2023 INTEGRATED REPORT
**Our core purpose**

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

**FOREWORD**

All figures in this integrated report represent adjusted data, except where noted. See section 2.1.1 of the 2023 Universal Registration Document for a reconciliation of the consolidated income statement with the adjusted income statement and a breakdown of the adjustment.

**OUR ACTIVITIES**

**BREAKDOWN OF 2023 REVENUE BY SEGMENT**

- **AEROSPACE PRODUCTION**
  - Services 62%
  - Original Equipment 38%
- **EQUIPMENT & DEFENSE**
  - Services 39%
  - Original Equipment 61%
- **ELECTRICAL & ELECTRONICS**
  - Services 36%
  - Original Equipment 64%

**Revenue**

- €11.9 billion
- €2.4 billion
- €2.5 billion

**Recurring operating income**

- 20.1%
- (4.7)%
- (11.2)%

**Long-term credit rating:** A- with stable outlook (S&P)

A fully debt-free group

- **€23,199 million**
  - revenue
  - up 21.9% (23.6% on an organic basis) on 2022

- **€3,166 million**
  - recurring operating income
  - up 31.5% (27.2% on an organic basis) on 2022

- **€2,945 million**
  - free cash flow
  - up 10% on 2022

- **91,984 employees**
  - (at December 31, 2023)

- **€2,945 million**
  - capital expenditures

- **€823 million**
  - CAPEX (including customer-funded R&D)
Safran delivered outstanding results in 2023, meeting or exceeding guidance with revenue up 22%, recurring operating income up 31%, and free cash flow generation above expectations. This excellent performance was notably driven by the continued recovery of the civil aftermarket. Our teams have demonstrated remarkable agility, significantly increasing deliveries and attenuating inflationary pressures despite a challenging supply chain environment. To support our growth momentum, we hired more than 18,000 new employees over the year.

2023 was another successful year for Safran. Among these successes, we’d like to mention the large number of contract wins, with another 2,500 LEAP engines added to our backlog, including those in the record Air India order, and the major Emirates contract for seats and other equipment announced at the Dubai Airshow. This excellent sales momentum was led by the recovery in air traffic, which returned to almost pre-Covid levels around the world.

We also won a number of impressive contracts in our defense activities, with the sale of 60 Rafale fighters (42 to France and 18 to Indonesia), for which we supply the M88 engine and a wide variety of equipment, the Patroller drone export contract and the selection of the airborne optronic system Euroflir to equip the Eurodrone. The Paris Air Show, the industry’s must-attend event that finally reopened after a four-year hiatus, offered an opportunity to showcase our high-tech products. The innovations on display, such as our RISE demonstrator and our electric and hybrid technologies, clearly showed our commitment to a low-carbon future.

In 2023, we continued our efforts to reduce our carbon footprint. More and more facilities are now sourcing renewable energies, for example in Le Havre (France), where we inaugurated a solar power plant at year-end, and in Mexico, where the Board of Directors noted the effectiveness of our solar power contracts. Our Group’s digital transformation also continued space over the year. We can already measure our gains, in particular thanks to the processing of the data collected and our first generative artificial intelligence pilots.

In 2023, the Group strengthened its positions in mission-critical aircraft systems and equipment. We completed the acquisition of Thales’ aeronautical electrical systems business; Orolia, a world leader in developing resilient Positioning, Navigation and Timing (PNT) solutions, was successfully integrated; and we announced plans to acquire Collins Aerospace’s actuation and flight control business and Air Liquide’s aeronautical oxygen systems business.

2024 will once again be rich with challenges. We will pursue our revenue and income growth trajectory during the year, led by another ramp-up in deliveries and expansion in aftermarket activities, despite the persistent supply chain difficulties.

In our sovereignty businesses, we will continue to position ourselves as a key industry player through our defense and aerospace technologies. One of the main highlights of 2024 will be the first launch of the Ariane 6 rocket.

We will also be stepping up our innovation drive to develop the next generation of ultra-low energy aircraft, with such major milestones as wind tunnel testing of the RISE blades and certification of the ENGinEUS electric motor.

Our industrial activities will continue to ramp up and will lead once again to the hiring of thousands of new talents.

The year will also mark a major event for Safran, as we celebrate 50 years of CFM, our joint venture with GE. Half a century of a unique Franco-American partnership, and no doubt many more years to come!

We would like to thank you for your trust and hope you enjoy reading this report. Regards, Ross McInnes and Olivier Andriès
Presentation of the Group

- A comprehensive offering
- A leading global player
- A look back at our history

1. An A320neo nacelle
2. Integrating the nacelle on the LEAP-1A engine powering the A320neo at the Safran Nacelles plant in Hamburg
A comprehensive offering

Present across the whole aircraft, Safran aims to build the future of the global aerospace sector and be the preferred partner of airframers, airlines and leasing companies. Safran products are designed to ensure flight safety.

AEROSPACE PROPULSION

A full-fledged engine manufacturer, Safran supplies airframers with engines for commercial aircraft, military aircraft and helicopters. To increase cost efficiency and share risks, engine manufacturers often develop partnerships for their engine programs. Safran has primarily partnered with GE since the 1970s, when they set up the 50-50 joint venture CFM International that develops the CFM56® and LEAP® engines. The partnership has been extended through to 2050. Safran also contributes to access to space through its 50% stake in the ArianeGroup joint venture.

51% of Group revenue in 2023

€11.9 billion 27,901 employees

EQUIPMENT & DEFENSE

Safran supplies a wide range of aircraft equipment, including landing and braking systems, nacelles, electrical systems and engineering solutions.

Aerosystems: Safran is one of the world’s leading suppliers of aircraft safety systems (evacuation slides, oxygen masks, etc.), cockpit systems, and fluid management systems (fuel, pneumatic and hydraulic circuits).

Defense: Safran provides solutions and services in optronics, avionics, navigation systems, tactical drones, electronics and critical software for civil, defense and space markets.

39% of Group revenue in 2023

€8.8 billion 45,007 employees

AIRCRAFT INTERIORS

To ensure passenger safety and optimize comfort, Safran develops cabin interiors, passenger and crew seats, water and waste management systems, in-flight entertainment systems (RAVE™), and interior retrofit for commercial aircraft.

The aircraft interiors business addresses both airframers and airlines.

11% of Group revenue in 2023

€2.5 billion 15,626 employees

OE/SERVICES BREAKDOWN OF 2023 REVENUE

<table>
<thead>
<tr>
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<th>EQUIPMENT &amp; DEFENSE</th>
<th>AIRCRAFT INTERIORS</th>
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<tr>
<td>38%</td>
<td>36%</td>
<td>11%</td>
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* Including retrofit activities.

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

(2) Supplier Furnished Equipment: equipment specified and purchased by the airframer.

(3) Buyer Furnished Equipment: equipment specified and purchased by the airline.
Safran's global footprint enables it to establish strong and sustainable relationships with the majority of aerospace players and airlines, reflecting the Group's desire to supply its customers promptly from local bases.

**A leading global player**

GEOGRAPHIC LOCATION OF EMPLOYEES AND SITES AT END-2023(1)

**Percentage of employees**

% of employees out of the total Group workforce

**NUMBER OF SITES**

- R&D and production activities
- Aftermarket and maintenance activities
- Commercial and administrative activities and representative offices

(1) Illustration by country of the workforce at December 31, 2023 of companies (i) more than 50% directly or indirectly owned by Safran and (ii) with more than 10 employees. The scope of reporting for the sites covers companies consolidated by Safran as of December 31, 2023.

(2) Each site corresponds to a legal entity covering one or more tertiary, production, service or maintenance sites.
A look back at our history

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

- **1905**
  Société des Moteurs Gnome is founded in the Paris suburb of Gennevilliers. Gnome rotary engines become the standard for planes around the world.

- **1912**
  Creation of Société des Moteurs Le Rhône, Gnome’s main competitor before being taken over by its rival.

- **1924**
  Creation of Société d’Applications Générales d’Électricité et de Mécanique (Sagem) that will mainly manufacture cameras and artillery equipment and go on to design the world’s first infrared guidance system for air-to-air missiles.

- **1945**
  Gnome & Rhône is nationalized and renamed Snecma (Société Nationale d’Étude et de Construction de Moteurs d’Aviation).

- **1945-2002**
  Several aerospace companies join Snecma: Hispano-Suiza, a specialist in power transmission for aircraft engines, followed by Messier-Hispano-Bugatti, a specialist in landing gear.

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

  In 2002, nacelles specialist Hurel-Dubois joins Snecma.

- **1974**
  Snecma becomes a civil aircraft engine manufacturer through a cooperation agreement with GE for the manufacture of the CFM56 engine.

- **1995**
  Société des Moteurs Gnome is formed from the merger of Snecma and Sagem.

- **2005**
  Takeover and merger of Zodiac Aerospace by Safran. Rebranding under the Safran name of all former Zodiac Aerospace businesses.

- **2013**
  Acquisition of Goodrich’s electrical systems business.

- **2016**
  Business combination agreement between Safran and Zodiac Aerospace. Disposal of the detection, identity and security businesses.

- **2017**
  Inclusion of “Safran” in the corporate name of all its subsidiaries. Creation of ArianeGroup with Airbus.

- **2018**
  Launch of the CFM RISE program. Extension of the partnership with GE until 2050.

- **2020**

- **2021**
  Proposed acquisition of Collins Aerospace’s flight control and actuation business.

- **2023**
  Proposed acquisition of Collins Aerospace’s flight control and actuation business.

**TRENDS IN THE SAFRAN SHARE PRICE AND THE EURO STOXX 50 INDEX**

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“Engage for the Future”, a CSR approach rooted in a collectively defined ambition

- **Decarbonize Aeronautics**
  - Be recognized as a leader in the decarbonization of the aviation sector
  1. Make carbon neutral aircraft the R&T priority
  2. Reduce CO₂ emissions throughout our value chain
  3. Involve employees in the reduction of their carbon footprint

- **Be an Exemplary Employer**
  - Be considered as an employer of choice by our employees and the talents of the sector
  4. Accelerate training in the skills and professions of tomorrow
  5. Ensure health and safety of employees, improve the quality of life at work and maintain a thriving social dialogue
  6. Encourage equal opportunities and promote diversity

2023 HIGHLIGHTS
- 34% reduction in Scope 1 and 2 CO₂ emissions compared to 2018
- Ongoing deployment of an internal ISO 50001-based energy management system
- Several solar power installations commissioned to self-supply certain sites in France, Morocco, the United States and the United Kingdom
- First flight of the EcoPulse electric-hybrid aircraft demonstrator
- Safran included in the CDP (formerly Climate A List)

- **Embody Responsible Industry**
  - Be the benchmark in our production methods and throughout our value chain
  7. Uphold the highest standards of ethics
  8. Strengthen responsible practices throughout the supply chain, and support our suppliers
  9. Respect the environment and natural resources

2023 HIGHLIGHTS
- ISO 37001 certification awarded to the anticorruption program in six Safran companies(2)
- First Decarbonization Challenge organized with suppliers, along with a second Safran Supplier Day
- Socially responsible purchasing process strengthened with an expanded organization, increased training and more suppliers pledging to uphold the charter
- Circular economy leadership unit created in the Group Sustainable Development Department

- **Affirm Our Commitment to Citizenship**
  - Get involved with our local communities and contribute to their development
  10. Be at the forefront of innovation to protect citizens
  11. Develop partnerships for training and research
  12. Commitment to regions and their communities

Sponsored at the highest level of the Company, Engage for the Future is an integral part of the Group’s strategy, designed to combine profitability and social responsibility. Through its objectives and commitments and the related actions, Safran contributes to 13 of the 17 United Nations Sustainable Development Goals (SDGs). Progress on the deployment of the CSR roadmap and objectives across all companies and departments is monitored by the Group.
Committed employees

In response to climate change, digitalization, emerging societal expectations and other challenges that are transforming the aerospace industry, Safran is committed to doing its part to build a sustainable future by leading the transition to low-carbon aviation. A vision of this scale can only be fulfilled by our diverse, highly talented employees, who are united by an unparalleled team spirit, a passion for overcoming obstacles and a desire to write a new chapter in the saga of flight.

NEARLY 92,000 EMPLOYEES AT END-2023

91% of Group employees attended at least one training session in 2023

29% of Group employees are women

A RECOGNIZED EMPLOYER BRAND NO. 1 in the aerospace and defense industry in Time Magazine’s World’s Best Companies 2023 ranking

A HUMAN RESOURCES POLICY BASED ON FOUR COMMITMENTS

1. SAFRAN FOSTERS DIVERSITY AND INCLUSION
   ITS EMPLOYEES MAKE A DIFFERENCE

2. SAFRAN DEVELOPS SKILLS AND BUILDS OPPORTUNITIES
   ITS EMPLOYEES SHAPE THEIR OWN FUTURE

3. SAFRAN ENSURES A HIGH-QUALITY WORK ENVIRONMENT
   ITS EMPLOYEES DARE TO TAKE ACTION AND INNOVATE

4. SAFRAN ENCOURAGES COLLABORATION AND MUTUAL SUPPORT
   ITS EMPLOYEES ARE PART OF A TEAM
Strategy and business model

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30 Strategic focus: decarbonize its products and operations
34 Strategic focus: strengthen its role in sovereignty businesses
36 Step up sustainable innovation
38 Strengthen operational excellence by leveraging digital technology
40 Safran’s Enterprise Risk Management and its monitoring

3. Airbus A330
2. Assembling the A320 main landing gear
SAFRAN’S BUSINESS MODEL

A PORTFOLIO OF ACTIVITIES ALIGNED WITH MARKET NEEDS
- 51% Aerospace Propulsion
- 30% Equipment & Defense
- 11% Aircraft Interiors

RELEVANT AND DIFFERENTIATING SOLUTIONS
- Leading patent applicant in France

A RESILIENT BUSINESS MODEL
- 50% aftermarket activities

AN AMBITIOUS CSR STRATEGY
- Decarbonize aeronautics
- Be an exemplary employer
- Embody responsible industry
- Affirm our commitment to citizenship

CLIMATE TARGETS, VALIDATED BY THE SBTI

COMMITTED AND TALENTED EMPLOYEES
- Nearly 92,000 employees
- 31 training hours on average per year per employee

A SOLID FINANCIAL POSITION

MACROTRENDS
- Growth in air traffic
- Decarbonization of aeronautics
- Defense/sovereignty global dynamic

STAKEHOLDERS
- CUSTOMERS
  - €23.2 billion (2023 revenue)
  - Safe, reliable, available, efficient, innovative and competitive products and services
- EMPLOYEES
  - €6.8 billion (2023 personnel costs)
  - Attractive working conditions and social model
- SUPPLIERS
  - €14.1 billion (2023 purchases)
  - Sustainable Procurement and Supplier Relations Label
- SHAREHOLDERS
  - TSR(1) 2005-2023: up 13.7% a year
  - 2023 dividend (paid in 2024): €2.20/share*
- GOVERNMENTS
  - €1.0 billion (2023 taxes and income tax expense)
  - The world’s best technology serving national and European sovereignty and French nuclear deterrence

INVESTMENTS FOR FUTURE GROWTH
- 5% of revenue invested in self-funded R&D in 2023
- 80% of self-funded R&T expenses focused on environmental efficiency
- €823 million Capex (tangible assets)

3. water balance
4. group governance
5. employees
6. climate change
7. diversity
8. sustainable procurement
9. safety
10. innovation culture
11. health & safety
12. board diversity
13. social & economic contributions
14. biodiversity
15. climate action
16. science & technology
17. human capital

* Subject to shareholder approval at the Annual General Meeting of May 23, 2024.
Main markets

The underlying air traffic fundamentals remain robust and should continue to drive significant sustainable growth in the global commercial aircraft fleet and in the aftermarket.

CIVIL AVIATION

IN 2023, SHORT- TO MEDIUM-HAUL AIR TRAFFIC EXCEEDED ITS 2019 LEVELS.

Traffic continued to improve steadily throughout the year in 2023, with short- and medium-haul traffic rising above its 2019 levels in the first quarter. By year-end, short- and medium-haul aircraft capacity, as measured in available seat kilometers (ASK), had reached 107% of its 2019 level from 88% at end-2022. These trends were driven by the end of zero-Covid restrictions and the upturn in traffic in China, as well as the robust growth of domestic traffic in the United States. The lifting of health restrictions also fueled significant growth in business in the long-haul aircraft segment, which boosted ASK to 91% of its 2019 level at end-2023 from 75% a year earlier. The gains were dampened by the more gradual recovery in Asia-Pacific traffic, particularly outbound China, which ended the year at only 58% of its 2019 level.

Safran expects long-haul traffic to return to 2019 levels by the end of 2024. Aircraft retirements from existing fleets remain close to pre-Covid levels, at a time of uncertainty surrounding the volume of new aircraft deliveries. Throughout 2023, proposed airline mergers encountered heightened scrutiny from competition authorities in the United States, Europe and China. Aircraft leasing companies are pursuing and expanding their role as a source of aircraft financing for airlines. They account for a growing proportion of total airframer orders, with more than 50% of delivered short- and medium-haul civil aircraft financed by leasing companies. Airframers, who adjusted their output in response to the Covid-19 crisis, are continuing to ramp up production rates, especially for short- and medium-haul aircraft, while facing difficulties across the supply chain.

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COMMERCIAL AVIATION, GLOBAL PROJECTIONS

The long-term growth outlook remains strong.

- Global aircraft capacity (measured in ASK) through to 2043* +3.0%
- Global air traffic (measured in RPK) through to 2043* +3.2%

Global aircraft capacity (ASK) Global air traffic (RPK)

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2023</th>
<th>2030</th>
<th>2043</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASK</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>RPK</td>
<td></td>
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</table>

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

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

CFM International (a 50-50 joint venture between Safran and GE) is a leading supplier for Airbus A320ceo and A320neo and Boeing 737 NG and 737 MAX, boasting 50 years of commercial success.

LONG-TERM PROSPECTS

The aerospace propulsion business generates significant aftermarket business, 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. As a result, the business model for civil engine services will gradually shift from a model based on the sale of spare parts for the CFM56 fleet in service to a model based on service contracts per flight hour for the LEAP.

Aftermarket services for the LEAP engine will gradually take over from those for the CFM56 engine from 2025.

A LARGE CFM56 FLEET IN SERVICE

With an in-operation base of around 31,800 engines at the end of 2023 (including approximately 23,000 CFM56(-5B/-7B)), the CFM56 engine 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 and boasts proven in-service reliability, which means retirement 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.

- LEAP-1A for the Airbus A320neo, which entered into service in August 2016 (62% of firm orders at December 31, 2023);
- LEAP-1B for the Boeing 737 MAX, which entered into service in May 2017 (sole source);
- LEAP-1C for the COMAC C919 (exclusive Western source).

Safran is ready for another LEAP production ramp-up and expects deliveries to increase by 20% to 25% year-on-year in 2024.

A supply chain risk management system has been deployed, with a particular focus on raw materials procurement and forging and casting activities.
DEFE NSE AND SPACE

2023 BROUGHT SHARP INCREASES IN DEFENSE AND SPACE BUDGETS IN EUROPE AND INTERNATIONALLY, AGAINST THE BACKDROP OF ARMED CONFLICTS AND GLOBAL GEOPOLITICAL TENSIONS. The United States, with already the world’s largest defense budget, announced a further 10% increase for 2024, to nearly USD 880 billion. Almost all the continental European countries increased their budgets in 2023, sometimes significantly, as in Germany and Poland. In France, the Military Planning Law passed in July 2023 allocated a defense budget of more than €400 billion for the 2024-2027 period. In this context, defense activities enjoyed robust demand, with, in particular, new orders for 42 Rafale fighters for France and 18 for Indonesia during the year. For the European defense programs, 2023 was a year of consolidation, with confirmation of the French order for six Eurodrone systems and the actual launch of development work of the future combat air system (FCAS), following the award of the contract for the Demonstrator Phase 1B in late 2022.

We also observed substantial growth in the space sector, with budget increases, ambitious projects and many new players. During the year, Europe further raised its space ambitions, with the EU endorsing its first Space Strategy for Security and Defense and proposing a European Space Law in 2024. In addition, the European Infrastructure for Resilience and Secure Interconnection by Satellite (IRIS2) project was launched to put a third satellite constellation in orbit, alongside the EU’s Copernicus Earth Observation and Galileo positioning and navigation programs. In the launcher segment, following the success of Ariane 6’s long-duration hot fire test, the European Space Agency announced Ariane 6’s inaugural flight between mid-June and late July 2024. The year also saw the start-up of a number of national micro- and mini-launcher initiatives, such as France’s MicroSpace, a new subsidiary of Arianespace. In November, the Space Summit 2023 marked a paradigm shift in European launcher policy, with the announcement that future launchers would be open to market competition and that Avio would operate and commercialize its Vega-C launchers on its own. The same summit announced annual funding for the operation of Ariane 6 and Vega-C for at least three years from 2026.

These initiatives should enable Europe to maintain its sovereignty in space.

BUSINESS JETS* AND HELICOPTERS

DESPITE SUSTAINED DEMAND FOR NEW BUSINESS JETS AND A DEEP AIRFRAMER BACKLOG, BUSINESS JET DELIVERIES IN 2023 WERE FLAT YEAR-ON-YEAR AND EVEN LOWER THAN IN 2019, primarily due to persistently tight supply chains and delays in certifying new models under development. Only the Dassault Falcon 6X entered service in 2023, while deliveries of the Gulfstream G700 are scheduled to begin in 2024. At the end of 2023, there were around 23,000 business jets in service.

The helicopter market continued to recover during the year with new-build deliveries exceeding pre-Covid levels despite ongoing tensions in the supply chain. Order intake was also ahead of pre-Covid levels, except for light helicopters, whose sales are suffering from inflation and reduced access to financing. The global helicopter fleet now numbers some 53,000 units. Helicopters continued to be used for military, medical and public service missions in 2023, to an even greater extent than in the pre-Covid period.

* Business aircraft fitted with turbojet engines.
The challenges of the aerospace industry

The air transport sector was among the hardest hit by the Covid-19 crisis. New aircraft order intake surged to record highs in 2023, but supply chain bottlenecks impacting the entire industry held back growth in production and deliveries. However, the industry also demonstrated a strong capacity for adaptation and resilience, increasing confidence in the prospects for a lasting recovery in growth. All this means that Safran operates in a favorable but still fast-changing market landscape, with tightening environmental regulations.

1. SUPPLY-CHAIN TENSIONS

In 2023, the global aerospace supply chain was once again impacted by severe tensions. Suppliers and subcontractors are having to contend with a variety of capacity-related and geopolitical crises. After a steep falloff in demand during the Covid-19 crisis, they are now struggling to hire and invest, which is disrupting airframers’ plans to ramp up production and poses a major challenge for the entire industry.

2. GEOPOLITICAL RISKS

The air travel and aerospace industry are subject to a variety of geopolitical and business tensions that can hinder international trade, disrupt supply chains and close airspace to commercial air traffic. Such tensions heightened considerably in 2023 and conflicts became more prevalent, with the ongoing war in Ukraine and the eruption of a new conflict in the Middle East. International sanctions against Russia led, in particular, to the termination of in-service support for the fleet of US and European-built aircraft in Russia. With regard to Safran products and services, the Group diligently complies with the sanctions in force and takes every possible measure to prevent third parties from circumventing them. Heightened geopolitical tensions have prompted a toughening in defense policies and increases in defense budgets around the world, for example in Germany, France, Poland, the United Kingdom and other European countries, India and the United States.

3. ENVIRONMENTAL CHALLENGES

In 2023, the world continued to respond and adapt to climate change. The latest reports of the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA) have confirmed the need for rapid and large-scale reductions in CO2 emissions (aiming for neutrality by 2050), emphasizing the need to reason in terms of overall emissions not to be exceeded if the Paris Agreement global warming objectives are to be met.

4. TECHNOLOGICAL DISRUPTIONS AND NEXT-GENERATION AIRCRAFT

Innovation has been a cornerstone of the aerospace sector from the outset. Fuel consumption per passenger kilometer has been reduced five-fold since the emergence of commercial jet aircraft, chiefly through engine improvements. Civil aviation, which brings people together, is one of the world’s safest means of transport today. To tackle climate change, further improve safety performance and enable everyone to travel, disruptive innovations are being developed for forthcoming platforms. These include digital technologies, connectivity, autonomy, extended application of onboard electrical energy, hybrid and/or electric propulsion, distributed propulsion, new metal, composite and ceramic materials, artificial intelligence and sustainable fuels, such as biofuels and e-fuels, to replace fossil-derived aviation fuel. Such innovations are supporting the development of new aircraft architectures, new technologies, and new ways of manufacturing and maintaining aircraft in service. They also address the needs of new players and use cases, such as new urban mobility solutions. All of this work and these innovations are paving the way for the next generation of aircraft platforms, which will have to make a breakthrough in performance if the industry is to meet its commitment to carbon-neutral aviation in 2050.

5. STRONGER ROLE OF NATIONAL AUTHORITIES

Although air transport remains 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 interactions between certification authorities, delegated organizations and airframers were once again called into question. Changes in aviation safety requirements – and thereby in certification processes for our products – have been introduced, a fundamental challenge shared by all Safran companies. That aside, national authorities are playing a broader role in the aviation industry, in such areas as certification rules and standards, airline support programs and regulations encouraging industry decarbonization.

The entire air transport sector, including Safran, has accordingly committed - through the Air Transport Action Group (ATAG) – to achieving carbon neutrality by 2050. In recent years, the scientific community and aerospace companies, including Safran, have also stepped up their efforts to better understand and more accurately quantify non-CO2 effects, such as persistent contrails, and their potential impact on climate change.
Safran’s ambitions

Safran is well positioned to meet accelerating trends in the aerospace industry thanks to its global leadership positions, unique technology portfolio, operational excellence, accelerated investments in low-carbon aviation, strong employee engagement and solid financials.

MAIN ASSUMPTIONS FOR THE 2024 OUTLOOK
- LEAP engine deliveries: up by 20-25%.
- Civil aftermarket revenue (in USD): up by around 20%.

The main risk factor remains the supply chain production capabilities.

<table>
<thead>
<tr>
<th>REVENUE (in € billions)</th>
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<tbody>
<tr>
<td>2019</td>
</tr>
<tr>
<td>24.6</td>
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<table>
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<tr>
<th>RECURRING OPERATING INCOME (in € billions)</th>
</tr>
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<tbody>
<tr>
<td>2019</td>
</tr>
<tr>
<td>3.8</td>
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<table>
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<tr>
<th>FREE CASH FLOW (in € billions)</th>
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<tbody>
<tr>
<td>2019</td>
</tr>
<tr>
<td>2.0</td>
</tr>
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</table>

* In the context of the Covid-19 pandemic, an unprecedented crisis for the aerospace industry.

** Safran is present in all engine components and all segments of the propulsion market.
Decarbonize its products and operations

Safran’s climate change strategy is aligned with the aviation sector’s roadmap targeting net-zero emissions by 2050, as adopted by the International Civil Aviation Organization (ICAO) in 2022. With its strategic position in a wide range of aerosystems, including all of an aircraft’s energy systems, the Group is a core provider of technological solutions to decarbonize aviation.

AN AMBITIOUS COMMITMENT FOR THE AVIATION SECTOR

![Graph showing CO2 emissions from global civil aviation](image)

Civil aircraft in operation accounted for 2.5% of total CO2 emissions from human activities in 2019\(^1\), plus additional climate change impacts from emissions other than CO2\(^2\). Because of the significant expansion expected in air transport in the long term, the necessary transition to sustainable aviation is an absolute priority for Safran.

CLIMATE CHANGE: RISKS AND INNOVATION CHALLENGES

The transition to low-carbon aviation requires innovation to develop lighter, more efficient products, which open up new opportunities for Safran. Climate change poses two categories of risk for Safran’s businesses:

- Physical risks concerning the impact of weather and climate phenomena on the Group's operations; and
- transition risks resulting from the shift to a carbon-free economy and aviation industry.

(1) Data from the International Energy Agency (IAE), the International Council on Clean Transportation (ICCT), including global emissions relating to land-use changes.
(2) These effects concern NOx and particulate emissions in particular, as well as contrails.

GOVERNANCE ADAPTED TO CHALLENGES

In 2023, the Climate Department was transferred to the new Group Sustainable Development Department, represented on the Executive Committee, to increase its visibility and ensure that sustainability issues are addressed in the Group’s decisions. In addition, a Climate Steering Committee is chaired by the Chief Executive Officer and the Board of Directors has set up an Innovation, Technology & Climate Committee to review and issue recommendations concerning Executive Management’s proposed strategy.

SAFRAN’S CLIMATE STRATEGY

Safran intends to lead the way in the decarbonization of the aviation sector, through a climate strategy with two focuses:

- reducing emissions from operations, including upstream supplier operations; and
- reducing emissions from the use of its products.

USE OF SAFRAN PRODUCTS PREPONDERANT IN THE OVERALL CARBON FOOTPRINT (2023 data)\(^3\)

<table>
<thead>
<tr>
<th>Scope 1</th>
<th>Scope 2</th>
<th>Scope 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emissions from energy consumption</td>
<td>381 kt CO2eq.</td>
<td>273 kt CO2eq.</td>
</tr>
<tr>
<td>Emissions from product use</td>
<td>277 kt CO2eq.</td>
<td>112 kt CO2eq.</td>
</tr>
<tr>
<td>Business travel and employee commuting</td>
<td>39 kt CO2eq.</td>
<td>206 kt CO2eq.</td>
</tr>
</tbody>
</table>

Total CO2eq.: 667 kt CO2eq.

GREENHOUSE GAS EMISSIONS TARGETS

Scope 3 * 30% reduction by 2025 and 50.4% reduction by 2030 vs. 2018, in line with a 1.5°C scenario

Scope 3 ** 50% reduction by 2030 vs. 2018, in line with a 1.5°C scenario

Scope 1 & 2 * 30% reduction by 2025 and 50% reduction by 2030 vs. 2018

LOW-CARBON AVIATION BY 2035, TOWARDS NET-ZERO EMISSIONS BY 2050

In October 2022, all world governments, through the ICAO, took up the objective of net-zero carbon emissions by 2050 for the aviation industry. Ambitious and feasible, this commitment seeks to associate the industry in worldwide efforts to comply with the Paris Agreement and limit mean surface temperature warming to below 2°C, and preferably 1.5°C, by the end of the century. Global adoption of the objective will mobilize engagement across all public and private players, whose collective commitment is essential to the success of the sector's decarbonization endeavor.

DECARBONIZATION TARGETS ALIGNED WITH THE PARIS AGREEMENT

In January 2023, the Science-Based Targets initiative (SBTi) validated Safran’s greenhouse gas emissions reduction targets. Safran is one of the first aerospace companies in the world to obtain SBTi validation, certifying that its emission reduction targets are compatible with meeting the objectives of the Paris Agreement. Its greenhouse gas emissions reduction targets, validated by the SBTi, cover direct (Scope 1) and indirect (Scope 2) emissions from the energy consumption of the Group’s operations, as well as emissions related to the use of its products (Scope 3).

(3) Audited data. See sections 5.3.2, 5.3.3.1 and 5.3.3.4 of the Universal Registration Document.
DECARBONIZING ITS PRODUCTS

Safran has determined that its major priority is to reduce carbon emissions from the use of its products, i.e. its indirect Scope 3 emissions as defined in the GHG Protocol(1). This is why in 2023, the Group dedicated 88% of its self-funded research and technology spend to improving the environmental performance of its products.

INNOVATION FOCUSED ON DECARBONIZING AVIATION

1 PREPARE TECHNOLOGIES FOR THE DEVELOPMENT OF NEW ULTRA-FUEL EFFICIENT, CARBON NEUTRAL-COMPATIBLE AIRCRAFT BY 2035

As part of the transition to carbon neutrality, Safran is developing technologies that drive a clear reduction in energy consumption when its products are used. This is the aim of the Revolutionary Innovation for Sustainable Engines (RISE) technology development program, led by Safran and its partner GE Aerospace, which is preparing the next generation of engines for short- and medium-haul aircraft.

Safran’s objective is to achieve a breakthrough in efficiency by developing an engine that delivers a reduction of over 20% in fuel consumption compared with the LEAP engine, which is itself 15% more efficient than the CFM56, the previous generation engine. Future engines and equipment developed as part of the RISE program will also be fully SAF-compatible. Safran is also contributing to improving the efficiency of future aircraft through its activities in the fields of equipment, cabin interiors and seats. Several key areas for progress have been identified, such as reducing the weight of cabins by using new materials and improving the energy efficiency of non-propulsion equipment by gradually electrifying it.

2 ELECTRIC AND HYBRID PROPULSION: A SOLUTION FOR SHORT DISTANCES

The short- and medium-term outlook for developments in battery energy density means electric and hybrid propulsion will be limited to short-distance flights in low-capacity aircraft, training aircraft, small shuttles, regional aircraft (in the medium term), and new VTOL(1) or STOL(2) aircraft for urban or suburban transport. Hybrid propulsion for future aircraft and helicopters will contribute to meeting the high ambitious objectives on reducing fuel consumption. Safran’s expertise across the energy chain and close collaboration with innovative battery producers have made it the unrivalled leader in hybrid and all-electric architectures. In 2023, the Group delivered a number of advances in this area, in particular by contributing to the first flight of the hybrid EcoPulse demonstrator, which uses a distributed electric propulsion system. Safran has also established partnerships with producers such as Aura Aero, Archer, Voltaero and Electra in the field of electric propulsion. A major milestone has also been achieved with the European Aviation Safety Agency (EASA) Design Organization Approval (DOA) for its ENGINUS™ electric motor, an essential step towards engine certification.

3 ENABLE EXTENSIVE USE OF SUSTAINABLE AVIATION FUELS

As a supplier of engines and fuel system equipment, Safran is working on removing the technical obstacles to enable 100% incorporation of drop-in sustainable aviation fuels (SAF) with future engine generations, and to cross the 50% threshold on present-day engines. This primarily involves evaluating the behavior of certain fuel-aircraft; equipment and ensuring optimum combustion performance. Besides the aircraft themselves, sustainable fuel development (currently more expensive than kerosene) requires public policies to boost investment in the production processes. Safran actively supports the development of a fuel production value chain. In 2023, for example, Ineratec, the Group’s investee start-up in Germany, pursued its expansion with the groundbreaking of its production unit in Frankfurt. Safran is also working on hydrogen technologies for 2035 for short- and medium-haul and smaller aircraft, in particular by harnessing the expertise available within ArianeGroup. This approach, while more boldly cutting carbon emissions, poses major technical challenges and requires both upgrades to airport infrastructure and radical innovations in liquid hydrogen storage and the fuel circuit.

4 SOLAR POWER GENERATION FOR SAFRAN SITES

In late 2023, Safran commissioned the solar power plant at its site in La Murette, France. The plant is one of the largest self-supply PV arrays in a manufacturing facility in France. A total of 5.4 GWh a year will be self-supplied to the site, covering more than 25% of its needs.
Strengthen its role in sovereignty businesses

Sovereignty is fundamental to Safran’s corporate mission and business model.

**SOVEREIGNTY, AN INTEGRAL ELEMENT OF SAFRAN’S BUSINESS MODEL**

Safran’s sovereignty businesses contribute to the Group’s economic performance. They help to ensure long-term viability of the Group's technical and industrial skills, so that we can continue to prepare for the future in both military and civil markets. Safran’s sovereignty businesses are therefore developed with a view to enriching its dual technology pools. Beyond technological considerations, this duality also extends to skills, industrial resources and the supply chain. This model of duality between civilian and military activities, which is characteristic of the sector, is shared with most of the Group’s competitors, and is a key factor in competitiveness. Amid persistent tensions in the international landscape, several countries have increased their defense budgets, creating opportunities for players in the defense sector to offer sustained support through contributions to national defense and partnerships.

**FUTURE COMBAT AIR SYSTEM (FCAS)**

In late 2022, the French, German and Spanish governments awarded EUMET (a 50-50 joint venture created in 2021 between Safran Aircraft Engines and MTU Aero Engines), Dassault Aviation, Airbus Defense & Space and Indra the contract for Phase 1B technological and design work on the Future Combat Air System (FCAS). In particular, the contract, which runs through mid-2026, covers the Next Generation Fighter (NGF) engine, a core FCAS component being developed in cooperation with industrial partners MTU Aero Engines and ITP Aero, with Safran responsible for design, integration and the hot parts. In June 2023, Belgium announced that it would join the FCAS program with observer status.

**SAFRAN’S SOVEREIGNTY AREAS**

First and foremost, Safran helps to ensure France’s military and space sovereignty through developments in such areas as inertial navigation, optronics, plasma thrusters, drones, tactical and cruise missile propulsion systems, combatant systems, space surveillance and launch vehicles (through its 50% stake in ArianeGroup). Safran supplies many of the Rafale’s essential components, including engines, landing gears and brakes and electric, fuel, hydraulic and navigation systems. Safran is the prime contractor for the Palmarium multimission tactical drone, designed for homeland security and maritime surveillance missions.

Safran is a major industrial player in Europe, guaranteeing European independence in several key areas as a leading figure in major European programs, such as the A400M, the A380 MRTT, Ariane 6 and the Future Combat Air System (FCAS) engine. It is also involved in the engine for the European Next Generation Rotorcraft Technology (EN GRT) helicopter. Safran has been selected to supply the complete landing gear, wheels and brake system, and airborne optronic system for the medium altitude long endurance (MALE) Eurodrone and to develop the engine for the Franco-British (Future Cruise/Anti-Ship Weapon (FC/ASW)) project.

In helicopters, Safran supplies engines for a number of French and European platforms from Airbus (Tiger, H160 and NH90) to Leonardo, as well as flight control, navigation, detection and optronic surveillance systems, wiring and hydraulics. Safran participates in the European Commission’s defense initiatives, primarily through calls for projects by the European Defense Fund (EDF). Safran supplies sovereignty building blocks to non-European nations, meticulously selected in accordance with their compliance commitments and with approval from the national authorities. For example, Safran contributes to major systems on several Boeing platforms, such as F18 and V22 landing gear, F137 wheels and brakes, the P8 Poseidon engine (through the CFM joint venture) and Chinook electrical systems. It also supplies the landing gear system for the Bell V-280 Valor. Safran is also a long-standing partner of the Indian armed forces.

The Group is also a leader in high-performance space optics through its subsidiary Safran Reos. Safran produces the disruptive new plasma thruster technology for several European satellites, as well as the next generation of electric satellites for Boeing. Lastly, Safran leads the way in satellite detection and tracking systems through its subsidiary Safran Data Systems.

**FRENCH NUCLEAR DETERRENCE**

Through ArianeGroup, its 50-50 joint venture with Airbus, in particular, Safran contributes to France’s nuclear deterrent, with responsibility for the Strategic Ocean Force’s M51 submarine-launched ballistic missile program. The M51.3 variant, which will equip France’s SNLE nuclear-powered ballistic missile submarines, was successfully test-fried for the first time in November 2023. France’s strictly defensive strategy is aimed at deterring any aggressor from seeking to harm the country’s vital interests. Safran and ArianeGroup do not manufacture nuclear warheads for M51 missiles.

**Safran is a responsible player in a highly regulated defense industry.**

Safran complies with all the international treaties and instruments to which France is a party, with all other applicable international provisions, such as United Nations Security Council resolutions and European regulations, and with national laws and regulations. Safran has put disciplined procedures and checks in place to ensure the compliance of all the activities of its member companies.

**REGULATIONS/EXPORT CONTROL**

**SAFETY AND HEALTH**

Safran has put disciplined procedures and checks in place to ensure the safety and health of its employees.

**STRATEGIC FOCUS NO. 2**

**STRENGTHEN ITS ROLE IN SOVEREIGNTY BUSINESSES**

Sovereignty is fundamental to Safran’s corporate mission and business model.

**OVERVIEW**

Sovereignty is the capacity to guarantee the autonomy of a state’s decisions and actions, so as to ensure its internal and external security and independance. Beyond this geopolitical vision, it is also the ability to pioneer innovation and to guarantee security of supply, freedom of use and freedom to trade with strategic allies. It is therefore underpinned by advanced and resilient industrial capacity, that is mature and well managed, together with a strong base of innovative technologies that Safran is supporting through its defense and space activities. More broadly, for Safran, sovereignty also extends to security and continuity across all its businesses, from engineering and production to the supply chain and support services. As a result, for Safran, sovereignty activities are an important factor in its social responsibility commitment to protecting citizens.

**INDICATORS**

<table>
<thead>
<tr>
<th>Presentation</th>
<th>Strategy</th>
<th>Stakeholders</th>
<th>Corporate Governance</th>
<th>Indicators</th>
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<td>34</td>
<td>34</td>
<td>34</td>
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**DEFENSE REVENUE**

~€4bn

1% of Group revenue in 2023
Step up sustainable innovation

In a rapidly shifting landscape, Safran places a premium on mastering disruptive innovation and technological excellence to give its customers a decisive edge.

More than 15,000 inventions are covered by more than 51,500 industrial property titles. Safran has further demonstrated the effectiveness of its robust industrial property policy, which protects its product strategy with diligent application from the earliest upstream R&T phases and subsequent careful tracking of possible infringements.

THE NEXT GENERATION OF ULTRA-LOW ENERGY ENGINES

Through sustained self-financing efforts and backing via the French national plan to revitalize the aerospace industry under the CORAC (French Civil Aviation Research Council) program, and the France 2030 investment plan, Safran has maintained its R&T endeavors with the objective of accelerating towards “green, digital and connected aircraft.”

Safran is a leading driver of change in the industry – due to its position in many aircraft system segments, including propulsion and on-board energy systems – and has demonstrated its commitment by focusing more than 75% of its self-funded R&T expenses on decarbonizing air transport, its work chiefly concerns propulsion, electrification, lightweight equipment and sustainable fuels.

The CMF RISE technology program, for example, is developing an engine that is 20% more fuel-efficient than the LEAP and fully compatible with sustainable fuels or hydrogen. The combination of these two advances will enable an equipped aircraft to cut its carbon emissions by more than 80%.

CMF RISE PROGRAM

(launched in mid-2021 with our partner GE)

A breakthrough innovation for sustainable engines, targeting a 20% reduction (versus the LEAP engine) in CO2 emissions
• Development of ducted architecture
• Advanced materials
• 100% compatibility with sustainable fuels and hydrogen
• A new standard in propulsion efficiency
• Electric hybridization
• Mature technologies with proven reliability

ELECTRIFICATION

For the past two decades, Safran has been focusing its strategy on more electric aircraft, first in the area of non-propulsive energy (onboard power management and distribution), then more recently in propulsion power. Progress in technologies such as electric motors, power converters, generators, batteries and fuel cells paves the way to development of complete electric propulsion solutions, initially for small vehicles. Many new players have appeared on the electric aircraft market in recent years to prepare this type of solution in applications such as VTOL (Vertical Take-Off & Landing) and STOL (Short Take-Off & Landing).

Safran is a major participant in this emerging market, in particular through its Safran Electrical & Power subsidiary, which has developed technological building blocks and end-to-end solutions across the propulsion chain, from engines and generators to power distribution and network protection systems, harnesses and power converters. In late 2023, Safran successfully completed the first ground test campaign for its GEnx1™ 300 engine-generator, designated to hybridize new generation propulsion systems.

The tests confirmed that the GEnx1™ 300 is capable of delivering 300 kW of power with an efficiency of around 96%. For the certification of its ENGINeUS 100 range of 100-kW motors, Safran earned Design Organisation Approval (DOA) from the EASA in 2023, a major milestone for the engine’s upcoming certification.

These solutions are widely applicable to sovereignty applications, and also open the way to hybrid applications for turboshaft engines (helicopters) or next-generation turbofan engines on the CMF RISE program.
Strengthen operational excellence by leveraging digital technology

Safran aims to become its customers’ preferred supplier by offering world-class products and services.

ONE SAFRAN: A MANAGEMENT SYSTEM FOR OPTIMIZING ALL PROCESSES

Designed to support take-up of a common corporate management system, business processes and performance indicators across every Group company, the One Safran initiative is enabling the Group to deploy its operational excellence standards to help ensure consistent product quality and reliability.

Continuous improvement is being impelled by a number of cross-functional initiatives: participative innovation, which offers any employee the opportunity to share their ideas and become an agent of progress in improving the Group’s performance;
• Lean Sigma, with Green Belts, Black Belts and Master Black Belts driving the Group’s transformation through a structured and standardized approach to managing transformation projects;
• GRG©, initially developed across industrial and technical operations in all Group companies, and now also being phased in across support functions.

The digital transformation program covers six areas, all of which made major progress in 2023:

ENGINEERING 4.0 helps us significantly shorten time-to-market, and connect the complete design-industrialization-production-support chain throughout the product life cycle. It relies on the use of digital continuity tools, advanced simulation management and new collaborative and agile model-based engineering methods. It also addresses demand from customers, partners and suppliers for the co-design and supply chain optimization approaches needed to develop increasingly complex systems, integrated into the extended enterprise. Important advances in 2023 included the initial moves to SaaS solutions, the broadening of the approach to digital technology for ecosyndax, the implementation of the first data-driven simulation models and the use of generative artificial intelligence (GanAI) to support knowledge management.

MANUFACTURING 4.0 deploys digital continuity from engineering to each shopfloor workstation, while capturing manufacturing process data. Since 2022, the Diagnostics 4.0 assessment method has been deployed on 200 production lines by more than 230 trained employees. The assessments have enabled the identification of more than 450 use cases, known as Levers 4.0, of which almost 50% are now operational and helping to improve working conditions and operational performance in our component manufacturing and assembly plants. Examples include cobots performing assembly activities, artificial intelligence systems helping to control parts and connected IOT objects tracking and tracing parts as they move along the line. Deployment of the data lever was pursued over the year, supported by digital continuity, to track and manage any process variances.

SUPPLY CHAIN 4.0 The new Supply Chain 4.0 process was created in April 2023. During the year, Group companies prepared their roadmaps, for deployment starting in 2024. The stream also includes measures to improve logistical activities in our warehouses.

AFTERMARKET AND SERVICES 4.0 covers techniques for diagnosing and forecasting the condition of aircraft equipment and systems, which create considerable added value for our customers, both in operations (by increasing aircraft uptime and optimizing maintenance) and in fleet management support. Most of our experts are trained through informal training sessions on a daily basis, and a dedicated training program ensures that they are up to date with the latest technologies and methods.

EMPLOYEE EXPERIENCE 4.0 is supporting Safran’s digital transformation by making each employee a key agent in the process. It is designed to enable everyone to seize the opportunities offered in their job families and to develop the skills and capabilities they need to thrive in the new ecosystem. To this end, the stream provides (i) a digital, collaborative, secure work environment (Digital Workplace); (ii) continuously enriched and updated training and acculturation curricula to understand the impact of digital technology on our job families (Digital Academy); (iii) support in identifying new Data and Digital skills; and (iv) a new digital culture instilling appropriate managerial attitudes and practices (Attitudes 4.0).

DATA 4.0 helps the Group to manage and process a growing mass of data collected throughout the life of its products, such as simulation and test data, manufacturing data and data from products in service. Safran has implemented an ambitious GenAI plan built on three pillars: (i) extensive training in the new culture and skills acquisition; (ii) deployment of a robust technological base; and (iii) the identification and launch of products capable of creating value in every job family. Managing and processing the growing mass of data collected throughout the life of our products remains at the heart of our Data 4.0 strategy. Our expertise, as demonstrated by Safran Analytics and other units, enables us to better understand the behavior of our products in use and to optimize their availability, maintenance and service lives. With a first-rate team of data scientists, a dedicated data governance organization and the deployment of a digital factory, Safran is well positioned to continue innovating by capitalizing on opportunities offered by AI and more recently generative AI, which is being implemented via a fast-track adoption plan.

Deeply embedded in Safran’s history, the continuous improvement and ongoing innovation programs are constantly being aligned with the ever-evolving digital landscape.

Digital transformation as a performance driver
Safran’s Enterprise Risk Management and its monitoring

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

Safran’s ERM is rooted in a risk management culture that applies across all company processes. This culture is firmly embedded throughout the Group and widely shared by all teams, in all entities and at all levels of the organization. The ERM provides valuable insights for strategy development and has become one of the Group’s key performance drivers. Full details on the set-up can be found in chapter 4 of the Universal Registration Document.

Identification, appraisal, processing and control of major risks is updated every six months by the risk committees of tier-one entities, the central corporate departments, and ultimately the Group Risk Committee. The Risk and Insurance Department reports to the Chief Financial Officer. It comprises the Risk and Insurance Department director and Corporate Risk Managers, and is responsible for implementing the Group’s ERM. 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 consolidates the risk map and liaises constantly 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, including their subsidiaries, joint ventures and other investments. Each of Safran’s central corporate departments also prepares a map of the main risks in their scope. All these risk maps are then consolidated by the Risk and Insurance Department into a comprehensive map of the Group’s major risks and the associated action plans, thereby ensuring the overall consistency of risk assessments and the associated action plans together with the level of control exercised over the risks.

The Group International and Public Affairs Department and the Group Industrial, Purchasing and Performance Department coordinate their actions at Group level – assisted by operational input from tier-one entities – to manage these geopolitical and supply chain contingencies. The main risk scenarios to which Safran may be exposed have been realigned to focus on the strategic make or buy issues in locating its global supply chain and to address the risks of disruptions in the sourcing of sensitive materials and components, such as titanium and forged parts, energy and electronic components. The Group is tracking geostrategic events more closely, obtaining backing from French bilateral strategic partnerships, supporting subsidiaries in reducing their exposure to the most at-risk countries, realigning activities and geographic locations, tightening oversight of sales with mandatory end-user certificates and appropriately adjusting business continuity plans. A crisis management center has been maintained, at least for 2024, for the supply of sensitive electronic components in view of the continuing uncertainty concerning the complete coverage of the Group’s requirements. These measures are supplemented by Group contributions to funds supporting industry suppliers and subcontractors, as well as specific measures to build up inventories.

CLOSE-UP ON SUPPLY CHAIN CAPACITY RISKS

Safran’s suppliers and subcontractors may be affected by the fallout from various crises, such as the quality and safety crisis currently facing Boeing, the consequences of the Covid-19 pandemic, or Russia’s war in Ukraine that began on February 24, 2022. While a strong recovery is underway in all of the Group’s businesses, the geopolitical environment illustrates broader exposure of the Group’s internal and external global supply chain, particularly to the rise of economic sovereignty, which can lead to protectionist measures and competitive distortions, delays in aircraft orders and/or certifications, and restricted access to certain raw materials, electronic components or other scarce equipment. International sanctions relating to certain conflict situations can generate barriers to economic trade and business dealings, as is the case of Western sanctions against Russia due to the war with Ukraine, and Russian counter-sanctions in response, which could restrict Western manufacturers’ access to Russian titanium, for example.

The Group International and Public Affairs Department and the Group Industrial, Purchasing and Performance Department coordinate their actions at Group level – assisted by operational input from tier-one entities – to manage these geopolitical and supply chain contingencies. The main risk scenarios to which Safran may be exposed have been realigned to focus on the strategic make or buy issues in locating its global supply chain and to address the risks of disruptions in the sourcing of sensitive materials and components, such as titanium and forged parts, energy and electronic components. The Group is tracking geostrategic events more closely, obtaining backing from French bilateral strategic partnerships, supporting subsidiaries in reducing their exposure to the most at-risk countries, realigning activities and geographic locations, tightening oversight of sales with mandatory end-user certificates and appropriately adjusting business continuity plans. A crisis management center has been maintained, at least for 2024, for the supply of sensitive electronic components in view of the continuing uncertainty concerning the complete coverage of the Group’s requirements. These measures are supplemented by Group contributions to funds supporting industry suppliers and subcontractors, as well as specific measures to build up inventories.

MAIN RISKS

The risks identified by Safran as material are grouped into a limited number of three categories and ranked by their degree of criticality (in terms of probability of occurrence and potential impact).

RISKS RELATING TO THE GROUP’S OPERATIONS

- Aviation safety risks
- Program profitability risks
- Partners and investments risk
- Supplier and subcontractor risks
- Risk of dependence on government procurement contracts

RISKS RELATING TO THE ENVIRONMENT IN WHICH THE GROUP OPERATES

- Supply chain capacity difficulties
- Geopolitical polarization risks
- Competitive risks and cycle effects
- Climate transition risks
- Legal and regulatory risks
- Financial market risks

RISKS RELATING TO THE GROUP’S STRATEGIC DEVELOPMENT

- Risks relating to technological innovation and the decarbonization of aeronautics
- Risks relating to digitalization
- Human resources risks
Stakeholder engagement

44 Close attention to stakeholder expectations
46 Be an exemplary employer
48 Embody responsible industry
Close attention to stakeholder expectations

Safran takes its stakeholders’ expectations, particularly regarding exemplary governance, into account in constructing, deploying and improving its CSR strategy. Listening to stakeholders is key to ensuring sustainable growth and long-term value creation.

BUSINESS COMMUNITY
Customers (airframers, airlines, etc.)
Suppliers and subcontractors
Partners (industrial companies, research laboratories, etc.)

MAIN EXPECTATIONS
• Customers: safe, reliable, available, efficient and innovative products and services, plus CSR commitments made across all the Group’s businesses.
• Suppliers and subcontractors: relationships rooted in trust, shared long-term vision, and the fulfillment of reciprocal commitments, including CSR commitments.
• Partners: pursuit of continuous innovation and protection of their intellectual property.

PUBLIC PARTNERS
Government bodies and local authorities, European and international bodies and certification authorities

MAIN EXPECTATIONS
• Ethical business conduct, social commitments both within and outside the Company.
• Safe products that comply with standards.
• Contribution to implementation of the European Green Pact in the aviation sector, and to the carbon neutrality goal of the International Civil Aviation Organization (ICAO), through the development of innovative technologies.

EMPLOYEES AND EMPLOYEE REPRESENTATIVES

MAIN EXPECTATIONS
• Rewarding career paths, with regular skills development.
• Consideration given to the impact of rising inflation on employees’ living conditions.
• Strong focus on quality of life at work, including working conditions, health and safety.
• Strong commitment to decarbonizing the aviation sector.
• Compliance with national and international labor conventions.

CIVIL SOCIETY
Academia, local community, associations and non-governmental organizations (NGOs)

MAIN EXPECTATIONS
• Training for young people and exchanges between academic and business worlds to promote aerospace industry professions.
• Interactions between companies and academia on the energy transition.
• Consideration of environmental, social and societal challenges in the Group’s strategy and throughout the value chain.

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

MAIN EXPECTATIONS
• Attractive shareholder value creation.
• Transparency in the management of the Company, compliance with our financial and non-financial commitments, the long-term strategy and its implementation, and consideration of CSR criteria.
Be an exemplary employer

Safran employees are key to the successful transformation of the company and in particular digital transformation and the decarbonization of the aviation sector. To support them in this transition, the Group places huge importance on developing their skills, while upholding its fundamentals as a responsible employer, including a strong culture of inclusion, a wide array of diversity initiatives and particular care for employee health and safety.

ENCOURAGING THE INCLUSION OF ALL FORMS OF DIVERSITY TO SUPPORT BETTER INNOVATION

Aware that diversity and inclusion are powerful drivers of creativity, innovation and collective performance, Safran is committed to its policy to promote equal opportunity and combat all forms of discrimination. Safran has been a signatory to the Diversity Charter since 2010, and takes a proactive approach to ensuring that its principles are applied at all its sites. A Diversity and Inclusion roadmap, based on the findings of the 2022 inclusion survey and approved by the Group Executive Committee that year, is now being actively deployed. It is designed to instill and develop a culture of inclusion through action in four key areas: gender balance, equal opportunity, multicultural workforce and employment of people with disabilities.

To encourage gender equality in the workplace, the Group has launched a wide array of initiatives to support women’s career development and upskilling, while helping to change mindsets. To address quality of worklife and work-life balance issues, a parenthood in the workplace agreement is now in place, while a number of awareness-raising sessions were offered during the year on unconscious bias and everyday sexism. While this cultural change will take time, Safran’s score on the gender equality index in France is already improving, to 91/100 in 2023 from 88/100 in 2020.

Safran runs a proactive policy on the inclusion of people with disabilities, covering five objectives: keeping employees with disabilities on the payroll, hiring people with disabilities, working with shelters, and optional profit-sharing. €600 million was recognized for statutory and one-off operations such as the Safran Sharing 2020 plan. The PEG and PERCOL investment employee savings plan (PEG) and the collective retirement savings plan (PERCOL) in France, and one-off operations such as the Safran Sharing 2020 plan. The PEG and PERCOL investment vehicles were reviewed in 2022 to benefit from a socially responsible investment (SRI) label as from January 1, 2023, with the exception of funds invested in Company securities. In 2023, €600 million was recognized for statutory and optional profit-sharing.

STAKEHOLDERS

SAFRAN II SAFRAN

37% women among new hires

19.5% women among senior executives

29% of Group employees are women

A RECOGNIZED EMPLOYER BRAND

Safran has a recognized employer brand, ranking first in the aerospace sector among TIME magazine’s World’s Best Employers in 2023, fourth in Forbes’ ranking of the World’s Best Employers in the aerospace and defense sector in 2022, and the fifth most attractive employer among engineering students in the 2023 Universum survey and the fifth favorite employer in Capital magazine’s ranking in the Aeronautics, Rail and Naval category in 2023. For the fourth year running, the Group was awarded the “most welcoming companies” label by Engagement Jeunes in 2023, thanks to very positive ratings by young recruits in Group companies in France. To help attract the best talent, Safran promotes its employer brand on social media and recruitment websites, and through various specific events. With the support of 260 employee ambassadors, the Group forge long-term partnerships to strengthen ties with schools and universities running courses in aerospace-related subjects. In 2023, more than 25% of graduate positions in Europe were filled by young people who had completed an internship, a work-study program, academic research or an international corporate volunteer program within the Group.

A LEVER FOR IMPROVING OPERATIONAL PERFORMANCE

Preserving employee health, safety and quality of worklife is a priority for Safran. The health, safety and environment (HSE) policy, updated and signed by the Chief Executive Officer in 2021, contributes to making Safran a sustainable leader in its sector. It involves everyone in the Group from company CEOs and senior executives to managers and employees. Appraisals of senior executives, especially in industrial areas such as production, support and services, include a health, safety and environment objective. In 2023, Safran surveyed employee perceptions of the health and safety culture, with 45,000 employees responding. In addition, more than 100 group interviews were conducted to enhance the findings, which will be used to strengthen preventive actions and the health and safety culture.

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Embody responsible industry

**Serving Our Customers**

**Voice of the Customer, a Safran Priority**

Customer confidence and satisfaction is dependent on the Group meeting its commitments to quality-cost-delivery and the safety of its products and services. It also calls for Safran to have a deep understanding of and pay close attention to its customers’ businesses, so that products and services can be matched to their latest expectations and needs. Performance quality for services is founded on constantly listening to and anticipating customer needs. Maintenance centers have been located to ensure maximum proximity to customers, and the Group has also developed remote maintenance solutions for immediate and appropriate troubleshooting and action.

To ensure its competitiveness in the aviation maintenance market, Safran must develop tailored commercial offerings.

Safran Landing Systems, for example, has launched Landing Life™, which brings together support and services for landing gear and wheels and brakes, and Safran Electrical & Power is expanding its range of electrical equipment services with ePower Life™, a brand covering all services in wiring, generators, distribution equipment and electric engines.

In the civil engine segment, Safran has initiated a plan to increase its global capacity to seamlessly manage the flow of CFM engine shop visits and parts repair activities. It involves both the creation of new facilities, such as the new maintenance center now being built in Hyderabad (India), and the extension or consolidation of existing production capacity in Europe, the Americas and Asia.

**New Providers of LEAP Engine Maintenance, Repair and Overhaul (MRO) Services**

CFM has developed an open MRO network, capable of meeting the needs of the fast-growing LEAP engine fleet, and offering customers a competitive ecosystem to hold down total cost of engine ownership. CFM has deployed a licensing system built primarily on CFM-Branded Services Agreements (CBSAs) signed with certain market-respected MRO service providers, selected mainly on the basis of their technical skills, business performance and other objective criteria. CBSA licensees benefit from CFM’s high-quality support and training, as well as access to certain maintenance and repair technologies, enabling them to offer operators end-to-end MRO solutions. Some of these CBSA licensees, such as Air France-KLM, Lufthansa Technik and Delta TechOps, are backed by airlines, which have purchased and operate LEAP engines. CBSA has also been extended to other aerospace manufacturers, such as Standard Aero and ST Engineering, who joined the CFM network in 2023.

**Supply Chain Performance: A Responsible Relationship with Suppliers and Subcontractors**

Through its responsible purchasing policy, Safran seeks to work with suppliers that guarantee high performance, reliability and strict compliance with all applicable national and international regulations. Suppliers are required to comply with international trade regulations and with all applicable requirements on environmental protection, personal health and safety, ethics and labor relations. To encourage as many employees as possible to embrace best practices, since 2020, Safran has supported the charter of commitments on customer-supplier relationships in the French aerospace industry. In 2020, the Group renewed its Sustainable Procurement and Supplier Relations Label.

Deeply interwoven into the industrial fabric of the French aerospace industry, Safran contributes to the financing of locally based small and mid-sized companies, from which it sourced nearly 86% of its procurement in 2023.

Safran is attentive to supply chain capacities for managing the production ramp-up, and has set up a risk management system accordingly.
In line with its belief that responsible business management helps to improve the Group’s competitiveness and attractiveness, Safran ensures that its activities are conducted with honesty, integrity and professionalism consistent with the highest international standards of business ethics, as promoted by the International Forum of Business Ethical Conduct (IFBEC), which includes the world’s major international aerospace and defense companies.

Safran’s policy for the prevention and detection of corruption risks is based on the principle of “zero tolerance” for any corrupt practice. The Board of Directors, its Chairman, the Chief Executive Officer and the members of the Executive Committee subscribe unconditionally to this principle, for themselves and on behalf of their employees. Safran has devised a robust program to foster exemplary behavior by all employees. A new training program for senior executives and exposed persons was developed in 2022 and a new e-learning was launched, with modules specific to different business areas.

In 2023, several Group companies earned ISO 37001 certification, which recognizes the quality of their anticorruption management systems. The French strategic intelligence agency ADIT renewed its certification for Safran Nacelles’ anticorruption program, attesting to its robustness. The program’s demands are aligned with the most rigorous international standards, including the US Foreign Corrupt Practices Act, the UK Bribery Act, the OECD Convention, the French Sapin II legislation, the tenth principle of the United Nations Global Compact, and ISO 37001 standards.

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85% of senior executives and exposed and affected people trained in anticorruption(1)

A Group-wide project to advance in ecodesign

To improve the environmental performance of its products, in 2015 Safran developed an ecodesign process based on two fundamentals: an internal ecodesign standard, which ensures compliance with the requirements of ISO 14001, and the Technology Readiness Level (TRL) standard, which includes requirements and methods for ensuring that eco-design is incorporated as the technology matures. To take this process to the next level, in 2023 the Group rolled out a plan to transform its ecodesign activities, by creating a dedicated governance structure and network, supporting employee upskilling and developing shared methods and tools.

A circular economy approach

In 2023, Safran created a Circular Economy Department to address the challenges of reducing the consumption of non-renewable natural resources. Safran’s circular economy approach is structured around the three phases of the life cycle of manufactured products: before use, during use and after use. It is supported by the eco-design approach and the establishment of an innovation roadmap for sustainability and recyclability by the R&T teams. In 2023, an initial project focused on titanium was launched.

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Safran actively engages with local communities in every host region, supporting a wide range of association-run and other initiatives. This corporate citizenship commitment is expressed through the two corporate foundations (the Safran Foundation for Integration and the Safran Foundation for Music), corporate philanthropy and volunteer skills-sharing programs, and local actions led by sites and employees. These initiatives comprise all forms of material, human and financial assistance undertaken directly by Safran or by employees in partnership with non-profits or local authorities. Their overall goal is to encourage sites to strengthen their positive impact on their host communities. In 2023, more than 600 initiatives were under way, primarily to address social, health and environmental issues.

In all, Safran’s philanthropic activities through its foundations contributed nearly £1 million in financial support to associations in 2023. In September 2023, £1 million was also given to support the Moroccan people affected by an earthquake.

(1) Purchasing, HR, Sales, Legal, Finance, Audit & Internal Control, Compliance & Business Ethics, Risks and Communications Departments.
Corporate governance

54 A Board of Directors incorporating best governance standards into its activities
55 An experienced Board of Directors taking up the Group’s strategic challenges
58 An Executive Committee implementing the Group’s strategy and managing its operations
60 A compensation policy supporting short- and long-term value creation
62 Key performance indicators

1. Gears
2. Assembling the Ariel 2D engine
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 business associations, AFEP and MEDEF. Safran’s Board of Directors determines its strategy and oversees its implementation.

SEgregation of Duties Between the Chairman of the Board and the Chief Executive Officer

Since 2019, the Board has chosen to separate the roles of Chairman of the Board and Chief Executive Officer. The complementary profiles, expertise and careers of the Chairman of the Board of Directors, Ross McInnes, and the Chief Executive Officer, Olivier Andriès, constitute a major factor in ensuring smooth governance, based on transparency between Executive Management and the Board, and a balanced, measured split between the roles of Chairman and Chief Executive Officer.

Lead Independent Director

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

Director Responsible for Monitoring Climate Issues

Fully aware of the strategic importance of climate issues for the aerospace industry, in early 2021 the Board of Directors appointed Patrick Pelata as Director responsible for monitoring climate issues, and defined his roles and responsibilities. Patrick Pelata also chairs the Innovation, Technology & Climate Committee whose roles and responsibilities in relation to climate issues have been formally defined.

Independent Directors

The aim of having independent Directors on the Board is to provide all shareholders with the assurance that the collegiate body of the Board comprises members who have total independence to analyze, judge, take decisions and act, always in the Company’s interests. Highly engaged and involved in the Board’s work, their freedom of judgment and expression contributes to the quality of the Board’s discussions and decisions. Their professional and personal experience provides an external view that is beneficial for the Group. Together, the eight independent members account for 66.7%(1) of the Board.

Assessment of the Board’s Operating Procedures

In late 2023, the Board carried out its annual assessment of its operating procedures, based on a comprehensive questionnaire and individual interviews conducted by Monique Cohen, Lead Independent Director and Chair of the Appointments and Compensation Committee, with the support of Ross McInnes, Chairman of the Board. It expressed positive observations on its functioning and membership structure, as well as on the organisation of its work and meetings. The assessment was presented to the Appointments and Compensation Committee and then discussed by the Board, which offered a variety of comments and new suggestions.

An Experienced Board of Directors Taking up the Group’s Strategic Challenges

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

The Board of Directors has a wide range of experience, making it well-equipped to deal with strategic 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, expertise and career experience, particularly outside France, and gender balance. Together with the Appointments and Compensation Committee, the Board regularly reviews the list of criteria (behavioral skills, experience, expertise and other criteria) considered useful and necessary for determining the profiles sought in the selection of Directors and enabling the implementation of its diversity policy.

Ownership Structure at December 31, 2023

Audit and Risk Committee
Appointments and Compensation Committee
Innovation, Technology & Climate Committee
Scientific Council
Compliance, Ethics and Anti-Fraud Committee
Climate Challenge Steering Committee

Committees Addressing the Group’s Strategic Challenges

(2023 key figures)

A Board membership structure that is consistent with Safran share ownership

The Board of Directors at December 31, 2023 (Number of Directors)

Chief Executive Officer
Link to the French State
Employees and employee shareholders

Ownership Structure at December 31, 2023

- 11.2% French State
- 6.3% Employees
- 3.2% Treasury shares
- 79.4% Free float

Number of shares 427,260,541

Experience and specific positions exercised by Directors in different sectors and activities

Number of Directors

Aerospace industry 11
Other industries and business sectors 16
Innovation, R&D, development and engineering 13
International career and experience 11
Strategy, competition and M&A 12
Finance and management control 10
Digital – New technologies 5
Governance and compensation 10
HR – Sustainability – CSR 12
Climate 9

COMMITTEEs ADDRESSing THE GROUP’S STRATEGIC CHALLENGES

- Audit and Risk Committee
  5 meetings
  6 members
  80% (4 out of 5) independent

- Appointments and Compensation Committee
  3 meetings
  6 members
  80% (4 out of 5) independent

- Innovation, Technology & Climate Committee
  3 meetings
  6 members
  94% attendance
  80% (4 out of 5) independent

(1) Excluding Directors representing employee shareholders and Directors representing employees, in accordance with the AFEP-MEDEF Code.

(2) Excluding Directors representing employee shareholders and Directors representing employees, in accordance with the AFEP-MEDEF Code.
Appointment and re-appointment proposals
The Board will propose the following to the 2024 Annual General Meeting:

- the re-appointment of Patricia Bellinger for a new four-year term as independent director. Assuming she is re-elected by shareholders, the Board has already decided to re-appoint her as member of the Appointments and Compensation Committee;
- the appointment of Pascale Dosda for a four-year term as director representing employee shareholders, replacing Marc Aubry whose term of office is expiring;
- the re-appointment of Anne Aubert for a new four-year term as director representing employee shareholders.

As of the end of the Annual General Meeting of May 23, 2024, subject to shareholder approval of the resolutions put to the vote, the Board of Directors will have 16 members, as follows:
- 66.7%* of Directors will qualify as independent;
- 41.7%* of Directors will be women.

Board of Directors
(key figures at December 31, 2023)
16 Directors
66.7% (8 out of 12) Independent Directors(1)
10 meetings
98% attendance

CLIMATE ISSUES ADDRESSED BY APPROPRIATE GOVERNANCE
In view of the challenges that climate change raises for Safran, the Group reinforced its governance on the issue in 2021, with the Innovation, Technology & Climate Committee now responsible for overseeing the climate change strategy and action plan. The Chairman of the Committee has been appointed as Director responsible for monitoring climate issues. Safran’s climate strategy and action plan are presented each year at the Annual General Meeting. Since early 2021, the deployment of the Group’s climate strategy has been led by a dedicated Climate Department, which is now integrated into the new Group Sustainable Development Department created in 2023. Climate strategy roadmaps are defined by a Climate Challenge Steering Committee, chaired by the Chief Executive Officer. Progress on the action plan is reviewed quarterly by the Group Executive Committee.

(1) Excluding Directors representing employees and Directors representing employee shareholders.
(2) In accordance with the AEP-HDIE 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 the Group’s strategy and managing its operations

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

- The Executive Committee ensures that Safran’s strategy is implemented consistently across all Group entities. It also monitors its operational performance and facilitates interaction with the various Group companies.
- The Executive Committee comprises the Chief Executive Officer, the heads of cross-business functions, and the heads of the Group’s main operating companies (tier-one entities). This membership structure provides for balanced representation of the Group’s businesses and cross-cutting 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.

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, the scientific council and the Climate Challenge Steering Committee.

COMPLIANCE, ETHICS AND ANTI-FRAUD COMMITTEE

The Compliance, Ethics and Anti-Fraud Committee is tasked with supervising employee respect for the general framework governing compliance with the rules laid out in Safran’s Ethical Guidelines and any changes in the system deployed by the Group. It is chaired by the Group’s Corporate Secretary, but all of the Group’s departments are responsible for ensuring that their teams respect the compliance criteria. Its other permanent members are the Chief Financial Officer, the EVP International and Public Affairs, the Group Ethics and Compliance Officer, the Group Chief Security Officer, the Head of Audit and Internal Control, the EVP Production, Purchasing and Performance, the EVP Chief Digital and Chief Information Officer and the Head of Group Internal Control.

SCIENTIFIC COUNCIL

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

CLIMATE CHALLENGE STEERING COMMITTEE

Chaired by the Chief Executive Officer, the Climate Challenge Steering Committee brings together several members of the Executive Committee, the tier-one entity CEOs and all the corporate departments involved in climate action (research & technology, climate & environment, strategy, public affairs, finance, investor relations, operations, corporate social responsibility and communications) to define Safran’s vision and, in particular, to endorse objectives and roadmaps for each type of carbon emissions.

Executive Committee members

19 MEMBERS

Cross-business functions

Company CEOs

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A compensation policy supporting short- and long-term value creation

CORPORATE OFFICER COMPENSATION POLICIES

In the interests of Safran and its stakeholders, the compensation policies 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 any variable compensation.

CLIMATE ISSUES INCLUDED IN COMPENSATION POLICIES

Making the climate challenge a priority for senior executives is also fostered by including climate objectives in compensation policies.

Annual variable compensation for the Chief Executive Officer’s annual variable compensation is contingent on achieving economic (ROI, FCF and WC) and individual, financial and non-financial, quantitative and qualitative performance objectives, consistent with the Group’s overall business.

Specific targets on CSR/climate issues for 2024 are as follows:
- CSR & human capital (qualitative and quantitative):
  • Safety: Frequency rate of lost-time accidents maintained at the same level, amid the ramp-up in business
  • Human resources/diversity and gender equality: Objectives related to increasing the number of women senior executives and developing talent in the industrial sector
- Circular economy:
  • Increase the recycling of titanium, with the target of returning 30% of potential titanium shavings to our suppliers
- Other objectives:
  • Improve climate performance

2024 COMPENSATION POLICY FOR THE CHIEF EXECUTIVE OFFICER

The compensation policy for the Chief Executive Officer proposed by the Board for 2024 comprises the same compensation components as in 2023.

FIXED COMPENSATION

The Chief Executive Officer’s annual fixed compensation takes into account the responsibilities required for this type of corporate office, as well as the individual qualities of the holder of the position and the benchmark surveys carried out by the Company.

ANNUAL VARIABLE COMPENSATION

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

Specific targets on CSR/climate issues for 2024 are as follows:
- CSR & human capital (qualitative and quantitative):
  • Safety: Frequency rate of lost-time accidents maintained at the same level, amid the ramp-up in business
  • Human resources/diversity and gender equality: Objectives related to increasing the number of women senior executives and developing talent in the industrial sector
- Circular economy:
  • Increase the recycling of titanium, with the target of returning 30% of potential titanium shavings to our suppliers
- Other objectives:
  • Improve climate performance

CHIEF EXECUTIVE OFFICER’S VARIABLE COMPENSATION(1)(2) (2024)

- 50% in performance shares
- 35% in performance shares (potential)
- 15% in cash

Reference on principle: the Group’s medium-term plan.

(1) TSR: Total Shareholder Return, corresponding to dividends plus the change in the share price.
(2) Gold Standard, Efficient, achieving the Energy Management System.
Key performance indicators

KEY NON-FINANCIAL PERFORMANCE INDICATORS

<table>
<thead>
<tr>
<th>Indicators</th>
<th>2022</th>
<th>2023</th>
<th>2025 OBJECTIVE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DECARBONIZE AERONAUTICS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scope 3 (product use): self-funded R&amp;T investment focused on environmental efficiency; Choose technologies (engines and equipment) contributing to ultra-efficient aircraft for 2035, targeting carbon neutrality for 2050, with 100% sustainable fuels</td>
<td>8%</td>
<td>8%</td>
<td>75% in 2025</td>
</tr>
<tr>
<td>Scope 3 emissions (product use) (in g CO₂ per seat-km)</td>
<td>4.5</td>
<td>4.3</td>
<td>-32% by 2025 (vs. 2018); -42.5% by 2035 (vs. 2018); i.e., an average of 2.5% per year</td>
</tr>
<tr>
<td>Scope 1 and 2 emissions, market-based method (CO₂)</td>
<td>405,664‡‡‡</td>
<td>380,973</td>
<td>-30% by 2025 (vs. 2019); -50% by 2030 (vs. 2018)</td>
</tr>
</tbody>
</table>

‡‡‡ Scope 3 emissions (product use): 5.9 g CO₂/seat-kilometer in 2018.
‡‡‡ 2022 emissions figures, which included estimated data for fourth-quarter 2022, were revised in 2023 to reflect the actual data.

** BE AN EXEMPLARY EMPLOYER **

<table>
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</thead>
<tbody>
<tr>
<td>Number of training hours per employee per year (excluding employees on long-term absence)</td>
<td>26</td>
<td>21</td>
<td>26</td>
</tr>
<tr>
<td>Frequency of lost-time work-related accidents (number of accidents per million hours worked)</td>
<td>2.1</td>
<td>2.1</td>
<td>2</td>
</tr>
<tr>
<td>Proportion of employees worldwide benefiting from a minimum level of health cover (medical, optical and dental)</td>
<td>77%</td>
<td>77%</td>
<td>100%</td>
</tr>
<tr>
<td>% of women among senior executives*</td>
<td>17%</td>
<td>19.5%</td>
<td>22%</td>
</tr>
</tbody>
</table>

* Members of the Executive Committee and employees are classified into four categories ("bands") based on their level of responsibility. Responsibilities increase from category 4 to category 1. This classification is linked to the Willis Towers Watson Global Grading System (GGS) method.

** EMBODY RESPONSIBLE INDUSTRY **

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<tbody>
<tr>
<td>Proportion of senior executives and exposed and affected people trained in anticorruption†</td>
<td>77%**</td>
<td>85%</td>
<td>100%</td>
</tr>
<tr>
<td>Proportion of purchases made from suppliers that have signed Safran’s responsible purchasing guidelines or that have equivalent guidelines of their own</td>
<td>59.3%</td>
<td>72%</td>
<td>80%</td>
</tr>
<tr>
<td>Proportion of facilities classified as “Gold” based on Safran’s HSE standards</td>
<td>4%</td>
<td>47%</td>
<td>100%</td>
</tr>
<tr>
<td>Waste recovery ratio</td>
<td>69.2%</td>
<td>71%</td>
<td>&gt; 2019 ratio (68.3%)</td>
</tr>
</tbody>
</table>

† Purchasing: HR, Sales, Legal, Finance, Audit & Internal Control, Compliance & Business Ethics, Risks and Communications Department.
‡ In the compliance training policy was reviewed in 2022, with a new structure and a larger pool of people to be trained (increase of more than 35%, from more than 4,000 to more than 6,500 people).

** AFFIRM OUR COMMITMENT TO CITIZENSHIP **

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<tr>
<td>Number of new PhD students</td>
<td>80</td>
<td>73</td>
<td>&gt; 63</td>
</tr>
<tr>
<td>Percentage of facilities with more than 50 employees carrying out at least one community initiative</td>
<td>76%</td>
<td>76%</td>
<td>100%</td>
</tr>
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** KEY NON-FINANCIAL PERFORMANCE INDICATORS **

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<tr>
<td>Organic growth in revenue</td>
<td>+15.8%</td>
<td>+23.6%</td>
<td>Revenue: around €23.4 billion</td>
</tr>
<tr>
<td>Recurring operating margin</td>
<td>12.6%</td>
<td>13.6%</td>
<td>Recurring operating income: close to €4.0 billion</td>
</tr>
<tr>
<td>ROE to FCF conversion</td>
<td>11%</td>
<td>9.3%</td>
<td>Free cash flow: around €3.0 billion</td>
</tr>
<tr>
<td>Dividends Duvet ratio</td>
<td>€1.35/share</td>
<td>€2.20/share</td>
<td>40%**</td>
</tr>
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</table>

* Of adjusted net profit (excluding the contribution from the French government in the form of short-time working, the contribution of employees in 2022 (abstention), and the impairment of Aircraft Interiors goodwill).
‡ Of adjusted net income excluding the goodwill depreciation for Cabin and Seats.

** KEY GOVERNANCE INDICATORS **

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<tr>
<td>Average attendance rate at Board meetings</td>
<td>94%</td>
<td>98%</td>
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<tr>
<td>% of Chief Executive Officer compensation subject to performance conditions</td>
<td>approx. 70%</td>
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</tr>
<tr>
<td>% of independent Directors on the Board of Directors after the Y+1 AGM</td>
<td>66.7%</td>
<td>66.7%*</td>
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<td>% of women on the Board of Directors after the Y+1 AGM</td>
<td>41.7%</td>
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* Assuming adoption of the resolutions at the Annual General Meeting of May 23, 2024.

** NON-FINANCIAL RATINGS: A RECOGNIZED CSR PERFORMANCE **

** LONG-TERM CREDIT RATING: STRONG BALANCE SHEET **

A+ with stable outlook (S&P)

** MOODY’S ANALYTICS **

Rating from "CCC" to "A/AA" ("A/AA" being the highest).

Safran Peer comparison

A Leadership level

In the top 2% of the more than 23,000 respondents

February 2024

** SUSTAINABILITY ANALYTICS **

Ratings from 0 (lowest) to 100 (highest).

Safran Peer comparison

23.9 Medium risk

3rd out of 99 companies in the A&D sector

February 2024

** MSCI **

Rating evaluating ESG risk level, with the lowest rating corresponding to the best non-financial performance.

Safran Peer comparison

A In the top 60% of 37 companies in the A&D sector

October 2023

** CDP **

Understanding of environmental challenges for the company.

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OTHER PUBLICATIONS

CAPITAL MARKETS DAY 2021
www.safran-group.com, Finance section
Presentation of the Group’s strategy and mid- and long-term financial objectives. Safran will host a Capital Markets Day event on December 5, 2024.

WEBSITE
www.safran-group.com,
Group section Presentation of the Group’s profile, its roles and its governance.
Finance section
(Share price, Publications and results, Regulated information, Analysts and investors, Individual shareholders, Annual General Meeting). Presentation of financial and non-financial information.

SECTION(S) OF THE 2023 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.

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• Email: investor.relation@safrangroup.com

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• Toll-free if called from a landline phone in mainland France.
• Email: actionnaire.individuel@safrangroup.com

SAFRAN
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75724 Paris Cedex 15
France

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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