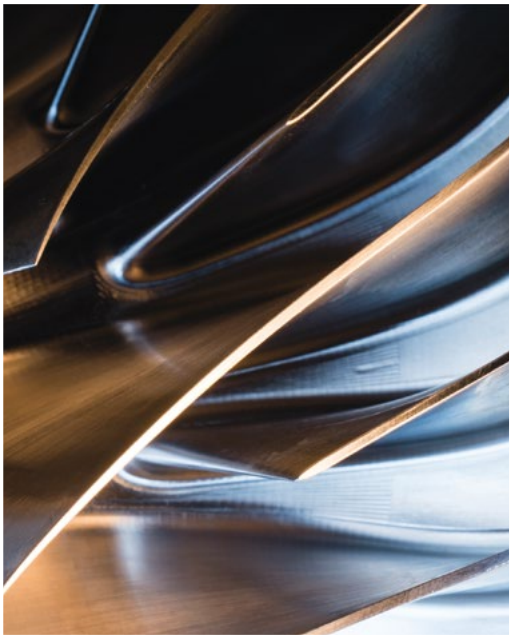
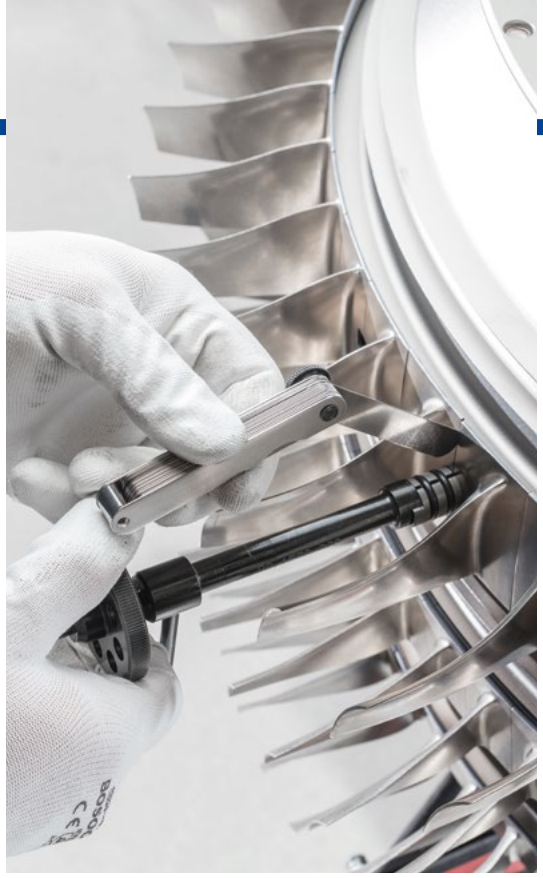








2020
INTEGRATED REPORT

SAFRAN

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2020 KEY FIGURES

3rd Global aerospace group, excluding airframers*

€16,498 million REVENUE(1) down 33.0% (down 32.5% on organic basis) on 2019

€1,686 million RECURRING OPERATING INCOME(1) down 55.9% (down 58.6% on organic basis) on 2019

€844 million PROFIT(1) (Group share) down 68.3% on 2019

€1,073 million
FREE CASH FLOW

€2,792 million
NET DEBT

€449 million
CAPEX

€1,213 million
TOTAL R&D
(including customer-funded R&D)

78,892
EMPLOYEES
(at December 31, 2020)

Long-term credit rating: **BBB+ (with stable outlook)**

Our activities

	AEROSPACE PROPULSION	AIRCRAFT EQUIPMENT/ DEFENSE/ AEROSYSTEMS	AIRCRAFT INTERIORS
BREAKDOWN OF REVENUE(1) BY SEGMENT	€7,633 million	€6,893 million	€1,922 million
BREAKDOWN OF RECURRING OPERATING INCOME(1) BY SEGMENT	€1,192 million	€687 million	€(174) million
BREAKDOWN OF RECURRING OPERATING MARGIN(1) BY SEGMENT	15.6%	10.0%	(9.1)%

* Classification criteria: revenue - Source: Safran.
(1) Adjusted data. See section 2.1.1 of the 2020 Universal Registration Document for a reconciliation of the consolidated income statement with the adjusted income statement and a breakdown of the adjustment.

IN 2021, SAFRAN WILL CONTINUE TO DRAW STRENGTH FROM ITS ADAPTABILITY

> Safran has robust fundamentals, and the Board of Directors stands firm in its support of the new Chief Executive Officer on Group-wide efforts to emerge from the crisis in stronger shape and face the future with confidence. The Board of Directors is fully aware of the strategic importance of the climate challenge, and will be working with the Director responsible for monitoring climate issues to ensure the Group achieves its climate roadmap.

ROSS McINNES



In 2020, Safran published results that were as good as could be expected given the severe crisis affecting the aerospace industry, confirming the strength of its business model and the impact of the cost reduction measures taken during the year.
While implementing the necessary health measures to enable a safe return to work for its employees, Safran reacted rapidly by accelerating the streamlining of its sites and demonstrating organizational flexibility.

Our business was heavily impacted by the crisis, with 2020 revenue down by 33.0% on 2019, at €16.5 billion. Despite the decline, Safran posted recurring operating income(1) of €1.7 billion (for a recurring operating margin(1) of 10.2%) and free cash flow of €1,073 million. Our financial targets for 2020, as reviewed in July 2020, were all reached.

Thanks to the commitment of its employees across the world, Safran swiftly implemented the adaptation plan drawn up in March, showing determination in the face of the crisis and adjusting its capacities to its customers' needs.

The total workforce fell by more than 16,500 people (over 21,000 including temporary staff), from around 95,400 employees at the end of 2019 to around 78,900 at the end of 2020.
In France, the Group Activity Transformation Agreement signed in July brought in measures including long-term short-time working (covering up to 40% of working time), in order to preserve skills in production as well as research and technology. Safran also streamlined its industrial footprint, with a number of site closures and production transfers in several regions of the world.

Safran is committed to offering an effective response to the major challenge of climate change, which will prove an essential factor in the ongoing acceptability of air transport. Its strategy seeks to reduce greenhouse gas emissions from its operations and its products.

Innovation is a central feature of the major shift under way. With its broad coverage of aircraft systems, and propulsion systems in particular, Safran is capable of offering technological solutions.

Message from the Chairman of the Board of Directors
ROSS McINNES
and the Chief Executive Officer
OLIVIER ANDRIÈS

> The total mobilization of all teams enabled Safran to tackle the crisis in 2020. Although uncertainties remain, notably for the first half of 2021, I am determined to push ahead with the ongoing efforts, and I am optimistic for the future of the Group, which will harness full strength from its assets once the recovery is underway. Leadership in low-carbon aviation is a priority, and Safran, as a leading aircraft engine and equipment manufacturer, has a central role to play in achieving the aerospace industry's carbon neutrality objectives by 2050.

OLIVIER ANDRIÈS

Our priorities are to contribute to the development of a new generation of ultra-efficient short- and medium-haul aircraft for 2030-2035, powered by an ultra-efficient engine consuming 20% less fuel than the present-day LEAP® and running on up to 100% sustainable fuels. Another development area that will prove essential in meeting carbon neutrality objectives is that of electric and hybrid propulsion systems for short-distance flights.

In late February, Safran released its financial targets for 2021, a year of gradual recovery with back-end loaded in terms of business and profitability.
Air traffic at the start of the year confirms the need for caution in the first half of 2021, especially in service and spare parts activities, where a gradual pick-up is expected from the third quarter. In view of airframers' new production rates, especially on long-haul programs, Safran foresees a slight organic dip in original equipment sales for 2021.

The long-term outlook for Safran remains bright, because we are convinced that people will continue to need and want to travel.

In connecting people and countries, aviation is an accelerator of human and trading links.
Safran will leverage the quality of its many assets, which will together help to drive the recovery:

- LEAP, the engine of choice of airlines for fleet renewal and new investments;
- a young in-service fleet of second-generation CFM56® engines, widely used by airlines even in times of crisis, and the first to benefit from the coming recovery;
- leading global positions in the systems that will equip aircraft in the recovery phase, as customers' aircraft return to the air;
- technical and industrial credibility in Aircraft Interiors, which has restored customers' trust in the business despite being hard hit by the crisis;
- proven organizational agility (as with the introduction of long-term short-time working and teleworking).

We would like to thank you for your trust and hope you enjoy reading this report.

Regards,

Ross McInnes and Olivier Andriès



(1) Adjusted data.

SAFRAN'S RESPONSE TO THE COVID-19 CRISIS

The magnitude and duration of the unprecedented Covid-19 crisis will have a lasting impact on the aerospace industry. The central scenario points to a very gradual recovery, driven by the short- and medium-haul segment, with air traffic expected to be back to 2019 levels by 2025.



1

Employee protection against Covid-19 and business continuity

The Group crisis management unit formed in January 2020 set two initial priorities: provide optimally safe working conditions for Safran employees, and ensure the continuity of essential businesses.
Safran adapted its work organization in rigorous compliance with the requirements set by governments in its host countries, applying strict health standards and social distancing measures, and even temporarily shutting down some sites for varying durations.
Safran managed to continue serving its customers, while ensuring the protection of its employees. Temporarily closed sites were reopened swiftly, with four sites remaining closed on October 16, 2020 (down from 14 on July 17 and 30 on May 18)(1).

2

Increased liquidity and sound balance sheet to navigate the crisis and finance ongoing business

SECURING LONG-TERM FINANCING

At end-2020, the bridge facility set up at the start of the crisis (April 22, 2020) for a maximum maturity of two years remained undrawn, and the initial amount of €3.0 billion was reduced to €1.4 billion*, with Safran refinancing more than 50% of the undrawn short-term facility with long-term debt (at 7-12 year terms):

- May 15, 2020: issue of €800 million of convertible bonds due May 15, 2027.
- June 29, 2020: issue of senior unsecured notes in euros and US dollars on the US private placement market (USPP), for the equivalent of €564 million (€282 million at 10 years and €282 million at 12 years).
- October 12, 2020: tap issue of €200 million in convertible bonds due May 15, 2027.

Safran also has a €2.52 billion undrawn credit facility available until December 2022.



MAIN FINANCIAL RATIOS (2)

Net debt/EBITDA(3)

1.13

Net debt/total equity

21.9%

(1) Including sites closed because of a decline in business.
(2) Calculated on the basis of aggregates published in Safran financial communications.
(3) EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) is the sum of recurring operating income plus net recurring and non-recurring amortization, provisions and depreciation.
* The bridge facility was fully canceled on March 16, 2021 following the March 4, 2021 signature of a long-term €500 million loan with the European Investment Bank, and the March 16, 2021 issue of €700 million in five-year bonds and €700 million in ten-year bonds.

3

Rapid, proactive implementation of adaptation plan, lowering Safran's breakeven point

Action	Achievements (in 2020)
Workforce resized in line with Company needs	**Global workforce reduction of more than 16,500 people,** over **21,000** including temporary staff, at end-2020. In France, signature of **the Activity Transformation Agreement** in July 2020 with all trade unions at Group level, running to the end of 2021 and renewable: - Rollout of long-term short-time working, with potential worktime reductions of up to 40-50% in France, granting more flexibility - Wage restraint - Promotion of mobility - Cap of profit-sharing and savings schemes On average from April to December 2020, **short-time working concerned 21% of employees worldwide and 23% in France** (excluding public holidays and days off)
Industrial footprint streamlined	Closure of sites in Seats (Camberley in the United Kingdom, Santa Maria in the United States), Cabin (Sterling in the United States) and Electrical & Power (Eatontown in the United States)
Purchasing programs scaled back	**-43%** purchases of raw materials and supplies (excluding impact of change in inventories) **-48%** subcontracting expenses
Operating expenses reduced(1)	**-25%**
R&D expenses reduced	**-35%**
Capex commitments reduced	**-67%** and **a €246m reduction** in cash outflow from 2019 to 2020

4

Support for the supply chain

ATTENTIVE MONITORING OF SAFRAN SUPPLIERS

To weather the crisis, Safran set up a watch tower for monitoring and supporting its strategic suppliers, with the following aims:

- identify the suppliers most at risk, with a potential impact on Safran businesses;
- determine the impact of the crisis on these suppliers and their capacity to sustain business;
- examine possible measures (payment term adjustments, advance orders, etc.), and the impact of government support, and, where applicable, guide suppliers towards more structural solutions (backing from other industrial companies, investment funds, etc.).

INDUSTRY-SPECIFIC RELIEF FUND

In 2020, Safran invested €58 million in the Ace Aéro Partenaires fund set up under the French aerospace industry support plan. With contributions from the French State, major industrial contractors and asset management firm Tikehau Capital, initial funds of €630 million were raised in July 2020 (subsequently increased to €730 million), the aim being a total of €1 billion. In contributing to the financing of businesses hit by the crisis, Safran is actively participating in the restructuring and consolidation of the industrial fabric of the French aerospace sector.

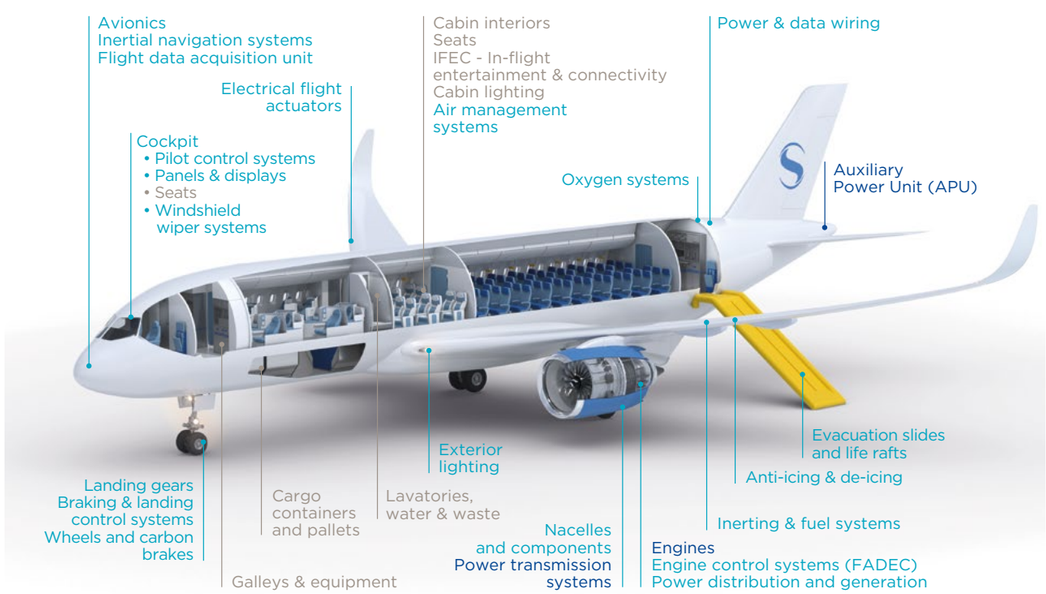
In 2020, Safran withstood the crisis thanks to its rapid response capability and resilient business model, drawing on its long-standing presence in the civil engine aftermarket and the short- and medium-haul aircraft segment.

In the longer term, the growth fundamentals behind Safran's business remain unchanged. Safran's technological roadmap remains appropriate thanks to the French government's large-scale support plans (current roadmap pushed back just less than a year behind the pre-Covid-19 roadmap). Climate change will be a central challenge in the recovery process: Safran is committed to green aviation, which will emerge as a major post-crisis trend.

(1) Excluding purchases, including R&D expenditure and government aids on short-time working measures.

SAFRAN: A COMPREHENSIVE OFFERING

Present in all aircraft components,
Safran strives to build the future of the global aerospace sector
and be the preferred partner of airframers and airlines.



Leadership positions in its main business segments

NO. 1 WORLDWIDE[1]

AEROSPACE PROPULSION

engines powering single-aisle mainline commercial jets[2]

helicopter turbine engines

AIRCRAFT EQUIPMENT/ DEFENSE/AEROSYSTEMS

landing gear

wheels and carbon brakes for 100+ seater civil aircraft

electrical wiring

evacuation slides and oxygen systems

AIRCRAFT INTERIORS

cabin interiors for regional and business aircraft

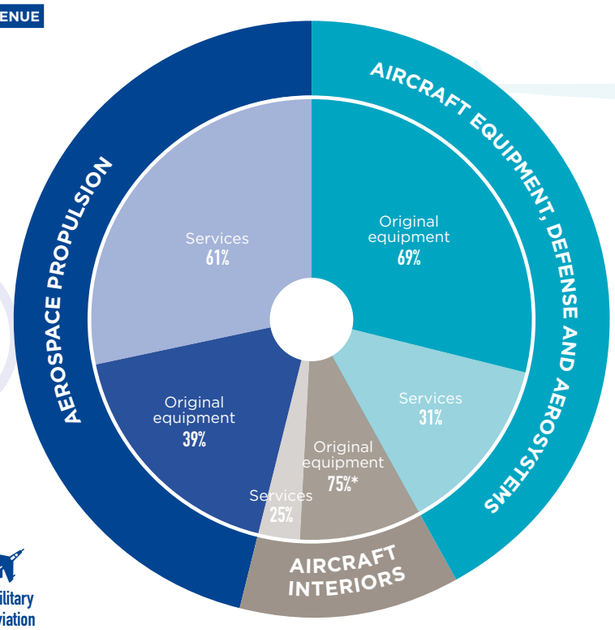
cabin liners, galleys, trolleys, containers, onboard water and waste management systems

(1) Source: Safran.
(2) In partnership with GE, under the CFM International joint venture.

A balanced portfolio across the aerospace and defense sector

BREAKDOWN OF 2020 REVENUE BY SEGMENT (ADJUSTED)

(in %)



46%
€7,663 MILLION
24,204
EMPLOYEES

Civil aviation 66%
Helicopter turbines 16%
Military aviation 18%

42%
€6,893 MILLION
38,471
EMPLOYEES

12%
€1,922 MILLION
13,928
EMPLOYEES

* including retrofit activities

Safran products have common features that contribute to the resilience of its business model: its position as a tier-one supplier to airframers and airlines; high technology content; and leadership positions in its main business segments.

A full-fledged engine manufacturer[1], Safran supplies airframers with engines for commercial aircraft, military aircraft, regional transport aircraft, business jets and helicopters.
To increase cost efficiency and share risks, engine manufacturers develop their engine programs in partnership. Safran has primarily partnered with GE since the 1970s, when they set up the 50-50 joint venture CFM International, which develops the CFM56® and LEAP® engines. This partnership has been extended through 2040. Safran also contributes to access to space through its 50% stake in the ArianeGroup joint venture, prime contractor for the Ariane 5 and Ariane 6 launchers.

Safran supplies a wide range of **aircraft equipment** including landing and braking systems, nacelles, and related electrical systems and engineering solutions.
Defense: Safran provides solutions and services in optronics, avionics, navigation systems, tactical drones, electronics and critical software for civil and defense markets.
Aerosystems: Safran is one of the world's leading players in aerosystems, supplying equipment that assures essential aircraft functions and aircraft safety: safety systems (evacuation slides, oxygen masks, etc.); cockpit systems; and fluid management systems (fuel, pneumatic and hydraulic circuits).

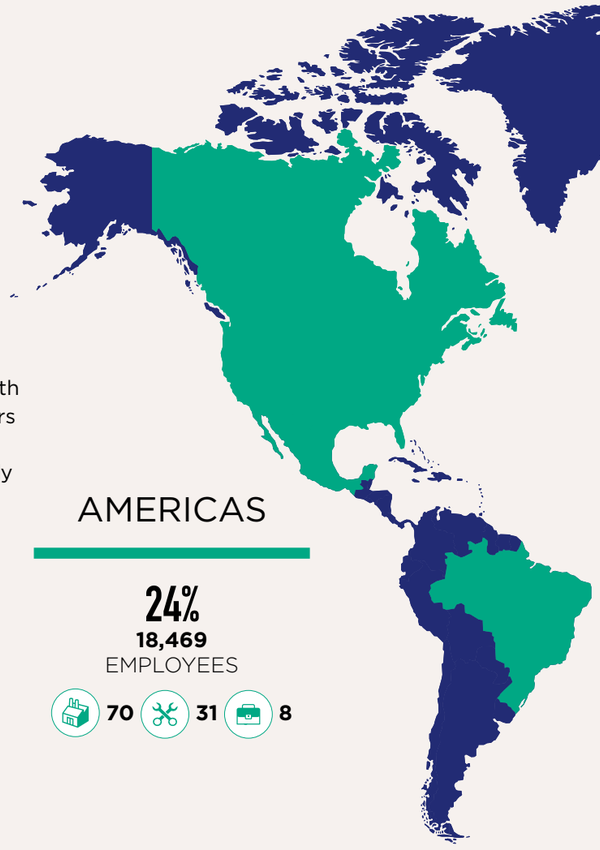
To ensure passenger safety and optimize comfort, Safran develops cabin interiors (overhead bins, lavatories, galley and catering equipment, etc.) passenger and crew seats, water and waste management systems, in-flight entertainment systems (RAVE™), and interior refits for commercial aircraft. Safran's aircraft interiors business addresses both airframers (under the SFE[2] model) and airline companies (BFE[3] model).

(1) A full-fledged engine manufacturer is present in all engine components and all propulsion market segments.
(2) Supplier Furnished Equipment: equipment specified and purchased by the airframer.
(3) Buyer Furnished Equipment: equipment specified and purchased by the airline.

A LEADING GLOBAL PLAYER

Since its creation in 2005, Safran has expanded internationally. With around 78,900 employees in 27 countries, the Group has extended its footprint beyond its European base and is now present in North and South America, Africa, the Middle East, Asia and Oceania.

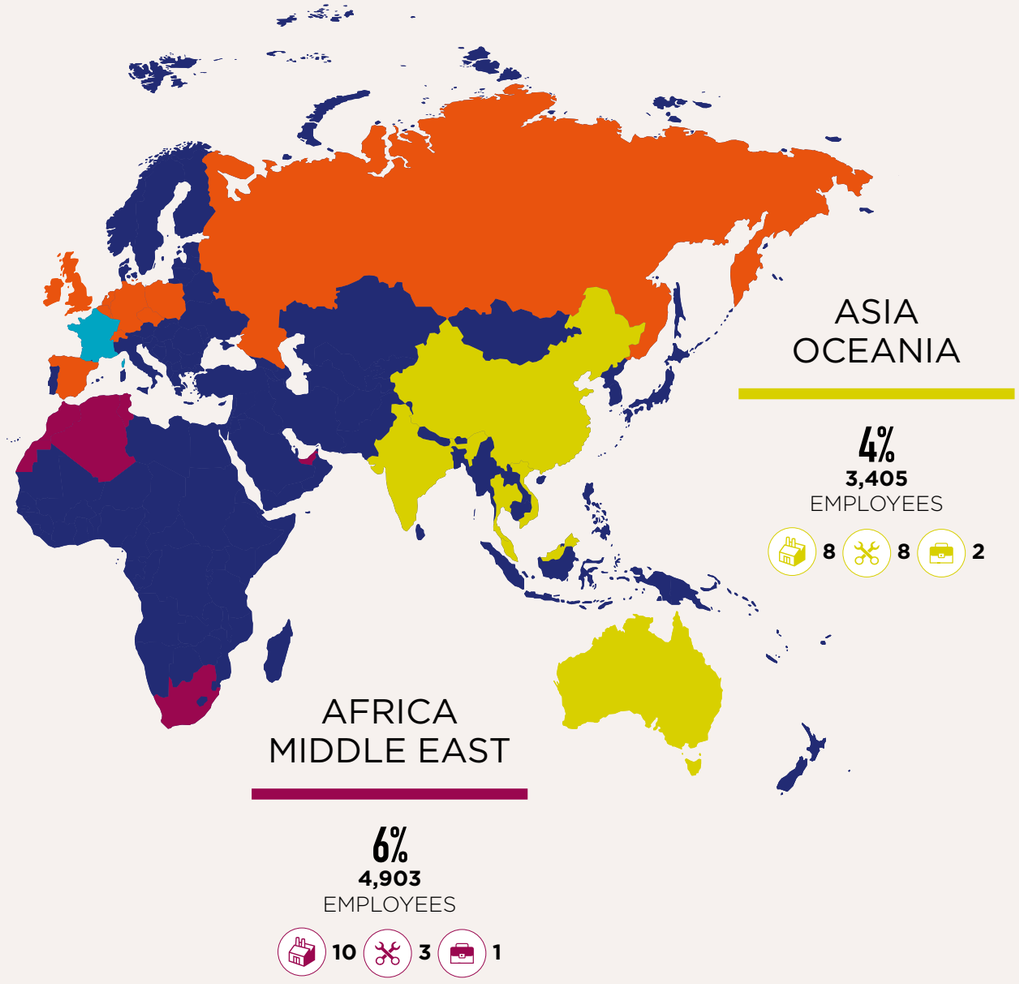
Leveraging its global footprint, the Group establishes strong and sustainable relationships with the majority of aerospace players and airlines, reflecting its desire to supply its customers promptly from local bases.



AMERICAS

24%
18,469
EMPLOYEES

70 | 31 | 8



FRANCE

55%
43,315
EMPLOYEES

63 | 14 | 20

EUROPE (excl. France)

11%
8,800
EMPLOYEES

27 | 8 | 3

ASIA OCEANIA

4%
3,405
EMPLOYEES

8 | 8 | 2

AFRICA MIDDLE EAST

6%
4,903
EMPLOYEES

10 | 3 | 1

GEOGRAPHIC SPREAD OF EMPLOYEES AND SITES AT END-2020

Percentage of employees
% of employees in the total Group workforce

Number of sites[1]

R&D and production activities

Service and maintenance activities

Commercial and administrative activities

(1) Each site corresponds to a legal entity covering one or more tertiary, production, service or maintenance sites.

A LOOK BACK AT OUR HISTORY

With a rich history spanning over 100 years,
Safran has made high technology its hallmark.

1905

Société des Moteurs Gnome is founded in the Paris suburb of Gennevilliers. Gnome rotary engines become the standard for planes around the world.

1912

Creation of Société des Moteurs Le Rhône, Gnome's main competitor before being taken over by its rival.

1924

Creation of Société d'Applications Générales d'Électricité et de Mécanique (Sagem), that will mainly manufacture cameras and artillery equipment and go on to design the world's first infrared guidance system for air-to-air missiles.

1945

Gnome & Rhône is nationalized and renamed Snecma (Société Nationale d'Étude et de Construction de Moteurs d'Aviation).

1945-2002

Several aerospace companies join Snecma: Hispano-Suiza, a specialist in power transmission for aircraft engines, followed by Messier-Hispano-Bugatti, a specialist in landing gear.

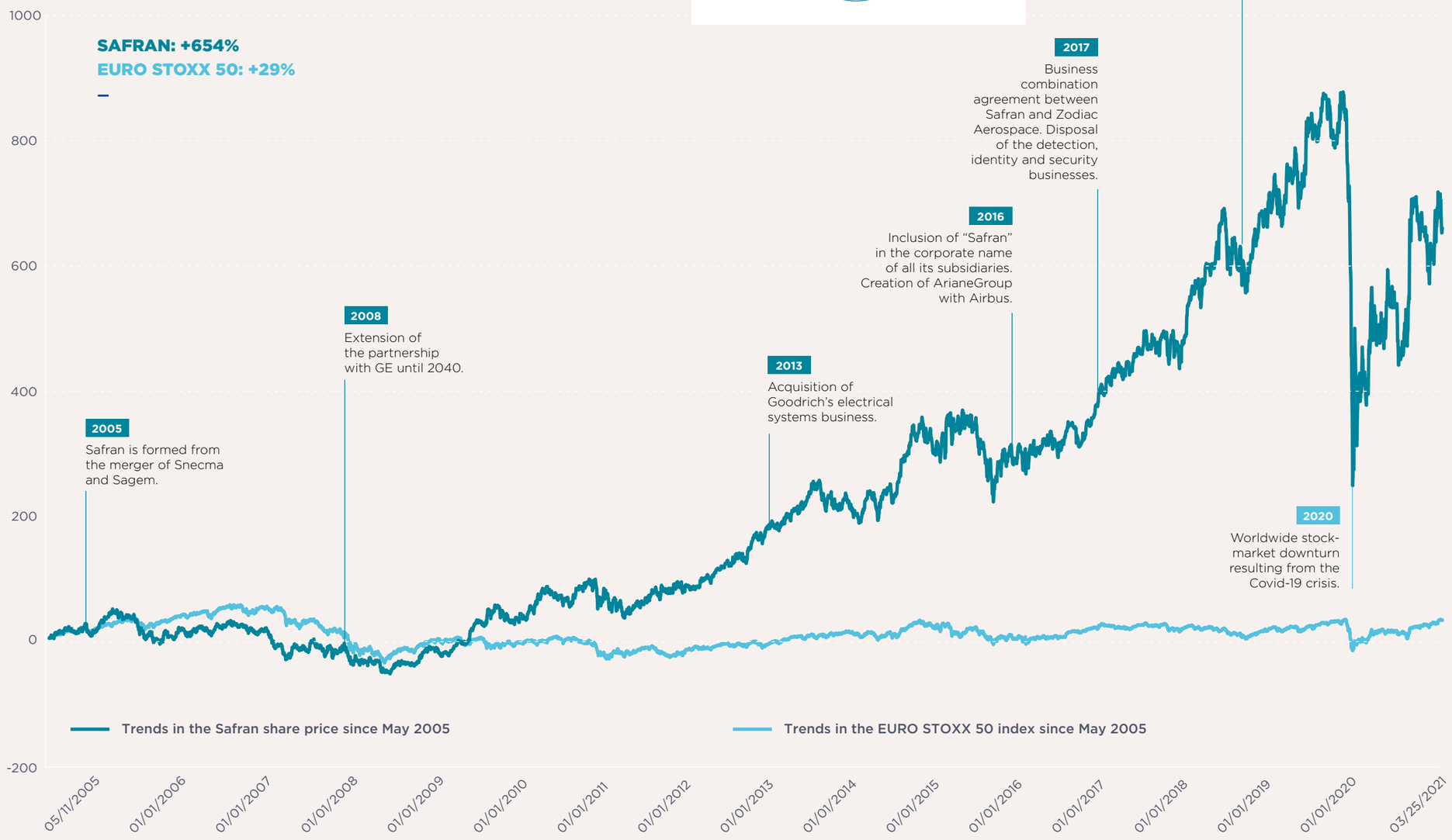
In 2000, wiring specialist Labinal and its helicopter engine manufacturer subsidiary Turbomeca join Snecma.

In 2002, nacelles specialist Hurel-Dubois joins Snecma.

1974

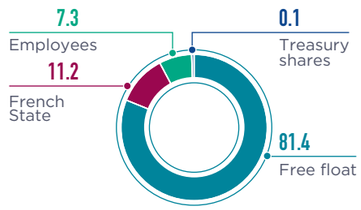
Snecma becomes a civil aircraft engine manufacturer through a cooperation agreement with GE for the manufacture of the CFM56 engine.

TRENDS IN THE SAFRAN SHARE PRICE AND THE EURO STOXX 50 INDEX
(in %) (May 11, 2005 to March 25, 2021)



OWNERSHIP STRUCTURE
(in %)

Share capital at December 31, 2020
Number of shares: 427,235,939



STAKEHOLDER BENEFITS – OUR CONTRIBUTIONS

In 2020, Safran maintained its essential activities for all its customers. Throughout the crisis, Safran's CSR[1] approach proved its worth as a key asset for short-, medium- and long-term value creation. The Group sought to minimize the impacts of the crisis on its employees and stakeholders, while contributing to a safer, more sustainable world, where air transport is more environmentally friendly, comfortable and accessible.

Expectations shared by all stakeholders, consistent with Safran's absolute priorities:

- Aviation safety
- Ambitious climate strategy

Business community

Customers (airframers, airlines, etc.)
Suppliers and sub-contractors
Partners (industrial companies, research laboratories, etc.)

Main expectations

- **Customers:** safe, reliable, efficient, available and innovative products and services.
- **Suppliers and subcontractors:** relationships rooted in fulfillment of reciprocal commitments, trust and shared long-term vision.
- **Partners:** pursuit of continuous innovation, and protection of their intellectual property.

Safran contribution

Trust-based relationships renewed with each generation of aircraft; reliable, environmentally-responsible products that create value.
Payment terms met (any potential delays following the March 2020 lockdown in France were caught up during 2020).
Mobilization and everyday commitment with suppliers and subcontractors (especially SMEs and mid-sized companies) in the pursuit of operational excellence, competitive performance and carbon footprint reduction, in order to offer customers the very best products and services.

Key points

- Safran holds the **Responsible Purchasing and Supplier Relations Label**[2] since 2014.
- **€8 billion in purchasing** from suppliers (48.5% of Group revenue).
- 42% **of purchasing volume sourced in France** in 2020, including 83% from SME and mid-sized companies.
- 75% **of R&T**[3] **expenditure** focused on environmental efficiency.
- More than 1,000 **initial patent requests per year** worldwide.





Public partners

Government bodies and local authorities
European and international bodies
Certification authorities

Main expectations

- Ethical business conduct, internal and external CSR commitments.
- Safe products that comply with international standards.
- Contribution to the European Green Deal.

Safran contribution

Systematic communication of the business ethics culture to all our employees and suppliers; sustained R&D. An ambitious climate strategy.

Key points

- In 2012, Safran became the **first CAC 40 company to obtain "anti-corruption" certification** from the French Agency for the Diffusion of Technological Information (ADIT).
- **43.5% of buyers** were trained in responsible purchasing methods in 2020.
- **30% reduction in greenhouse gas emissions** across operations by 2025 vs. 2018.



Employees and employee representatives

Main expectations

Safeguarding of jobs and business; motivating career paths; regular skills development; commitment to workplace health and safety and the environment; and compliance with national and international labor conventions.

Safran contribution

Rapid adaptation to the crisis; commitments on maintaining staff employability; ongoing employee training; expertise retained; active and constructive employee dialogue; steadily decreasing accident rates; new international employee shareholding plan in 2020.

Key points

- **Signature of an Activity Transformation Agreement** with all trade unions in France **in order to protect jobs**.
- **7.25% of share capital held by current and former employees** in 2020.
- Frequency rate of lost-time work accidents: 2.0 (number of accidents per million hours worked) in 2020.
- **Approx. one million training hours** worldwide in 2020.



Civil society

Academia, local community, associations and Non-Governmental Organizations (NGOs)

Main expectations

Youth training; exchanges between business and academic worlds; consideration of environmental and social challenges in the Group strategy and throughout the value chain.

Safran contribution

Youth training; school presentations of Safran's businesses; support on developing educational programs; sustained R&D to prepare for the future of the aerospace industry and the development of new products and equipment contributing to decarbonizing the aviation industry.

Key points

- Technological roadmap preserved despite the crisis, thanks to government support.
- **Ambitious climate strategy** with three focuses: technological breakthrough in next-generation engines, massive development of sustainable fuels, and electric hybridization for propulsion systems.
- **More than 5,000 interns, work-study program participants and PhD students** across Europe in 2020.
- Sponsorships and foundations on professional and social integration.

Financial community

Institutional investors, individual shareholders and employee shareholders, financial analysts, financial rating agencies

Main expectations

Attractive shareholder value creation and transparency in company management, financial and non-financial commitments, long-term strategy and implementation, and inclusion of CSR criteria.

Safran contribution

Accurate, precise and fair information accessible to the financial community; regular presentation of the Group's multi-year objectives at Capital Markets Days; availability for the entire financial and non-financial community.

Key points

- **Publication and fulfillment of financial targets in 2020**, despite the unprecedented crisis impacting the aerospace industry.
- **Performance recognized by the main non-financial rating agencies.**
- **Communications reinforced** with alignment of climate reporting to TCFD recommendations[4].
- Safran assigned its **first long-term credit rating** in February 2021: BBB+ (with stable outlook).



(1) Corporate social responsibility.
(2) The Responsible Purchasing and Supplier Relations Label replaces the Responsible Supplier Relations Label.
(3) Research and Technology.
(4) Task Force on Climate-related Financial Disclosures.

SAFRAN'S CSR(1) STRATEGY: ENGAGE FOR THE FUTURE

Through its commitments and the related actions, Safran's CSR strategy – Engage for the Future – is a reflection of the Company's corporate identity and contributes to the Group's core purpose.

A CSR approach co-constructed with all stakeholders

Safran's CSR strategy – Engage for the Future – sets out commitments addressing stakeholder expectations. It was developed from an update to the materiality matrix of non-financial challenges plotted in early 2020, along with input from working groups formed with Group employees.

- **Update to the materiality matrix** resulting from consultation with more than 70 external stakeholders (suppliers, customers, etc.) and 600 internal stakeholders. Nine challenges for Safran were pinpointed:
  - reduction of atmospheric emissions and the carbon impact linked to the use of products and services;
  - innovation and eco-design of products and services;
  - technological developments;
  - customer satisfaction and trust;
  - business ethics and the fight against corruption;
  - skills development and talent retention;
  - health and safety in the workplace;
  - attractiveness of Safran and recruitment of talent;
  - quality and safety of products and services.
- **Consultation with more than 160 Group employees,** across over 30 business lines in all of the geographic regions where Safran operates.

"Engage for the Future", a new CSR strategy

"Engage for the Future" was developed in line with the Group's core purpose, as defined in 2020, and actively contributes to it through its objectives, commitments and actions. It is aligned with the UN Global Compact, of which Safran has been a signatory since 2014, and actively contributes to progress toward 12 of the 17 UN Sustainable Development Goals (SDGs) set out below.

CORE PURPOSE

"Thanks to the commitment of our employees, proven innovation and operational excellence, Safran designs, builds and supports high-tech solutions to contribute to a safer, more sustainable world, where air transport is more environmentally friendly, comfortable and accessible. We also apply our skills to develop solutions that meet strategic needs, such as defense and access to space."

1 Decarbonize aerospace

Be recognized as a leader in the decarbonization of the aviation sector

- **1.** Make carbon neutral aircraft the R&T priority
- **2.** Reduce CO_2 emissions throughout our value chain
- **3.** Involve employees in the reduction of their carbon footprint

2 Be an exemplary employer

Be considered as an employer of choice by our employees and the talents of the sector

- **4.** Accelerate training in the skills and jobs of tomorrow
- **5.** Ensure health and safety of employees, improve the quality of life at work and maintain a thriving social dialogue
- **6.** Encourage equal opportunities and promote diversity

3 Embody responsible industry

Be the benchmark in our production methods and throughout our value chain

- **7.** Uphold the highest standards of ethics
- **8.** Strengthen responsible supply chain management and support suppliers
- **9.** Respect the environment and natural resources

4 Affirm our commitment to citizenship

Get involved with our local communities and contribute to their development

- **10.** Be at the forefront of innovation to protect citizens
- **11.** Develop partnerships for training and research
- **12.** Enhance professional and social integration

(1) Corporate social responsibility.

Key objectives for 2025

To fulfill its ambitions and create value, Safran has set objectives for 2025 that will enable the Group to track progress annually for each pillar in the CSR roadmap. These objectives can also be found on page 51, in the overall table of key performance indicators, marked with the symbol CSR.

PILLAR	2025 OBJECTIVE	2019	2020
Decarbonize aerospace	Scope 3 (product usage): 75% of R&T investment focused on environmental efficiency Choose technologies (engines and equipment) contributing to ultra-efficient aircraft for 2035, targeting carbon neutrality for 2050, with 100% sustainable fuels	**75%**	**75%**
	Scopes 1 and 2: 30% reduction in CO_2 emissions vs. 2018	**3%** (623,619 t CO_2eq.)(1)	**-31%** (414,988 t CO_2eq.)
	100% of facilities to have achieved the five zero targets roadmap(2)	*	*
Be an exemplary employer	Maintain the number of training hours per employee per year(3)	**26**	**13**
	Frequency rate of lost-time work accidents below 2.5(4)	**3.2**	**2.0**
	100% of employees worldwide to benefit from a minimum level of health cover (medical, optical and dental)	*	*
	22% of women among senior managers	**12%**	**13%**
Embody responsible industry	100% of senior managers and exposed and affected people trained in anti-corruption(5)	**-**	**66%**
	100% of senior managers and exposed and affected people trained in export control(6)	*	*
	80% of purchases made from suppliers that have signed the Safran's responsible purchasing charter(7)	**-**	**40%**
	100% of sites certified "Gold" to internal HSE standards	**50%**	**60%**
	Increase the waste recovery ratio *(objective to be calculated in 2021)*	**68.3%**	**70.5%**
Affirm our commitment to citizenship	Increase the number of new PhD students in the company per year (> 65)	**63(8)**	**36**
	At least one social or professional integration initiative run by each Safran site	*	*

* Measured across the whole scope in 2021.
(1) 2019 emissions figures, which included estimated data for fourth-quarter 2019, were revised in 2020 to reflect the actual data.
(2) Zero non-recycled paper in 2021, zero machines or equipment running unnecessarily in 2022, zero single-use plastic cups or dishes in 2023, zero catering products from extracontinental geographic areas in 2024, and zero non-eco-friendly green spaces in 2025.
(3) Compared to 2019. Excluding employees on long-term absence.
(4) Number of accidents per million hours worked.
(5) Purchasing, HR, Sales, Legal, Finance, Audit & Internal Control, Compliance & Business Ethics, Risks and Communications Departments, with customers, suppliers and partners concerned.
(6) People exposed and affected in all Group departments.
(7) Or using an equivalent responsible purchasing charter.
(8) Average new PhD students over three years (2017-2019).

A dedicated CSR governance

The CSR strategy is led by the Executive Committee and steered by the Executive Vice President, Corporate Human and Social Responsibility, who draws on the work of the CSR Department in defining the CSR strategy, its roadmap and its rollout. The department works with all Group companies and departments to ensure that the CSR strategy is in place across the whole of the Group and engages all employees on its Group-wide commitments. CSR challenges are presented to and monitored by the Board of Directors and the Executive Committee each year.

Non-financial ratings

	2019	2020
vigeo eiris *Rating reviewed every two years.*	**55/100 Robust level** • 1st company out of 20 in the aerospace and defense industry ranking in Europe • 1st out of 44 worldwide	
CDP DISCLOSURE INSIGHT ACTION *Rating from "F" to "A" (A being the highest).*	**C (Awareness level)**	**A- (Leadership level)**
SUSTAINALYTICS *The rating evaluates ESG risk level, with the lowest rating corresponding to the best non-financial performance.*	**28.0 – Medium risk** • *6th out of 82 in the aerospace and defense industry*	**24.9 – Medium risk** • *4th out of 88 in the aerospace and defense industry*
MSCI *Rating from "CCC" to "AAA" (AAA being the highest).*	**A rating**	**A rating**

OUR MARKETS

Despite the impact of the Covid-19 crisis on the aerospace market over the coming years, the underlying air traffic development fundamentals remain solid and should continue to drive strong long-term growth in the global commercial aircraft fleet.

Civil aviation

The Covid-19 crisis has had an unprecedented impact on air traffic: the ICAO[1] estimates a 60% drop in the number of passengers in 2020. Nevertheless, the underlying air traffic growth fundamentals, for the medium and long term, remain:

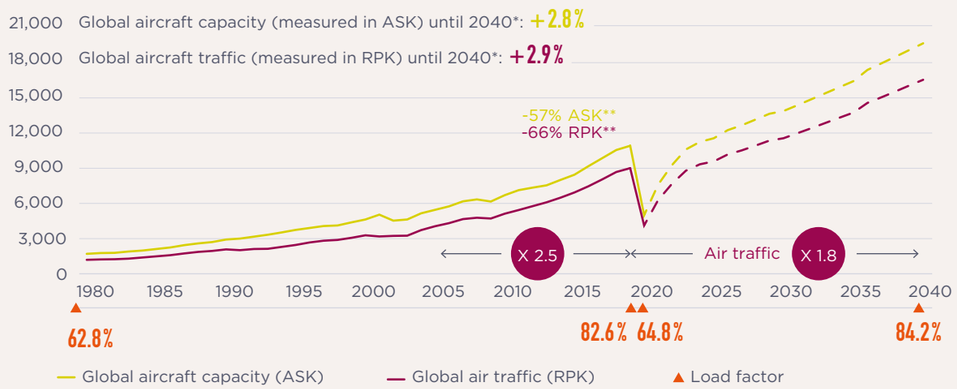
- the increasing accessibility and popularity of air travel spurred by falling prices;
- higher load factors to win market share and increase profitability in airline company operations;
- demand in regions enjoying strong economic growth (in particular China, South-East Asia and India), and renewal of the existing fleet (mainly in North America and Europe).

High growth in air traffic proved resilient against previous global economic crises (in 2001 and 2008), and Safran expects a return to 2019 traffic levels somewhere between 2023 and 2025, followed by sound growth, despite the increasing weight of ecological impact on air transport.

Estimates point to a total of around 34,500 new planes over the next 20 years. This dynamic is especially pronounced in the short- and medium-haul aircraft segment, which expects 22,400 new planes over the same period. In addition, airframers Airbus and Boeing report very high order backlogs despite the crisis (7,184 and 4,997 respectively, at the end of December 2020). The same trend has also been observed in the aftermarket, with strong growth driven by the increasing in-service fleet size.

CIVIL AVIATION, GLOBAL PROJECTIONS

The long-term growth outlook remains strong, despite the short- and medium-term impact of the Covid-19 crisis on air traffic.



RPK: Revenue passenger kilometers, in billions (= number of occupied seats multiplied by the total distance traveled by the global fleet).
ASK: Available seat kilometers, in billions (= number of available seats multiplied by the distance traveled by the global fleet).

Source: Safran Aircraft Engines.
** Annual growth (reference year: 2019).*
*** In 2020 vs. 2019 (source: International Air Transport Association).*

(1) International Civil Aviation Organization.



FOCUS ON SAFRAN'S MILITARY ACTIVITIES

Over and above the electronic activities of Safran Electronics & Defense, all Group subsidiaries are present in the military sector, which accounted for approximately 24% of Group revenue in 2020. Products notably include the M88 engines powering the Rafale, military helicopter turbine engines, TP400[1] engines powering the A400M transport plane, electrical wiring for the Rafale, landing gear, tactical drones and auxiliary power units (APUs). Safran also holds 50% of ArianeGroup, which develops launchers for nuclear deterrence.

Defense and space

A clear and ongoing upward trend in defense and space budgets has been observed worldwide over recent years, in a context of persistent or heightening tension in many regions.
In Europe, the initiatives taken in recent years by the European Commission and member states have proved successful, with co-financing for cooperative programs topping €500 million in 2019-2020. The European Defense Fund (EDF) was formed to co-finance collaborative research and development programs, with a budget of €7 billion over the period covered by the upcoming European Union multi-annual financial framework (2021-2027). Prospects on new space projects are advanced by a record budget of €13.2 billion for 2021-2027, plus confirmation of a firm intention to strengthen European sovereignty in space.





Business aviation and helicopters

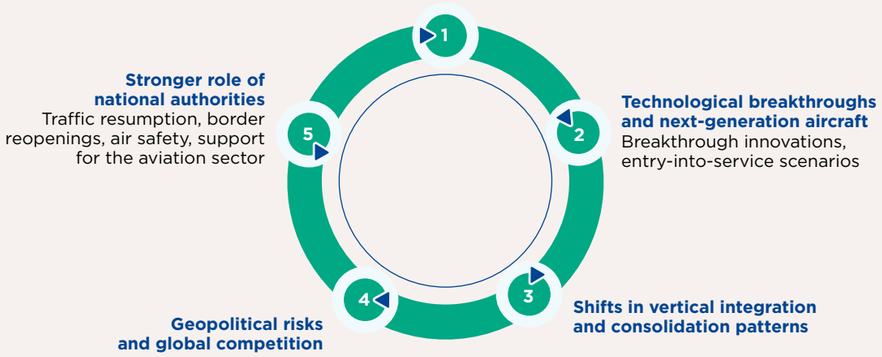
Business aviation was less impacted than commercial aviation by the Covid-19 crisis in 2020. Growth prospects for the business aircraft fleet, already limited before the crisis, nevertheless appear uncertain.
At the end of 2020, there were around 21,700 business aircraft in service plus some 500 in storage. The crisis impacted the helicopter market to different extents in different contexts, with usage in military, healthcare and public service remaining robust. Overall, the impact was less pronounced than in commercial aviation, with a 25% drop in flight volumes at the worst of the crisis, with a swift return to normal expected. Some 51,000 helicopters were in service worldwide in 2020.

(1) Through the EPI (EuroProp International) consortium.

AEROSPACE INDUSTRY TRANSFORMATION

Safran operates in a changing industrial landscape, hit by the short-term impact of the Covid-19 crisis.

UNDERLYING TRENDS STILL STRONG



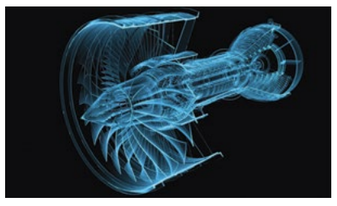


1 Environmental challenges

The crisis confirmed expectations with regard to climate change, especially for the aviation sector, which must step up efforts on decarbonization (pages 24 to 27).

2 Technological breakthroughs and next-generation aircraft

Innovation has been a cornerstone of the aerospace sector from the outset. Today's aircraft are five times more fuel efficient than those of the 1950's, chiefly because of engine improvements, and civil aviation is one of the world's safest means of transport.
To meet the climate challenge, disruptive innovations are needed in forthcoming platforms: digitalization, connectivity, autonomy, hybrid and/or electric propulsion, distributed propulsion, materials, processes, sustainable fuels, hydrogen, etc. Innovations here will pave the way to engine architectures, concepts, production methods, services, players and uses (particularly VTOL(1)). At the same time, the Covid-19 crisis creates uncertainty in airframer schedules for forthcoming aircraft generations.





(1) Vertical Take-Off and Landing aircraft.

3 Shifts in vertical integration and consolidation patterns

Collapse of the Boeing/Embraer merger deal in 2020 marks a halt in the airframer consolidation trend initiated in 2017, when Airbus took over the A220 (formerly the Bombardier C-Series) program. After the wave of equipment manufacturer and supply-chain mergers in 2018-2019, further consolidations might occur given the crisis impacting the commercial aviation industry.



4 Geopolitical risks and global competition

The Covid-19 crisis comes at a time of geopolitical and commercial tensions, which are affecting the aviation sector and the aerospace industry in various ways: tensions over the resumption of international flights during the crisis, flight re-authorization delays, measures restricting license or export authorizations, etc.

Lastly, aircraft leasing companies, investors and finance companies remain major players in the aviation ecosystem, contributing to the resilience of the crisis-hit sector. In 2020, more than 50% of short- and medium-haul civil aircraft delivered were financed by leasing companies.



5 Stronger role of national authorities



Though air transport is today one of the safest means of transport in the world, the two Boeing 737 MAX accidents, in 2018 and 2019, sharpened certification authorities' attention on safety throughout the aircraft life cycle. The flight re-authorization process begun in 2020 revealed intensified expectations on flight safety, a fundamental challenge shared by all Group companies. That aside, the crisis has marked a reinforcement of the roles played by national authorities in the aviation sector, as regards the management of border openings, health measures for passengers, support for airlines, and aid for the aerospace industry.

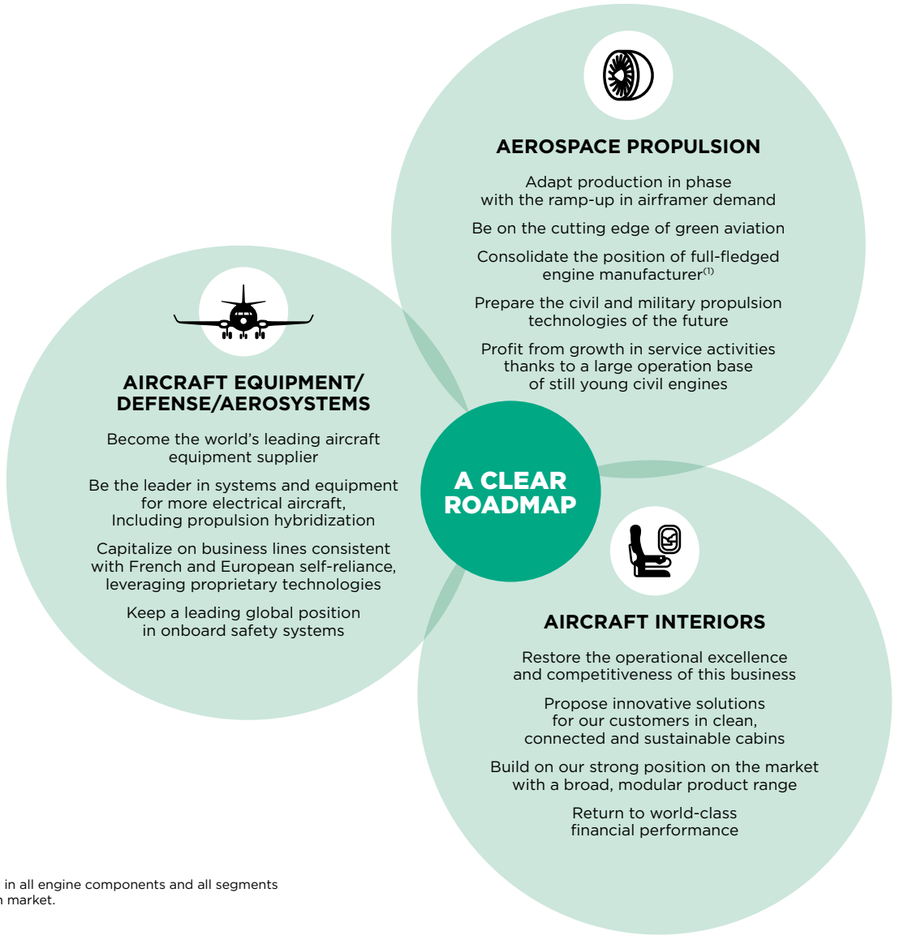
OUR AMBITIONS

The major ecosystem trends outlined previously point to a return to solid growth for the sector, which will be required to meet major technological challenges on decarbonization, while upholding safety and competitive performance.

Safran aims to become the world's leading aircraft equipment supplier within the next 15 years. To achieve this goal, the Group draws in particular on:

- a business model building on:
  - products with business cycles of different maturities (from just a few years for an aircraft seat and up to 40 years for an engine);
  - service and aftermarket businesses (including spare parts and long-term contracts), that now generate nearly half of its revenue. These services ensure recurring revenue streams, margins with smooth time-spreads, and improved visibility;
  - coverage of all sub-segments of the aerospace and defense sector (regional aircraft, short and medium haul, long haul, business jets, helicopters, military aircraft), to reduce sensitivity to variations in business cycles;
- two key priorities: climate change and aviation safety;
- a clear strategy drawing upon three key Safran assets: sustainable innovation, operating excellence and responsible conduct;
- "Engage for the Future", a CSR strategy with four pillars: decarbonize aerospace, be an exemplary employer, embody responsible industry and affirm our commitment to citizenship.

By focusing on both operating excellence and the investment needed to lead in state-of-the-art technology, the Group is ideally placed to emerge from the crisis in a stronger position and cross a new threshold in business growth and value creation.



(1) Safran is present in all engine components and all segments of the propulsion market.

CFM56 – LEAP engines leaders on the short- and medium-haul segment, a key asset for Safran

In this segment, CFM International (a 50-50 joint venture between Safran Aircraft Engines and GE) has a market share of around 70% thanks to 40 years of commercial success.

LONG-TERM PROSPECTS

The propulsion business generates significant service activities, mainly comprising the sale of spare parts and maintenance, repair and overhaul (MRO) services. Given the size of the engine fleet in service, Safran has substantial growth potential. The Group has been developing long-term service contracts for a number of years, in response to customer demand, which now apply to the LEAP engine. Aftermarket services for LEAP engine will gradually take over from the CFM56 engine from 2025.

A LARGE CFM56 FLEET IN SERVICE

With an in-operation base(1) of **31,865 engines** at the end of 2020 (including some 23,000 CFM56-5B/-7B), the CFM56 is the biggest commercial success in the history of civil aviation. It will continue to generate service activities for Safran over the next 20 years. The fleet of second-generation CFM56 engines (-5B/-7B) is young (roughly 50% under 10 years, and only 10% over 20 years), and boasts proven in-service reliability, **which means withdrawal and part-out risks remain relatively low.**

LEAP, FOLLOWING THROUGH ON THE CFM56 SUCCESS STORY

The successor to the CFM56 is the hugely innovative LEAP engine, which consumes 15% less fuel than its predecessor, the CFM56. The LEAP is a commercial success, with an order backlog(2) exceeding 9,600 units at the end of 2020.

It has been selected for three aircraft:

- LEAP-1A for the Airbus A320neo, which came into service in August 2016 (61% market share(3));
- LEAP-1B for the Boeing 737 MAX, which came into service in May 2017(4) (100% market share);
- LEAP-1C for the COMAC C919 (China, exclusive Western source).

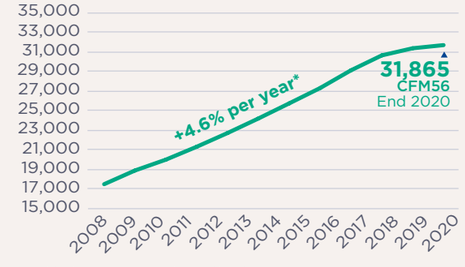
CFM56 (-5B/-7B) FLEET BY NUMBER OF SHOP VISITS PERFORMED



Source: CFM data

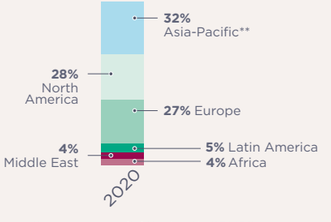


CFM56 IN-OPERATION BASE(1)



* Weighted average annual growth rate
Source: CFM

GEOGRAPHIC DISTRIBUTION OF THE FLEET OF AIRCRAFT POWERED BY CFM56 ENGINES*



* Source: Cirium - Aircraft fitted with CFM56 engines in service and parked at end of 2020.
** Including 18% in China

(1) In-operation base is equal to engines delivered less engines dismantled or scrapped.
(2) On the basis of pending orders and cancellations.
(3) Firm orders at December 31, 2020.
(4) Boeing 737 MAX grounded from March 2019, with return to service authorized by the US certification agency in November 2020 and by its Canadian and European counterparts in January 2021.

A RESILIENT BUSINESS MODEL

SERVING OUR CUSTOMERS

Trends

Environmental challenges
Towards carbon neutral aviation for 2050

Technological breakthroughs and next-generation aircraft
Breakthrough innovations, entry-into-service scenarios

Shifts in vertical integration and consolidation patterns

Geopolitical risks and global competition

Stronger role of national authorities
Traffic resumption, border reopenings, air safety, support for the aviation sector

Our resources[1]

HUMAN CAPITAL

Around 78,900 employees in 27 countries

2.7% of payroll spent on training (France)

Recognized governance

INTELLECTUAL CAPITAL

€1.2 billion total R&D expenditure

16% of Group employees in R&D (including R&T)

INDUSTRIAL CAPITAL

276 sites in the world serving our customers

€449 million in industrial investments

Structuring **alliances and partnerships**, including the CFM International joint venture formed with GE in 1974 and renewed until 2040

FINANCIAL CAPITAL

A **full order backlog**

A **growing base** in operation (up approximately 4.6% annually for short- and medium-haul engines)

One of the strongest financial signatures in the industry

A **stable shareholder base** (employees, French State, long-term institutional investors)

A **strong financial structure** (net debt/EBITDA[2] of 1.13)

A foreign exchange risk **hedging policy** providing **visibility**

SOCIAL AND ENVIRONMENTAL CAPITAL

75% of R&T investment focused on reducing our environmental footprint

Training in responsible purchasing and good conduct charter

Our business model serving our customers

Our business model

INNOVATION, DESIGN
2020 R&D expenditure: €1.2 billion

ORIGINAL EQUIPMENT SALES
2020 revenue: €9.2 billion (56%)

SERVICES
2020 revenue: €7.3 billion (44%)

Two absolute priorities

CLIMATE CHANGE
(page 24)

–

AVIATION SAFETY
(page 28)

A balanced business portfolio

46% AEROSPACE PROPULSION

–

42% AIRCRAFT EQUIPMENT, DEFENSE AND AEROSYSTEMS

–

12% AIRCRAFT INTERIORS

3 assets

ASSET NO. 1
SUSTAINABLE INNOVATION
(page 30)

ASSET NO. 2
OPERATIONAL EXCELLENCE
(page 34)

ASSET NO. 3
RESPONSIBLE CONDUCT
(page 36)

Decarbonize aerospace

Be an exemplary employer

Embody responsible industry

Affirm our commitment to citizenship

4 CSR pillars

Our impacts[1]

HUMAN CAPITAL

Attractive working conditions and **labor relations model**

49% of employees are Company shareholders and together hold 7.3% of the share capital

INTELLECTUAL CAPITAL

45,000 intellectual property titles

INDUSTRIAL CAPITAL

€250 million of synergies expected in 2022, following the acquisition of Zodiac Aerospace

Agile supply chain

FINANCIAL CAPITAL

Fulfillment of financial targets set in July 2020 during the Covid-19 crisis

Prompt cost adjustment capacity

Faced with 32.5% organic fall in adjusted revenue (with respect to 2019):

- Recurring operating margin of 10.2%
- Free cash flow of €1,073 million
- A disciplined M&A policy

14.27% annual growth in TSR[3] from 2005 to 2020

Stock market performance up 654% (from May 11, 2005 to March 25, 2021)

SOCIAL AND ENVIRONMENTAL CAPITAL

LEAP: **-15%** CO_2 emissions and **-50%** NO_x emissions

RESPONSIBLE SUPPLIER RELATIONS **label**

1st CAC 40 company certified "anti-corruption" by the ADIT[4]

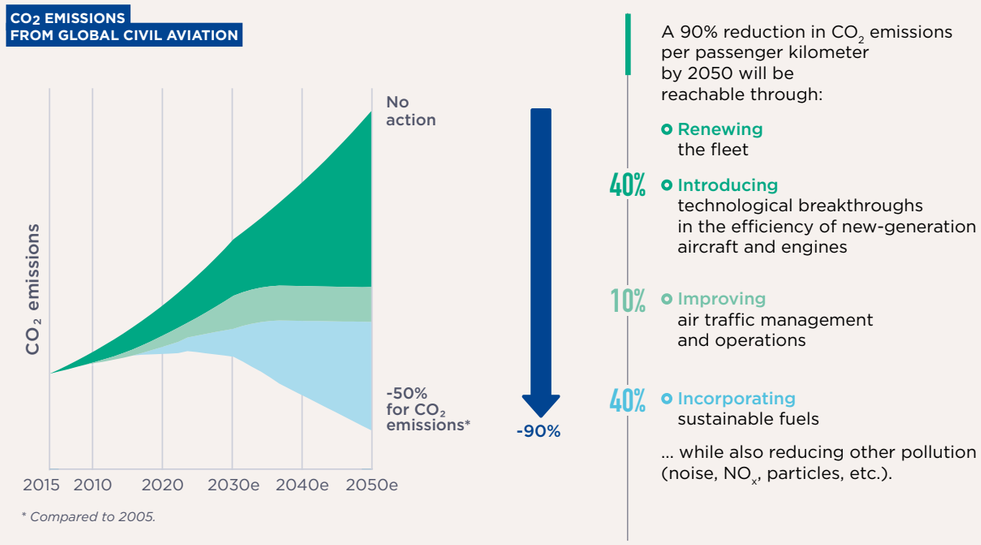
(1) All figures refer to 2020 except where noted.
(2) EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) is the sum of recurring operating income plus net recurring and non-recurring amortization, provisions and depreciation.
(3) Total Shareholder Return corresponds to dividends plus the change in the share price.
(4) French Agency for the Diffusion of Technological Information (*Agence pour la diffusion de l'information technologique* – ADIT).

PRIORITY NO. 1

SAFRAN'S CLIMATE STRATEGY

Climate change sets a major and systemic challenge for civil aviation. Safran's climate strategy addresses the challenge in order to offer customers innovative solutions at a competitive cost. With its position in most aircraft-system segments, and all energy systems in particular, the Group spearheads the technological response to climate change.

AN AMBITIOUS COMMITMENT FOR THE AVIATION SECTOR AND SAFRAN'S VISION TO achieve IT



Civil aircraft in operation account for 2% to 3% of global CO_2 emissions from human activities(1). Considering the effects of emissions other than CO_2 (vapor trails, for example), scientists estimate that aircraft in service are responsible for about 3.5% of global warming(2). Because of the significant expansion expected in air transport in the long term, the necessary transition to sustainable aviation is an absolute priority for Safran.

In 2008, the aviation sector took up a voluntary commitment on halving global CO_2 emissions by 2050 compared to 2005 (ATAG)(3) to bring a 90% reduction in average emissions per passenger kilometer across the worldwide fleet, taking into account the expected growth in air traffic over the period.

AMBITION: LOW-CARBON AVIATION BY 2030-2035, TOWARDS CARBON NEUTRALITY BY 2050

The aviation sector commitments are consistent with the Paris Agreement on keeping the global temperature rise below 2°C. Our objective is achievable and should involve all players in the sector (industry, airlines, air traffic control, airports, government authorities).

SAFRAN COMMITMENT

At the 2020 Annual General Meeting, Safran made the following commitment in support of sustainable fuels: ***"Safran notably undertakes to support the launch by the governments and, in particular, the European Union, of investment plans and regulatory measures aiming to promote the availability and utilization of sustainable fuels for aviation. This will have to be done in a sustainable way, taking into consideration the situation of the aerospace industry and, in particular, of our airline customers after the end of the Covid-19 crisis."***

(1) Data from IAE (International Energy Agency), ICCT (International Council on Clean Transportation).
(2) *The Contribution of Global Aviation to Anthropogenic Climate Forcing for 2000 to 2018*, David S. Lee et al., Atmospheric Environment, 2020.
(3) Air Transport Action Group.

SAFRAN'S CLIMATE STRATEGY

Safran intends to lead the way towards decarbonization of the aviation sector, through a climate strategy with two focuses:
- **reducing emissions from its operations;**
- **reducing emissions from the use of its products, its essential mission.**

Progress in climate reporting

2020(1)

Scopes 1 & 2

Objectives
- Reduction of 8% and 18% in 2025 vs. 2018
- In line with 2°C trajectory for industry (based on SBTi methodology(2))

Scope 3

Category declarations
- Business travel
- Waste treatment

2021(1)

Scopes 1 & 2

Objectives reviewed and made more ambitious
- Reduction of 30% by 2025 vs. 2018
- In line with 1.5°C trajectory for industry (based on SBTi methodology(2))

Scope 3

Extended category declarations:
- Purchases of goods and services
- Freight
- Employee commuting

Initial partial declaration of Scope 3 emissions, from use of products – direct emissions, from engines: 41.9 Mt CO_2eq. in 2019, 20.6 Mt CO_2eq. in 2020

TCFD(3)

Climate chapter in 2020 URD* presented in accordance with TCFD recommendations

2022(1)

Scope 3

Full declaration for all categories, notably for the use of products across the Group scope

Reduction objectives for Scope 3 emissions

* Universal Registration Document.
(1) Reporting year (prior-year URD).
(2) While Safran is not yet SBTi-certified, it did apply the methodologies and emission reduction trajectories recommended by this organization for setting its objectives.
(3) Taskforce on Climate-related Financial Disclosure.

Reduction in CO_2 emissions from operations

Safran takes a committed and ambitious stance on reducing the carbon footprint of its production methods, through its low-carbon project.

Safran brought in a low-carbon project at the end of 2018, with a dedicated organization relayed through each of the Group's tier-one companies.
The first phase of the project involves reducing direct (Scope 1) and indirect (Scope 2) emissions from energy consumption in our operations.
The second project phase, launched in early 2020, concerns part of Safran's indirect emissions (referred to as Scope 3 emissions): from logistics operations, purchases of goods and services, and employee travel. An initial evaluation of these emissions was undertaken in 2020, prior to setting reduction objectives in 2021.

In early 2021, Safran stepped up its ambition and objectives on reducing greenhouse gas emissions from its operations. The new objective aligns with an emissions reduction trajectory compatible with a global warming scenario of 1.5°C by the end of the century.
- Direct (Scope 1) and indirect (Scope 2) emissions: **30% reduction by 2025**(1).

Some of the assets employed to meet our objectives are as follows:
- reducing sites' energy consumption, chiefly by improving the energy efficiency of buildings (Valence site, France);
- developing disruptive solutions for heat generation at our sites, by conversions such as replacing gas boilers with biomass boilers;
- on-site production and self-consumption(2): solar photovoltaic production facilities have been installed at the Gloucester (United Kingdom), Montluçon (France), Milmort (Belgium) and Sendayan (Malaysia) sites. Feasibility studies will be conducted with partners in 2021 to continue the installation, notably in the United States;
- choosing low-carbon energy sources, as in Mexico, with a solar power energy contract for power supplies to all Group sites, and in the United Kingdom, with a wind power supply contract;
- phase-in of sustainable fuels for civil engine tests: Safran is committed to using 10% of sustainable fuels by the end of 2021 and 35% by 2025.

In 2020, Safran also introduced an internal carbon price for its investment projects, to swing decisions in favor of solutions including decarbonization actions. By the end of 2020, 20% of the program of actions needed for reaching the 2025 objective had been achieved (measured as the quantity of greenhouse gas emissions to be reduced).

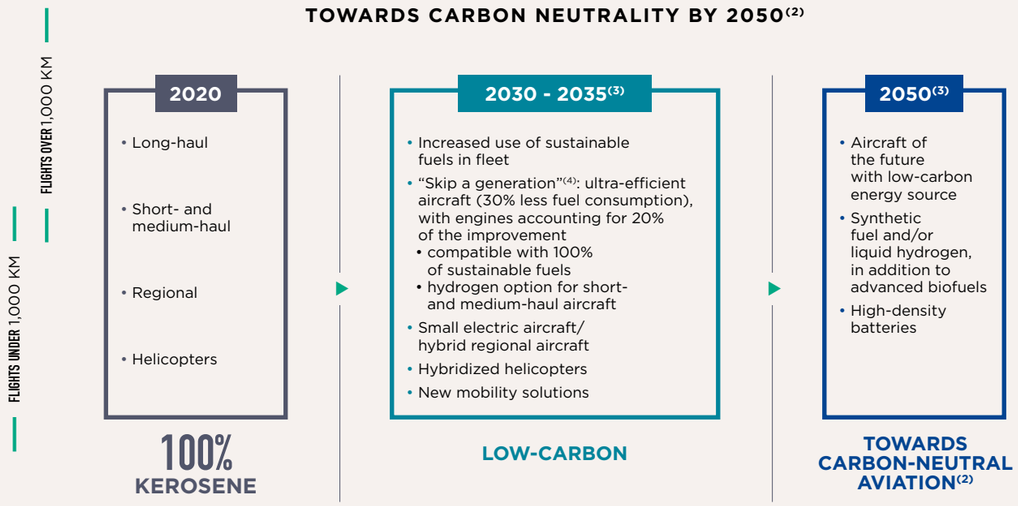
(1) Compared to CO_2 emissions in 2018, i.e., 219,790 t CO_2eq. for Scope 1 and 383,186 t CO_2eq. for Scope 2 (2018 emissions figures were revised in 2020 to reflect the actual data).
(2) Consumption of electricity produced at Safran sites for its own needs.

SAFRAN'S CLIMATE STRATEGY

Reduction in CO_2 emissions from products

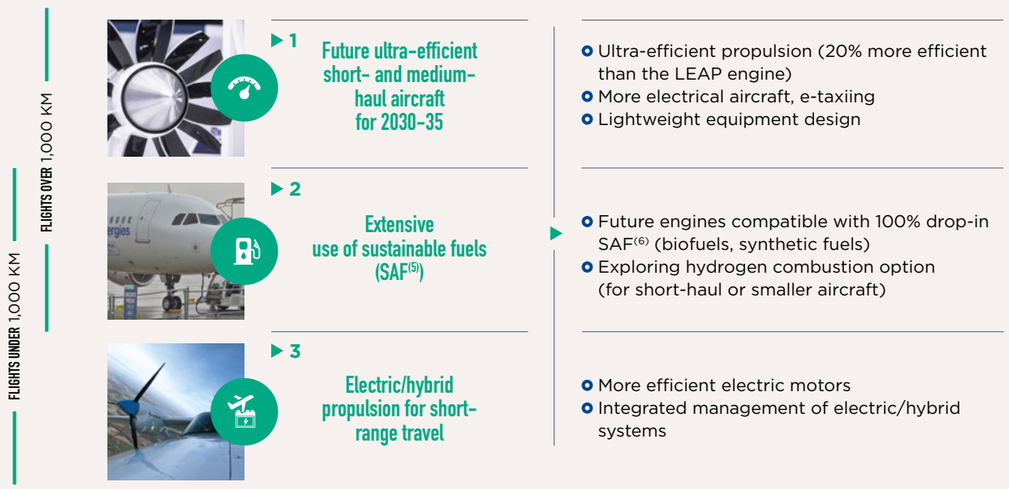
Because the production of an aircraft accounts for only a small percentage of its emissions over its life cycle, Safran considers that its primary challenge is to reduce CO_2 emissions arising from use of its products (referred to as Scope 3 indirect emissions in the GHG Protocol[1]).

TOWARDS CARBON NEUTRALITY BY 2050[2]



Because flights longer than 1,000 km account for 50% of journeys and close to 80% of emissions, the priority is to reduce emissions in the medium- and long-haul segment.

SAFRAN PRIORITIES FOR GREEN AVIATION



(1) Greenhouse Gas Protocol.
(2) In-flight greenhouse gas emissions & emissions/capture related to fuel production close to zero by 2050.
(3) Target date for aircraft in service.
(4) "Skip a generation": new aircraft release bringing twice the usual next-generation gain (15%).
(5) Sustainable Aviation Fuel.
(6) Drop-in fuels are fuels that can replace all or some of conventional kerosene without any operational impact, i.e., without requiring modification to infrastructures (at airports, for example) or to aircraft or engines, whether existing or under development.

▶ 1. Contributing to the development of a new generation of ultra-efficient engines compatible with carbon neutrality

Safran is convinced that accelerating the transition to carbon neutrality requires "skipping a generation" in terms of efficiency, meaning bringing into service by 2030-2035 a short- and medium-haul aircraft that consumes 30% less fuel than the previous generation. Safran and General Electric (GE) are contributing to this endeavor through work on an **engine that delivers a 20% improvement in fuel consumption compared with the LEAP engine** (LEAP being 15% more efficient than the CFM56), compatible with the use of 100% sustainable fuel, to pave the way to carbon neutrality.
This major challenge calls for breakthrough technologies (open rotor engines, for example) involving an in-depth transformation of aircraft and their architecture, and will require the active involvement of airframers. Tomorrow's ultra-efficient aircraft will also have to be considerably lighter and use an optimized energy chain. With its very broad coverage, Safran can address all these challenges, with solutions such as e-taxiing (electric motor driving the wheel), lightweight cabin fittings featuring new materials, and optimized electrical systems.

▶ 2. Sustainable fuels: a workable solution for the near future

SUSTAINABLE FUEL TYPES

ADVANCED BIOFUELS (not competing with food crops)	SYNTHETIC FUELS (from low-carbon hydrogen)	LIQUID HYDROGEN
• Up to 80% lower net CO_2 emissions	• Potential for zero net CO_2 emissions	• Zero in-flight CO_2 emissions
Drop-in fuels (usable in existing aircraft and infrastructures)		**Fuels requiring specific aircraft and infrastructures**
Key contributor through to 2050, in all decarbonization scenarios		Breakthrough technology at longer term, for short- and medium-haul distances
Technological development under way to overcome the current mix limit of 50%		

There is no single solution applicable to all applications without a constraint on resources. All pathways must therefore be pursued, starting now with advanced biofuels, with a preference for the most environmentally virtuous processes. Development in sustainable fuel production (currently three times more expensive than kerosene) requires public policy support.
Safran supports public initiatives, for example by advocating for a European-scale requirement on 10% sustainable fuel in the mix by 2030, under the ReFuelEU Aviation initiative. It also supports pilot projects on synthetic fuel production. As a supplier of engines and fuel system equipment, **Safran is working on lifting the technical obstacles to enable 100% incorporation of drop-in sustainable fuel** with forthcoming engine generations, and to cross the 50% threshold on present-day engines. This primarily involves solving the issue of the lifespan of seals and pumps for fuel systems and ensuring optimum combustion performance.
At the same time, Safran is also working with other aerospace industry companies to explore the option of hydrogen fuel on short- and medium-haul or small aircraft for around 2035. This option is more ambitious in terms of CO_2 emissions reduction, and requires disruptive innovations in storage (in the form of liquid hydrogen) and the fuel circuit, in addition to the phase-in of drop-in sustainable fuels (biofuels and hydrogen-derived synthetic fuels). A decision is expected around 2025 on the fuel option for the next-generation short- and medium-haul aircraft taking over from the A320neo.

▶ 3. Electric and hybrid propulsion: a solution for short distances

The short- and medium-term outlook for developments in battery energy density means electric and highly hybrid propulsion will be limited to short-distance flights in low-capacity aircraft: training aircraft, small shuttles, regional aircraft (in the medium term), and new VTOL[1] or STOL[2] aircraft for urban or suburban transport. Hybrid propulsion for future aircraft and helicopters will contribute to meeting the highly ambitious objectives on reducing fuel consumption.

Safran holds a leading position in all-electric and hybrid architectures, developing a range of electric-system products (engines, turbogenerators, energy management systems) and working with innovative companies on batteries. The Group also conducts research on fuel cell technologies. In 2020, Safran's ENGINeUS™ electric motors flew on VoltAero's Cassio 1 hybrid aircraft demonstrator, and were selected to power Bye Aerospace's e-Flyer electric aircraft, orders for which already exceed 700 units.

(1) Vertical Take-Off and Landing aircraft.
(2) Short Take-Off and Landing aircraft.

PRIORITY NO. 2

AVIATION SAFETY

Aviation safety has always been
an absolute Group-wide priority for Safran.

Aviation safety is the responsibility of all Group employees. As a leading global aerospace industry player, Safran gives the utmost importance to safety. The lives of passengers, crew and those on the ground under flight paths depend on this. Safran is as committed as ever to assuring its customers (airframers and airlines), passengers, crew and populations under flight paths that the products and services that it supplies are safe.
This is an imperative that influences everything we do.

Aviation safety fundamentals for Safran

At the end of 2021, European regulations will extend coverage of the Safety Management System to design and production functions, in addition to maintenance operations, already bound by this requirement in France, Canada and some Asian countries. Safran is preparing for application of this directive by further improving the visibility and reach of its aviation safety fundamentals. These chiefly involve the implementation of a safety management system at each company, capable of ensuring company-wide employee compliance with safety principles and take-up of a strong aviation safety culture.
It is essential that all people in the Group are fully aware of their individual roles and the possible consequences of their actions, that information sharing is encouraged, and that safety management systems ensure continuous monitoring of and improvement in safety performance. Safran is stepping up its harmonization approach here to attain the highest performance level, standing as the industry benchmark in this field.
Safran has put in place an aviation safety policy; Safran Aircraft Engines, Safran Helicopter Engines and Safran Landing Systems had already drawn up formal flight safety policies based on these fundamentals. The other Safran Group companies will be following suit in 2021.
Each company's policy will come with detailed objectives spanning the whole product life cycle, including design, production and maintenance. Accompanying action plans will include details on organizational and product focuses. Safran is preparing for the amendments to Part 21 European regulations on design and production practices in the civil aerospace industry.



THE STRONGEST POSSIBLE AVIATION SAFETY CULTURE THAT:

- makes aviation safety a top priority;
- prevents and manages aviation safety risks;
- encourages everyone to report aviation safety concerns within a climate of confidence, through a just and fair culture;
- investigates and addresses safety concerns.

SAFETY MANAGEMENT SYSTEM ACROSS ALL SAFRAN COMPANIES, WITH THE ASSURANCE THAT:

- adequate resources are available;
- all Safran employees understand the implications of their own actions on aviation safety;
- aviation safety is promoted;
- aviation safety performance is measured and continuously improved.

Our commitment to aviation safety

FLIGHT SMS[1]

Safran encourages employees to report, confidentially, anomalies so that they can be remedied to prevent any possible jeopardy to safety.
Safran Landing Systems employees have access to an anonymous reporting system via the intranet. Reports must be sufficiently precise to ensure the necessary remedial action can be taken, while preserving the anonymity that ultimately ensures that employees will trust the system. The system is also operational at Safran Aircraft Engines, and is ready for other Safran companies.



THE SMS TOOLKIT: INFORM, SHARE, EDUCATE AND ANTICIPATE

To strengthen synergies, in 2019 Safran set up a network of SMS leaders in all Group companies. The network coordinates the SMS toolkit, which was made available to all employees in October 2020.
The toolkit includes material for simplifying the application of air safety requirements in design, production and maintenance processes. There is a guide to help companies draw up air safety policies, a scorecard on evaluating SMS management maturity, safety information cards, specific examples of safety analysis, and surveys on organizational and human factors. Tools have been developed for measuring (by means of indicators) the safety performance of our products, operation of the SMS (with a maturity matrix), and the air safety culture (through surveys).
The toolkit content is continuously upgraded to include shared tools and practical examples. Forthcoming additions include an analysis of the impact of regulatory changes expected in 2021, tools for extending SMS requirements to suppliers, and training materials.



SAFRAN AT THE AIRBUS SUPPLIERS SMS FORUM

Effective communication and interfacing is a key prerequisite in our endeavors on tackling and preventing air safety risks.
Safran is an active participant in the Suppliers SMS forum run by Airbus with its main suppliers and partners. The aim of the forum is to promote air safety and determine joint approaches, through, for example, a joint charter on data sharing, management of new risks arising from the Covid-19 crisis within our organizations and on our products, accident investigation methodologies, employee awareness-raising, and training on air safety.
The joint charter sets out reciprocal commitments between Airbus and its suppliers on communication, experience sharing, development of an air safety culture, product and organizational risk management, and SMS rollout. Safran took up the charter in March 2021.



(1) Safety management system.

ASSET NO. 1

SUSTAINABLE INNOVATION: SHAPING THE NEXT STATE OF THE ART IN AEROSPACE

In this rapidly changing environment, success depends first and foremost on managing disruptive innovation and technological excellence, to provide customers with a critical edge.

The competitive performance of Safran products depends largely on the Group's innovation capabilities, across a breadth of sectors including electric taxiing, composite 3D-woven fan blades and hemispheric resonator gyros. The Group is implementing an innovation strategy firmly focused on efficient R&T serving all its businesses.

This strategy draws on a dedicated R&T management system and an internal organization providing Group companies with a balance between own development and shared activities. Interactions with the scientific, technological and innovation ecosystem are organized around strategic partnerships, scientific networks and chairs, collaborative innovation in the supply chain and investments in the share capital of innovation-oriented startups.

The number of patents filed bears witness to the creativity of the teams and their capacity to innovate, as well the importance placed on protecting intellectual property. Safran stands among the front-runners for patents filed with the French patents office (*Institut National de la Propriété Industrielle* – INPI). Overall, the Group's patent portfolio protects close to 12,000 inventions and encompasses over 45,000 intellectual property titles.



16%
of workforce in R&D

MORE THAN 1,000
initial patent requests filed by Safran worldwide in 2020

75%
of R&T investment focused on environmental efficiency

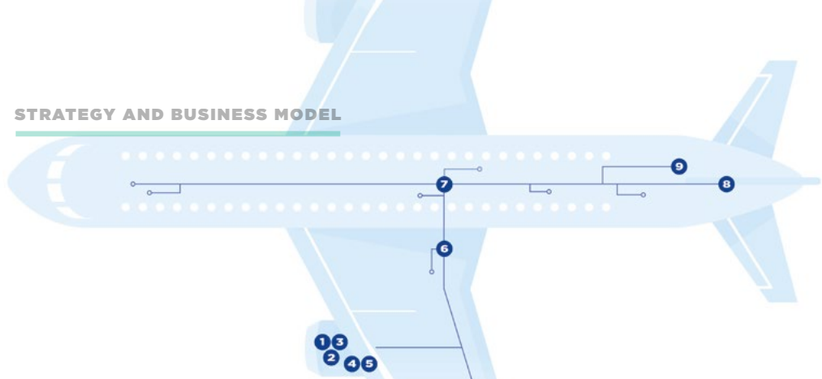
5 R&T PRIORITIES:

- Aircraft energy and propulsion chain
- High-performance materials and processes
- Aircraft cabin of the future
- Navigation and autonomy technologies
- Digital technologies

THE AEROSPACE INDUSTRY SUPPORT PLAN

Safran's strategy is closely aligned with the measures set out in the French government's aerospace support plan, announced in June 2020, to limit the impacts of the Covid-19 crisis.

In R&D, the plan aims to turn France into one of the most advanced leaders in "green" aviation technologies: ultra-low energy consumption for all future platforms (short- to medium-haul, regional, helicopters), electric hybridization on regional aircrafts and helicopters, and engines compatible with 100% sustainable fuels, etc. Since 2020, Safran has been involved in a number of in-depth research projects, on aircraft engines (successor to the LEAP engine), the hybrid-electric light helicopter demonstrator (HELYBRID project), and the HYPERION project to assess the challenges of a hydrogen engine. The aerospace support plan will enable Safran to maintain its overall research and technology activity on decarbonization over the coming years.



Aircraft energy and propulsion chain



1 JET ENGINES AND GAS TURBINES

Improving aircraft propulsion systems is presented on pages 26 and 27.



2 POWER TRANSMISSIONS

From materials and processes to system design, Safran keeps upgrading its systems and equipment to enhance integration with engines.



3 ELECTRIC GENERATORS

To meet the needs of more and all-electric aircraft, Safran is developing the most extensive and advanced range of "smart" generators on the market, with fully integrated control electronics.



4 ELECTRIC MOTORS

Safran offers different families of compact yet powerful electric motors with integrated control electronics, tailored for various applications such as landing gear actuation. Other motors are purpose-designed to drive propellers on aircraft with all-electric or hybrid propulsion systems.



5 POWER MANAGEMENT

Power management is taking on an increasingly important role with the electrification of aircraft, to distribute this energy and ensure a stable and protected power supply.



6 WIRING

With more and more functions going electric, aircraft need denser and more complex wiring systems. Safran is developing these systems with its advanced modeling system, and is also working on systems capable of handling the high voltages needed for electric propulsion.



7 ELECTRICAL DISTRIBUTION

Because of the high power required by non-propulsive electrical functions and emerging propulsion needs especially propulsion, the aim is to develop smart distribution systems, capable of managing an increasing number of loads, and supporting high voltages without overheating, short circuits or arcing.



8 AUXILIARY POWER UNITS (APUs)

Emerging more and all-electric architectures are changing the traditional role of the APU, making it less and less "auxiliary"! Safran is therefore developing the eAPU to address the requirements of new more electric aircraft, and is already looking further ahead with fuel cells that could supplement or even replace APUs.



9 BATTERIES

All aircraft are fitted with batteries used to start their engines. Tomorrow's batteries will have to rise to the challenge of electric propulsion. Safran is naturally focused on significantly increasing battery power density and endurance, while keeping weight as low as possible. Even so, Safran considers the prospect of an all-electric medium- and long-haul aircraft unrealistic for the time being.

NEW AIR MOBILITY: A STRATEGIC FOCUS FOR SAFRAN

Working in partnership with airframers in a highly dynamic ecosystem, Safran stands out as a leader in key systems (propulsion, equipment and interiors) for players in urban and regional air mobility. Safran is ideally placed to provide electric and hybrid propulsion and autonomy solutions for demonstrators and forthcoming commercial programs.
In 2020, Bye Aerospace selected Safran to supply ENGINeUS™ smart electric motors for its e-Flyer aircraft.

High-performance materials and processes

The need to reduce aircraft and equipment weight leads to an increased use of composite materials. Safran engines and equipment, whether nacelles, landing gear or brakes, are characterized by heavy mechanical loads. To develop these solutions, Safran set up the Safran Composites Center, part of the Group's R&T center, Safran Tech, with resources and expertise in organic matrix composites.

Higher running temperature is also a key factor in improving engine performance. **The Safran Ceramics complex, opened in 2018, centralizes Group research on ceramic matrix composite materials adapted to very high temperatures.** Lastly, a platform for developing new monocrystalline casting techniques for turbine fans was inaugurated in 2019.



The aircraft cabin of the future

Through system integration and optimization, the aircraft cabin of the future will offer passengers **enhanced comfort and traveling experience**. Through Safran Cabin Innovation, Safran offers its customers opportunities for improving revenues (by adding seats capable of generating revenue or providing new services), offering an incomparable passenger experience (with a more spacious and comfortable cabin, new features, etc.), and creating or enhancing brand image (through distinctive service, design and products).



Safran is also developing innovative solutions in three major aspects of the aircraft cabin of the future: smaller ecological footprint, equipment connectivity, and cleanliness to rebuild passenger confidence in the wake of the Covid-19 crisis.



Navigation and autonomy technologies

Air, land, sea, satellite and military navigation markets are constantly evolving and expanding. Operational and economic gains are sought by increasing autonomy, and by ensuring land-onboard continuum via secure links. Actions such as these prove to be powerful drivers of renewed technological development. **Safran is actively preparing the shift to autonomous systems for civil and defense applications** based on technologies developed in optronic sensors, inertial navigation, critical onboard electronic systems and image processing and analysis. The use of sensors and artificial intelligence in an integrated system resulted in eRider, an autonomous vehicle demonstrator for military applications that can transport infantry equipment on the ground and navigate autonomously. The demonstrator helped Safran Electronics & Defense win the Furious contract put out for tender by the DGA[1]. The tender covers autonomous vehicles, small land robots and drones, laying the groundwork for autonomous and collaborative combat systems. Proficiency in technologies merging navigation and environment perception data also enables the development of piloting assistance applications for all types of aircraft.

(1) French Directorate General of Weapons Procurement (*Direction générale de l'armement*).

Digital technologies

ADDITIVE MANUFACTURING

Additive manufacturing provides an opportunity to improve costs, cycles and performance for numerous engine and aircraft equipment components, by reducing the number of parts and tooling and introducing new methods of optimizing design.

Up to 50 components replaced by a single part

Lead time divided by 6

15%
reduction in manufacturing costs

25%
mass reduction

These processes also open opportunities for reducing the cost and environmental impact of transportation in the production of parts. Safran Tech's Safran Additive Manufacturing hub **accelerates the development of these processes** for future use in series production and repairs. Safran will be centralizing all its capabilities at a new site under construction in Haillan, near Bordeaux, which will house all the Group's operations in research, industrialization and production of additive manufacturing components, to encourage optimally efficient rollout across all relevant products.

DATA PROCESSING

Techniques used to diagnose and forecast the condition of aircraft equipment and systems bring value for Safran product users, as regards both operational considerations (optimization of maintenance) and fleet management support (evaluation of residual value). With Safran Analytics, front-line digital resources are implemented for complex data purposes.
Such techniques also entail demanding requirements on managing growing volumes of flight data, a field in which Safran holds substantial international experience. In November 2020, Safran Electronics & Defense signed a contract with China Southern Airlines Company Limited on the rollout of **Cassiopée Alpha, its new flight data decoding and analysis software platform**, across the whole of its fleet of more than 600 aircraft.

ELECTRONICS, DIGITAL PLATFORMS AND CRITICAL SOFTWARE

Given that onboard electronics technologies for harsh environments are a central feature of many Group products, **Safran Electronics & Defense runs ambitious projects** on controller architectures featuring more efficient processors, and on component packaging capable of withstanding the higher temperature environments of future aircraft systems.
In systems engineering, Safran is working on **process harmonization**: a software development workshop has been set up for Group-wide rollout.

SAFRAN CORPORATE VENTURES: VENTURE CAPITAL FOR INNOVATION

Safran Corporate Ventures, the Safran investment subsidiary formed in March 2015, contributes to the Group's innovation strategy by financing companies at average first-round amounts of €1 million to €5 million, under an overall portfolio target of €80 million.

Its fields of interest include decarbonization, industry 4.0, new materials, etc.

Since its creation in 2015, Safran Corporate Ventures has invested in 11 tech companies, ten of which are still in its portfolio. In 2020, it provided ongoing support for the companies in its portfolio to help them tackle the crisis, while also taking part in the refinancing of Outsight.
During the year, Safran Corporate Ventures also contributed to half a dozen partnerships or demonstrators between Group companies and innovation-oriented startups.

SAFRAN ECO-DESIGN AND PRODUCT LIFE-CYCLE MANAGEMENT

Environmental impact reduction at each stage of a product's life cycle is an integral factor, from product design onwards. Safran pays particular attention wherever non-renewable natural resources are used, making product repairability a key point in its offering of maintenance solutions. Safran also proposes the use of reconditioned parts, applying a circular-economy logic in partnership with other industry players. In 2007, Safran partnered with Airbus and Suez in founding Tarmac Aerosave, which has become the European benchmark operator in storage and dismantling of military and civil aircraft. Since 2007, 250 aircraft and 140 engines have been dismantled and recycled, with a recovery rate of more than 92% of total aircraft weight.

ASSET NO. 2

OPERATIONAL EXCELLENCE: FOR LASTING CUSTOMER TRUST

Safran aims to become its customers' leading supplier by offering world-class products and services. Flight quality and safety are the number-one decision criteria for all Group employees.



CUSTOMERS ARE SAFRAN'S PRIMARY CONCERN THROUGH THE COVID-19 CRISIS

Throughout the crisis, Safran teams remained particularly focused on providing high quality service to Group customers. The Safran Aircraft Engines customer support center remained open 24 hours a day, 7 days a week despite the crisis and the steep fall in air traffic, continuing to answer all airline company queries within four hours.

Vertical magazine placed Safran Helicopter Engines at the top of its ranking of engine manufacturers, in recognition of the quality of its products and services. Customer support during the crisis was rated good or excellent by 80% of customers, some of which were involved in performing key public service missions during this period (transport of patients, protection of populations, etc.).

Voice of the customer, a Safran priority

Customer confidence and satisfaction is founded on the Group meeting its commitments to quality-cost-lead time and the safety of products and services delivered.

Performance quality for services is founded on constantly listening to customer needs. Maintenance centers have been located to ensure maximum proximity to customers, and the Group has also developed remote maintenance solutions to enable rapid and efficient troubleshooting and action. For the past 12 years, under a maintenance in operational condition (MCO) contract for helicopter engines with the French government, Safran has been guaranteeing a 100% service rate for all of the 1,600 helicopter engines in service in mainland France and overseas territories and on overseas operations. In 2020, Safran Helicopter Engines opened a new 4.0 aerospace maintenance facility in south-west France that will offer customers a 30% reduction in maintenance cycles.

Digital transformation for the highest operational standards

Tools and resources in design, production, maintenance and services benefit from **Safran's investments in digital solutions** such as augmented reality, robotics, imaging, artificial intelligence and data use. These new applications significantly improve operational performance in terms of cycle, cost and product quality. **Digital transformation stands at the heart of the Safran strategy**. The Factory of the Future is the method of choice for obtaining the best possible profitability from investments and a disruptive competitiveness tool producing remarkable **productivity gains. It is a major asset for the Group's current activities**. Appropriately paced rollout of this project continued in 2020: of the 49 projects for the production lines of the future identified in 2018, 24 were operational by the end of 2020.



Supply-chain performance

Excellence in supply-chain control is a prerequisite for performance quality in product delivery. Safran's purchasing policy is designed to meet its objectives of excellence, in seamless alignment with its manufacturing strategy. Safran has successfully built a supplier panel that meets its present and future performance needs (cost, quality and lead time) and enables Safran to provide its customers with innovative, value-creating solutions.

To develop an agile supply chain, the Group promotes supplier involvement from the development stage of its products and services, inviting them to put forward their innovations and contribute the full breadth of their expertise. Safran has also designed a policy to diversify suppliers, by **systematically qualifying multiple sources for critical materials and parts.** Safran's suppliers undergo a rigorous selection and approval process. Decisions to award new supply or development contracts are taken collectively by a Supplier Selection Committee spanning industrial, quality and purchasing functions. Suppliers are regularly audited and monitored by supplier quality assurance managers, responsible for ensuring day-to-day quality of all products purchased. The supplier quality assurance managers are backed by a team of more than 200 supplier performance managers, who identify risks, provide support on risk prevention, measure suppliers' quality and delivery-time performance, and ensure that progress plans are properly implemented and that a business continuity plan is in place.

The requirements that Safran applies to its suppliers are formalized in its general purchasing conditions, in the general quality requirements set out in the SAFe ("SAFran exigencies", French for requirements) document, based on the EN 9100 standard and on customer and regulatory requirements, and in product-specific documents. The 2020 version of SAFe will extend the Advanced Product Quality Planning (APQP) requirements, strengthen requirements on prevention and remediation of quality deviations, clarify design requirements for build-to-spec[1] suppliers and promote industry-wide standardization. Safran's responsible purchasing charter is also an SAFe requirement.

OPERATING EXCELLENCE IN HEALTH, SAFETY AND THE ENVIRONMENT (HSE)

Safran's health & safety culture

Safran is committed to nurturing a culture of prevention of occupational health and safety risks, for the greater benefit of its employees, suppliers, customers, and all other stakeholders concerned by its operations, in a spirit of transparency and sincerity. Faced with the Covid-19 crisis, Safran teams immediately mobilized to take effective measures on adaptation and employee protection. Alongside the health protection protocol applicable to all sites, Safran also reinforced measures on psychosocial risk prevention.
In April 2020, it opened an attention and support service for employees in France and overseas.

Rollout of Safran's occupational health, safety and environment policy draws on:

- a tight-knit organization across all levels, with HSE coordinators at tier-one entities, site prevention officers, occupational health services, ergonomists, a network of decentralized experts, and division coordinators covering several entities locally;
- Safran's global Health, Safety and Environment (HSE) guidelines meeting the requirements of ISO 14001 and ISO 45001 standards, for steering risk management and improving HSE performance.

Constant improvement

The Safran+ progress approach encompasses a number of permanent and cross-Group initiatives:

- participative innovation initiatives enabling employees in all sectors to put forward ideas for improving company performance. More than 109,000 employee ideas were taken up across all the Group's business sectors in 2020;
- Lean Sigma, with Green Belts, Black Belts and Master Black Belts driving the Group's transformation through a structured and standardized project management approach;
- QRQC[2], initially developed across industrial and technical operations in all Group companies, and now also being phased in across support functions.

PARTICIPATIVE INNOVATION, BOOSTING RESILIENCE IN TIMES OF CRISIS

Leveraging employees' know-how, industrial capabilities and creativity, Safran's structured continuous improvement method helped to achieve effective implementation of multiple ideas, and to identify appropriate solutions in record time, such as using 3D printing tools to produce protective barrier systems for use at Safran sites, and manufacturing metal plates for medical structures in the United States.

ONE SAFRAN, AN ASSET IN TIMES OF CRISIS

Safran is pushing ahead with its One Safran initiative on the rollout of top-level industrial standards, launched nearly five years ago. Continuous improvement efforts were rapidly refocused on the operational priorities arising from the impact of the pandemic on the business, in order to uphold core work standards, adapt to health constraints, and guarantee product and service quality and customer satisfaction.

(1) Designed by the supplier according to customer specifications.
(2) Quick Response Quality Control, a fast problem solving management method that emphasizes constant vigilance and immediate response.

ASSET NO. 3

RESPONSIBLE CONDUCT: A STAKEHOLDER DEMAND

Safran's leading positions in aerospace, defense and space owe everything to the dedication of its 78,892 employees, and to its many partners. Safran propagates a culture of integrity to ensure ethical conduct and commercial compliance in all its business relationships. Seeking to increase employee engagement, the Group is committed to developing employability through stimulating career paths. Strong emphasis is also placed on talent diversity, with Safran convinced of the benefits of a diverse workforce.

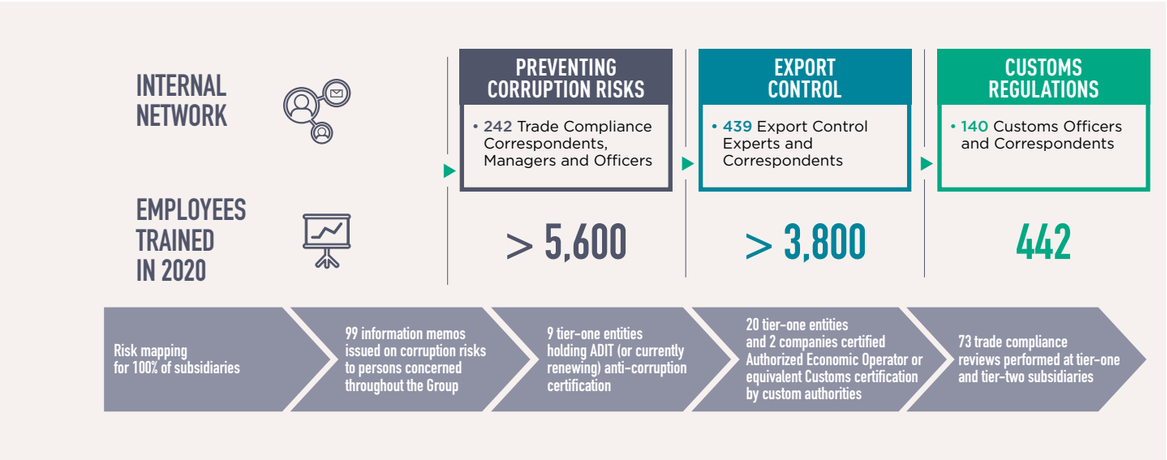
Commercial compliance, a decisive factor and complete commitment

In 2012, Safran became the first CAC 40 company to obtain "anti-corruption" certification from the French Agency for the Diffusion of Technological Information (ADIT). This certification, renewed in 2017, attests to the robustness of Safran's anti-corruption program, the requirements of which align with those of the most rigorous international standards: US Foreign Corrupt Practices Act, UK Bribery Act, OECD Convention, the French Sapin II Act, the tenth principle of the United Nations Global Compact, and ISO 37001. In 2020, the French anti-corruption agency (AFA) audited the corruption risk prevention program operated by Safran SA and all the subsidiaries and companies under its control.

Safran's corruption detection and prevention program is based on the requirements set by international conventions and the national regulations applicable to Safran's operations.

It seeks to instill a Group-wide culture of honesty, as set out in Safran's Ethical Guidelines, and convince operational employees that it is imperative to demonstrate exemplary conduct in this regard. With the dual objective of developing personal responsibility and protecting Group assets, the program takes eight focuses: exemplary conduct from the very top ("tone at the top"); specific risk mapping; code of conduct; dedicated organization; appropriate procedures; information and training program; procedure monitoring; as well as an internal whistleblowing alert system.

The corruption detection and prevention program comprises a series of standard operating procedures applied by each Safran subsidiary in accordance with local legislation applicable to its organization, products and markets. It is also proposed to affiliates in which the Group is not the majority shareholder.



A responsible relationship with suppliers and subcontractors

Safran operates a purchasing policy that seeks to ensure it works with suppliers guaranteeing high-performance, reliability and strict compliance with all applicable national and international regulations. Suppliers are required to comply with international trade regulations and with all applicable requirements on environmental protection, personal health and safety, ethics and labor relations.

The policy ensures business is awarded to suppliers capable of meeting the Group's standards, its competitiveness criteria and the demands of the aerospace, defense and space markets.

Alongside its suppliers and subcontractors, Safran is committed daily in the search for operational excellence, competitive performance and carbon footprint reduction. The Group seeks to offer its customers the very best, through fair, long-term relationships of trust that address the challenges of the aerospace industry. Safran helps its suppliers and subcontractors tackle the Covid-19 crisis and the repercussions on the aerospace industry, notably with a crisis monitoring and support unit.

PURCHASING

48.5%
of adjusted Group revenue

42%
of purchasing volume sourced in France, including 83% sourced from SME and mid-sized companies

Safran holds the Responsible Purchasing and Supplier Relations label[1] since 2014

Safran has been a member of the SME Pact since 2010[2]

Under its duty of care plan (in application of French law 2017-399 of March 27, 2017 on duty of care), Safran assesses the risks faced by the Group and its main subcontractors and suppliers in the areas of the environment, health, safety and human rights, along with the measures taken to prevent and minimize such risks.

Safran, a responsible employer

STRONG MOBILIZATION TO LIMIT THE IMPACT OF THE COVID-19 CRISIS

Safran reacted rapidly to minimize the impact of the crisis on its operations, adjusting its organization and applying the measures brought in by local legislation.

In 2020, 16,551 employees left the Group (mainly in the United States and Mexico). In France, an Activity Transformation Agreement was signed with all trade unions in July 2020. This agreement safeguarded around 10,000 jobs, while upholding solidarity among employees and building the skills and expertise needed for business recovery. Under the agreement, Safran also benefits from the French government's short-time working measures.

A RECOGNIZED EMPLOYER BRAND

Safran's policy on constant development of the employer brand and attractiveness is designed to help it draw in top talent. Long-term partnerships are forged to strengthen ties with schools and universities running courses in aerospace-related subjects. Safran also fields a dynamic employee network of 265 Safran ambassadors, graduates from selected schools and universities. Despite the crisis, Safran recruitment continued worldwide, with more than 3,300 new hires across the world and more than 3,200 work-study students in Europe.

Safran has a recognized employer brand: 4th place in the Universum "students" ranking, best employer worldwide in Forbes' aerospace and defense sector ranking, and 8th place (2nd in the "Air, Rail & Sea" category) in *Capital* magazine's annual ranking of the best employers in France.

EMPLOYEE SHARE OWNERSHIP, A SAFRAN PRACTICE

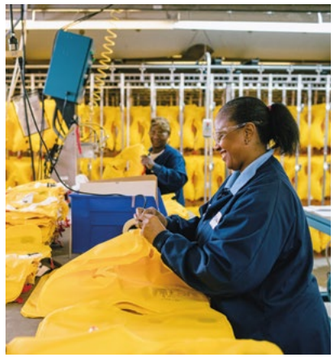
Safran successfully encourages its employees to hold shares in the Company, through permanent measures such as savings plans: 49% of Group employees worldwide hold Safran shares. In connection with employee share ownership, two representatives of the employee shareholding funds participate in the work of the Board of Directors. In 2020, Safran launched a new international employee shareholding plan, aimed at associating employees with Safran's objectives, successes and future performance. Employee take-up of the new plan proved enthusiastic. Employee share ownership, totaling 7.25% (10.4% in voting rights) at December 31, 2020, provides a stable long-term shareholder base.

(1) The Responsible Purchasing and Supplier Relations label replaces the Responsible Supplier Relations label.
(2) France agreement scope (excl. Safran Aerosystems, Safran Passenger Solutions, Safran Seats, Safran Cabin).

78,892
employees,
of which
27.7%
women

3,332
new hires

34.6%
proportion of women
among new hires



DIVERSITY AND INCLUSION, CORPORATE CULTURE

Diversity is at the core of the identity of Safran, whose employees work in over 25 different countries and cover a multitude of professions. This diversity is an intrinsic part of the Group's success: strong strategic fits of profiles, skills and viewpoints is a powerful force behind creativity, innovation and collective performance. It is essential for Safran to recognize and value individual singularities, and to develop an inclusive corporate culture. The Group has a diversity and inclusion policy, promoting equal opportunity and combating all forms of discrimination. Safran has been a signatory to the diversity charter since 2010, and ensures that its principles are applied throughout all the Group's companies.

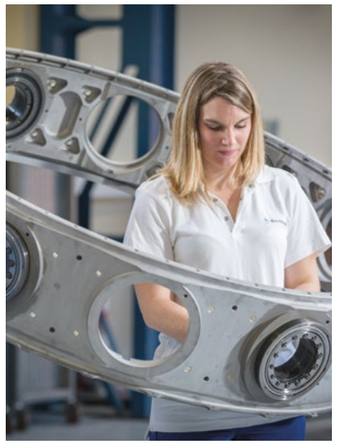
Workplace gender equality is crucially important for Safran, with the resulting balance and diversity representing a major asset in response to the challenges to come. In 2020, women accounted for 27.7% of the Group's workforce. For 2025, Safran has set an objective of increasing the proportion of women among senior managers to 22%.

Safran is intent on achieving a lasting change in corporate culture, eradicating the gender pay gap, and raising employee awareness to counter discrimination and unconscious stereotypes and biases. It also wishes to become a more attractive employer to women and to increase the number of women in management positions.

For over ten years now, Safran has been running a proactive policy on the inclusion of people with disabilities, covering four key objectives: keeping employees with disabilities on the payroll, hiring people with disabilities, working with sheltered workshops and disabled-staffed companies, and ensuring a disability-friendly workplace (according to the Afnor standard). Safran has set itself an objective of increasing the employment rate of people with disabilities to 6% of the workforce.



Safran is also active in social inclusion and professional integration for young people. In 2020, Safran kept up its efforts despite the economic crisis by welcoming more than 5,000 interns, work-study students, PhD graduates and young people on international corporate volunteer programs. More than 50% of graduate positions were filled by young people trained within the Group.



EMPLOYEES PREPARED FOR TOMORROW'S CHALLENGES

Skill sets and business lines must adapt to address increasingly critical environmental challenges, accelerating change in the aerospace industry, toughening demand for competitiveness, the need to step up Group digitalization, and emerging employee aspirations:

- digital skills in fields such as data governance across all business lines, data science, data architecture, data engineering, digital continuity, predictive maintenance, software, artificial intelligence, additive manufacturing, cybersecurity etc.;
- expertise in systems engineering, navigability and systems architecture are growing in strength to position the Group as a global solutions architect;
- skills in areas such as power electronics, energy management and new fuels must be developed as part of the ecological transition drive;
- organizational and managerial adaptations are a necessity, through collaborative management, autonomous cross-functional teams, multi-machining, multi-skills, internationalization of managerial practices, etc.;
- Safran's well-established skills (in mechanics, avionics and materials) remain major factors in Safran's ability to stand out from the competition and will gradually include digital technologies to offer high-performance products and services.

13%
women among senior managers, with 22% objective for 2025

2.73%
absenteeism rate

1,418
mobilities and transfers

5.37%
employment rate of disabled workers

EMPLOYEE TRAINING, A SAFRAN PRIORITY

Each year, Safran's strategic training focuses are shared with all of the Group's HR and managerial teams. Safran University develops a full catalog of training courses, and Group companies assess training priorities in line with these focuses.

Safran University acts as a key vector for onboarding new hires, transforming the organization and instilling leadership across the Group. It handles induction for new recruits and on-site or online training for Group employees from different companies, countries and business lines, in a manner that inspires pride and a sense of belonging in the Safran community. It ensures skills development and participates in the creation of interactive, mutually supportive networks of executives who develop their transformative capabilities and acquire and transmit the Group's values and culture. Faced with the health crisis in 2020, Safran University reconfigured its operations to ensure effective continuity in its teaching programs and employee training capabilities, In 2020, 77% of Safran University's training was online.





ENCOURAGEMENT ON VARIED CAREER PATHS

84% of employees attended performance and career development interviews in 2020. Varied career-path propositions are available to all employees, through career committees in operational entities and Group cross-functional committees. Workforce fluidity and opportunities for employees to switch jobs and locations seamlessly, to develop existing skills and acquire new ones, is both a key to maintaining their employability and a prerequisite for the Group's transformation and agility. In the context of the Covid-19 crisis, Safran strengthened its encouragement and support for mobilities across subsidiaries impacted in different ways and to different extents by the pandemic. A total of 1,418 employees changed business function and company in 2020.

At the same time, Safran stepped up its HR policy aimed at allowing employees to sidestep from a declining profession to a growing one. The crisis has actually expanded career opportunities, nudging employees toward openings in growing professions, in digital transformation and ecological transition for example, and encouraging the development of new skills through a program put together with Safran University.



Approx. 1 million
hours of training (on-site and distance) worldwide in 2020

67%
attendance at one or more training sessions in 2020 among all employees worldwide



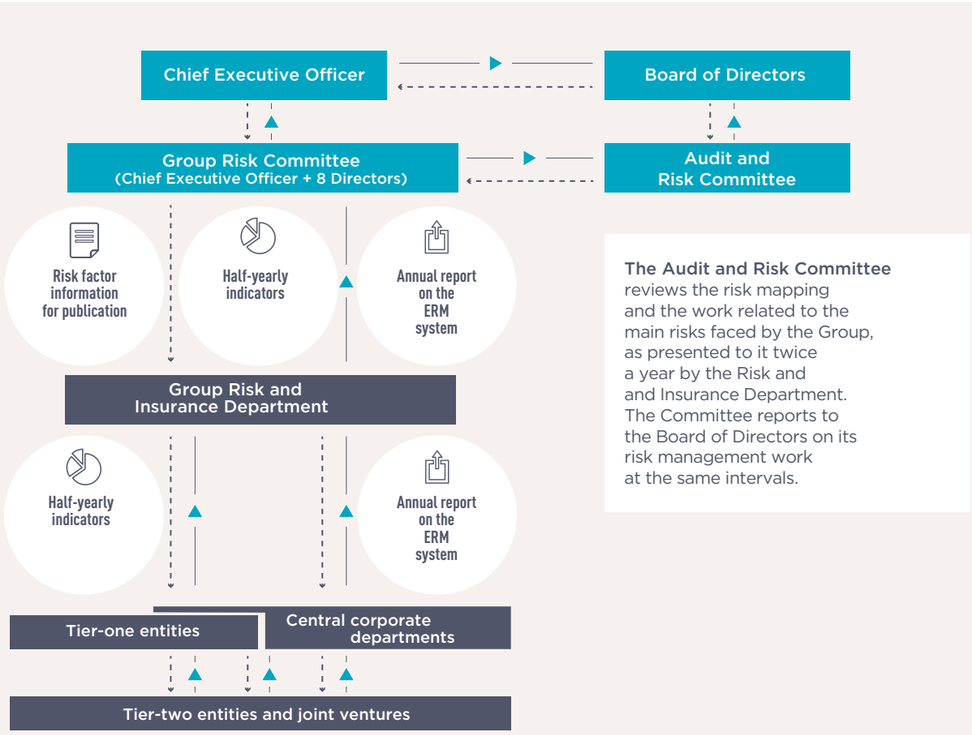
SAFRAN'S ENTERPRISE RISK MANAGEMENT SYSTEM AND ITS MONITORING

Safran operates a robust
Enterprise Risk Management (ERM) system.

Safran's ERM set-up has spawned a strong risk management culture spanning all company processes. Today, it enjoys very strong take-up by all teams, across all units and at all levels throughout the organization.
ERM has become one of the Group's key performance drivers. Full details on the system can be found in chapter 4 of the Universal Registration Document. Identification, appraisal, processing and control of major risks is regularly updated by the risk committees of tier-one entities, the central corporate departments, and ultimately the Group Risk Committee.

The Risk and Insurance Department reports to the Deputy CEO. It comprises the Risk and Insurance Department director and Corporate Risk Managers, and is responsible for implementing the Group's ERM system.
It develops methodological techniques and processes to ensure consistent handling of risks by tier-one entities and central corporate departments.

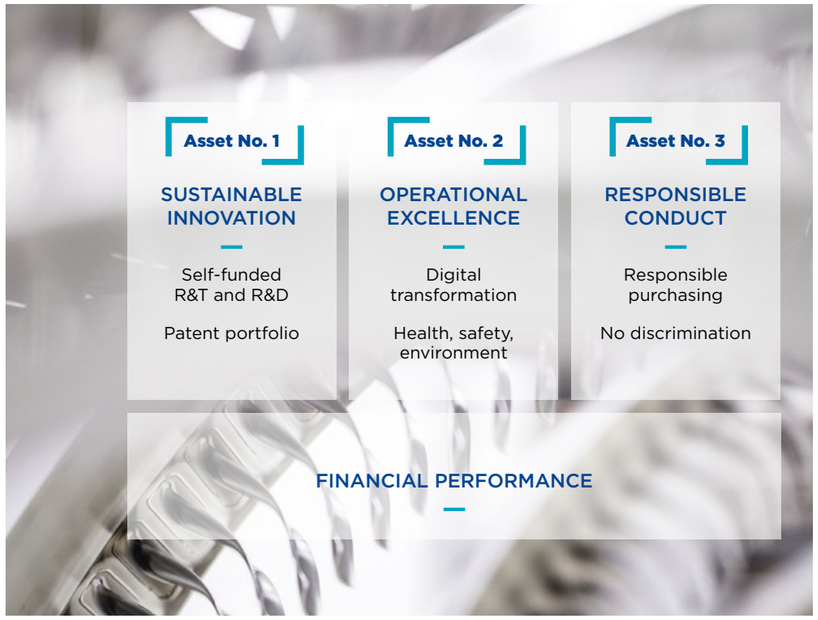
Each **tier-one entity** has a **risk manager** who prepares a risk map and constantly liaises with the Risk and Insurance Department. Risk managers are tasked with implementing the risk management process for their entire operational scope, i.e., in their respective tier-one entities and in their subsidiaries and investments.
Each of Safran's **central corporate departments** also prepares a map of the main risks in its scope.



The Audit and Risk Committee reviews the risk mapping and the work related to the main risks faced by the Group, as presented to it twice a year by the Risk and and Insurance Department. The Committee reports to the Board of Directors on its risk management work at the same intervals.

MAIN RISKS

The risks identified by Safran as material are ranked by criticality (in terms of likelihood of occurrence and potential impact) in a limited number of categories, consistent with Safran's three key assets.



Risks relating to the environment in which the Group operates

- Changes in the competitive landscape (political and geopolitical uncertainties, health uncertainties, including measures on tackling Covid-19, etc.)
- Changes in economic conditions
- Impact of the aviation cycle
- Competition

Financial market risks

- Foreign currency risk
- Interest rate risk
- Counterparty risk
- Liquidity risk

Legal and regulatory risks

Risks of negative media coverage

Risks relating to climate change

Risks relating to Group operations

- Aircraft accidents
- Delays, program development and industrialization
- Products and services
- Supplier and partner risks
- Health, safety and environmental risks
- Personal safety risks
- Data confidentiality and cybersecurity risks

Risks relating to the Group's strategic development

- Technological evolutions
- Uncertainty regarding returns on investments
- Dependence on government procurement contracts
- Acquisition and restructuring risks

Human resources risks

FOCUS ON CLIMATE RISK

To contend with the climate change related **physical risks** to which the Group is exposed, Safran has devised an HSE (Health, Safety and Environment) strategy and governance framework to ensure appropriate protection for all its employees and assets.
Safran is deploying a proactive strategy underpinned by quantified objectives for meeting key climate change challenges and the increasing scarcity of fossil fuels, by carefully controlling and reducing its energy consumption and the greenhouse gas emissions produced by its operations and services (Scopes 1 and 2). To manage this **transition risk**, Safran has deployed a number of targeted actions for improving the performance of its new buildings, reducing energy consumption at its existing sites, and switching energy sources by using breakthrough solutions for heat generation, selecting low-carbon energy sources, or introducing biofuels into its engine tests.
Safran contributes to the work of international institutions in drafting environmental standards on aerospace industry decarbonization.
Following a technological roadmap on reducing the emissions from the use of its products (Scope 3), all of Safran's R&T activities are oriented towards:

- designing engines that consume less fuel and lighter aircraft equipment that contributes to reducing CO_2 emissions;
- participating in research programs on sustainable fuels (biofuels, liquid hydrogen, etc.);
- developing more electric aircraft with an optimized energy chain (electric/hybrid propulsion for short-distance travel).

A BOARD OF DIRECTORS INCORPORATING BEST GOVERNANCE STANDARDS INTO ITS ACTIVITIES

Safran refers to the "Corporate Governance Code of Listed Corporations" drawn up jointly by the French employers' associations, AFEP and MEDEF. Safran's Board of Directors determines its strategy and oversees its implementation.

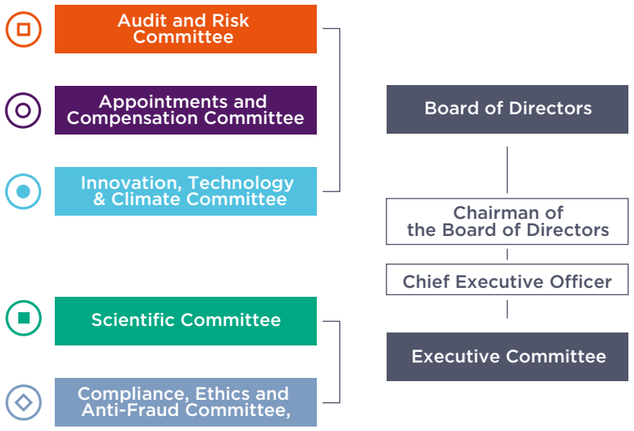
SEPARATION OF THE ROLES OF CHAIRMAN OF THE BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICER

Since 2015, the Board has chosen to separate the roles of Chairman of the Board of Directors and Chief Executive Officer.

This choice of governance, confirmed with the appointment of Olivier Andriès as the new Chief Executive Officer as from January 1, 2021, brings the Group the combined benefits of his managerial and industrial record in addition to the international stature of the Chairman, Ross McInnes. Complementarity across their profiles will be one of the underlying factors enabling the Group to be governed harmoniously, based on transparent relations between the Board of Directors and Executive Management and a balanced and respectful distribution of roles between the Chairman of the Board and the Chief Executive Officer, thus guaranteeing an effective segregation of duties.

LEAD INDEPENDENT DIRECTOR

In 2018, the Board of Directors decided to appoint Monique Cohen as Lead Independent Director and define her duties. Although the position of Lead Independent Director is not indispensable because the Company has separated the roles of Chairman of the Board and Chief Executive Officer, the Board felt that it would be good practice to have such a Director.



AN INDEPENDENT DIRECTOR RESPONSIBLE FOR MONITORING CLIMATE ISSUES

Fully aware of the strategic importance of climate issues for the aerospace industry, in early 2021 the Board of Directors appointed Patrick Pélata as Director responsible for monitoring climate issues, and defined his roles and responsibilities accordingly (see page 45).

INDEPENDENT DIRECTORS

The aim of having independent Directors on the Board is to provide shareholders with assurance that the collegiate body of the Board comprises members who have total independence to analyze, judge, take decisions and act, always in the Company's interests. Highly engaged and involved in the Board's work, their freedom of judgment and expression contributes to the quality of the Board's discussions and decisions. Their professional and personal experience provides an external view that is beneficial for the Group.

EXECUTIVE SESSIONS AND ASSESSMENT OF BOARD OPERATING PROCEDURES

As part of the formal self-assessment of its operating procedures, the Board decided that an "executive session" should be added at the end of each scheduled Board meeting as from 2021, enabling Directors to discuss functionning of the Board if required. Previously, two "executive sessions" were held per year. At these sessions, not attended by any executive or in-house Directors, the other members of the Board generally discuss the functionning of the Board and its Committees, the performance of the Chairman and the Chief Executive Officer and the work carried out on succession plans, and identify issues to be addressed at subsequent Board meetings.

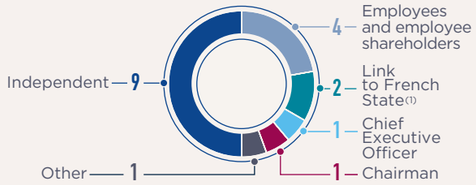
The self-assessment process confirmed the main observations of the 2018 assessment (carried out with input from an external consultancy), namely satisfaction with the separation of the roles of Chairman and Chief Executive Officer, the Board's functionning (very professional, good balance between operations and strategy, and high-quality documents provided), and the handling of strategic issues.
In 2020, the Directors also noted that progress had been made on the measures and action plans put in place for the areas of improvement that were identified in the 2018 assessment.

AN EXPERIENCED BOARD OF DIRECTORS TAKING UP THE GROUP'S STRATEGIC CHALLENGES

A Board membership structure that is consistent with Safran share ownership.

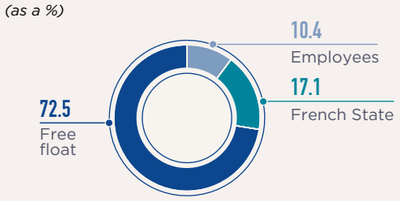
THE BOARD OF DIRECTORS AT DECEMBER 31, 2020

(number of Directors)



SHAREHOLDER VOTING RIGHTS AT DECEMBER 31, 2020

(as a %)



A diverse range of profiles, expertise and skills within the Board

The Board of Directors has a wide range of experience, making it well equipped to deal with strategy and performance challenges. It regularly considers the desired balance and diversity of its membership structure and that of its Committees. Its diversity policy is structured around principles and objectives related to the size of the Board, the representation of the Company's various stakeholders, the proportion of independent Directors, the depth and fit of the Directors' skills and expertise, international experience, and gender balance.

Experience and specific positions exercised by Directors in different sectors and activities	Number of Directors
Aerospace industry	11
Other industries	15
Innovation, R&T, Development, Engineering	13
International career and experience	11
Strategy, competition and M&A	12
Finance and management control	11
Digital – New technologies	6
Governance and compensation	14
Human Resources – CSR	11

Committees addressing the Group's strategic challenges

(2020 key figures)

Audit and Risk Committee

- 6 meetings
- 6 members
- 94% attendance
- 80% (4 out of 5) independent(2)

Appointments and Compensation Committee

- 9 meetings
- 8 members
- 90% attendance
- 71.43% (5 out of 7) independent(2)

Innovation, Technology & Climate Committee

- 2 meetings
- 5 members
- 100% attendance
- 75% (3 out of 4) independent(2)

(1) One representative of the French State appointed by way of a ministerial decree and one Director put forward by the French State and appointed by the Annual General Meeting.
(2) Excluding Directors representing employee shareholders and Directors representing employees, in accordance with the AFEP-MEDEF Code.

MEMBERSHIP STRUCTURE OF THE BOARD OF DIRECTORS AND ITS COMMITTEES

(AT MARCH 25, 2021)



ROSS McINNES

Chairman of the Board of Directors



OLIVIER ANDRIÈS

Chief Executive Officer



ANNE AUBERT

Director representing employee shareholders



MARC AUBRY

Director representing employee shareholders

ARC



HÉLÈNE AURIOL POTIER

Independent Director

I ACC ITCC



PATRICIA BELLINGER

Independent Director

I ACC



HERVÉ CHAILLOU

Director representing employees

ITCC



JEAN-LOU CHAMEAU

Independent Director

I ACC ITCC



MONIQUE COHEN

Lead Independent Director

Chair of the Appointments and Compensation Committee

I ACC



ODILE DESFORGES

Director

Chair of the Audit and Risk Committee

I ARC



DIDIER DOMANGE

Director

ACC



LAURENT GUILLOT

Independent Director

I ARC



VINCENT IMBERT

Director appointed at the recommendation of the French State

ACC ITCC ARC



SUZANNE KUCHAREKOVA MILKO

Director representing the French State



DANIEL MAZALTARIM

Director representing employees

ACC



PATRICK PÉLATA

Chairman of the Innovation, Technology & Climate Committee

Director responsible for monitoring climate issues

I ACC ITCC



ROBERT PEUGEOT

Director representing F&P

I ARC



SOPHIE ZURQUIYAH

Independent Director

I ARC

I — Independent

ACC — Appointments and Compensation Committee

ARC — Audit and Risk Committee

ITCC — Innovation, Technology & Climate Committee

BOARD OF DIRECTORS
(2020 key figures)

10
meetings

98%
attendance

18
Directors

64.3%
(9 out of 14)
independent Directors(1)

CHANGES IN THE MEMBERSHIP STRUCTURE OF THE BOARD OF DIRECTORS IN 2020

Olivier Andriès, Chief Executive Officer, was also appointed as a Director, effective from January 1, 2021. This decision reflects the Board's continuing belief that it is useful, necessary and of real value for the Chief Executive Officer to also be a Director of the Company, as it enables the Chief Executive Officer to be among his peers around the Board table, and also enables the Board to benefit from his contribution to its discussions.

- At the May 28, 2020 Annual General Meeting:
  - **Patricia Bellinger** was appointed as an additional independent Director;
  - **Anne Aubert** and **Marc Aubry** were appointed as Directors representing employee shareholders.
- **Suzanne Kucharekova Milko**, Secretary-General of the French State Investments Agency (APE), was appointed as representative of the French State.

PROPOSITIONS PRESENTED TO THE ANNUAL GENERAL MEETING OF MAY 26, 2021

Proposed appointment of a new female independent Director, with a change in the composition of the Audit and Risk Committee:
The Board will propose the appointment of Fabienne Lecorvaisier as an independent Director to replace Odile Desforges. She has all of the qualities that the Company was seeking during the selection process.
Fabienne Lecorvaisier would bring to the Board the experience that she has gained in various functions within international industrial groups in France and overseas, as well as her expertise as a Chief Financial Officer and her experience as a Director. She also has the skills, profile and ability to take on other tasks and responsibilities required of a Board member, notably in the areas of strategy, energy transition, risk and financial transaction management, and wide-reaching projects.
She would also make valuable contributions as a member of the Audit and Risk Committee.
Laurent Guillot will take over as the Chairman of the Audit and Risk Committee, after the Annual General Meeting, on expiration of the term of office of Odile Desforges.

Proposed re-appointment of three independent Directors, including the Director responsible for monitoring climate issues:
The Board will also propose the re-appointment of the following three independent Directors:

- Hélène Auriol Potier, who is also a member of the Appointments and Compensation Committee and the Innovation, Technology & Climate Committee;
- Sophie Zurquiyah, who is also a member of the Audit and Risk Committee;
- Patrick Pélata, who is also Chairman of the Innovation, Technology & Climate Committee and a member of the Appointments and Compensation Committee.

With the appointment of Patrick Pélata as the Director responsible for monitoring climate issues, the shareholders would also have the opportunity to express their support for the climate approach adopted by Executive Management and the Board of Directors.
Safran's climate strategy and action plan will be presented at the Annual General Meeting.

DIRECTOR RESPONSIBLE FOR MONITORING CLIMATE ISSUES – PATRICK PÉLATA

Consistent with its shareholders' vision, the Board of Directors is fully aware of the strategic importance of "climate issues" for the aerospace industry. Therefore, the Board has appointed Patrick Pélata as "Director responsible for monitoring climate issues". He is also the independent Chairman of the Innovation, Technology & Climate Committee. He will embody and represent the Board's commitment on climate issues.
He will take the lead in ensuring follow-up of the climate action plan by the Innovation, Technology & Climate Committee, whose name and responsibilities have been changed to reflect its new scope. Within this scope, he and the Committee will be involved in overseeing Executive Management's climate action plan and in preparing information for publication by the Company and for presentation to the Annual General Meeting. He is informed of shareholders' questions on matters falling within the scope of his role and, where necessary, makes himself available to discuss those matters with them, in conjunction with the Chairman of the Board of Directors. His roles and responsibilities are set out in the Board of Directors' Internal Rules.

(1) In accordance with the AFEP-MEDEF Code, Directors representing employee shareholders and Directors representing employees are not taken into account when calculating the percentage of independent Directors.

AN EXECUTIVE COMMITTEE IMPLEMENTING GROUP STRATEGY AND MANAGING GROUP OPERATIONS

The Executive Committee is in charge of conducting Safran's business in line with the strategy defined by the Board of Directors.

- **The Executive Committee ensures that Safran's strategy is implemented consistently across all Group entities.** It also monitors its operational performance and facilitates interaction with the various Group companies.
- **The Executive Committee comprises the Chief Executive Officer, holding company executives and the heads of the Group's main operating companies.** This membership structure provides for balanced representation of the Group's businesses and cross-business support functions.
- **Under the authority of the Chief Executive Officer,** the Executive Committee meets as often as is necessary and at least once a month. It has 18 members.
- **To maximize the Group's strengths, which are integral to its success, the Executive Committee is supported by a number of committees, including the Compliance, Ethics and Anti-Fraud Committee and the Scientific Committee.**





Compliance, Ethics and Anti-Fraud Committee

This Committee is responsible for supervising employee compliance with the rules defined in the Ethical Guidelines (upholding the law, engaging in proper business practices, protecting people and assets, etc.), as well as any updates and revisions.
This approach is sponsored by the Corporate Secretary, and the responsibilities are handled by the relevant departments (for example, the Group International and Public Affairs Department manages trade compliance and export control). The Group's resources mainly include the Ethical Guidelines, anti-fraud policies, internal control procedures, processes and standards, and a fraud prevention, awareness, detection and assessment program.

Scientific Committee

Led by the Group Director of Innovation, the Scientific Committee is tasked with helping Safran deploy a world-class scientific research policy. It assesses, in particular, the excellence of scientific partnerships and the relevance of the long-term R&T plan. The Committee also contributes to Safran's technological difference by identifying new areas of research.
The Committee comprises eight top-level academics and holds three plenary meetings a year. Recent work includes approximately 15 theme-based reviews in three major areas (software and systems engineering, materials and structures, and sensors and signal processing). These reviews ensure the Group is advancing in the right direction.

EXECUTIVE COMMITTEE MEMBERS

(AT MARCH 25, 2021)

CROSS-BUSINESS FUNCTIONS



BERNARD DELPIT
Deputy CEO and Chief Financial Officer



STÉPHANE CUEILLE
Executive VP R&T and Innovation



STÉPHANE DUBOIS
Executive VP Corporate Human and Social Responsibility



BRUNO DURAND
Executive VP Production, Purchasing and Performance



CELESTE THOMASSON
Corporate Secretary and Chair of the Ethics and Compliance Committee



FRÉDÉRIC VERGER
Executive VP Chief Digital and Chief Information Officer



ALEXANDRE ZIEGLER
Executive VP International and Public Affairs



OLIVIER ANDRIÈS
Chief Executive Officer

EXECUTIVE COMMITTEE

18
members*

COMPANY CEOs



JEAN-PAUL ALARY
CEO Safran Aircraft Engines



VINCENT CARO
CEO Safran Nacelles



CÉDRIC GOUBET
CEO Safran Landing Systems



NORMAN JORDAN
CEO Safran Cabin



VINCENT MASCRÉ
CEO Safran Seats



FRANCK SAUDO
CEO Safran Helicopter Engines



ALAIN SAURET
CEO Safran Electrical & Power



MARTIN SION
CEO Safran Electronics & Defense



SÉBASTIEN WEBER
CEO Safran Aerosystems

CHANGES IN THE MEMBERSHIP STRUCTURE OF THE EXECUTIVE COMMITTEE IN JANUARY 2021

- **Olivier Andriès** takes over from Philippe Petitcolin as Chief Executive Officer
- **Bernard Delpit**, Chief Financial Officer, also in charge of Strategy, Mergers & Acquisitions and Real Estate, is appointed Deputy CEO
- **Celeste Thomasson**, Corporate Secretary, is appointed Corporate Secretary and Group Ethics
- **Sébastien Weber** is appointed CEO of Safran Aerosystems
- **Frédéric Verger** is appointed Executive VP, Chief Digital and Chief Information Officer
- **Bruno Durand** is appointed Executive VP, Production, Purchasing and Performance

* Including the Executive VP, Communications whose appointment will be effective in April 2021.

A COMPENSATION POLICY SUPPORTING SHORT- AND LONG-TERM VALUE CREATION

Corporate officer compensation policy

In the interests of the Group and its stakeholders, the compensation policy must be competitive in order to attract, motivate and retain the best profiles and talent (which may come from within or outside the Group) for key positions.

CHAIRMAN OF THE BOARD OF DIRECTORS' COMPENSATION POLICY AND STRUCTURE

In line with his position as a non-executive Director and the specific duties conferred on him, the Chairman receives fixed compensation. He does not receive any variable compensation or compensation under a long-term incentive plan. He does not receive attendance fees. The Chairman is covered by the supplementary pension and personal risk insurance plans implemented by the Group.

CHIEF EXECUTIVE OFFICER'S COMPENSATION POLICY AND STRUCTURE

The structure of the Chief Executive Officer's compensation package comprises fixed compensation, annual variable compensation, and performance shares awarded under a long-term incentive (LTI) plan. The Chief Executive Officer is covered by the supplementary pension and personal risk insurance plans implemented by the Group.

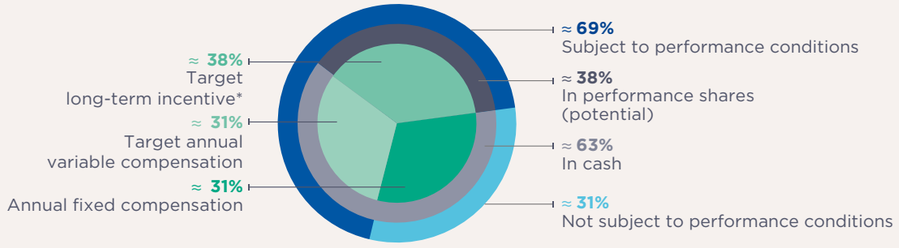
The underlying aim is to closely align the CEO's interests with those of the Group and its shareholders, by achieving a balance between short- and long-term performance, as assessed by the Board. Compensation subject to performance conditions accounts for the largest percentage of the overall compensation package.



PAY RATIO[1]

In France, pay ratios between the level of compensation of Safran's corporate officers (Chairman and Chief Executive Officer) and the average compensation of Safran's employees in 2020 were 8 and 32 respectively.

CHIEF EXECUTIVE OFFICER'S RECURRING COMPENSATION STRUCTURE



** Value at grant date in accordance with IFRS.*

(1) See chapter 6 of the 2020 Universal Registration Document.

An equivalent variable compensation policy is adapted for certain Group executives and senior managers

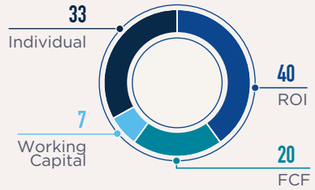
ANNUAL VARIABLE COMPENSATION

The Chief Executive Officer's annual variable compensation is contingent on achieving economic and individual, financial and non-financial, quantitative and qualitative performance objectives, consistent with the Group's overall business.

For 2021, CSR-HR-Climate objectives cover measures and priority actions on the new CSR policy, with a number of specific focuses: improved gender balance in the Executive Committee and companies' management committees; the low-carbon project (including ongoing promotion of sustainable fuels); and safety (frequency rate of occupational accidents).

VARIABLE COMPENSATION OBJECTIVES[1]

(as a %)



LONG-TERM INCENTIVE PLAN – PERFORMANCE SHARES

This mechanism is well adapted to the Chief Executive Officer position given the level of direct contribution expected from him to the Group's long-term performance. This system helps promote the alignment of management's interests with those of the Company and shareholders. Performance shares are awarded to the Group's top managers. The grant of these shares is currently subject to the attainment of demanding internal (ROI and FCF)[2] and external (TSR)[2] performance conditions, measured over three years.

LONG-TERM INCENTIVE PLAN PERFORMANCE CRITERIA[3]

(as a %)



IMPACT OF THE COVID-19 CRISIS ON COMPENSATION



2020

- The metrics of the former Chief Executive Officer's annual variable compensation policy were not adjusted as this represented his contribution to the wage restraint efforts that the Group asked of its employees in view of the current crisis. The reference budget for calculation purposes was therefore as determined for the year before the sudden onset of the Covid-19 crisis. Payment of this annual variable compensation for 2020 will be subject to shareholders' approval at the 2021 Annual General Meeting.

2021

- The Board of Directors decided that the annual fixed compensation of the new Chief Executive Officer for 2021 would be the same as that of the former Chief Executive Officer for 2020. This decision was taken in view of the prevailing situation (the crisis in the aerospace industry and the Covid-19 pandemic) and the current context (Safran's Activity Transformation Agreement, which includes wage restraint measures).
- The 2021 compensation policies for the Chairman of the Board of Directors and the Chief Executive Officer, which will be submitted for approval at the 2021 Annual General Meeting, will also remain substantially unchanged with respect to the figures approved by the 2020 Annual General Meeting.
- As provided for in the Activity Transformation Agreement, employer contributions to defined-contribution supplementary pension plans have been frozen for 2021. Consequently, no contributions will be made to such plans for the Chairman of the Board of Directors or the Chief Executive Officer for 2021.

(1) Reference: annual budget.
(2) TSR: Total Shareholder Return corresponds to dividends plus the change in the share price. ROI: Recurring Operating Income. FCF: Free Cash Flow.
(3) Reference on principle: the Group's medium-term plan.

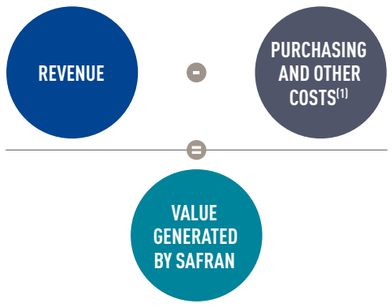
SUSTAINABLE VALUE CREATION

Safran is convinced that in order to sustain prosperity, a company must create and share value with all its stakeholders.

By generating a positive contribution for all its stakeholders and investing in technologies that will contribute to meeting aviation sector greenhouse gas emission commitments, Safran is preparing the foundations for its future growth.

The Group therefore shares the value that it creates among all its stakeholders: customers benefit from differentiating and competitive products serving their businesses, employees enjoy attractive working conditions and a social model where they share in profits, the environment benefits from the Group's technology portfolio and R&D efforts and shareholders receive attractive and sustainable compensation thanks to a capital allocation policy that seeks to provide, over the long term, organic growth in our businesses.

BREAKDOWN OF VALUE CREATED IN 2020



EMPLOYEES(2)	INVESTMENT IN THE FUTURE(3)	SHAREHOLDERS(4)	FRENCH STATE(6)	DEBT HOLDERS(7)
65%	23%	2%	9%	1%
• Attractive working conditions and social model	• 5% of revenue invested in self-funded R&D in 2020 • 75% of R&T investment focused on environmental efficiency	• TSR(5) 2005-2020: +14.27% per year	• Taxes and duties • The world's best technology serving national and European self-reliance and dissuasion	• One of the best industry financial signatures worldwide • Long-term credit rating: BBB+ (with stable outlook)

N.B.: Based on 2020 adjusted data.
(1) Raw materials and consumables used + net charges to provisions + asset impairment + other recurring operating income and expenses + share in profit from joint ventures + other non-recurring operating income and expenses + foreign exchange gain (loss) + other income + change in inventories + capitalized production.
(2) Personnel costs and benefits, excluding employee share ownership.
(3) Profit for the year not distributed, plus net charges to depreciation and amortization.
(4) Dividend proposed to the Annual General Meeting of May 26, 2021.
(5) Total Shareholder Return corresponds to dividends plus the change in the share price.
(6) Income tax and other taxes and duties.
(7) Cost of net debt and other financial income and expenses.

KEY PERFORMANCE INDICATORS

Key sustainable innovation indicators	2019	2020
Scope 3 (product usage): R&T investment focused on environmental efficiency CSR	75%	75%
	Objective for 2025: 75%	
Number of new PhD students CSR	63*	36
	Objective for 2025: > 65	
R&D expenditure self-funded	€1,337 million	€864 million
Number of initial patent requests	More than 1,200	More than 1,000

* Average new PhD students over three years (2017-2019).

Key operational excellence indicators	2019	2020
Number of production lines "of the future" in operation	22	24
Percentage of sites certified "Gold" to internal HSE standards CSR	50%	60%
	Objective for 2025: 100% of sites	
Capex (property, plant and equipment)	€695 million(1)	€449 million
CFM56 in operation	31,802	31,865
LEAP backlog	15,614	9,614(2)
Lost-time accident frequency rate(3) CSR	3.2	2.0
	Objective for 2025: LTAFR < 2.5	
Scope 1 and 2 emissions (t CO_2eq.) CSR	623,619*	414,988
Change in Scope 1 and 2 emissions(4)	*+3%*	*-31%*
	Objective for 2025: 30% reduction(4)	
Waste recovery ratio CSR	68.3%	70.5%

* 2019 emissions figures, which included estimated data for fourth-quarter 2019, were revised in 2020 to reflect the actual data.

Key responsible conduct indicators	2019	2020
Proportion of purchases made from suppliers that have signed Safran's responsible purchasing charter(5) CSR	-	40%
	Objective for 2025: 80%	
Proportion of senior managers and exposed and affected people trained in anti-corruption(6) CSR	-	66%
	Objective for 2025: 100%	
Number of training hours per employee per year(7) CSR	26	13
	Objective for 2025: 26	
Global absenteeism rate	2.8%	2.7%
% of women in the workforce	29.1%	27.7%
% of women among senior managers CSR	12%	13%
	Objective for 2025: 22%	

Key financial performance indicators	2019	2020**
Organic growth in adjusted revenue	+9.3%	-32.5%
Growth in civil aftermarket (in USD)	+9.9%	-43.2%
Recurring operating margin	15.5%	10.2%
EBIT to FCF conversion	51.9%	63.6%
Dividends	€0/share*	€0.43/share

* In response to the impact of the Covid-19 crisis, Safran's Board of Directors decided not to propose to the Annual General Meeting the payment of a dividend in 2020 for the 2019 financial year.
** In the context of the Covid-19 pandemic, an unprecedented crisis for the aerospace industry.

Key governance indicators	2019	2020
Average attendance rate at Board meetings	95%	98%
% of Chief Executive Officer compensation subject to performance conditions	69%	69%
% of independent Directors on the Board of Directors after the Y+1 AGM	64.3%	64.3%(8)
% of women on the Board of Directors after the Y+1 AGM	42.86%	42.86%(8)

(1) Net of the cash inflow from the disposal of a tertiary property complex in the Paris region.
(2) On the basis of pending orders and cancellations.
(3) Number of accidents per million hours worked.
(4) Compared to 2018.
(5) Or using an equivalent responsible purchasing charter.
(6) Purchasing, HR, Sales, Legal, Finance, Audit & Internal Control, Compliance & Business Ethics, Risks and Communications Departments, with customers, suppliers, auditors and partners concerned.
(7) Excluding employees on long-term absence.
(8) Assuming adoption of the resolutions at the Annual General Meeting of May 26, 2021.

OTHER SAFRAN PUBLICATIONS

CAPITAL MARKETS DAY 2018

www.safran-group.com, Finance section

Presentation of the Group's strategy and mid- and long-term financial objectives (2018-2022).



2020 UNIVERSAL REGISTRATION DOCUMENT

www.safran-group.com, Finance section

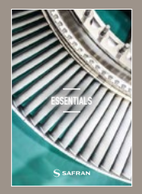
Document prepared in accordance with French and European regulations and notably including the annual financial report, the Board of Directors' report, the consolidated and separate financial statements for the fiscal year, all corporate, social and environmental information concerning Safran and the resolutions presented to the Annual General Meeting for approval.



ESSENTIALS

www.safran-group.com, Media/Publications section

Institutional brochure presenting an overview of Safran's activities, products and commitments.



PRESENTATION OF SAFRAN

www.safran-group.com, Group section

Presentation of the Group's profile, its roles and its governance.



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All financial information pertaining to Safran is available on the Group's website at www.safran-group.com, in the Finance section.
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