SAFRAN IS AN INTERNATIONAL HIGH-TECHNOLOGY GROUP

It is a Tier-1 supplier of systems and equipment for aerospace and defense, operates worldwide, employs nearly 58,000 people and generated €15.8 billion in revenue in 2016. Its global presence enhances its competitiveness, and enables it to build industrial and business relations with the world’s leading prime contractors and operators, while providing fast local service to customers around the world. Working alone or in partnership, Safran holds world or European leadership positions in its core markets.
As a global industrial group and leader in aerospace and defense, Safran is keenly aware of its social and environmental responsibilities. Meeting these responsibilities is a non-negotiable priority for me, and for everybody in our Group. Safran employees around the world have an unyielding commitment to deliver the best products for our customers and meet the most demanding standards in terms of trade compliance, relations with our customers, suppliers and subcontractors, and working conditions. Our people can count on best-in-class occupational health and safety standards, plus a broad range of training programs. They also enjoy multiple opportunities to advance their careers in a company in which many of them are shareholders. Because we believe that sharing knowledge – a pillar of our CSR policy – is essential to autonomy, we also actively pursue corporate philanthropy initiatives in support of education, inclusion and culture. As you read this brochure you will see that we deploy a network of highly trained professionals and that we have established robust procedures to prevent the slightest divergence from our exacting ethical standards. We have a zero tolerance policy towards any infractions and our vigilance is never-ending.

Our CSR policy is structured around six clear strategic priorities. This policy has been recognized as exemplary by observers such as Vigeo, a prominent ESG ratings agency, which ranks Safran among the top-performing European companies in this regard.

We also recognize that progress in social and environmental responsibility is not something we can achieve alone. Coordination among countries, international organizations, multinational companies and associations is essential to guarantee safe and healthy working conditions for employees over the long haul and to effectively manage the environmental impact of businesses on a global scale. This is why our commitments include the United Nations Global Compact, which aims to engage all global stakeholders. You can count on me and on everybody at Safran to ensure that our technological and business performance is always aligned with the values that unite us.

PHILIPPE PETITCOLIN
Chief Executive Officer of Safran

THE 6 PRINCIPLES THAT SHAPE THE GROUP’S CSR STRATEGY

- Develop pioneering products and processes while reducing their environmental impacts.
- Constantly strive for excellence in security and in the protection of people and property.
- Develop human potential.
- Involve our suppliers and partners.
- Establish integrity in the Group’s culture for the long term.
- Build outstanding relations with stakeholders.
SAFRAN CREATES VALUE WITH ITS STAKEHOLDERS

(Figures as at December 31, 2016, unless otherwise stated)

BUSINESS PARTNERS

CUSTOMERS
- €15.8 billion in revenue, o/w almost 80% in export markets.
- High-tech solutions meeting the requirements of a wide variety of customers including civilian and military aircraft, aeronautics, space agencies (1), armed forces (air, sea, and land), and police forces.
- Customer satisfaction is the Group’s overarching goal. It listens to, anticipates and meets their requirements.
- Safran’s worldwide operation brings its customers fast local service and state-of-the-art expertise.

SHAREHOLDERS
(Institutional investors, individual shareholders and employee shareholders)
- Equity structure as at April 30, 2017: free-float (76.5%), French government (14%), employees (7.9%), treasury shares (1.6%).
- A €1.52 dividend per share (subject to shareholder approval at the Annual General Meeting).
- Regular discussions with portfolio managers and financial analysts in France and around the world.
- Other opportunities to meet individual shareholders include briefings and plant visits.

SUPPLIERS, SUBCONTRACTORS AND PARTNERS
- Purchase volume: €10 billion in 2016.
- We build long-term partnerships based on mutual requirements and strive to improve performance together.
- 50% of purchases in France, o/w 60% from small and medium-sized businesses.

AS WELL AS:
- insurance companies, trade organizations (Gifas, UIMM, OACI) and professionals in the sector.

OBSERVERS

FINANCIAL ANALYSTS
- More than 20 financial analyst firms monitor Safran’s share.

NON-FINANCIAL RATING AGENCIES
- Safran shares specific information and CSR achievements with non-financial rating agencies.

STAKEHOLDERS IN THE GROUP

EMPLOYEES
- Nearly 58,000 employees worldwide.
- Over 7,000 people hired in 2016.
- 36% of them women.
- Over 60% of Safran employees own shares in the Group.

GOVERNMENTS, COMMUNITIES AND LOCAL PARTNERS
- Safran fuels economies in the areas hosting its operations, alongside local training and employment organizations.

CIVIL SOCIETY

NON-PROFITS
- Safran has sponsored more than 550 projects, directly and via its corporate foundations, since its inception.

MEDIA
- Safran is in contact with and developing a network of journalists around the world.
- For the past several years, the Group and its subsidiaries have also been interacting with their communities directly on social networks (Twitter, Facebook, LinkedIn, Viadeo, YouTube, etc.).
- AND ALSO: neighbors and NGOs.

PUBLIC-SECTOR PARTNERS

SCHOOLS, UNIVERSITIES AND LABS
- The Group has built active R&T partnerships with the CNRS (French National Center for Scientific Research), the CEA (Alternative Energies and Atomic Energy Commission) and ONERA (national aerospace research center). It is also a stakeholder in several research and technology institutes, and in numerous international university labs.
- Over 300 Group employees serve as ambassadors representing Safran in their former universities or schools, and worked on over 200 projects with them in 2016.

(1) In partnership with Airbus via Ariane Group.
ETHICS AND INTEGRITY

Honesty and integrity are at the core of Safran’s strategy, and two values that all its employees share. They are one of the pillars upholding performance as well as harmonious, sustainable growth. They have earned and will continue to earn the trust that the Group’s customers, employees, shareholders, suppliers and partners place in it.

TRADE COMPLIANCE: UNCOMPROMISING STANDARDS

Safran is committed to abiding by the highest ethical and professional standards in its everyday business. The principles it applies to fight corruption are enshrined in its Ethical Guidelines, Responsible Lobbying Charter and Trade Compliance program. All these documents mirror the variety of legal and regulatory frameworks in Safran’s host countries, the full range of organizations, products and markets it deals with, and best practices.

A network of 149 Trade Compliance Officers and a suite of training programs are available to ensure all Group companies strictly apply these requirements. In-house and external reviews and audits ensure procedures are fully and properly applied.

Safran is also involved in several industry-specific and international initiatives to fight corruption. The Group is a member of the IFBEC\(^1\) strategy committee, vice-chair of the BIAC\(^2\) ethics/anticorruption task force, vice-chair of the B20 Responsible Business Conduct & Anti-Corruption task force, and partner on the Safeguarding Aviation & Travel Value Chains project at PACI\(^3\). It chairs the international ethics committee at the French business federation, and is active on task forces at Gifas\(^4\), the ASD\(^5\), the International Chamber of Commerce and the Cercle Éthique des Affaires.

1\(^{st}\) company in the CAC 40 index to earn « anticorruption » certification from ADIT
(The French Agency for the Dissemination of Technology Information)

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\(^1\) International Forum on Business Ethical Conduct for the Aerospace and Defense Industry.
\(^2\) Business and Industry Advisory Committee to the OECD.
\(^3\) The World Economic Forum’s Partnering Against Corruption Initiative.
\(^4\) The French aerospace industry trade association.
\(^5\) Aeronautics and Defence Industries Association of Europe.
Over 6,450 employees trained in the Safran compliance program worldwide in 2016.

It has trained over 18,000 employees in export control since 2010.

Export Control and Customs: Regulatory Compliance

As it generates about 80% of its revenue outside France, Safran is required to comply with a wide range of import and export regulations, and to strictly observe sanctions and embargos in force. The Group and its subsidiaries have been rolling out an efficient and effective mechanism to ensure regulatory compliance since 2005, through a network of 471 employees working full-time on this front. Safran conducts audits on a regular basis to ensure it complies with all applicable regulations and honors its executive management’s commitments. The Group’s standards provide a solid advantage for its companies when they apply for DGA (French defense procurement agency) certification, following the transposition of the European directive on intra-EU transfers of defense-related products, and the implementation of French controls on war supplies outside the EU. Safran is also actively involved in working groups at Gifas, the ASD(5) and Business Europe, involving all the stakeholders in this field. Following the EU Customs Code’s entry into force, Safran set up a mechanism designed to tighten compliance with customs legislation, which in particular involved opening a Group customs department in 2016.

HUMAN RESOURCES

In the high-tech business, innovation today is the key to success tomorrow. Talents, it follows, are central. That is why human potential development is one of Safran’s top priorities. The Group’s people are its single most valuable asset. They acquire skills and expertise throughout their careers, which include ample opportunities for mobility and professional growth. Working at Safran is also an opportunity to thrive in its innovation-centered culture and enjoy unique and enriching experiences day after day.

The Group also helps young people secure employment, and a place in society, by taking in a large number of apprentices, trainees and research students year after year. It is doing this around the world, in particular under the European agreement on the professional integration of young people, which it signed in 2013, and through a variety of other initiatives including the shared apprenticeship path, which the Group has been rolling out for several years now. In total, Europe-wide, almost 5,500 youths joined the Group on work-training schemes in 2016, and one in six employees was involved in tutoring them.

Recruiting and Developing Talents

Safran is preparing the future and creating sustainable jobs by attracting the best talent at every level on the expertise scale, investing substantially in integrating its new talent, and providing exciting career prospects. In 2016, it hired 7,000 people, including engineers, executives, technicians and operators. They all share a passion for the Group’s fields of expertise and are enthusiastic about working in a high-tech environment.

Safran University - A Training and Development Tool for Everyone

Safran University operates a campus in Massy, near Paris, and training facilities in Dallas and Beijing. It also on-lines a variety of e-learning modules, MOOCs and SPOC(6) to train people around the world.

Human Resources

(1) Small Private Online Courses.
EMBRACING DIVERSITY IN ALL ITS WEALTH

Safran is a responsible employer that fosters diversity, which it sees as a lever to boost performance and spur innovation, and is actively committed to equal opportunities. Its initiatives in particular span youth and senior-citizen employment, integrating people from disadvantaged backgrounds, promoting gender equality, fostering cross-cultural teams, and hiring people with disabilities and then keeping them in jobs. Safran is also committed to equal opportunities around the world, in keeping with the non-discrimination principles upheld by the International Labour Organization and United Nations Global Compact.

More than 60% of Safran’s employees are shareholders

EMPOWERING ALL EMPLOYEES TO BUILD THEIR CAREERS

The Group sees operational excellence and permanent efforts to enhance its employees’ skills as two key levers to enhance its competitiveness. Safran University’s ambitious training policy is focused on both those levers, and designed to build expertise and sharpen leadership and management proficiency, with a view to tailoring the Group’s skills in synch with shifts in technology. Safran also provides its employees with opportunities to experience geographical and inter-activities mobility, enabling them to become increasingly polyvalent, sharpen their skills and manage their careers more actively.

Over 39,000 employees have joined Safran since 2011

40% of vacancies filled through internal mobility

A SOLID EMPLOYEE-RELATIONS MODEL

Safran’s employee-relations model is rooted in its firm belief that its talents are its single most valuable asset. Its high-quality labor-management dialogue, active employee shareholding policy (including bonuses), and profit-sharing and employee-savings schemes, are a few examples of the Group’s efforts to encourage its employees to embrace its strategy and to share the benefits with them. Talks on the first worldwide CSR framework agreement on well-being at work began in 2016, and show that the Group is encouraging all its companies to honor the same commitments wherever they operate.

1.6 million hours of training provided in 2016
HEALTH, SAFETY AT WORK AND ENVIRONMENT

ANTICIPATING AND PROTECTING, DAY AFTER DAY
Safran’s responsible health, workplace safety and environmental (HSE) policy stems from its values and ensures all its employees enjoy working conditions that foster their well-being. The Group’s continuous drive to upgrade its performance stems from its culture, which focuses on anticipation and prevention, and is sponsored by top management. This policy is organized around unwavering commitments to protect everyone’s health, keep everyone safe, protect facilities and their surroundings, and factor HSE requirements into products’ full life cycles.

The Group for example also eco-designs its products, with a view to reducing its engines’ consumption and emissions, using fewer products that harm human health and the environment in its production sites, and then facilitating recycling. Safran is concurrently introducing cobot-based solutions that improve health and increase performance, under the Ergonomics program it is rolling out Groupwide.

REACH A TOP PRIORITY
Safran is assessing options to replace the toxic substances and materials it uses in its products’ life cycles, ahead of REACH regulation.

EXCEEDING STANDARDS
The Group has produced its own stringent in-house standards, laying down the rules that every site around the world is required to follow, in order to apply this policy. Its 28 standards encompass the international benchmarks – ISO 14001 and OHSAS 18001 – as well as Safran-specific requirements.

Safran has divided its LTOAFR(1) by 3 in 6 years

Each site is audited to obtain a certification label associated with its maturity level. Almost 100 sites have been certified (35 bronze, 56 silver, 5 gold).

(1) Lost time occupational accident frequency rate.
Suppliers Relations

The Group is aware that its suppliers contribute to its success, and works with them to build long-term, trust-based relationships focused on mutual requirements and improving performance together. Safran’s purchasing policy supports their growth, helps them build their skills and fosters their ability to innovate. The Group applies the same requirements to all its suppliers, and provides targeted support for its high-potential suppliers. Safran has also built close ties with sheltered workshops.

As a Pacte PME member, Safran is inter alia working on an “inner-circle” initiative to build especially close relationships with partner manufacturers that are willing to commit to long-term strategic projects ranging from R&T to production. The Group has also introduced a responsible supplier relations certification process for all Group companies, and will complete certification in 2017.

Patronage and Foundations

Patronage initiatives in France and all other countries hosting Group operations contribute to Safran’s corporate citizenship and convey its values. The projects that Safran supports through non-profits and works on with its employees cover a variety of areas including education, social and professional integration, equal opportunities, and nurturing creativity and talent.

The Group’s patronage policy is rooted in a three-pronged approach encompassing education, society and culture. Safran’s financial support for its public- or private-sector partners is entirely unrelated to its business interests. Ethics and integrity are the two cardinal values shaping its patronage policy. Through its corporate foundation promoting integration, Safran is helping teenagers and young adults with disabilities to overcome exclusion. And through its corporate fondation for music, it supports talented young classical musicians to thrive.

Safran has sponsored more than 550 projects since 2005.
NEARLY 58,000 EMPLOYEES WORLDWIDE

Evolution of the LTOAFR* since 2012:
- 2012: 3.5
- 2013: 3.7
- 2014: 2.8
- 2015: 2.7
- 2016: 2.2

* Lost time occupational accident frequency rate.

2016 annual results**
€15.781 billion

** Adjusted revenue.

GO TO THE SAFRAN WEBSITE FOR MORE INFO
https://www.safran-group.com/commitments-0

CSR INDICATORS

Women account for almost 27% of the workforce.