

CORPORATE OFFICER COMPENSATION (2020-2021)

Acting on the recommendation of the Appointments and Compensation Committee, on February 24, 2021 the Board of Directors reviewed and set certain components of the compensation packages and policies applicable to Safran's corporate officers.

1. Fixed compensation set for the Chairman and the Chief Executive Officer for 2021

The Board decided to maintain the annual fixed compensation due in respect of 2021 to its Chairman, Ross McInnes, at the same level as for 2020, i.e., €450,000.

As previously disclosed¹, the annual fixed compensation set for 2021 for the Chief Executive Officer, Olivier Andriès, amounts to €800,000 (unchanged from the former Chief Executive Officer's annual fixed compensation for 2020).

2. Annual variable compensation set for the Chief Executive Officer for 2021

The Chief Executive Officer's variable compensation for 2021 will be set based on the terms and conditions of the applicable compensation policy approved by the shareholders at the Annual General Meeting.

It will be determined as follows:

- Two-thirds will be contingent on the following quantitative financial performance objectives:
 - recurring operating income (ROI) (60% weighting);
 - free cash flow (FCF) (30% weighting); and
 - working capital (10% weighting), comprising operating assets (Inventories) and unpaid receivables.
- One-third will be contingent on quantitative and qualitative individual objectives set by the Board of Directors for 2021 (see table below).

The table below summarizes the main rules applicable to the Chief Executive Officer's annual variable compensation for 2021 as well as the underlying performance objectives and their respective weightings:

2021 annual variable compensation for the Chief Executive Officer – Olivier Andriès

(payment subject to shareholders' approval at the 2022 Annual General Meeting):

The compensation policy currently applicable to the Chief Executive Officer provides that his "target" variable compensation – i.e., the amount payable if the achievement rate is 100% for all of the financial and individual performance objectives – corresponds to 100% of his annual fixed compensation (the "Target").

If the Chief Executive Officer outperforms his objectives, his "maximum" variable compensation (the "Cap") – 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.

- Target amount: €800,000, i.e., 100% of his fixed compensation if the achievement rate for all of the objectives is 100%
- Maximum amount: €1,200,000, i.e., 150% of his fixed compensation if the achievement rate for all of the objectives is 130%

¹ See the information published on the Company's website on December 21, 2020: <https://www.safran-group.com/group/governance/corporate-officers-compensation-and-benefits/corporate-officers-compensation-and-benefits>

2021 financial performance objectives (quantitative financial objectives)* Accounting for 2/3 of the CEO's annual variable compensation (67%)		Weighting
1	Recurring operating income (ROI)	60%
2	Free cash flow (FCF)	30%
3	Working capital, comprising the following components:	10%
	- Operating assets (Inventories)	5%
	- Unpaid receivables (late customer payments)	5%
Sub-total (base: 100%)		100%

2021 individual objectives (qualitative and quantitative individual performance objectives)* Accounting for 1/3 of the CEO's annual variable compensation (33%)		Weighting
1	Management of the Covid crisis & relations with aircraft manufacturers (qualitative and quantitative)	15%
2	R&T – Climate (qualitative and quantitative): – Actions to ensure alignment with partners on decarbonization strategy – Actions to promote Sustainable Aviation Fuels (SAF) – Collaborative progress in aerospace R&T programs and related milestones	30%
3	Digital/Cybersecurity (qualitative): – Group digital roadmap and key projects – Cyber action plan – Rollout of a data organization program	30%
4	CSR & human capital (qualitative and quantitative): – Safety: frequency rate of occupational accidents maintained at the 2020 level – CSR & human capital: implementation of the new CSR strategy with two main focuses in 2021: ▪ Improving the gender equality ratio (Group Executive Committee and companies' management committees) ▪ Low-carbon project: deploying the “Scopes 1 & 2” plan on a company-by-company basis, increasing the use of bio-fuels in engine tests, and making progress on the “Scope 3” plan to be published in 2022	25%
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.

3. Compensation policies for corporate officers

The Board of Directors has decided that the compensation policies for the Chairman, the Chief Executive Officer and the Directors approved by the shareholders at the Annual General Meeting of May 28, 2020 will continue to apply in 2021, without any substantive modifications.

The decision regarding the Chief Executive Officer has already been announced², and his compensation policy will include the necessary provisions concerning the suspension of his employment contract and the related entitlements.

These compensation policies will be submitted for shareholders' approval at the 2021 Annual General Meeting.

Should any subsequent adjustments to the compensation policies be deemed useful or necessary, they will be subject to a decision-making process prior to the notice of the 2021 Annual General Meeting, with all necessary and appropriate disclosures.

All matters pertaining to corporate governance and components of compensation awarded to Safran's corporate officers are set out in detail in the Group's Universal Registration Documents.

² See the information published on the Company's website on December 21, 2020: <https://www.safran-group.com/group/governance/corporate-officers-compensation-and-benefits/corporate-officers-compensation-and-benefits>