

CORPORATE OFFICER COMPENSATION (2019-2020)

Acting on the recommendation of the Appointments and Compensation Committee, on March 26, 2020 the Board of Directors reviewed and set certain components of the compensation packages and policies applicable to the corporate officers.

1. Annual variable compensation set for the Chief Executive Officer for 2019

In accordance with the compensation policy¹, the Board of Directors has set the variable compensation for the Chief Executive Officer, Philippe Petitcolin, for 2019 at €964,444, i.e., 121% of his annual fixed compensation.

This amount reflects:

- An overall achievement rate of 114% for the portion related to the Group’s financial performance (accounting for two-thirds of the Chief Executive Officer’s variable compensation), for which the objectives related to:
 - recurring operating income (60% weighting): 113% achievement;
 - free cash flow (30% weighting): 119% achievement;
 - working capital, comprising the following components:
 - operating assets (Inventories) (5% weighting): 94% achievement, and
 - unpaid receivables (5% weighting): 115% achievement.
- An overall achievement rate of 109% for the portion related to individual quantitative and qualitative performance objectives (accounting for one-third of the Chief Executive Officer’s variable compensation).

| Individual performance objectives for 2019: These objectives related to: | Performance |
|---|--------------------|
| Integration of Zodiac Aerospace within the Group: industrial and managerial optimization (quantitative and qualitative) | Outperformed |
| Business development: position the Group with regard to particular aircraft programs (qualitative) | Partially achieved |
| R&T strategy: long-term R&T roadmap (qualitative) | Outperformed |
| Digitalization: Group digital roadmap (qualitative) | Achieved |
| CSR-human capital: continuous corporate social responsibility and human capital measures and priority action plans | |
| - Environment – carbon footprint management system: pinpoint action plans to roll out as from 2020 (qualitative) | Achieved |
| - Safety: further reduction in the frequency rate of occupational accidents (quantitative) | Outperformed |
| - Safety: ergonomics in industrial projects: Factory of the Future training roadmap (quantitative) | Achieved |
| - Human capital: gender balance plan with regard to executive positions (qualitative) | Achieved |
| Total: | 109% |

The exact content and achievement rates for each of these individual objectives cannot be given in more detail for confidentiality reasons in view of their strategic and competitive sensitivity.

Payment of the Chief Executive Officer’s annual variable compensation for 2019 is subject to shareholders’ approval at the 2020 Annual General Meeting.

¹ In accordance with the provisions of the compensation policy, 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 – 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.

2. Compensation components for 2020

Fixed compensation set for the Chairman and the Chief Executive Officer for 2020

The Board decided to maintain the annual fixed compensation due in respect of 2020 to its Chairman, Ross McInnes, at the same level as for 2019, i.e., €450,000.

The Board also decided to maintain the annual fixed compensation due in respect of 2020 to the Chief Executive Officer, Philippe Petitcolin, at the same level as for 2019, i.e., €800,000.

Annual variable compensation set for the Chief Executive Officer for 2020

The Chief Executive Officer's variable compensation for 2020 will be set based on the terms and conditions of the compensation policy applicable at the time, as approved by 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 (60% weighting);
 - free cash flow (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. The Board of Directors has set the Chief Executive Officer's individual objectives for 2020:

| Individual performance objectives for 2020: | Weighting |
|---|-----------|
| Overcome and manage the Covid-19 crisis (quantitative and qualitative) | 20% |
| Prepare a smooth management transition (qualitative) | 40% |
| Business activities & R&T: <ul style="list-style-type: none">- Business: relations with aircraft manufacturers and capex levels (qualitative and quantitative);- R&T: Safran's climate program, core digital transformation projects and program support (qualitative and quantitative). | 20% |
| CSR & human capital: <ul style="list-style-type: none">- Environment (qualitative and quantitative):<ul style="list-style-type: none">- Deployment of low carbon project, related objectives and Scope 3 definition;- Alignment of CSR policy and organization with the Group's climate and environmental strategy;- Safety: further reduction in the frequency rate of occupational accidents (quantitative);- Human capital: hiring-related initiatives (schools, gender balance and internationalization) (quantitative). | 20% |
| Total: | 100% |

No further details can be provided on the Chief Executive Officer's individual objectives for reasons of strategic and competitive sensitivity.

3. 2017 Long-Term Incentive Plan – Determination of the achievement rate at the end of the performance measurement period

At its meeting on March 23, 2017, the Board of Directors decided to grant 27,165 performance shares to the Chief Executive Officer, Philippe Petitcolin, under the 2017 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 (recurring operating income and free cash flow) and external (total shareholder return [TSR]) performance conditions were met over the 2017-2019 period.

At its meeting on March 26, 2020, 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 95.94%, corresponding to:

- recurring operating income (35% weighting): 112.4% achievement, representing a vesting rate of 89.9% for the shares contingent on this condition;
- free cash flow (35% weighting): 123.1% achievement, representing a vesting rate of 98.5% for the shares contingent on this condition;
- TSR (30% weighting): 63.39 points higher than that of the peer companies, representing a vesting rate of 100% for the shares contingent on this condition.

Consequently, 26,062 performance shares were delivered to the Chief Executive Officer at the end of the vesting period (number of rights initially granted multiplied by the overall performance condition achievement rate).

For the Chief Executive Officer, the vesting period is followed by a one-year lock-up period.

4. Compensation policies for the corporate officers – Changes compared to those approved by the shareholders at the May 23, 2019 Annual General Meeting

The changes made by the Board of Directors, which will apply as from 2020, to the policies approved by the shareholders at the May 23, 2019 Annual General Meeting are as follows:

- Since the new regulations² reforming say-on-pay votes relating to corporate officers in France (*ex ante* and *ex post* votes) now cover all corporate officers, including the Directors, a specific compensation policy for Directors has been added. This policy describes the allocation principles, rules and criteria applicable to the annual fixed amount allocated by the Annual General Meeting for the Directors' compensation (formerly "attendance fees").
- The commitments previously governed by the related-party commitments procedure (pension and personal risk insurance benefits, indemnities or benefits payable for the termination of office or a change in duties) are no longer subject to this procedure (repeal of Article L.225-42-1 of the French Commercial Code).
A description of these commitments' main terms and conditions is now provided in the compensation policy applicable to the corporate officers concerned that is put to the vote at the Annual General Meeting.
- The conditions for applying the compensation policy to newly appointed corporate officers and corporate officers whose term has expired have been clarified and grouped together, along with details of the way in which significant exceptional circumstances or events would be dealt with.
- The specific compensation policies for the Chairman and the Chief Executive Officer are unchanged in substance.

These compensation policies will be submitted for approval at the Annual General Meeting of May 28, 2020.

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 Registration Documents and Universal Registration Document.

² *Ordonnance* 2019-1234 dated November 27, 2019 and Decree no. 2019-1235 dated November 27, 2019.