

CORPORATE OFFICER COMPENSATION (2021-2022)

Acting on the recommendation of the Appointments and Compensation Committee, on February 23, 2022 the Board of Directors reviewed and set certain components of the compensation packages and policies applicable to Safran's corporate officers.

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

The Board of Directors set the amount of the annual variable compensation to be awarded for 2021 to Safran's Chief Executive Officer, Olivier Andriès, based on the terms and conditions of the compensation policy approved by the shareholders at the 2021 Annual General Meeting.

Based on the achievement levels of the applicable financial and individual objectives, the amount of Olivier Andriès' annual variable compensation for 2021 totals €1,002,222, representing 125.3% of his annual fixed compensation. Its payment will be subject to shareholders' approval at the 2022 Annual General Meeting.

This amount reflects:

- An overall achievement rate of 109% for the portion related to the Group's financial performance (accounting for two-thirds of the variable compensation), for which the objectives related to:
 - recurring operating income (ROI) (60% weighting): 100% achievement;
 - free cash flow (FCF) (30% weighting): 130% achievement;
 - working capital, comprising the following components:
 - operating assets (Inventories) (5% weighting): 92% achievement, and
 - unpaid receivables (5% weighting): 116% achievement.
- An overall achievement rate of 127.5% for the portion related to individual quantitative and qualitative performance objectives (accounting for one-third of the variable compensation).

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

2021 annual variable compensation for the Chief Executive Officer – Olivier Andriès – Results (payment subject to shareholders' approval at the 2022 Annual General Meeting):
<p>The compensation policy applicable to the Chief Executive Officer provides that his "target" variable compensation – i.e., the amount payable if the achievement rate is 100% for all of the financial and individual performance objectives – corresponds to 100% of his annual fixed compensation (the "Target").</p> <p>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 – represents a maximum of 150% of his annual fixed compensation (the "Cap").</p> <ul style="list-style-type: none">▪ Target amount: €800,000, i.e., 100% of his fixed compensation if the achievement rate for all of the objectives is 100%▪ Maximum amount: €1,200,000, i.e., 150% of his fixed compensation if the achievement rate for all of the objectives is 130%

Objectives	Weighting	Achievement rate*	Comments**	
Financial performance objectives (quantitative financial objectives) <i>(adjusted data)</i>		Accounting for 2/3 of the CEO's annual variable compensation (67%)		
1	Recurring operating income (ROI)	60%	60%	
2	Free cash flow (FCF)	30%	39%	
3	Working capital, comprising the following components:	10%	<ul style="list-style-type: none"> ▪ Objectives met or exceeded (outperformance) ▪ ROI was €1,805 million, in line with the 2021 budget. ▪ FCF was €1,680 million, ahead of the 2021 budget. ▪ The favorable change in working capital during the year (€250 million) was driven by lower inventories, higher deferred income and significant customer advance payments. 	
	- <i>Operating assets (Inventories)</i>	5%		4.6%
	- <i>Unpaid receivables (late customer payments)</i>	5%		5.8%
Sub-total (base: 100%)		100%	109%	
Amount (in €)			€613,333	
			(Potential range: 0% to 130%)	
			Representing 115% of 2/3 of the CEO's reference fixed compensation of €800,000	

Individual 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	Management of the Covid crisis & relations with aircraft manufacturers (qualitative and quantitative)	15%	19.5%
2	R&T – Climate (qualitative and quantitative): <ul style="list-style-type: none"> • Actions to ensure alignment with partners on decarbonization strategy • Actions to promote Sustainable Aviation Fuels (SAF) • Collaborative progress in aerospace R&T programs and related milestones 	30%	39%
3	Digital/Cybersecurity (qualitative): <ul style="list-style-type: none"> • Group digital roadmap and key projects • Cyber action plan • Rollout of a data organization program 	30%	39%

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4	<p>CSR & human capital (qualitative and quantitative):</p> <ul style="list-style-type: none"> • Security: 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: <ul style="list-style-type: none"> ▪ 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%	30%	<p>Objectives met or exceeded (outperformance)</p> <ul style="list-style-type: none"> ▪ There was a reduction in the frequency rate of occupational accidents at end-2021 compared to 2020, as a result of continued efforts to improve HSE performance. ▪ The new CSR strategy was implemented and presented. ▪ The gender equality objectives set for 2021 were achieved, including as regards the percentage of women among senior managers (15% versus 13% in 2020) and the number of women on companies' management committees. ▪ In 2021, the action plan aimed at reducing Scope 1 & 2 emissions by 30% in 2025 (compared to 2018) was rolled down to Group companies and the use of bio-fuels in engine tests was increased (10% since October 2021). Safran has recently set new long-term objectives to reduce emissions from its operations. The reporting of Scope 3 emissions from the use of products for all categories of products and a corresponding reduction objective based on SBTi methodology will be disclosed in the 2021 Universal Registration Document (to be filed in April 2022).
Sub-total (base: 100%)		100%	127.5%	(Potential range: 0% to 130%)
Amount (in €)			€388,889	Representing 145.8% of 1/3 of the CEO's reference fixed compensation of €800,000
TOTAL (in €)			€1,002,222	Representing 125.3% of the CEO's reference fixed compensation of €800,000

* Corresponding to the relevant weighting multiplied by the achievement rate of the objective. For example, where an objective with a 30% weighting is 130% achieved (therefore corresponding to outperformance), the overall achievement rate is 39% (i.e. 30 x 130%). ** The precise content of each of the individual objectives and the expected achievement rates for the quantitative objectives had been precisely pre-determined and defined, but cannot be disclosed in further detail for confidentiality reasons in view of their strategic and competitive sensitivity.

2. Fixed compensation set for the Chairman and the Chief Executive Officer for 2022

The Board decided to maintain the annual fixed compensation due in respect of 2022 to its Chairman, Ross McInnes, at the same level as for 2021, i.e., €450,000. The annual fixed compensation for the office of Chairman is unchanged since 2018.

The Board also decided to maintain the annual fixed compensation due in respect of 2022 to the Chief Executive Officer, Olivier Andriès, at the same level as for 2021, i.e., €800,000. The annual fixed compensation for the office of Chief Executive Officer is unchanged since 2018.

3. Annual variable compensation set for the Chief Executive Officer for 2022

The Chief Executive Officer's variable compensation for 2022 will be set based on the terms and conditions of the applicable compensation policy, as approved by the shareholders at the Annual General Meeting.

It will be determined as follows:

- Two-thirds will be contingent on the following quantitative financial performance objectives:
 - 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 2022 (see table below).

The table below summarizes the main rules applicable to the Chief Executive Officer’s annual variable compensation for 2022 as well as the underlying performance objectives and their respective weightings:

2022 annual variable compensation for the Chief Executive Officer – Olivier Andriès (payment subject to shareholders’ approval at the 2023 Annual General Meeting):

The proposed compensation policy for the Chief Executive Officer (see below) provides that his “target” variable compensation – i.e., the amount payable if the achievement rate is 100% for all of the financial and individual performance objectives – will correspond to 120% of his annual fixed compensation (the “Target”).

If the Chief Executive Officer outperforms his objectives, his “maximum” variable compensation – i.e., the amount payable if the achievement rate is 130% for all of the financial and individual performance objectives – will represent a maximum of 150% of his annual fixed compensation (the “Cap”).

- Target amount: €960,000, i.e., 120% of his fixed compensation if the achievement rate for all of the objectives is 100%
- Maximum amount: €1,200,000, i.e., 150% of his fixed compensation if the achievement rate for all of the objectives is 130%

2022 financial performance objectives (quantitative financial objectives)* (<i>adjusted data</i>)		Weighting
Accounting for 2/3 of the CEO’s annual variable compensation (67%)		
1	Recurring operating income (ROI)	60%
2	Free cash flow (FCF)	30%
3	Working capital, comprising the following components:	10%
	- <i>Operating assets (Inventories)</i>	5%
	- <i>Unpaid receivables (late customer payments)</i>	5%
Sub-total (base: 100%)		100%

2022 individual objectives (qualitative and quantitative individual performance objectives)*		Weighting
Accounting for 1/3 of the CEO’s annual variable compensation (33%)		
1	Relations with aircraft manufacturers and key partners (qualitative) <ul style="list-style-type: none"> ▪ Commercial and strategic campaigns 	20%
2	LEAP aftermarket activities (qualitative and quantitative): <ul style="list-style-type: none"> ▪ Management of LEAP engine service contracts and maintenance costs and related action plans 	20%
3	Portfolio review (qualitative and quantitative): <ul style="list-style-type: none"> ▪ As announced at Safran’s 2021 Capital Markets Day, active management of the Group’s asset portfolio ▪ Related steps, progress and achievements (quantitative) 	10%
4	Digital/Cybersecurity (qualitative and quantitative): <ul style="list-style-type: none"> ▪ Setting up a “Digital Academy” focused on digital transformation ▪ Advancing on the development, organization and location of centers of excellence ▪ Pushing ahead with the Cyber plan 	15%

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5	<p>CSR & human capital (qualitative and quantitative):</p> <ul style="list-style-type: none"> ▪ Security: Frequency rate of occupational accidents and of lost-time accidents maintained at the same level, amid the ramp-up in business ▪ Diversity & gender equality: Objectives linked to increasing the number of women among senior managers and within the Group Executive Committee and companies' management committees – Launch of an inclusion/diversity barometer and related action plan ▪ Human capital: Initiatives to develop Safran talent and executives over the long term ▪ Climate – Low-carbon: <ul style="list-style-type: none"> ▪ Extending the “Scopes 1 & 2” action plan to include the newly-announced long-term objective of reducing emissions by 50% by 2030 (compared to 2018) ▪ Rolling out the energy management system ▪ Launching a Scope 3 plan for “Purchases”, targeting Safran’s main suppliers ▪ Setting an objective for reducing Scope 3 emissions from “Product Use” ▪ Making progress towards SBTi certification 	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.

4. Compensation policies for corporate officers

These compensation policies will be submitted for shareholders’ approval at the 2022 Annual General Meeting.

Compensation policy for the Chairman

The Board of Directors has decided that the compensation policy for the Chairman approved by the shareholders at the Annual General Meeting of May 26, 2021 will continue to apply in 2022, without any substantive modifications.

Compensation policy for the Chief Executive Officer

- **Change to the Target annual variable compensation:**

The Board of Directors has made a notable change to the compensation policy for the Chief Executive Officer compared to the compensation policy approved by the shareholders at the Annual General Meeting of May 26, 2021.

The change concerns his annual variable compensation. The amended compensation policy provides that, as from 2022, his “target” variable compensation – i.e., the amount payable if the achievement rate is 100% for all of the financial and individual performance objectives – will correspond to 120% of his annual fixed compensation (the “Target”), as opposed to 100% previously.

Unchanged from the compensation policy approved by the shareholders at the Annual General Meeting of May 26, 2021, if the Chief Executive Officer outperforms his objectives, his “maximum” variable compensation – i.e., the amount payable if the achievement rate is 130% for all of the financial and individual performance objectives – will represent a maximum of 150% of his annual fixed compensation (the “Cap”).

Based on the annual fixed compensation of €800,000 set for 2022, the theoretical Target and Cap amounts of the Chief Executive Officer's annual variable compensation for 2022 would be as follows:

- Target – target amount: €960,000, i.e., 120% of his fixed compensation if the achievement rate for all of the objectives is 100%
- Cap – maximum amount: €1,200,000, i.e., 150% of his fixed compensation if the achievement rate for all of the objectives is 130%

The change more closely aligns the variable portion of the Chief Executive Officer's compensation with the policies and practices observed in studies of panels of comparable French manufacturing companies, without changing the maximum amount of variable compensation provided for in the compensation policy. In addition, the compensation policy was not changed when the current Chief Executive Officer was appointed.

The change will be described in the compensation policy for the Chief Executive Officer that will be submitted to the shareholders' vote at the Annual General Meeting of May 25, 2022.

- **Long-term incentive (LTI) plan (performance share grants) and non-financial performance conditions:**

As already mentioned in the policy approved by the shareholders at the 2021 Annual General Meeting, as well as in the presentation of the 30th resolution (relating to performance share grants) adopted by the said Annual General Meeting, non-financial performance conditions will be included among the internal performance conditions attached to the grants. The non-financial conditions will 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. Details on the terms and conditions and weightings of the non-financial performance conditions will be set out in the policy. 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. They will be disclosed and their weighting will reduce the weighting of the internal financial and economic performance conditions.

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 2022 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 Universal Registration Documents.