SAFRAN GROUP TAX POLICY

Safran is a leading international high-technology Group and Tier-1 supplier of systems and equipment for aerospace and defense. The main characteristics of these markets are a long lasting relationship with our private or public customers and important capital investments.

Safran believes that a fair and sustainable Group tax policy is a fundamental long term business requirement. Safran does not have a separate tax policy by country but only one global policy for the whole Group[1]. It aims at preventing operational, transactional and reputational risks.

Safran Group Tax Policy[2] is focused on 3 key principles:

- Ensuring compliance with the different tax legislations of the countries where the Group operates,
- Supporting the business by providing tax advice and input to commercial transactions,
- Driving consistent tax behaviors across the Group.

1. TAX COMPLIANCE AND TAX RISK MANAGEMENT

- Compliance with tax law and regulations :

  Safran's business activities around the world incur a substantial amount and variety of business taxes. The Group pays corporate income taxes, property taxes, customs duties, excise taxes, stamp duties, employment and many other business taxes in all jurisdictions where applicable.

  Safran is committed to observe all applicable laws, rules and regulations in meeting tax compliance and reporting responsibilities in all jurisdictions where the business operates.

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[1] When Safran takes substantial participation in new entities, Safran deploys its group tax policy gradually and in a time lapse compatible with the business.

[2] This Group Tax Policy cover all the consolidated companies mentioned in the registration document 2019, section 3, note 37. This Group Tax Policy is compliant with the UK Finance Act 2016 Schedule 19. The Policy applies to all UK groups and sub-groups as defined in paragraphs 5 &11. The heads of each UK sub-group and the relevant qualifying companies regard the publication of this document as complying with their obligations under Para 19(2) and Para 22(2) respectively for the current financial year.

Due to the highly complex and constantly changing nature of taxation across multiple countries, Safran may obtain external tax advice as required to ensure correct analysis and treatment is conducted.

- Governance :

Tax function is led by the Head of Global Tax and is under the ultimate responsibility of the Chief Financial Officer (CFO). The CFO reports to the Chief Executive Officer and is a member of the Executive Committee of Safran SA.

The tax organization is global. This ensures that tax is globally consistent and standardizes wherever possible: the tax team is composed of professional, qualified tax managers to monitor and ensure compliance.

Safran supports all personnel acting on tax area matters to ensure that they have the skills, technical expertise to fulfill their tax responsibilities and perform to the best of their abilities.

- Tax risk management :

Safran has defined an Enterprise Risk Management (ERM) policy[3], the principles of which 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 (as revised in March 2020), and professional standards (COSO ERM).

The Group's ERM system is applied across all of its businesses in accordance with the governance rules applicable to the Group's different entities. Risk management draws on a methodological approach common to all entities and rolled out through a network of experts.

The tax processes managed by the Tax Department are fully within scope of the Group ERM. They are reviewed annually by the Group Risk and Insurance Department as part of the ERM policy.

[3] For more details, see the registration document 2019, section 4.

2. TAX STRATEGY FOCUS ON SUPPORTING BUSINESS

Internal governance is not prescriptive on the levels of acceptable risk and external stakeholders have not sought to influence the level of acceptable risk.

Safran do not seek to achieve budgeted tax payable amounts or percentages and do not have aggressive tax planning.

The tax strategy is aligned with the business and commercial strategy of the Group. The Tax Department seeks to support the business in creating, building and protecting shareholder value.

Tax department aims at ensuring that all personnel with tax responsibilities or whose activities may have a tax impact, have a consistent understanding of how tax risk is identified, assessed, reported and managed.

Safran complies with the OECD Transfer Pricing guidelines which mean that the profits are allocated and taxed where the value is created. Safran files each year its country by country reporting ("CBCR") according to action 13 of the Base Erosion and Profit Shifting plan.

3. TAX BEHAVIORS – CODE OF CONDUCTS

Safran is committed to be open and transparent with tax authorities on the Group's tax affairs and to disclose relevant information to enable tax authorities to carry out their review.

Safran is engaged with tax authorities in a timely, positive, proactive professional and transparent manner. If needed, Safran discuss issues and raise clarifications pre-emptively with the tax authorities. Where disagreements over tax arise, the Group works proactively to seek to resolve all issues by agreement, where possible, and reach solutions.

As an example, Safran signed an agreement with French Government on March 14^{th}, 2019 ("protocole de partenariat fiscal") based on transparency in the exchange of information with the French tax Authorities.

These tax behaviors are the basis of the Group's constructive and long term working relationship with tax authorities.