the pre-emptive rights of Safran and Airbus SE have been used or expire;
- moreover, the EGA Amendment, an amendment to an Environmental Guarantee Agreement (EGA) with SNPE authorized by the Board of Directors on December 17, 2015, was signed on May 17, 2016 and entered into force on June 30, 2016. It was subsequently approved by the Annual General Meeting of June 15, 2017. Some sites transferred to AGH, as part of the above-described business combination, are covered by an Environmental Guarantee Agreement (EGA) granted to Safran by SNPE and counter-guaranteed by the French State. With the French State's approval, the amendment to the EGA was entered into between SNPE, AGH and Safran in order to transfer the benefit of the EGA to AGH for said sites (Safran being substituted by AGH).

d) Arianespace Framework Protocol entered into between the French State, ArianeGroup Holding (AGH) and CNES, in the presence of Safran

Nature, purpose, terms and conditions

The CNES (French National Space Studies Center), the French State and AGH, in the presence of Airbus Group and Safran, signed the Arianespace Framework Protocol, which relates to the buying back by AGH of Arianespace shares and Ariane brand names held by CNES and establishes the principal terms and conditions of the sale to AGH of Arianespace shares held by CNES, as well as the parties' declarations and commitments. In its capacity as a shareholder of AGH, Safran undertakes to ensure that AGH fully complies with said agreement.

The protocol provided for a new operating framework for European launchers.

The signature of the protocol was authorized by the Board of Directors on December 17, 2015.

It was signed on February 8, 2016 and approved by the Annual General Meeting of May 19, 2016. It subsequently entered into force on June 30, 2016.

Paris-La Défense, March 28, 2024

The Statutory Auditors

MAZARS		ERNST & YOUNG et Autres	
Jérôme de Pastors	Christophe Berrard	Philippe Berteaux	Nicolas Macé

Preparation for a sandblasting operation

9 ADDITIONAL INFORMATION

FOREWORD

PERSONS RESPONSIBLE

Person responsible for the Universal Registration Document

Olivier Andriès

Chief Executive Officer

PERSON RESPONSIBLE FOR THE FINANCIAL INFORMATION

Pascal Bantegnie

Group Chief Financial Officer

STATUTORY AUDITORS

Statutory Auditors

Mazars

Tour Exaltis

61, rue Henri-Regnault

92075 PARIS LA DÉFENSE

Ernst & Young et Autres

Tour First

1, place des Saisons

92037 PARIS LA DÉFENSE

The terms of office of the Statutory Auditors will expire at the close of the Annual General Meeting held to approve the financial statements for the year ending December 31, 2027.

9.1 PERSONS RESPONSIBLE

9.1.1 Person responsible for the Universal Registration Document

Olivier Andriès

Chief Executive Officer of Safran

9.1.2 Declaration by the person responsible for the Universal Registration Document

"I hereby declare that the information contained in this Universal Registration Document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

I further declare that to the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the Company and the undertakings in the consolidation taken as a whole, and that the management report (the cross-reference table for which is shown in chapter 10 of this Universal Registration Document) includes a fair review of the development of the business, the results of operations and the financial position of the Company and of all the undertakings in the consolidation taken as a whole, and also describes the main risks and uncertainties to which they are exposed."

Paris, March 28, 2024

Chief Executive Officer,

Olivier Andriès

9.1.3 Person responsible for the financial information

Pascal Bantegnie

Group Chief Financial Officer

Tel.: +33 (0)1 40 60 81 24

Email: pascal.bantegnie@safrangroup.com

9.2 STATUTORY AUDITORS

For the period covered by the historical financial information, Safran's Statutory Auditors are as follows:

Statutory Auditors

Mazars	Ernst & Young et Autres
Represented by:	Represented by:
Christophe Berrard and Jérôme de Pastors	**Philippe Berteaux and Nicolas Macé**
61, rue Henri-Regnault – 92075 Paris La Défense	1, place des Saisons – 92037 Paris La Défense
Start date of first term of office: May 25, 2022 ■ Appointed by the Ordinary and Extraordinary Shareholders' Meeting of May 25, 2022 for a term of six years (2022 to 2027) ■ Expiration of term of office: close of the Annual General Meeting held to approve the financial statements for the year ending December 31, 2027	Start date of first term of office: May 25, 2022 ■ Appointed by the Ordinary and Extraordinary Shareholders' Meeting of May 25, 2022 for a term of six years (2022 to 2027) ■ Expiration of term of office: close of the Annual General Meeting held to approve the financial statements for the year ending December 31, 2027

Mazars and Ernst & Young are members of the Versailles regional auditing body (*Compagnie régionale des commissaires aux comptes de Versailles*).

9.3 HISTORICAL FINANCIAL INFORMATION

In accordance with Article 19 of Regulation (EU) 2017/1129 of the European Parliament and of the Council, the following information is incorporated by reference in this Universal Registration Document:

For 2022

The information required in the management report is presented in section 10.1.5, the consolidated and parent company financial statements are presented in sections 3.1 and 3.3 and the corresponding Statutory Auditors' reports are presented in sections 3.2 and 3.4 of the 2022 Universal Registration Document, which was filed with the French financial markets authority (*Autorité des marchés financiers* – AMF) on April 3, 2023 under number D.23-0209.

For 2021

The information required in the management report is presented in section 9.5.3, the consolidated and parent company financial statements are presented in sections 3.1 and 3.3 and the corresponding Statutory Auditors' reports are presented in sections 3.2 and 3.4 of the 2021 Universal Registration Document, which was filed with the AMF on March 31, 2022 under number D.22-0217.

List of regulatory information published since January 1, 2023

The list of regulatory information published by the Group from January 1, 2023 to the date of filing of this Universal Registration Document on March 28, 2024 is available on the Group's corporate website at https://www.safran-group.com/finance/regulated-information.

Date of latest financial information

December 31, 2023.

9.4 DOCUMENTS ON DISPLAY

Availability of documents and information concerning the Company

Safran's legal documents that must be made available to shareholders, in accordance with the applicable regulations, may be consulted at the registered office located at 2, boulevard du Général-Martial-Valin, 75015 Paris.

Safran provides its shareholders with a wide range of tools for the frequent communication of transparent and accessible information on the Group, its businesses and its results. The Group website (www.safran-group.com) contains information for the public, such as presentations to analysts, financial press releases, and Registration Documents (last five years).

Contact

Financial Communications Department

Analysts and institutional investors	Individual shareholders
■ Tel.: +33 (0)1 40 60 80 80	■ Toll-free number (mainland France only): 0 800 17 17 17 Monday to Friday, 9 a.m. to 5 p.m.
■ Email: investor.relation@safrangroup.com	■ Email: actionnaire.individuel@safrangroup.com

Safran

2, boulevard du Général-Martial-Valin – 75724 Paris Cedex 15 – France

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

Assembly of a projector

10 APPENDICES

10.1 CROSS-REFERENCE TABLES

10.1.1 Cross-reference table for the Non-Financial Information Statement

Themes	Chapter	Pages
ITEMS COMPRISING THE NFIS		
Business model	Integrated Report	p.18/19
Main non-financial risks	5.2	p.287
Reasonable diligence policies and procedures	5.3 - 5.6	p.292 to 350
Publication of key performance indicators	Integrated Report	p. 62/63
MANDATORY TOPICS CITED IN ARTICLE L.225-102-1		
Labor-related consequences of the business	5.4	p.310 to 324
Environmental consequences of the business	5.3 and 5.5.3	p.292 to 309 and p.333 to 338
Respect for human rights	5.5.4	p. 338 to 344
Fight against corruption	5.5.1	p.325 to 330
Fight against tax evasion	5.5.1.5	p.330
Consequences of the Company's business and the use of the goods and services it produces on climate change	5.3	p.292 to 309
Social commitments in favor of the circular economy	5.5.3	p.333 to 338
Collective bargaining agreements in place within the Group and their impacts on economic performance and working conditions of employees	5.4.2.2	p.319/320
Measures to combat discrimination and promote diversity	5.4.3	p.320 to 324
Social commitments in favor of the fight against food waste(1)	N/A	
Measures taken in favor of people with disabilities	5.4.3.4	p.323
Social commitments in favor of the fight against food insecurity(1)	N/A	
Social commitments in favor of respect for animal welfare(1)	N/A	
Social commitments in favor of a responsible, fair and sustainable food system(1)	N/A	
Social commitments in favor of sustainable development	5.6	p.345 to 350

(1) These topics were excluded from the scope of the analysis because they were considered to be too far removed from Safran's business.

10.1.2 Cross-reference table for the corporate governance report prepared in accordance with Articles L.225-37, L.225-37-4 and L.22-10-10 of the French Commercial Code

The table below lists the references to the sections of this Universal Registration Document in which information is provided on the topics required in the corporate governance report.

Topics required in the corporate governance report	Section(s) of the 2023 Universal Registration Document
Framework Corporate Governance Code	6.1 and 6.4
Structure of Executive Management	6.1.1
Powers and responsibilities of the Chief Executive Officer and restrictions on these powers and responsibilities	6.1.3 and 6.1.4.2
Membership structure of the Board of Directors	6.2
Offices and positions held by Safran's Directors	6.2.2
Organization and operating procedures of the Board of Directors and the Board Committees	6.3
Board annual assessment	6.3.7
Diversity policy	6.2.4.2 and 5.4.3
Compensation policies for the corporate officers and related resolutions presented at the Annual General Meeting	6.6.1, 6.6.2 and 8.2.7
Compensation and benefits of corporate officers	6.6.3, 6.6.4 and 6.6.5
Related-party agreements	7.1.4 and 8.3
Procedure for assessing related-party agreements concerning routine operations	6.2.5
Commitments given by the Company to its corporate officers	6.6.3
Terms and conditions of shareholders' participation in General Meetings and any restrictions on such participation	7.1.2.2
Share ownership	7.3
Authorizations currently in force granted to the Board of Directors	8.2.11
Items with a potential impact in the event of a public offering	7.1.2.2, 7.1.4.2 and 7.1.2.6
Report on the compensation of corporate officers	6.6

The table below sets out the references to the sections of this Universal Registration Document corresponding to the components of the compensation of corporate officers referred to in sub-section I of Article L.22-10-9 of the French Commercial Code, as presented in the corporate governance report, and which will be submitted for shareholder approval in the 12th resolution of the May 23, 2024 Annual General Meeting (see section 8.2.6 of this Universal Registration Document).

Sub-section I of Article L.22-10-9 of the French Commercial Code.	Topics required in the corporate governance report	Section(s) of the 2023 Universal Registration Document
1	Annual compensation and benefits	6.6.3 to 6.6.5
2	Relative proportions of fixed compensation and annual variable compensation	6.6.3.2
3	Use of the possibility of requesting the restitution of variable compensation	NA
4	Commitments given by the Company corresponding to compensation components, indemnities or benefits payable or potentially payable on account of the commencement, termination or change of duties or subsequent thereto	6.6.3
5	Total compensation paid or allocated by an entity included in the Company's scope of consolidation	N/A
6	For the Chairman and the Chief Executive Officer, the ratios between each of their levels of compensation and the average and median compensation of the Company's employees (on a full-time equivalent basis) other than the corporate officers	6.6.3.4
7	Year-on-year changes in compensation, the Company's performance, the average compensation of the Company's employees (on a full-time equivalent basis) other than its executives, and the ratios referred to in point 6, during at least the past five years, all presented aggregately and in a way that enables meaningful comparisons	6.6.3.4
8	Explanation of how compensation packages comply with the applicable compensation policy, including how they contribute to the Company's long-term performance, and how the performance criteria have been applied	6.6.3 to 6.6.4
9	Explanation of how the general vote on compensation taken at the last Annual General Meeting has been taken into account	N/A (resolutions approved at the May 23, 2023 Annual General Meeting)
10	Any differences compared with the procedure for implementing the compensation policy or any exemptions (applied in accordance with the second paragraph of sub-section III of Article L.22-10-8 of the French Commercial Code)	N/A
11	Suspension and restitution of Directors' compensation due to non-compliance with the legislation concerning gender balance on the Board of Directors (in application of Article L.225-45, paragraph 2, and Article L.22-10-14 of the French Commercial Code)	N/A

10.1.3 Share Registration Document cross-reference table

This Universal Registration Document includes the information to be included in universal registration documents as set out in Annexes 1 and 2 of Delegated Regulation (EU) 2019/980.

The following table presents the cross-references between the two documents.

	EU Regulation 2019/980 Annex 1 headings	Section(s)	Pages
1	**Persons responsible, third party information, experts' reports and competent authority approval**		
1.1	Name and positions of the persons responsible	9.1.1	p.515
1.2	Declaration by the persons responsible	9.1.2	p.515
1.3	Statement or report attributed to a person as an expert	N/A	
1.4	Information sourced from a third party	3.2, 3.4, 5.7, 8.3	p. 217 to 222, p.250 to 253, p.351 to 360 and p.507 to 511
1.5	Competent authority approval (AMF)	See AMF insert	p.-1
2	**Statutory Auditors**		
2.1	Names and addresses of the issuer's auditors	9.2	p.515
2.2	Change in auditors, where applicable	9.2	p.515
3	**Risk factors**		
3.1	Description of the material risks specific to the issuer	4.3 and 5.2	p.261/262, p.287 to 291
4	**Information about the issuer**		
4.1	Legal and commercial name of the issuer	7.1.1	p.466/467
4.2	Place of registration of the issuer, its registration number and legal entity identifier (LEI)	7.1.1	p.466/467
4.3	Date of incorporation and the length of life of the issuer	7.1.1	p.466/467
4.4	Domicile and legal form of the issuer, legislation under which the issuer operates, its country of incorporation, address and telephone number of its registered office and website	7.1.1 and 7.4.5	p.466/467/484
5	**Business overview**		
5.1	Principal activities		
5.1.1	Nature of the issuer's operations and its principal activities	1.1.3 and 1.1.4	p.69/70
5.1.2	New products	Integrated Report – A comprehensive offering, 1.2, 1.4.1 and 2.1.3	p.6, p.71 to 93, p.95 to 98, p.116 to 132
5.2	Principal markets	Integrated Report – Main markets, 1.2, 2.1.3 and 3.1 Note 7	p.20 to 25, p.71 to 93, p.116 to 132, p.169 to 171
5.3	Important events in the development of the issuer's business	2.1.5	p.116 to 132
5.4	Strategy and objectives	Integrated Report – Strategy and business model	p.16 to 19, p.132/133
5.5	Extent to which the issuer is dependent on patents or licenses, industrial, commercial or financial contracts or new manufacturing processes	4.3.1.5 and 4.3.3.1	p.265, p.272
5.6	Competitive position	1.3	p.94
5.7	Investments		
5.7.1	Material investments made	1.1.1, 1.4.5, 1.5.1, 1.5.2 and 1.6	p.66/67, p.101 to 104
5.7.2	Material investments that are in progress or for which firm commitments have already been made	1.4.5 and 1.5.2	p.101 et p.103
5.7.3	Information relating to the joint ventures and undertakings in which the issuer holds a proportion of the capital	1.1 and 3.1 Note 38	p.68, p.213 to 216
5.7.4	Environmental issues	Integrated Report – Safran's climate strategy, 4.3.2.4, 5.3 and 5.5.3	p.30, p.268, p.292 to 309, p.333 to 338

	EU Regulation 2019/980 Annex 1 headings	Section(s)	Pages
6	**Organizational structure**		
6.1	Brief description of the Group	1.1.2, 1.1.3 and 1.1.4	p.68 to 70
6.2	List of significant subsidiaries	1.1.3, 1.1.4, 3.1 Note 40 and 3.3 Note 3.1	p.68/69, p.213 to 216, p. 234 to 237
7	**Operating and financial review**		
7.1	Financial position		
7.1.1	Development and performance of the issuer's business	2.1 and 2.2	p.110 to 136
7.1.2	Future development and activities in the field of research and development	1.4	p.94 to 101
7.2	Operating results		
7.2.1	Significant factors materially affecting the issuer's income from operations	2.1	p.110 to 133
7.2.2	Explanation of material changes in net sales or revenue	2.1	p.110 to 133
8	**Capital resources**		
8.1	Issuer's capital resources	3.1 Note 24 and 3.3 Note 3.7	p.186 to 190, p.239
8.2	Source and amounts of cash flows	3.1 (including the statement of cash flows)	p.142 to 216
8.3	Borrowing requirements and the funding structure of the issuer	3.1 Note 27 and 3.3 Note 3.9	p. 195 to 198, p.242/243
8.4	Restrictions on the use of capital resources	N/A	
8.5	Information regarding the anticipated sources of funds	2.2.3, 2.1.4, 3.1 Note 22 and 3.1 Note 28	p. 132/133, p.135/136, p.184, p. 195 to 198
9	**Regulatory environment**		
9.1	Description of the regulatory environment	4.3	p.269
10	**Trend information**		
10.1	The most significant trends in production, sales and inventory, and costs and selling prices since the end of the last financial year to the date of the Universal Registration Document	2.1.6	p.133
10.2	Information on any known trends, uncertainties, demands, commitments, or events that are reasonably likely to have a material effect on the issuer's prospects for at least the current financial year	2.1.4, 2.1.5 and 2.1.6	p.132 to 133
11	**Profit forecasts or estimates**	**2.1.4**	**p.132**
12	**Administrative, management and supervisory bodies and senior management**		
12.1	Information relating to the members of the Board of Directors	6.1 and 6.2	p.370 to 409
12.2	Administrative and management bodies conflicts of interest	6.2.5	p.402 to 404
13	**Compensation and benefits**		
13.1	Compensation paid and benefits in kind	6.6.3	p.442 to 454
13.2	Amounts set aside or accrued to provide pension, retirement or similar benefits	6.6.3	p.442 to 454
14	**Board practices**		
14.1	Date of expiration of the current terms of office	6.2.6.4	p.395 to 409
14.2	Members of the administrative or management bodies' service contracts with the issuer or any of its subsidiaries	6.2.5	p.402 to 404
14.3	Information about Board committees	6.3.6	p.415 to 421
14.4	Statement of compliance with the applicable corporate governance regime	6.4	p.424
14.5	Potential material impacts on the corporate governance – Future changes in board membership structure	6.1.1 and 6.2.6.3	p.365/366, p.408

	EU Regulation 2019/980 Annex 1 headings	Section(s)	Pages
15	**Employees**		
15.1	Number and breakdown of employees	5.4.1	p.310 to 316
15.2	Shareholdings and stock options	6.6.3.3, 6.6.4.2, 6.6.5.1 and 7.3.7.3	p.314 to 316, p.448 to 451, p.456, p.482/483
15.3	Arrangements for involving the employees in the capital of the issuer	5.4.1.7, 5.4.2.2 and 7.3.7	p.314 to 316, p.319 to 320, p.482/483
16	**Major shareholders**		
16.1	Major shareholders	7.3.1 and 7.3.3	p.479/480
16.2	Breakdown of voting rights	7.3.1 and 7.3.3	p.479/480
16.3	Controlling shareholder	7.3.5	p.481
16.4	Change in control	7.3.6	p.471 et p.481
17	**Related-party transactions**		
17.1	Details of related-party transactions	7.1.4	p.471 to 473
18	**Financial information concerning the issuer's assets and liabilities, financial position and profits and losses**		
18.1	Historical financial information		
18.1.1	Audited historical financial information covering the latest three financial years and the audit report in respect of each year	3.1, 3.3 and 9.3	p.142 to 216, p.223 to 249, p.516
18.1.2	Change of accounting reference date	N/A	
18.1.3	Accounting standards	3.1 Note 3	p.150 to 160
18.1.4	Change of accounting framework	N/A	
18.1.5	Balance sheet, income statement, statement of changes in equity, cash flow statement, accounting policies and explanatory notes	3.1	p.142 to 216
18.1.6	Consolidated financial statements	3.1	p. 142 to 216
18.1.7	Age of financial information	9.3	p.516
18.2	Interim and other financial information		
18.2.1	Quarterly, half-yearly or interim financial information	N/A	
18.3	Auditing of historical annual financial information	9.3	p.516
18.3.1	Independent auditing of historical annual financial information	N/A	
18.3.2	Indication of other information in this Universal Registration Document that has been audited by the auditors	3.2, 3.4, 5.7.5, 8.3	p.217 to 222, p.250 to 253, p.355 to 361, p.507 to 511
18.3.3	Indication of the source of information appearing in the Universal Registration Document that is not extracted from the issuer's audited financial statements and statement that the information is not audited	N/A	
18.4	Pro forma financial information		
18.4.1	Pro forma financial information and report	N/A	
18.5	Dividend policy		
18.5.1	Description of the issuer's policy	2.3.3	p.137 to 139
18.5.2	Amount of dividend	2.3.3 and 8.2.1.2	p.137 to 139, p. 490
18.6	Legal and arbitration proceedings		
18.6.1	Information on any governmental, legal or arbitration proceedings which may have, or have had in the recent past, significant effects on the issuer and/or the Group's financial position or profitability	3.1 Note 37 and 3.3 Note 5.2	p.211, p.248
18.7	Significant change in the issuer's financial position		
18.7.1	Description of any significant change in the financial position of the Group which has occurred since the end of the last financial period	2.1.6 and 3.1 Note 39	p.133, p.212

	EU Regulation 2019/980 Annex 1 headings	Section(s)	Pages
19	**Additional information**		
19.1	Share capital	3.1 Note 24, 3.3 Note 3.7 and 7.2.1	p.190/191, p.239, p.474
19.1.1	Amount of issued capital	7.2.1	p.474
19.1.2	Securities not representing capital	3.1 Note 24, 3.3 Note 3.7 and 7.2.3.1	p.190/191, p.239, p.476
19.1.3	Shares held by the issuer	3.1 Note 23, 3.3 Note 3.7 and 7.2.3.1	p.186 to 190, p.239, p.474
19.1.4	Amount of any convertible securities, exchangeable securities or securities with warrants	3.1 Note 24, 3.3 Note 3.9 and 7.2.3.2	p.190/191, p.242/243, p.474/475
19.1.5	Information about the terms of any acquisition rights and/or obligations over authorized but unissued capital or any undertaking to increase the capital	N/A	
19.1.6	Information about any capital of any member of the Group which is under option or agreed conditionally or unconditionally to be put under option	N/A	
19.1.7	History of share capital	7.2.4	p.475 and 476
19.2	Bylaws	7.1.1 and 7.1.2	p.466 to 471
19.2.1	Corporate purpose	7.1.1	p.466/467
19.2.2	Rights, preferences and restrictions attached to shares	7.1.2.2 and 7.1.2.3	p.469/470
19.2.3	Change in control	7.1.2.6	p.471, p.481
20	**Material contracts**		
20.1	Summary of each material contract	7.1.4	p.471 to 473
21	**Documents available**		
21.1	Documents made available to the public	7.4 and 9.4	p.483/484, p.516

10.1.4 Annual Financial Report cross-reference table

This Universal Registration Document includes the information contained in the Annual Financial Report mentioned in paragraph I of Article L.451-1-2 of the French Monetary and Financial Code (Code monétaire et financier) and Article 222-3 of the AMF's General Regulations.

The following table presents the cross-references between the two documents.

Annual Financial Report headings	Section(s)	Pages
Declaration by the person responsible	9.1.2	p.515
Board of Directors' management report	See cross-reference table, 10.1.5	p.526/527
Financial statements and reports	3	p.142 to 253
Parent company financial statements	3.3	p.223 to 249
Consolidated financial statements	3.1	p.142 to 216
Board of Directors' corporate governance report	See cross-reference table, 10.1.2	p.521
Statutory Auditors' report on the Board of Directors' corporate governance report	3.4	p.250 to 253
Legal and arbitration proceedings	3.1 Note 37	p. 211
Significant change in the issuer's financial or trading position	3.1	p.142 to 216
Statutory Auditors' reports	3.2, 3.4 and 8.3	p.217 to 222, p. 250 to 253, p.507 to 511
Audit fees	3.1 Note 38	p. 212

10.1.5 Board of Directors' management report cross-reference table

This Universal Registration Document includes the information contained in the Board of Directors' management report provided for by Articles L.225-100, L.225-100-1, L.225-102 and L.225-102-1 of the French Commercial Code (*Code de commerce*).

The table below lists the references to excerpts of the Universal Registration Document corresponding to the various sections of the management report as approved by the Board of Directors.

	Board of Directors' management report headings	Section(s)	Pages
1	**Group activities in 2023**	**Integrated Report – Safran at a glance and 2.1**	**p.1, p.110 to 133**
1.1	Summary of key figures by business (adjusted data)	Integrated Report – Safran at a glance and 2.1.3	p.1, p.116 to 132
2	**Human resources**		
2.1	Headcount	5.4.1	p.310 to 316
2.2	Human resources policy	5.4.1	p.310 to 316
2.3	Labor relations	5.4.2.2	p.319/320
2.4	Statutory and optional profit-sharing schemes	5.4.1.7	p.314 to 316
2.5	Group employee savings plan and international Group employee savings plan	5.4.1.7	p.314 to 316
2.6	Importance of sub-contracting	5.5.3	p.333 to 338
2.7	Group ethics and values	5.5.1 and 5.5.2	p.325 to 333
3	**Non-financial information statement and duty of care plan**		
3.1	Non-financial information statement	See cross-reference table, 10.1.1	p.520
3.2	Duty of care plan	5.1.3.3	p.338 to 344
4	**Research and development**		
4.1	Major technological focuses	1.4.1	p.95 to 98
4.2	Technical and scientific partnerships	1.4.2 and 5.6.2.1	p.98/99, p.264, p.346 to 348
4.3	Innovation and intellectual property	1.4.3	p.99
5	**Operating and financial position**		
5.1	Consolidated income statement	2.2 and 3.1	p. 134 to 136, p.142 to 216
5.2	Consolidated balance sheet	2.2 and 3.1	p.134 to 136, p.142 to 216
5.3	Research and development expenditure	3.1 Note 13	p.176
5.4	Information concerning supplier payment periods	2.3.3	p.137 to 139
5.5	Parent company financial statements	2.3, 3.1 and 3.3	p.136 to 139, p.142 to 216, p.223 to 249
5.6	Non-deductible expenses	2.3.3	p.137 to 139
5.7	Proposed appropriation of profit	2.3.3 and 8.2.1.2	p.137 to 139, p.490
6	**Risk factors**		
6.1	Identified risk factors	4.3 and 5.2	p.261 to 274, p.287 to 291
6.2	General risk management policy	4.1	p.256
6.3	Insurance	4.4	p.275
6.4	Health, Safety and Environment	4.3.1, 5.4.2 and 5.5.3	p.316 to 320, p.333 to 338
7	**Investments**	**7.1.3.2**	**p.471**
8	**Share capital and share ownership**		
8.1	Breakdown of share capital and voting rights	7.3.1, 3.1 Note 23 and 3.3 Note 3.7	p.479, p.186 to 190, p.239
8.2	Shareholder agreements	7.3.5	p.481
8.3	Agreement with the French State	7.1.4.2	p.472
8.4	Undertaking to hold securities	7.3.5 and 7.3.6	p.481
8.5	Stock options	6.6.5.1 and 7.3.7.3	p.456, p.482/483
8.6	Free share grants	3.1 Note 24, 6.6.3, 6.6.5.2 and 7.3.7.1	p.186 to 190, p.442 to 454, p.456 to 462, p.482

	Board of Directors' management report headings	Section(s)	Pages
8.7	Share buyback programs	7.2.7 and 8.2.1.8	p.476/477/478 and p.503
8.8	Safran share	7.5	p.484/485
9	**Corporate officers**		
9.1	Terms of office and duties	6.2.2	p.374 to 393
9.2	Compensation and benefits	6.6.3	p.442 to 454
9.3	Transactions in the Company's shares	6.5.3	p.425
10	**Outlook and significant subsequent events**	**2.1.6**	**p.133**
11	**Principal provisions of the bylaws**	**7.1.2**	**p.467 to 471**
Appendix 1	List of subsidiaries and investments	3.1 Note 38	p.213 to 216
Appendix 2	Five-year financial summary of the Company	2.3.3	p.137/138/139
Appendix 3	Authorizations granted by the AGM to the Board of Directors with respect to share capital increases	8.2.11	p.506
Appendix 4	Dividends paid over the past three years	2.3.3 and 8.2.1.2	p.137 to 139 and p.490

10.1.6 Corporate social responsibility cross-reference table

This Universal Registration Document includes the human resources, environmental and social information contained in the Board of Directors' management report in accordance with Article R.225-105-1 of the French Commercial Code.

The following table presents the cross-references between the two documents.

	Headings from Article R.225-105 of the French Commercial Code	Section(s)	Pages
1	**Human resources information**		
1.1	Employment		
1.1.1	Total headcount and breakdown of employees by gender, age and region	5.4	p.310 to 316
1.1.2	New hires and departures	5.4	p.310 to 316
1.1.3	Compensation and changes in compensation	5.4	p.310 to 316
1.2	Working hours		
1.2.1	Organization of working hours	5.4	p.310 to 316
1.2.2	Absenteeism	5.4	p.310 to 316
1.3	Labor relations		
1.3.1	Employer/employee relations, in particular procedures for informing, consulting and negotiating with employees	5.4	p.316 to 320
1.3.2	Collective bargaining agreements	5.4	p.316 to 320
1.4	Health and safety		
1.4.1	Occupational health and safety conditions	5.4	p.316 to 320
1.4.2	Agreements signed with trade unions and employee representatives concerning occupational health and safety	5.4	p.316 to 320
1.4.3	Occupational accidents, in particular frequency and severity, and occupational illnesses	5.4	p.316 to 320
1.5	Training		
1.5.1	Training policies	5.4	p.310 to 316
1.5.2	Total number of training hours	5.4	p.310 to 316
1.6	Equal opportunity		
1.6.1	Measures taken to promote professional equality between men and women	5.4	p.320 to 324
1.6.2	Measures taken to integrate and maintain employees with disabilities	5.4	p.320 to 324
1.6.3	Policy concerning the fight against discrimination	5.4	p.320 to 324
1.7	Promotion of and compliance with the core conventions of the International Labour Organization as regards:		
1.7.1	The respect for the freedom of association and the right to collective bargaining	5.4	p.310 to 324
1.7.2	The elimination of discrimination in respect of employment and occupation	5.4	p.310 to 324
1.7.3	The abolition of forced and compulsory labor	5.4	p.310 to 324
1.7.4	The effective abolition of child labor	5.4	p.310 to 324

	Headings from Article R.225-105 of the French Commercial Code	Section(s)	Pages
2	**Environmental information**		
2.1	General environmental policy		
2.1.1	Organization of steps taken by the Company to address environmental issues and, where applicable, environmental assessment and certification procedures	5.3 and 5.5.3	p.292 to 309 and p.333 to 338
2.1.2	Initiatives taken to train and raise awareness among employees on environmental protection	5.3 and 5.5.3	p.292 to 309 and p.333 to 338
2.1.3	Resources assigned to the prevention of environmental risks and pollution	5.3 and 5.5.3	p.292 to 309 and p.333 to 338
2.1.4	Amount of provisions set aside for environmental risks, provided that this information is not likely to cause serious prejudice to the Company in the context of ongoing proceedings	N/A	
2.2	Pollution		
2.2.1	Measures taken to prevent, reduce and rectify emissions into air, water and soil that have a significant environmental impact	5.3 and 5.5.3	p.292 to 309 and p.333 to 338
2.2.2	Steps taken to address noise pollution and any other form of pollution relating to a specific activity	5.3 and 5.5.3	p.292 to 309 and p.333 to 338
2.3	Circular economy		
	Waste reduction and management		
2.3.1	Measures taken to reduce, recycle and eliminate waste	5.3 and 5.5.3	p.292 to 309 and p.333 to 338
2.3.2	Initiatives to fight against food waste	N/A	
	Sustainable use of resources		
2.3.3	Water consumption and water supply in accordance with local regulations	5.3 and 5.5.3	p.292 to 309 and p.333 to 338
2.3.4	Consumption of natural resources and measures taken to promote more efficient use	5.3 and 5.5.3	p.292 to 309 and p.333 to 338
2.3.5	Energy consumption and measures taken to improve energy efficiency and use of renewable energy	5.3 and 5.5.3	p.292 to 309 and p.333 to 338
2.3.6	Land use	5.3 and 5.5.3	p.292 to 309 and p.333 to 338
2.4	Climate change		
2.4.1	The major sources of greenhouse gas generated by the Company's business, primarily through the use of products and services that it produces	5.3 and 5.5.3	p.292 to 309 and p.333 to 338
2.4.2	Adapting to climate change	5.3 and 5.5.3	p.292 to 309 and p.333 to 338
2.5	Protection of biodiversity		
2.5.1	Measures taken to protect and develop biodiversity	5.3 and 5.5.3	p.292 to 309 and p.333 to 338
3	**Information on social commitments to promote sustainable development**		
3.1	Community, economic and social impact of the Company's activities on:		
3.1.1	Employment and regional development	5.6	p.345 to 350
3.1.2	Local community	5.6	p.345 to 350
3.2	Relationships with people and organizations who benefit from the Company's activities, in particular integration associations, educational institutions, environmental protection associations, consumer and local residents' associations		
3.2.1	Status of dialogue with these people and organizations	5.6	p.345 to 350
3.2.2	Partnership and corporate sponsorship programs	5.6	p.345 to 350
3.3	Sub-contractors and suppliers		
3.3.1	Integration of social and environmental issues in purchasing policies	5.6	p.345 to 350
3.3.2	Scale of outsourcing and measures taken to raise awareness among suppliers and sub-contractors with respect to corporate social responsibility	5.6	p.345 to 350
3.4	Fair practices		
3.4.1	Measures taken to fight against corruption	5.6	p.345 to 350
3.4.2	Measures taken to promote consumer health and safety	N/A	
3.5	Other action taken, pursuant to paragraph 3, to promote human rights	5.6	p.345 to 350
3.5.1	Report by the independent third party on the consolidated human resources, environmental and social information included in the management report	5.6	p.345 to 350

10.2 GLOSSARY

The glossary definitions have been drawn from the following sources:

- Vernimmen;
- Safran.

10.2.1 Financial terms

Accounting policies

The consolidated financial statements are prepared in accordance with international financial reporting standards, the principles of which are described in section 3.1, Note 3 and section 3.1, Note 4.a of this Universal Registration Document.

Bonds convertible and/or exchangeable for new and/or existing shares (OCEANE)

OCEANE bonds in France are convertible bonds that offer bondholders either newly issued shares or existing shares held in a portfolio, for example as a result of a share buyback. In practice, OCEANE bonds are rarely redeemed in existing shares as this results in the recognition of a capital gain or loss.

Conflict of interest

A conflict of interest occurs when an employee has certain controlling power over the assets and/or the running of the company and/or is privy to certain confidential information about the company, or when such employee is in a situation where exercising such power and/or using such confidential information may be beneficial or detrimental to their own personal interests and/or the interests of someone related to them.

Corporate governance

Corporate governance is the system of rules, practices and processes by which a company is directed and controlled.

Corporate governance essentially involves balancing the interests of a company's many stakeholders, depending on a company's objectives.

Key stakeholders are shareholders who elect either the Board of Directors, which then grants a mandate to the management, or the Supervisory Board, which appoints members of the Management Board under various conditions specific to the legal status of the company concerned.

Other stakeholders include employees, suppliers, customers, banks and other lenders, the local community, the environment and third parties – in the broadest sense of the term – that may have dealings with the company on account of its businesses, behavior or achievements.

Corporate mutual funds

Corporate mutual funds, or *fonds commun de placement* (FCP), are a type of UCITS (undertakings for the collective investment in transferable securities).

Mutual funds have a specific legal status. A mutual fund is a collective of transferable securities which issues units (shares). It has no legal personality. Each shareholder has a co-ownership right to the fund's assets in proportion to the number of shares it holds in the fund.

Besides conventional mutual funds (money market, bond or share funds), commonly used by retail banks, certain "specific" mutual funds are associated with a greater degree of risk and are designed for well-informed investors (with the exception of corporate mutual funds [FCPE], which represent a sub-category in themselves).

Depreciation/amortization

Depreciation/amortization is a means of recording an asset's decrease in value over time for accounting purposes.

Dilution

Dilution is the effect of a financial transaction carried out by a company (capital increase or reduction, acquisition, etc.) or of an instrument (convertible bond, stock warrant, stock option, etc.) that will result in a decrease either in the control held by existing shareholders, or in the company's profitability or other significant input. In contrast, accretion increases one or more of these inputs.

Direct and indirect active corruption

The act of a person holding a specific public or private office soliciting or proffering or accepting or giving a gift, offer or promise to carry out, obstruct or abstain from carrying out an act pertaining directly or indirectly to his or her office.

Dividend

A dividend is a payment made by a company to its shareholders. Shareholders are paid dividends without being required to provide any consideration in return, and remain owners of their shares. The opposite situation is termed a share buyback. The shareholders themselves can decide, at shareholders' meetings, whether or not they consider the company is able to pay dividends without harming its operations.

Due diligence

Collecting and analyzing information and documents to assess the risk level of third parties, in compliance with applicable regulations, in particular those relating to personal data protection.

EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization)

EBITDA is the sum of recurring operating income plus net recurring and non-recurring depreciation, amortization and provisions.

Embezzlement

The act of a person holding public authority or discharging a public service mission receiving, requesting or ordering the collection of a sum which he or she knows is not due or which exceeds the amount that is due in respect of duties, contributions, taxes or public levies.

Environmental, Social and Governance (ESG)

ESG is an international acronym used by the financial community to refer to Environmental, Social and Governance criteria, for purposes such as conducting an ESG analysis. Investment decisions will take account of an ESG analysis to assess fulfillment of a company's responsibility with regard to its stakeholders and the environment.

Equity

In accounting, capital, very similar to equity, represents the funds (liabilities) that belong to a company's shareholders, as opposed to debt owed to suppliers or banks for example. Capital is made up of share capital, reserves and retained earnings (profits not distributed as dividends), and profit for the fiscal year.

Equity is a slightly broader definition than capital, as it includes capital + issues of non-voting loan stock + contingent advances + rights of concession grantors. For most companies, equity and capital are virtually the same.

This notion is sometimes extended to "quasi equity", which includes stable sources of funds not qualifying as capital, such as current accounts with shareholders, non-voting loan stock and convertible bonds.

Facilitating payments

These payments are used to facilitate or expedite routine procedures or administrative formalities normally carried out by public officers (customs officers, agents responsible for issuing licenses, police officers, etc.). They include all payments unduly made in exchange for a standard task (for example, the issuing of authorizations, licenses or visas, or the processing of administrative or customs applications). Although such practices are tolerated in some countries, facilitating payments are considered a type of corruption in most countries and are as such strictly prohibited.

Foreign Corrupt Practices Act (FCPA)

The Foreign Corrupt Practices Act is a 1977 United States federal law prohibiting companies and their individual officers from influencing foreign officials with any personal payments or rewards. As this law has international ramifications, it is said to be of near-universal jurisdiction. The Act concerns any corrupt practices committed by a US or foreign company or individual, either physically based in the United States or simply listed on a stock market in the United States, or participating in any capacity whatsoever on a financial market regulated in the United States. The Act is notably enforced by the Office of Foreign Assets Control.

Forward rate agreement (FRA)

A forward rate agreement (FRA) is a derivative product used on monetary markets, traded over the counter between two counterparties, the purpose of which is to lock in a future interest rate on a specified principal amount at the date of the FRA for a stated period of time. The interest rate is calculated and published by a third party and will only be known at a future date.

Free cash flow

Free cash flow represents cash flow from operating activities less any disbursements relating to acquisitions of property, plant and equipment and intangible assets.

Goodwill

Goodwill is the cost to purchase a business minus the fair value of the identifiable assets and liabilities obtained in the purchase. Goodwill is shown as a specific intangible asset. Under IFRS, goodwill is tested for impairment each year, which may result in the recognition of an impairment loss. However, in some cases, goodwill may be allocated to the acquirer's consolidated equity, in which case it is no longer included as a separate caption.

Influence peddling

The act of a person holding public authority or discharging a public service mission or holding a publicly elected office directly or indirectly requesting or accepting, without right and at any time, offers, promises, donations, gifts or advantages of any kind, in order (i) to carry out or abstain from carrying out an act relating to his or her duties, mission or office, or facilitated by his or her duties, mission or office, or (ii) to take advantage of his or her real or perceived influence with a view to obtaining from any public body or authority any distinction, employment, contract or any other favorable decision.

Institutional investor

Institutional investors are savings organizations whose obligations and/or assets are governed by laws and regulations. The return on their investments allow them to service their obligations in the medium or long term.

The singularity of institutional investors lies in the fact that they cannot directly access the capital they invest; they act on behalf of rights holders with which they have signed an agreement. Consequently, the management of any such assets is highly regulated and institutionalized.

Institutional investors are therefore different from (financial or non-financial) companies, which may hold on a proprietary basis various financial assets for short- or long-term investment.

The assets managed by institutional investors generally represent significant sums of money (in the billions of euros).

Interest rate swaps

An interest rate swap involves an exchange of interest rates (but not capital) between two parties. It is particularly suited to managing a company's long-term interest rate risk. The swap market has seen fast-paced growth in recent years. Banks now play a decisive role in the swap market. Corporate cash managers appreciate the flexibility of a swap, which allows them to choose the term, the benchmark floating rate and notional amount of the instrument. A swap between a bank and a company can be settled at any time by calculating the present value of the fixed interest payments at the market interest rate compared to the initial notional amount. Swaps are also frequently used to manage interest rate risk on floating- or fixed-rate assets.

Knock-out barrier

Turbo warrants have two main features: an exercise price and a knock-out barrier.

- The exercise – or strike – price is used to determine the value of the turbo warrant.
- The knock-out barrier, as its name suggests, represents the level at which the warrant expires and can be hit at any time while the underlying instrument is traded. When the underlying instrument hits the barrier, the warrant expires ahead of term and can no longer be traded.

Minimum coupon

A coupon payment is the interest regularly paid to bondholders. Coupons may be paid at fairly long intervals or are sometimes capitalized and only paid once on the bond maturity date (zero-coupon bond).

Net debt

Net debt is the difference between financial debt and cash, cash equivalents and short-term investments.

Non-voting loan stock

Non-voting loan stock represents a marketable security that confers neither voting nor ownership rights. In this sense, non-voting loan stock resembles an investment certificate.

Non-voting loan stock offers individuals or investors who are not partners/shareholders the opportunity to invest an unlimited amount in a company for potentially attractive returns.

Non-voting loan stock is particularly well suited for financing a company's organic or acquisition-led growth and is treated as equity.

Profit attributable to owners of the parent (attributable profit)

Profit attributable to owners of the parent (attributable profit) corresponds to consolidated profit less non-controlling interests in the profit of fully consolidated companies. Attributable profit can exceed aggregate profit when fully consolidated subsidiaries with non-controlling interests report losses.

Public tender/exchange offer

In finance, a public tender offer is an operation launched by a company, financial group or other private institution in the form of a proposal made to the public to purchase, exchange or sell certain shares in a company in accordance with specific procedures that are regulated and controlled by stock market authorities, notably in terms of financial information to be published (in France by the AMF or in the United States by the SEC).

Public tender offers can take the form of a cash tender offer (*offre publique d'achat*, or OPA), an exchange offer (*offre publique d'échange*, or OPE) in which shares are offered as consideration instead of cash, an offer in cash and in shares (*offre publique mixte*), and an alternative offer (*offre publique alternative*) in cash or in shares.

Rating agency

A credit rating agency is a company that assigns credit ratings which rate the ability of a debtor – a company or public authority – to pay back a debt

Recurring operating income

In order to better reflect recurring economic performance, the recurring operating income subtotal excludes income and expenses that are largely unpredictable because of their unusual, infrequent and/or material nature such as: impairment losses/reversals, capital gains/losses on disposals of operations, gains on remeasuring previously held equity interests in entities in which the Group has acquired a controlling interest, and other unusual and/or material non-operating items.

Shared services center (SSC)

A shared services center is a center that provides operational services for several companies, sites or entities within a given group.

By delegating repetitive, low added-value operational tasks to an SSC, corporate departments can focus on tasks with higher added value.

A shared services center can include services relating to an entity's different internal departments, or may be dedicated to a specific function (finance, human resources, purchasing, legal, aftermarket services, etc.).

Treasury shares

Shares held by the company, either directly or through a person acting on its behalf, are treasury shares.

UK Bribery Act (UKBA)

The UK Bribery Act 2010 establishes company liability for corrupt acts committed by persons acting on behalf of the company. It is described as the strictest corporate anti-corruption legislation in the world – going beyond the already extremely tough US equivalent, the 1977 Foreign Corrupt Practices Act in several respects. The UKBA was part of a major global step to reinforce the fight against corruption, and legislation is likely to be further stepped up under the impetus of the OECD.

The UKBA was adopted by the Parliament of the United Kingdom on April 8, 2010 and came into force on July 1, 2011. This UK law repeals and replaces previous provisions by the four crimes of:

- bribery;
- being bribed;
- the bribery of foreign public officials; and
- the failure of a commercial organization to prevent bribery on its behalf.

This last crime brought in a new liability offense for companies, focusing on prevention rather than just repression. As a result, legal entities are required to put in place internal rules and procedures to prevent corruption ("adequate procedures"). In France, this is taken up by Article 8 of Act no. 2016-1691 of December 9, 2016 ("Sapin II") relating to transparency, anti-corruption measures and modernization of the economy. Guidance on adequate procedures was published by the UK Ministry of Justice on March 30, 2011.

Like the FCPA in the United States, the UKBA contains certain provisions with near-universal jurisdiction, allowing for the prosecution of an individual or company with links to the United Kingdom, regardless of where the crime occurred.

10.2.2 Technical terms

Additive manufacturing

ASTM International defines additive manufacturing as the use of computer-aided design to build objects layer by layer, as opposed to traditional manufacturing, which involves cutting, drilling or grinding away unwanted excess from a solid piece of material. Additive manufacturing is the industry term for what is more commonly known to as 3D printing.

AEW&C (Airborne Early Warning & Control) system

An airborne early warning and control system is an airborne radar picket system designed to detect aircraft, ships and vehicles at long ranges and perform command and control of the battlespace in an air engagement by directing fighter and attack aircraft strikes. AEW&C aircraft are used for air, sea and ground surveillance operations in a complex environment.

Afterburner (or reheat)

An afterburner, or reheat, is a system used in military supersonic aircraft to provide a temporary boost in thrust. Afterburning involves injecting and igniting additional fuel downstream of the turbine. The additional thrust is especially useful during take-off on short runways such as those on aircraft carriers, and in combat situations

Air Transport Action Group

Coalition of aerospace industry experts working to examine sustainability issues and develop solutions for overcoming the industry's capacity problems. Its mission is to determine an industry-wide stance on current topics and provide constructive expert insight at the industry-government interface.

Attitude control

An attitude control system is an important spacecraft component (on an artificial satellite, space probe, space station or manned spacecraft). Its purpose is to control the attitude (meaning the orientation in space) of the spacecraft and its instruments and solar panels consistent with mission specifications. An attitude control system comprises sensors (to determine the spacecraft's position), actuators (to reorient the vehicle) and software. Various technologies may be used. The attitude control system is a platform component on an artificial satellite.

Auxiliary power unit (APU)

In aeronautics, an auxiliary power unit (usually in the form of a turbogenerator) generates energy onboard an aircraft to power onboard systems (electrical power, pneumatic and hydraulic pressure, air conditioning) on the ground when the main engines are not running, thereby saving on fuel. APUs may or may not be used in flight. They are generally located at the rear of an aircraft, in the tail cone, and powered by jet fuel from the aircraft's tanks. Depending on the type of aircraft, APUs generate pneumatic, hydraulic or electrical power for starting the aircraft's engines.

Biofuels

Liquid fuels of agricultural origin, obtained from vegetable or animal organic matter. They are developed for powering certain vehicles, either as a direct replacement for traditional fuel or mixed with traditional fuel, depending on the engine.

Bypass ratio

In turbofan engines, the bypass ratio is the ratio between the mass flow rate of the bypass stream to the mass flow rate entering the core. For example, in a turbofan engine, the mass flow entering the core is the flow that contains the gas resulting from combustion of the air/fuel mix, which takes place in what is known as the engine “core”. The mass flow of the bypass stream is non-combusted flow that does not go through the engine core.

Ceramic matrix materials

Ceramic matrix materials are robust and lightweight, made of ceramic fibers embedded in a ceramic matrix. Matrix and fibers can be in any ceramic material, including carbon.

Cobotics (collaborative robotics)

Cobotics is the term given to work performed jointly by humans and robots, i.e., a direct or remotely controlled interaction between humans and robots in pursuit of a common goal.

Cobotics is at the interface between human cognition (behavior, decisions, robustness and error management), biomechanics (modeling of the behavior and dynamics of movement) and robotics (use of instruments to produce reliable and/or repetitive mechanical behavior for industrial, military, agricultural, healthcare, collaborative purposes, etc.).

Composite fan blade

Most turbofan engines have a fan located in front of the low-pressure compressor. This has large blades with varying angles of incidence from the root to the tip. The composite fan blade is a particularly sophisticated component, featuring a titanium leading edge bonded onto the 3D woven composite body. A crucial design point here concerns accurate prediction, by calculation, of the mechanical behavior of the fan blades.

Eco-design

Eco-design involves allowing for environmental considerations in product design, to quantitatively and/or qualitatively reduce the negative impacts of a product or service on the environment, without compromising its qualities or performance. Eco-design might typically mean using robust, recyclable materials, and applying a far-reaching waste recovery approach.

Fan casing

A casing is an enclosure that protects a mechanical system. It is usually sealed, containing the lubricant needed for the system to operate, or simply affording protection against the outside environment. It may be fitted with a filling and drainage aperture for cooling fins, an external lubricating system and a venting system.

FELIN integrated equipment suite

This combat system offers expanded capabilities in five areas: communication, observation, accuracy, protection, and soldier mobility and support. It also ensures enhanced compatibility with weapon systems, equipment, vehicles and aircraft.

Full Authority Digital Engine Control (FADEC)

FADEC is a cockpit interface for operating a turbojet, turboprop or turbo engine. It may also be found on certain piston-engine light aircraft, often with compression ignition.

It takes the form of a digital control system based on a computer with two symmetrical, full authority, full redundancy channels. Sensors and actuator electrics are duplicated (one for each channel). Only the hydraulic subsystems (pumps, servovalves, pressure generators) are not duplicated (non-redundant).

A FADEC system performs the following functions:

- flow regulation (fuel input and acceleration/deceleration control);
- automatic start-up;
- transmission of engine parameters to cockpit instruments;
- thrust control and oversight of operation within set limits;
- reverse thrust control.

Future Combat Air System (FCAS)

The Future Combat Air System refers to a joint European program to develop a new sixth-generation combat air system by 2040 with a wide array of interconnected and interoperable elements such as drones, and based largely on artificial intelligence. The Future Combat Air System combines New Generation Fighter (NGF) aircraft, drones, future cruise missiles and drone swarms. It will connect with aircraft, satellites, NATO systems and land and sea combat systems.

Health monitoring

Health monitoring refers to a program for maintaining an aircraft fleet in proper working order while affording operational savings. It is an essential program for helicopter operators, providing valuable foresight on turbine failure risks, thereby reducing the number of unnecessary inspections, limiting major repairs, and reducing the cost of unplanned servicing. The health monitoring system uses an automated device to perform vibration measurements and Fast Fourier Transform (FFT) calculations. It is integrated in the FADEC suite (see definition) to determine the degree of wear in many different parts and schedule replacement accordingly.

Helicopter frame

A helicopter frame comprises the body and undercarriage unit (landing gear).

In-Flight Entertainment (IFE) system

In-flight entertainment refers to the entertainment available to aircraft passengers during a flight.

Launcher

In cosmonautics, a launcher is a rocket used for placing a payload in orbit around the earth or into interplanetary space. The payload might be an artificial satellite placed into low earth orbit or geostationary orbit, or a space probe that leaves the earth’s gravitational field to explore the solar system.

Leading edge

The leading edge is the front-most edge of an airfoil section (aircraft wing, propeller, etc.), i.e., which penetrates the air. Along the leading edge, there is what is known as the stagnation point, about which the flow splits into two parts, passing along either side of the airfoil. This location of the stagnation point along the airfoil varies with the angle of incidence.

From a geometrical point of view, the leading edge is the portion of the airfoil profile which has the least radius of curvature. Independently of the flow, it defines the chord and the ensuing geometric properties such as chord length, camber and thickness.

On airfoil profiles intended for subsonic speeds, the leading edge has a wide radius (usually 1.5% of the chord). Supersonic airfoil sections have a much sharper angle of attack (a shorter radius)

Mass density

The mass energy density of a product, for example of a fuel, represents the energy stored in a given mass of that product. The ratio can be used to compare the energy content of different fuels, in relation to the same mass.

Materiality matrix

Mapping to identify and rank Safran's CSR challenges, based on their importance for Group employees and for external stakeholders.

Modular air-to-ground weapon (AASM)

The AASM is a new-generation weapon that comprises a guidance kit and a range-extension kit to transform a bomb body into a precision air-to-ground weapon.

It is currently in service on Rafale fighters belonging to the French armed forces. This all-weather, jam-resistant weapon features a long-range (60 km at high altitudes) INS/GPS/laser system. It allows simultaneous, high-precision, multi-target mobile or fixed air-to-ground strikes.

Nacelle

Nacelles are housings that hold the engines on a multi-engine aircraft. On medium- and long-haul aircraft, nacelles usually include the thrust reverser that brakes the aircraft on landing. A nacelle may be fixed either on the wing or on the fuselage, by means of a mast.

Non-destructive testing (NDT)

Non-destructive testing refers to a range of methods for examining the soundness of a material, component or system without causing damage, during production, use or maintenance.

Nozzle

A nozzle ("propelling nozzle" in cosmonautics) is a pipe of varying cross-section placed at the rear of an engine producing hot combustion gases. It converts the heat energy of these gases into kinetic energy.

Optronics (and optronic sights)

As the name suggests, optronics (or optoelectronics) stands at the intersection of electronics and optics. Optronics systems usually comprise an optical sensor, an image processing system, and a display or storage system.

Organic matrix composites

A composite material (or composite) is a combination of constituent materials of different properties, usually in the form of a framework held in a matrix. The framework, or reinforcement (usually in the form of fibers), provides mechanical stability, and is surrounded and supported by a binding agent known as a matrix.

Good mechanical stability and low density make composites a highly useful material in air transport (civil and military) and aerospace applications.

Power electronics

Power electronics refers to a branch of electrical engineering concerned with converting electrical energy from one form to another, by means of converters.

This includes the design, production and maintenance of:

- high-power electrical components;
- structures, control systems and applications of power converters.

Power transmission systems

A power transmission system refers to a mechanical device that harnesses a portion of the engine's energy in order to power essential systems on the aircraft, such as hydraulics and electrics, and on the engine itself (oil, fuel and electricity).

Predictive maintenance

Predictive maintenance involves the scheduling of maintenance interventions before failures occur, by examining the condition of a system with respect to predefined threshold values.

According to French standard NF EN 13306 X 60-319, predictive maintenance is a condition-based maintenance performed on the basis of extrapolations from the analysis of significant deterioration parameters.

The principle is to determine any manifest visible or non-visible signs of deterioration. The challenge is knowing how to recognize these signs. To detect deterioration (physical, chemical, behavioral, electrical, etc.), special equipment is used to measure signs such as untoward changes in temperature, vibration, pressure, dimension, position, noise, etc.

Primary and secondary electric distribution systems

The primary distribution system concentrates the energy produced by all of the aircraft's available sources of power and makes it available for all electrical loads, using network reconfiguration intelligence.

The secondary distribution system provides power to equipment such as interior/exterior lighting and cabin ventilation, which the airframer wishes to be switchable at different flight stages.

Primary mirror

In astronomy, the primary mirror is the main light-gathering surface (the objective) of a reflecting telescope. Light gathered by the primary mirror is directed towards a focal point typically past the location of the secondary mirror. The diameter of a telescope is measured as the diameter of the primary mirror.

Propfan

A propfan, also known as an open rotor engine, is a type of aircraft engine in which the fan is mounted directly on the power turbine outside the nacelle. This has the advantage of increasing the bypass ratio and thereby reducing fuel consumption.

Quick-Response Quality Control (QRQC)

QRQC is a fast problem-solving management method that emphasizes constant vigilance and immediate response.

Retrofit

Retrofit operations involve replacing old or obsolete components by more recent components, without modifying the function thereof. At Safran, the term is used for Aircraft Interiors. Retrofit includes replacing cabin parts, such as seats or galleys, whose life cycle has come to an end or which are worn out and need to be replaced.

Reverse thrust

In aeronautics, reverse thrust refers to the temporary diversion of some or all of a propeller or jet engine's thrust so that it is directed forward rather than backward, thus decelerating the aircraft to shorten the landing distance.

Ring laser gyroscope

A ring laser gyroscope is a rotation sensor that uses the Sagnac effect to measure the shifting interference pattern of a beam split into two halves, as the two halves move around the ring in opposite directions. With their three gyroscopes, the inertial navigation systems found on certain ships, aircraft, satellites and submarines can measure the angular velocity of a mobile object in all three dimensions. Because of its greater accuracy, the ring laser gyroscope has replaced the mechanical gyroscopes used previously.

Rotating combustion chamber

A combustion chamber is an enclosure capable of withstanding the sudden and extreme changes in pressure and temperature caused by the deliberate combustion of specific chemicals. It is designed to transform the energy produced by this combustion into work, or force, prior to discharge of the exhaust gases.

Shaft horsepower (shp)

Shaft horsepower is the power delivered to a propeller or turbine shaft. The term is used to quantify the power of helicopter engines.

Short Take-off and Landing (STOL) aircraft

A short take-off and landing (STOL) aircraft is a fixed-wing aircraft capable of using short runways (usually less than 200 meters) to take off and land.

Stationary plasma thruster

A stationary plasma thruster, or Hall-effect thruster (HET), is a type of plasma thruster (generally ring-shaped) in which the propellant is accelerated by an electric field. It is known as a Hall-effect thruster because it traps electrons in a magnetic field for use in ionizing the propellant. These ions are then accelerated to produce thrust. The thruster falls within the category of electric propulsion for space systems.

Supply chain

Supply chain refers to the management of all resources, means, methods, tools and techniques aimed at managing, in the most efficient way possible, the overall supply and delivery chain of a product or service to the end-customer. At Safran, the supply chain is structured around a unique approach entitled "One Safran", which is aimed at developing Group-wide take-up of a common corporate management system and performance indicators and deploying operational excellence, in order to ensure product quality and reliability. The initiative involves building on best practices and extending them throughout the Group.

Sustainable Development Goals (SDGs)

Established by the UN, the SDGs set 17 priorities through 169 goals for socially fair, environmentally secure, economically prosperous, inclusive and predictable development by 2030.

Turbine

The turbine, a device that converts fluid flow into rotary motion, is a major aviation component. Turbine engines are used for powering helicopters and providing electrical energy onboard commercial aircraft. The Djinn helicopter made direct use of air compressed by a turbine to power its rotor, instead of using mechanical conversion.

Turbofan

A turbofan is a type of jet engine that reduces fuel consumption and increases thrust performance by taking in more air than is needed by the turbine. The additional air flow bypasses the turbine.

Vertical take-off and landing (VTOL) aircraft

A vertical take-off and landing (VTOL) aircraft is a fixed-wing aircraft that does not need the runway space usually required for take-off and landing. VTOL aircraft are sometimes known as hybrid or convertible aircraft, especially in the case of tiltrotor planes. The VTOL category does not extend to air balloons, airships or helicopters.

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