

SAFRAN TAX POLICY

Update – June 2022

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

Safran believes that a fair and sustainable Group tax policy is a fundamental long-term business requirement. Safran does not have a separate tax policy by country but only one global policy for the whole Group. It aims at preventing operational, transactional and reputational risks¹.

Safran Tax Policy² focuses on three key principles:

- Ensuring compliance with the various local tax legislations in all the countries where the Group operates, and managing tax risks,
- Supporting the business by providing tax advice that are aligned with the commercial and operational reality of the Group,
- Deploying a consistent tax approach across the Group, based on transparency and cooperation.

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

² The Group Tax Policy covers all the consolidated companies mentioned in the Universal Registration Document 2021, section 3, Note 40. The Group Tax Policy is compliant with the UK Finance Act 2016 Schedule 19. The Policy applies to all UK groups and sub-groups as defined in paragraphs 5 & 11. The heads of each UK sub-group and the relevant qualifying companies regard the publication of this document as complying with their obligations under Para 19(2) and Para 22(2) respectively for the current financial year.

1. A TAX POLICY THAT ENSURES TAX COMPLIANCE AND RISK MANAGEMENT

➤ Compliance with tax laws and regulations

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

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

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

➤ Governance

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

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

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

➤ Tax Risk Management

Safran has defined an Enterprise Risk Management ("ERM") policy³, the principles of which are consistent with the recommendations of the French Financial Markets Authority ("AMF"), the provisions of the AFEP-MEDEF Corporate Governance Code, and professional standards ("COSO ERM").

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

The tax processes managed by the Tax Department are fully within scope of the Group ERM. The Risk and Insurance Group Department review them annually as part of the ERM policy. As such, compliance with tax policy is subject to audits as part of the missions of the DACI (Audit and Internal Control Department).

³ For more details, refer to the Universal Registration Document 2021, section 4.

2. A TAX POLICY STRATEGY THAT SUPPORTS THE GROUP'S OPERATIONAL ACTIVITIES

- Alignment of tax positions with the operational reality of the Group

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

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

Safran's tax strategy is aligned with the Group's commercial strategy and operational activity. The tax department assists operational staff by providing tax advice and determining the tax positions best suited to operational reality. The tax department thus contributes to creating value and protecting shareholders' assets by limiting tax risks.

The objective of the tax department is to ensure that all employees with tax responsibilities or activities that may have tax impacts comply with the principles set out in Safran's tax policy, and adopt a common approach as to how tax risk is identified, assessed, reported and managed.

- Compliance with OECD tax principles

Safran complies with the OECD Transfer Pricing guidelines, which means that the profits are allocated and taxed where the value is created.

Safran files its Country-by-Country Reporting ("CbCR") every year in accordance with action 13 of the OECD's "Base Erosion and Profit Shifting" plan ("BEPS") and reports its global amount of income taxes in the universal registration document⁴.

3. A COHERENT TAX POLICY THAT PROMOTES TRANSPARENCY AND COOPERATION

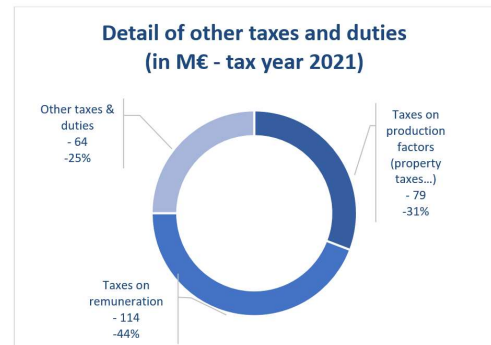
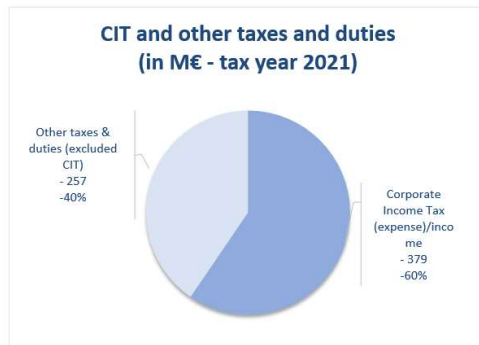
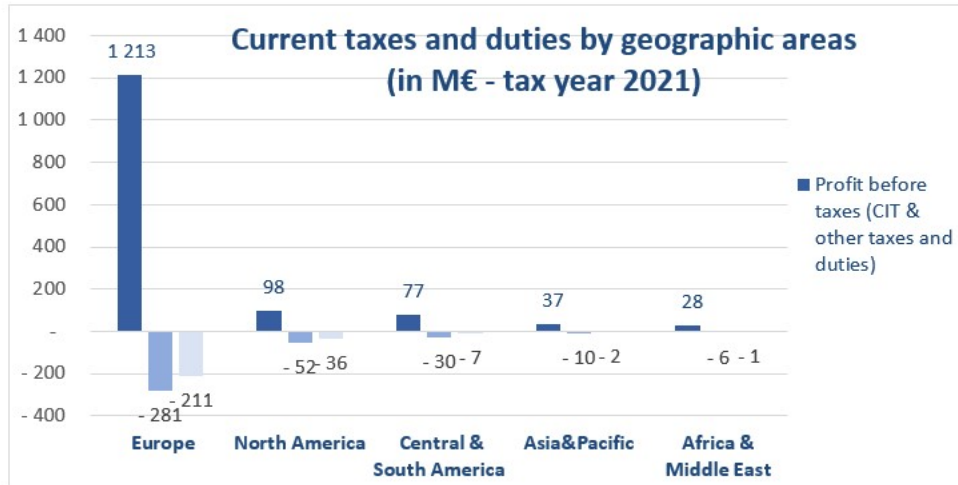
- Publication of Group tax information

For the sake of transparency, Safran has decided, as of 2021, to publish in its group tax policy the main tax information, namely profit before taxes⁵, corporate income tax and other taxes and duties by large geographical areas.

⁴ For more details, see the Universal Registration Document 2021, section 3, Note 11.

⁵ Profit before corporate income tax and others taxes and duties. Information communicated for consolidated entities of the Group and excluding differed taxes, based on adjusted accounts.

➤ Detail of the Group's current taxes



➤ Code of conduct

Safran undertakes to cooperate openly and transparently with the tax authorities on the Group's tax affairs and to disclose relevant information in order for them to carry out their audits.

Safran engages with tax authorities in a timely, positive and professional manner. Whenever necessary, Safran discuss issues and raises questions to the tax authorities in order to obtain clarifications in a preventive manner. In the event a tax disagreement arises, the Group works proactively to seek a consensual agreement, where possible, and reach solutions.

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

This code of conduct in terms of tax behaviours is the basis of the Group's constructive and long-term working relationship with tax authorities.