Our activities

**AEROSPACE PROPULSION**

**AIRCRAFT EQUIPMENT/DEFENSE/AEROSYSTEMS**

**AIRCRAFT INTERIORS**

### 2020 Key Figures

- **Global aerospace group, excluding airframers**
  - **Revenue**:
    - €16,498 million (down 33.0% on organic basis vs. 2019)
  - **Recurring Operating Income**:
    - €1,686 million (down 55.9% on organic basis vs. 2019)
  - **Profit** (Group share): €844 million (down 68.3% from 2019)

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

**Financial Highlights**

- **Revenue**: €16,498 million (down 33.0% vs. 2019)
- **Recurring Operating Income**: €1,686 million (down 55.9% vs. 2019)
- **Profit** (Group share): €844 million (down 68.3% vs. 2019)

**Other Financial Indicators**

- **Net Debt**: €449 million
- **CAPEX**: €413 million
- **Total R&D**: €1,213 million (including customer-funded R&D)
- **Free Cash Flow**: €1,073 million
- **Employees**: 78,892 (at December 31, 2020)

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*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 Mc INNES

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 €1,073 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.

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 confirmed 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 Mc Innes and Olivier Andriès

(1) Adjusted data

Message from the Chairman of the Board of Directors
ROSS Mc INNES

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
GROUP PROFILE

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)

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):

- 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 13 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.

3 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 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 €81 million in the Ace Aero 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 €360 million were raised in July 2020 (subsequently increased to €750 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.

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

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.
GROUP PROFILE

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.

A balanced portfolio across the aerospace and defense sector

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;
- 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.

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+ seat 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

A balanced portfolio across the aerospace and defense sector

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 avionics, 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, galleys 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.

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

Breakdown of 2020 revenue by segment (adjusted) (% in €)

<table>
<thead>
<tr>
<th>Segment</th>
<th>Revenue (€ million)</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aircraf...</td>
<td>24,204 employees</td>
<td>13,928 employees</td>
</tr>
<tr>
<td>Services</td>
<td>66%</td>
<td>42%</td>
</tr>
<tr>
<td>Original equipment</td>
<td>16%</td>
<td>12%</td>
</tr>
<tr>
<td>Aircra...</td>
<td>46%</td>
<td>46%</td>
</tr>
<tr>
<td>Services</td>
<td>61%</td>
<td>12%</td>
</tr>
<tr>
<td>Original equipment</td>
<td>31%</td>
<td>31%</td>
</tr>
<tr>
<td>Aircra...</td>
<td>69%</td>
<td>69%</td>
</tr>
<tr>
<td>Services</td>
<td>31%</td>
<td>31%</td>
</tr>
<tr>
<td>Original equipment</td>
<td>75%</td>
<td>75%</td>
</tr>
<tr>
<td>Services</td>
<td>13%</td>
<td>13%</td>
</tr>
<tr>
<td>Original equipment</td>
<td>39%</td>
<td>39%</td>
</tr>
<tr>
<td>Aircra...</td>
<td>42%</td>
<td>42%</td>
</tr>
</tbody>
</table>

(1) €7,663 MILLION
(2) 38,471 EMPLOYEES
(3) €6,893 MILLION
(4) 13,928 EMPLOYEES
(5) Including retrofit activities.
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.

### Geographic Spread of Employees and Sites at End-2020

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage of Employees</th>
<th>Number of Employees</th>
<th>Number of R&amp;D and Production Sites</th>
<th>Number of Service and Maintenance Sites</th>
<th>Number of Commercial and Administrative Sites</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Americas</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>24%</td>
<td>18,469</td>
<td>70</td>
<td>31</td>
<td>8</td>
</tr>
<tr>
<td><strong>Europe (excl. France)</strong></td>
<td>11%</td>
<td>8,800</td>
<td>27</td>
<td>8</td>
<td>3</td>
</tr>
<tr>
<td><strong>Asia Oceania</strong></td>
<td>4%</td>
<td>3,405</td>
<td>8</td>
<td>8</td>
<td>2</td>
</tr>
<tr>
<td><strong>Africa Middle East</strong></td>
<td>6%</td>
<td>4,903</td>
<td>10</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td><strong>France</strong></td>
<td>55%</td>
<td>43,315</td>
<td>63</td>
<td>14</td>
<td>20</td>
</tr>
</tbody>
</table>

(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

2005
Safran is formed from the merger of Snecma and Sagem.

2006
Extension of the partnership with GE until 2040.

2008
Inclusion of “Safran” in the corporate name of all its subsidiaries. Creation of ArianeGroup with Airbus.

2010
Takeover and merger of Zodiac Aerospace by Safran. Rebranding under the Safran name of all former Zodiac Aerospace businesses.

2011
Business combination agreement between Safran and Zodiac Aerospace. Disposal of the detection, identity and security businesses.

2013
Acquisition of Goodrich’s electrical systems business.

2016
Inclusion of “Safran” in the corporate name of all its subsidiaries. Creation of ArianeGroup with Airbus.

2017
Acquisition of Goodrich’s electrical systems business.

2018
Takeover and merger of Zodiac Aerospace by Safran. Rebranding under the Safran name of all former Zodiac Aerospace businesses.

2020
In 2020, Safran maintained its essential activities for all its customers. Throughout the crisis, Safran’s CSR 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.

Key points
- More than 1,000 initial patent requests per year worldwide.
- More than 5,000 interns, work-study program participants and PhD students across Europe in 2020.
- Approx. one million training hours worldwide in 2020.
- 30% reduction in greenhouse gas emissions across operations by 2025 vs. 2018.
- Safran assigned its first long-term credit rating in February 2021: BBB+ (with stable outlook).
- Ambitious climate strategy.

STAKEHOLDER BENEFITS – OUR CONTRIBUTIONS

Customers (airframers, airlines, 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, safe, reliable, efficient, 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 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 SMEs and mid-sized companies.
- 75% of R&T expenditure focused on environmental efficiency.
- More than 1000 initial patent requests per year worldwide.

Government bodies and local authorities

Key points
- In 2020, Safran became the first CAC 40 company to obtain “anti-corruption” certification from the French Agency for the Diffusion of Technological Information (ADIT).
- More than 5,000 interns, work-study program participants and PhD students across Europe in 2020.

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.
- 72.5% 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.

Public partners

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 2020, Safran became the first CAC 40 company to obtain “anti-corruption” certification from the French Agency for the Diffusion of Technological Information (ADIT).
- More than 5,000 interns, work-study program participants and PhD students across Europe in 2020.

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.

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.

Expectations shared by all stakeholders, consistent with Safran’s absolute priorities:
- Aviation safety
- Ambitious climate strategy

(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 footprint 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.

-“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.”

“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 its 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:

1. Decarbonize aerospace
   - Be recognized as a leader in the decarbonization of the aviation sector
   - Be considered as an employer of choice by our employees and the talents of the sector
   - Be the benchmark in our industry
   - Be considered as an employer of choice by our employees and the talents of the sector
   - Be the benchmark in our industry
   - Be recognized as a leader in the decarbonization of the aviation sector

2. Be an exemplary employer
   - Make carbon neutral aircraft the R&T priority
   - Achieve training in the skills and jobs of tomorrow
   - Uphold the highest standards of ethics
   - Respect the environment and natural resources
   - Develop partnerships for training and research
   - Be at the forefront of innovation to protect citizens
   - Enhance professional and social integration

3. Embody responsible industry
   - Be the benchmark in our production methods and throughout our value chain
   - Choose technologies (engines and equipment) contributing to ultra-efficient aircraft for 2035, targeting carbon neutrality for 2050, with 100% sustainable fuels
   - Be considered as an employer of choice by our employees and the talents of the sector
   - Be the benchmark in our industry

4. Affirm our commitment to citizenship
   - Get involved with our local communities and contribute to their development
   - Involve employees in the reduction of their carbon footprint
   - Encourage equal opportunities and promote diversity
   - Affirm our commitment to citizenship

5. Embody responsible industry
   - Be considered as an employer of choice by our employees and the talents of the sector
   - Be the benchmark in our industry
   - Be considered as an employer of choice by our employees and the talents of the sector
   - Be the benchmark in our industry
   - Be recognized as a leader in the decarbonization of the aviation sector

6. Be an exemplary employer
   - Be considered as an employer of choice by our employees and the talents of the sector
   - Be the benchmark in our industry
   - Be considered as an employer of choice by our employees and the talents of the sector
   - Be the benchmark in our industry
   - Be recognized as a leader in the decarbonization of the aviation sector

7. Engage for the Future
   - Be the benchmark in our production methods and throughout our value chain
   - Choose technologies (engines and equipment) contributing to ultra-efficient aircraft for 2035, targeting carbon neutrality for 2050, with 100% sustainable fuels
   - Be considered as an employer of choice by our employees and the talents of the sector
   - Be the benchmark in our industry

8. Be an exemplary employer
   - Be considered as an employer of choice by our employees and the talents of the sector
   - Be the benchmark in our industry
   - Be considered as an employer of choice by our employees and the talents of the sector
   - Be the benchmark in our industry
   - Be recognized as a leader in the decarbonization of the aviation sector

9. Affirm our commitment to citizenship
   - Get involved with our local communities and contribute to their development
   - Involve employees in the reduction of their carbon footprint
   - Encourage equal opportunities and promote diversity
   - Affirm our commitment to citizenship

10. Engage for the Future
    - Be the benchmark in our production methods and throughout our value chain
    - Choose technologies (engines and equipment) contributing to ultra-efficient aircraft for 2035, targeting carbon neutrality for 2050, with 100% sustainable fuels
    - Be considered as an employer of choice by our employees and the talents of the sector
    - Be the benchmark in our industry

11. Be an exemplary employer
    - Be considered as an employer of choice by our employees and the talents of the sector
    - Be the benchmark in our industry
    - Be considered as an employer of choice by our employees and the talents of the sector
    - Be the benchmark in our industry
    - Be recognized as a leader in the decarbonization of the aviation sector

12. Affirm our commitment to citizenship
    - Get involved with our local communities and contribute to their development
    - Involve employees in the reduction of their carbon footprint
    - Encourage equal opportunities and promote diversity
    - Affirm our commitment to citizenship

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 ☐.

<table>
<thead>
<tr>
<th>PILLAR</th>
<th>2025 OBJECTIVE</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decarbonize aerospace</td>
<td>Scope 3 (product usage): 75% of R&amp;A investment focused on environmental efficiency</td>
<td>75% 75%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Choose technologies (engines and equipment) contributing to ultra-efficient aircraft for 2035, targeting carbon neutrality for 2050, with 100% sustainable fuels</td>
<td>3% (62,589 tCO2eq)</td>
<td>(1)</td>
</tr>
<tr>
<td></td>
<td>100% of facilities to have achieved the five zero targets roadmap (objective to be calculated in 2021)</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td></td>
<td>Maintain the number of training hours per employee per year (objective to be calculated in 2021)</td>
<td>28</td>
<td>13</td>
</tr>
<tr>
<td></td>
<td>Frequency rate of lost-time work accidents below 2.5*</td>
<td>3.2</td>
<td>2.0</td>
</tr>
<tr>
<td></td>
<td>100% of employees worldwide to benefit from a minimum level of health care (medical, optical and dental)</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td></td>
<td>22% of women among senior managers</td>
<td>12%</td>
<td>13%</td>
</tr>
<tr>
<td>Be an exemplary employer</td>
<td>100% of senior managers and exposed and affected people trained in anti-corruption</td>
<td>-</td>
<td>66%</td>
</tr>
<tr>
<td></td>
<td>100% of senior managers and exposed and affected people trained in export control (objective to be calculated in 2021)</td>
<td>-</td>
<td>40%</td>
</tr>
<tr>
<td>Embody responsible industry</td>
<td>80% of purchases made from suppliers that have signed the Safran’s responsible purchasing charter*</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>100% of sites certified “Gold” to internal HSE standards</td>
<td>50%</td>
<td>60%</td>
</tr>
<tr>
<td></td>
<td>Increase the waste recovery ratio (objective to be calculated in 2021)</td>
<td>68.3%</td>
<td>70.5%</td>
</tr>
<tr>
<td>Affirm our commitment to citizenship</td>
<td>Increase the number of new PhD students in the company per year (&gt; 65)</td>
<td>37*</td>
<td>56</td>
</tr>
<tr>
<td></td>
<td>At least one social or professional integration initiative run by each Safran site</td>
<td>*</td>
<td>*</td>
</tr>
</tbody>
</table>

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 2022, 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.
(4) Senior managers and exposed and affected people.
(5) Purchasing, HR, Sales, Legacy, 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).

Non-financial ratings

A dedicated CSR governance

The CSR strategy is led by the Executive Committee and is managed 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 Group-wide commitments. CSR challenges are presented to and monitored by the Board of Directors and the Executive Committee each year.

55/100 Robust level

+ 5th company out of 20 in the aerospace and defense industry ranking in Europe
+ 1st out of 44 worldwide

C (Awareness level)

A (Leadership level)

MSCI rating from “CCC” to “AAA” (AAA being the highest).

The rating evaluates ESG risk levels with the lowest rating corresponding to the best non-financial performance.

Sustainability Score from “A” to “AA” (AA being the highest).

Ratings reviewed every two years.

Investment Grade from “BBB” to “AAA” (AAA being the highest).

Ratings reviewed every year.
**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 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.

**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.
AEROSPACE INDUSTRY TRANSFORMATION


1. Environmental challenges
   Towards carbon neutral aviation for 2050

   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 1950s, 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.

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.

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 reopenings, health measures for passengers, support for airlines, and aid for the aerospace industry.

(1) Vertical Take-Off and Landing aircraft.
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 that reaffirms our commitment to citizenship.

Strategic ambassadors include four pillars: decarbonize aviation safety; cover all sub-segments of the market; be a world leader in systems and equipment with French and European self-reliance; and capitalize on business lines consistent with proprietary technologies.

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.

**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.

**Strategic Business Model**

**Strategy and Business Model**

Our ambitions lead on the short- and medium-haul segment, a key asset for Safran.

**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 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 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 2015 (67% market share);
    - LEAP-1B for the Boeing 737 MAX, which came into service in May 2017 (100% market share);
    - LEAP-1C for the COMAC C919 (China, exclusive Western source).

**CFM56 – LEAP engines**

Leaders on the short- and medium-haul segment, a key asset for Safran.

**Roadmap**

- Aerospace propulsion
  - Adapt in production with the ramp-up in airframer demand
  - Be on the cutting edge of green aviation
  - Consolidate the position of full-fledged engine manufacturer
  - Prepare the civil and military propulsion technologies of the future
  - Profit from growth in service activities

- Aircraft equipment/defense/aerosystems
  - Become the world’s leading aircraft equipment supplier
  - Be the leader in systems and equipment for more electrical aircraft, including propulsion hybridization
  - Capabilities on business lines consistent with French and European self-reliance, leveraging proprietary technologies
  - Keep a leading global position in on-board safety systems

- Aircraft interiors
  - Restore the operational excellence and competitiveness of this business
  - Propose innovative solutions for our customers in clean, connected and sustainable cabins
  - Build on our strong position on the market with a broad, modular product range
  - Return to world-class financial performance

**CFM56 (-5B/7B) fleet by number of shop visits performed**

<table>
<thead>
<tr>
<th>Shop Visits</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>No shop visit performed</td>
<td>~ 25% of engines</td>
<td>~ 35% of engines</td>
</tr>
<tr>
<td>1 shop visit performed</td>
<td>~ 25% of engines</td>
<td>~ 35% of engines</td>
</tr>
<tr>
<td>More than 2 shop visits performed</td>
<td>~ 5% of engines</td>
<td>~ 5% of engines</td>
</tr>
</tbody>
</table>

Source: CFM data

**Geographic distribution of the fleet of aircraft powered by CFM engines**

- 43% North America
- 27% Europe
- 9% China
- 7% Middle East
- 4% Brazil
- 3% Australia
- 2% Japan
- 4% Africa
- 1% other regions

Source: Cirium - Aircraft fitted with CFM engines in service and parked at end of 2020

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1. Safran is present in all engine components and all segments of the propulsion market.
2. On the basis of pending orders and cancellations.
HEADINGS

A RESILIENT BUSINESS MODEL

TRENDS

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

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%)

ASSET NO. 1
SUSTAINABLE INNOVATION
(page 30)
Decarbonize aerospace

ASSET NO. 2
OPERATIONAL EXCELLENCE
(page 34)
Be an exemplary employer

ASSET NO. 3
RESPONSIBLE CONDUCT
(page 36)
Embody responsible industry
Affirm our commitment to citizenship

Our impacts

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

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% CO2 emissions and -50% NOx emissions
RESPONSIBLE SUPPLIER RELATIONS label
1st CAC 40 company certified “anti-corruption” by the ADIT(4)

Our resources

Trends

Our business model serving our customers

A balanced business portfolio

46%
AEROSPACE PROPULSION

42%
AIRCRAFT EQUIPMENT, DEFENSE AND AEROSYSTEMS

12%
AIRCRAFT INTERIORS

3 assets

Two absolute priorities

CLIMATE CHANGE
(page 24)

AVIATION SAFETY
(page 26)

CSR pillars

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

ENRICHED CONTENT

(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)
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 CO₂ emissions from human activities. Considering the effects of emissions other than CO₂ (vapor trails, for example), scientists estimate that aircraft in service are responsible for about 3.5% of global warming. 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 CO₂ emissions by 2050 compared to 2005 (ATAG) to bring a 90% reduction in CO₂ emissions by 2050 compared to 2005 (ATAG), notably for noise, NOₓ, particles, etc. Safran’s climate strategy addresses the challenge in order to offer customers innovative solutions at a competitive cost.

SAFRAN’S VISION TO ACHIEVE IT

A 90% reduction in CO₂ emissions per passenger-kilometer by 2050 will be reachable through:
- Reducing the fleet
- Introducing technological breakthroughs in the efficiency of new-generations aircraft and engines
- Improving air traffic management and operations
- Incorporating sustainable fuels... while also reducing other pollution (noise, NOₓ, particles, etc.).

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.”

Reduction in CO₂ emissions from operations

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

Safran brought in a low-carbon project at the end of 2018, with a dedicated organization relying 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

Some of the assets employed to meet our objectives are as follows:
- Reducing site’s 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;
- Off-site production and self-consumption solar photovoltaic production facilities have been installed at the Gloucester (United Kingdom), Montluçon (France), and other Safran sites.

Milmont (Belgium) and Senday, all 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 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 aviation 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).

Progress in climate reporting

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)

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 CO₂eq. in 2019, 20.6 Mt CO₂eq. in 2020

TCFD
- Climate chapter in 2020 UBE presented in accordance with TCFD recommendations

2020

2021

2022

2015 2020 2030s 2040s 2050s

2021(1)
2022(1)

* Compared to 2005

(1) Data from IAE (International Energy Agency), ICTC (International Council on Clean Transportation).
(3) Air Transport Action Group.
SAFRAN’S CLIMATE STRATEGY

Reduction in CO₂ 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 CO₂ emissions arising from use of its products (referred to as Scope 3 indirect emissions in the GHG Protocol(1)).

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.

2. Sustainable fuels:

- Advanced biofuels (not competing with food crops)
- Synthetic fuels (from low-carbon hydrogen)
- Drop-in fuels (usable in existing aircraft and infrastructures)
- Fuels requiring specific aircraft and infrastructures

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 RiFuFlyEU 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 genera-
tions, 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 aircraft by around 2035. This option is more ambitious in terms of CO₂ 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 for 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(7) or STOL(8) 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 ENGHELE(7) electric motors flew on Volocopter’s C1 10 passenger aircraft demonstrator and were selected by Bye Aerospace’s eFlyer electric aircraft, orders for which already exceed 700 units.

SAFRAN’S PRIORITIES FOR GREEN AVIATION

1. Future ultra-efficient short- and medium-haul aircraft for 2030-35

- Ultra-efficient propulsion (20% more efficient than the LEAP engine)
- More electrical aircraft, e-taxiing
- Lightweight equipment design

2. Extensive use of sustainable fuels (SAF(5))

- Future engines compatible with 100% drop-in SAF(5) (biofuels, synthetic fuels)
- Exploring hydrogen combustion option (for short-haul or smaller aircraft)

3. Electric/hybrid propulsion for short-range travel

- More efficient electric motors
- Integrated management of electric/hybrid systems

SAFRAN’S TECHNOLOGICAL ROADMAP

TOWARDS CARBON NEUTRALITY BY 2050(3)

- 2020
  - Long-haul
  - Regional
  - Helicopters

- 2030 - 2035(3)
  - Increased use of sustainable fuels in fleet
  - “Skip a generation”(1) ultra-efficient aircraft (30% less fuel consumption), with engines accounting for 20% of the improvement
  - compatible with 100% of sustainable fuels
  - Hydrogen option for short- and medium-haul aircraft
  - Small electric aircraft
  - Hybrid regional aircraft
  - Hybridized helicopters
  - New mobility solutions

- 2050(3)
  - Aircraft of the future with low-carbon energy source
  - Synthetic fuel and/or liquid hydrogen, in addition to advanced biofuels
  - High-density batteries

100% KEROSENE

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.

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

2. Sustainable fuels:

- Advanced biofuels (not competing with food crops)
- Synthetic fuels (from low-carbon hydrogen)
- Drop-in fuels (usable in existing aircraft and infrastructures)
- Fuels requiring specific aircraft and infrastructures

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

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- More efficient electric motors
- Integrated management of electric/hybrid systems

TOWARDS CARBON-NEUTRAL AVIATION(3)

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This major challenge calls for break-through 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 motors driving the wheel), lightweight cabin fittings featuring new materials, and optimized electrical systems.

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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(7) or STOL(8) 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 ENGHELE(7) electric motors flew on Volocopter’s C1 10 passenger aircraft demonstrator and were selected by Bye Aerospace’s eFlyer electric aircraft, orders for which already exceed 700 units.
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.

FLIGHT SMS

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.

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Our commitment to aviation safety

Even before the Covid-19 crisis, Safran had already developed several tools to support aviation safety, and they continue to be strengthened. The toolkit is 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 interacing 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 culture, product and organizational risk management, and SMS rollout. Safran took up the charter in March 2021.

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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 gyroscopes. 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 coherence 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.

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

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, 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 (HYERION project), and the HYPERION project to assess the challenges of a hydrogen engine.

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High-performance materials and processes

The need to reduce aircraft and engine 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 the 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.

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 continuity via secure links. Actions such as those 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 systems. Proficiency in 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 systems. Proficiency in 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 systems. Proficiency in 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 systems. Proficiency in 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 systems.

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.

Digital technologies

These processes also open opportunities for reducing the cost and environmental impact of transportation in the production of parts. Safran’s eRider, 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.

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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 guarantying 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 network of customer 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 regulations, launched nearly five years ago. Continuous improvement efforts were rapidly focused 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.

The Safran+ progress approach enables employees in all sectors to put forward ideas for improving company performance. More than 100,000 employee ideas were taken up across all the Group’s business sectors in 2020.

Jean Sigma, with Green Belts, Black Belts and Master Black Belts driving the Group’s transformation through a structured and standardized project management approach.

PARTICIPATIVE INNOVATION, BOOSTING RESILIENCE

Leveraging employees’ know-how, industrial capabilities and creativity, Safran’s structured continuous improvement methodology helped 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.

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 risk-assessment organization across all levels, with HSE coordinators at tier-one entities, site prevention officers, occupational health services, ergonomists, a network of decentralized expertise, 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

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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.

The 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.

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.

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, which complies with all applicable requirements.

Safran has a recognized employer brand: Safran, a responsible employer

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 employer 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.

A responsible relationship with suppliers and subcontractors

Safran operates a purchasing policy that complies 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 foster its customers’ 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.

Commercial compliance, an decisive factor and complete commitment

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 responsible relationship with suppliers and subcontractors

Safar holds the Responsible Purchasing and Supplier Relations label since 2014

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.

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The Responsible Purchasing and Supplier Relations label replaces the Responsible Supplier Relations label.

(1) France agreement scope (excl. Safran Aerosystems, Safran Passenger Solutions, Safran Seats, Safran Cabin).

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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, aeronautics 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.

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 geared up its operations to ensure effective continuity in its teaching programs and employee training capacities. In 2020, 77% of Safran University’s training was online.

78,892 employees, of which
27.7% women

3,332 new hires

34.6% proportion of women among new hires

1,418 mobilities and transfers

5.37% employment rate of disabled workers

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 through the organization.

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.

**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 relating to negative media coverage**

**Risks relating to climate change**

- 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 CO2 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).

**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.
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 CHIEF EXECUTIVE OFFICER AND CHAIRMAN

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 Andrieu as the new Chief Executive Officer as from January 1, 2021, brings the Group closer to the combined benefits of an effective governance harmoniously, based on transparent relations between the Board of Directors and Executive Management.

AN INDEPENDENT DIRECTOR RESPONSIBLE FOR MONITORING CLIMATE ISSUES

In early 2021, the Board of Directors appointed Patrick Pillat as Director responsible for monitoring climate issues and defined his roles and responsibilities accordingly (see page 45).

EXECUTIVE SESSIONS AND ASSESSMENT OF BOARD OPERATING PROCEDURES

As part of the 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 functioning 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 functioning of the Board and its Committees, the performance of the Chairman and the Chief Executive Officer and the work carried out on succession plans.

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 functioning (very professional, good balance between operations and strategy, and high-quality documents provided), and the handling of strategic issues.

A Board of Directors that is consistent with Safran share ownership.

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

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.

The Board of Directors at December 31, 2020 (number of Directors)  

<table>
<thead>
<tr>
<th>Employees and employee shareholders</th>
<th>French State</th>
<th>Frees float</th>
</tr>
</thead>
<tbody>
<tr>
<td>72.5</td>
<td>10.4</td>
<td>17.1</td>
</tr>
</tbody>
</table>

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

EXECUTIVE COMMITTEE

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 analyse, 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.

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MEMBERSHIP STRUCTURE OF THE BOARD OF DIRECTORS AND ITS COMMITTEES

(AT MARCH 25, 2021)

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Committee(s)</th>
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</thead>
<tbody>
<tr>
<td>Ross McNes</td>
<td>Chairman of the Board of Directors</td>
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<tr>
<td>Olivier Andries</td>
<td>Chief Executive Officer</td>
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<tr>
<td>Anne Aubert</td>
<td>Director representing employee shareholders</td>
<td></td>
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<tr>
<td>Marc Aubry</td>
<td>Independent Director</td>
<td></td>
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<tr>
<td>Hélène Auriol Potier</td>
<td>Independent Director</td>
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<tr>
<td>Patricia Bellinger</td>
<td>Independent Director</td>
<td></td>
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<tr>
<td>Hervé Chailleau</td>
<td>Director representing employees</td>
<td></td>
</tr>
<tr>
<td>Jean-Lou Chameau</td>
<td>Independent Director</td>
<td></td>
</tr>
<tr>
<td>Monique Cohen</td>
<td>Lead Independent Director</td>
<td></td>
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<tr>
<td>Odile Desforges</td>
<td>Director Chair of the Audit and Risk Committee</td>
<td></td>
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<tr>
<td>Didier Domange</td>
<td>Director</td>
<td></td>
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<tr>
<td>Laurent Guillot</td>
<td>Independent Director</td>
<td></td>
</tr>
<tr>
<td>Vincent Imbert</td>
<td>Director appointed at the recommendation of the French State</td>
<td></td>
</tr>
<tr>
<td>Suzanne Kucharekova Milko</td>
<td>Director representing the French State</td>
<td></td>
</tr>
<tr>
<td>Daniel Mazaltarim</td>
<td>Director representing employees</td>
<td></td>
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<tr>
<td>Patrick Pélata</td>
<td>Independent Director</td>
<td></td>
</tr>
<tr>
<td>Robert Peugeot</td>
<td>Director representing F&amp;P</td>
<td></td>
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<tr>
<td>Sophie Zurquiyah</td>
<td>Independent Director</td>
<td></td>
</tr>
<tr>
<td>Suzanne Kucharekova Milko</td>
<td>Appointments and Compensation Committee</td>
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<tr>
<td>Daniel Mazaltarim</td>
<td>Innovation, Technology &amp; Climate Committee</td>
<td></td>
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</table>

Board of Directors (2020 key figures)

- 18 Directors
- 98% attendance
- 64.3% (9 out of 14) independent Directors
- 10 meetings

Changes in the Membership Structure of the Board of Directors in 2020
- Olivier Andries, 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 be a Director of the Company, as it enables the Chief Executive Officer to be among his peers on the Board.

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.

In accordance with the AEPF-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 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.

Corporative Governance

Executive Committee Members

(CROSS-BUSINESS FUNCTIONS

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
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<tbody>
<tr>
<td>Bernard Delpit</td>
<td>Deputy CEO and Chief Financial Officer</td>
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<tr>
<td>Stéphane Cuelle</td>
<td>Executive VP R&amp;T and Innovation</td>
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<tr>
<td>Stéphane Dubois</td>
<td>Executive VP Corporate Human and Social Responsibility</td>
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<tr>
<td>Bruno Durand</td>
<td>Executive VP Production, Purchasing and Performance</td>
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<tr>
<td>Celeste Thomasson</td>
<td>Corporate Secretary and Chair of the Ethics and Compliance Committee</td>
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<td>Frédéric Verger</td>
<td>Executive VP Chief Digital and Chief Information Officer</td>
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<td>Alexandre Ziegler</td>
<td>Executive VP International and Public Affairs</td>
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<td>Olivier Andrés</td>
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<td>Alain Sauret</td>
<td>CEO Safran Electrical &amp; Power</td>
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Changes in the Membership Structure of the Executive Committee in January 2021

- Olivier Andrés takes over from Philippe Patitcollin 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.
Corporate officer compensation policy

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

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.

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

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

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.

VENTORY COMPENSATION OBJECTIVES(1)

VARIABLE COMPENSATION OBJECTIVES(1)

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

IMPACT OF THE COVID-19 CRISIS ON COMPENSATION

• 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.

• 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, employee 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.

2020

• 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).

2021

• This mechanism is well adapted to the Chief Executive Officer position given the level of direct contribution and responsibility associated with this role. 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.

(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.
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 long term, organic growth in our businesses.

Key Performance Indicators

**Key Sustainable Innovation Indicators**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope 3 (product usage): R&amp;T investment focused on environmental efficiency</td>
<td>93%</td>
<td>75%</td>
</tr>
<tr>
<td>Number of new PhD students</td>
<td>36</td>
<td>43</td>
</tr>
<tr>
<td>R&amp;D expenditure self-funded</td>
<td>€1,337 million</td>
<td>€864 million</td>
</tr>
<tr>
<td>Number of initial patent requests</td>
<td>More than 1,200</td>
<td>More than 1,000</td>
</tr>
</tbody>
</table>

**Key Operational Excellence Indicators**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of production lines “of the future” in operation</td>
<td>22</td>
<td>24</td>
</tr>
<tr>
<td>Percentage of sites certified “Gold” to internal HSE standards</td>
<td>50%</td>
<td>60%</td>
</tr>
<tr>
<td>Capex (property, plant and equipment)</td>
<td>€695 million</td>
<td>€449 million</td>
</tr>
<tr>
<td>CFM56 in operation</td>
<td>31,802</td>
<td>31,865</td>
</tr>
<tr>
<td>LEAP backlog</td>
<td>12,014</td>
<td>12,634</td>
</tr>
<tr>
<td>Lost-time accident frequency rate</td>
<td>1.2</td>
<td>2.0</td>
</tr>
<tr>
<td>Scope 1 and 2 emissions (t CO2eq.)</td>
<td>63.545</td>
<td>59.488</td>
</tr>
<tr>
<td>Change in Scope 1 and 2 emissions (t CO2eq.)</td>
<td>-3.1%</td>
<td>-4.9%</td>
</tr>
<tr>
<td>Waste recovery ratio</td>
<td>68.5%</td>
<td>70.5%</td>
</tr>
</tbody>
</table>

**Key Responsible Conduct Indicators**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proportion of purchases made from suppliers that have signed Safran’s responsible purchasing charter</td>
<td>-</td>
<td>-0.4%</td>
</tr>
<tr>
<td>Proportion of senior managers and exposed and affected people trained in anti-corruption</td>
<td>66%</td>
<td>66%</td>
</tr>
<tr>
<td>Number of training hours per employee per year</td>
<td>26</td>
<td>12</td>
</tr>
<tr>
<td>Global absenteeism rate</td>
<td>2.8%</td>
<td>2.7%</td>
</tr>
<tr>
<td>% of women in the workforce</td>
<td>29.1%</td>
<td>27.7%</td>
</tr>
<tr>
<td>% of women among senior managers</td>
<td>12%</td>
<td>15%</td>
</tr>
</tbody>
</table>

**Key Financial Performance Indicators**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organic growth in adjusted revenue</td>
<td>9.1%</td>
<td>12.5%</td>
</tr>
<tr>
<td>Growth in cash aftertax (in USD)</td>
<td>+9.9%</td>
<td>-4.2%</td>
</tr>
<tr>
<td>Recurring operating margin</td>
<td>15.5%</td>
<td>10.2%</td>
</tr>
<tr>
<td>EBIT to FCF conversion</td>
<td>51.9%</td>
<td>63.6%</td>
</tr>
<tr>
<td>Dividends</td>
<td>€0.43/share</td>
<td>€0.43/share</td>
</tr>
</tbody>
</table>

**Key Governance Indicators**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average attendance rate at Board meetings</td>
<td>95%</td>
<td>98%</td>
</tr>
<tr>
<td>% of Chief Executive Officer compensation subject to performance conditions</td>
<td>69%</td>
<td>69%</td>
</tr>
<tr>
<td>% of independent Directors on the Board of Directors after the Y+1 AGM</td>
<td>64.3%</td>
<td>64.3%</td>
</tr>
<tr>
<td>% of women on the Board of Directors after the Y+1 AGM</td>
<td>42.8%</td>
<td>42.8%</td>
</tr>
</tbody>
</table>
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.

CONTACT

FINANCIAL COMMUNICATIONS DEPARTMENT

<table>
<thead>
<tr>
<th>Analysts and institutional investors</th>
<th>Individual shareholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tel.: +33 (0)1 40 60 80 80</td>
<td>Toll-free number (France only): 0 800 17 17 17</td>
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<td>Monday to Friday, 9 a.m. to 5 p.m.</td>
</tr>
<tr>
<td>E-mail: <a href="mailto:actionnaire.individuel@safrangroup.com">actionnaire.individuel@safrangroup.com</a></td>
<td></td>
</tr>
</tbody>
</table>

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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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