

INFORMATION REGARDING THE ANNUAL VARIABLE COMPENSATION TO BE AWARDED FOR 2020 TO SAFRAN'S FORMER CHIEF EXECUTIVE OFFICER, PHILIPPE PETITCOLIN

As previously announced¹, on February 24, 2021 the Board of Directors set the amount of the annual variable compensation to be awarded for 2020 to Safran's former Chief Executive Officer, Philippe Petitcolin, based on the terms and conditions of the compensation policy approved by the shareholders at the 2020 Annual General Meeting.

Based on the achievement levels of the applicable financial and individual objectives, the amount of Philippe Petitcolin's annual variable compensation for 2020 totals €309,333, representing 38.7% of his annual fixed remuneration. Its payment will be subject to shareholders' approval at the 2021 Annual General Meeting.

This amount reflects:

- An overall achievement rate of 9% for the portion related to the Group's financial performance (accounting for two-thirds of the variable compensation), for which the objectives related to:
 - recurring operating income (ROI) (60% weighting): 0% achievement;
 - free cash flow (FCF) (30% weighting): 0% achievement;
 - working capital, comprising the following components:
 - operating assets (Inventories) (5% weighting): 110% achievement, and
 - unpaid receivables (5% weighting): 71% achievement.
- An overall achievement rate of 98% for the portion related to individual quantitative and qualitative performance objectives (accounting for one-third of the variable compensation).

The table below summarizes the main rules applicable to the former Chief Executive Officer's variable compensation for 2020 as well as the underlying performance objectives and their respective weightings:

2020 annual variable compensation for the former Chief Executive Officer – Philippe Petitcolin – Results

(payment subject to shareholders' approval at the 2021 Annual General Meeting):

The compensation policy applicable to the former Chief Executive Officer provided that his "target" variable compensation – i.e., the amount payable if the achievement rate was 100% for all of the financial and individual performance objectives – would correspond to 100% of his annual fixed compensation (the "Target").

If the former Chief Executive Officer outperformed his objectives, his "maximum" variable compensation (the "Cap") – i.e., the amount payable if the achievement rate was 130% for all of the financial and individual performance objectives – would represent a maximum of 150% of his annual fixed compensation.

- Target amount: €800,000, i.e., 100% of his fixed compensation if the achievement rate for all of the objectives was 100%
- Maximum amount: €1,200,000, i.e., 150% of his fixed compensation if the achievement rate for all of the objectives was 130%

¹ See the information published on the Company's website on December 21, 2020: <https://www.safran-group.com/group/governance/corporate-officers-compensation-and-benefits/corporate-officers-compensation-and-benefits>

Objectives		Weighting	Achievement rate*	Comments**
Financial performance objectives (quantitative financial objectives)		Accounting for 2/3 of the former CEO's annual variable compensation (67%)		
1	Recurring operating income (ROI)	60%	0%	The recurring operating income and free cash flow objectives were not met because the reference budget used for measuring the achievement rates for the financial performance objectives was the budget approved before the sudden outbreak of the Covid crisis and its impact on the aerospace sector. The metrics of the former Chief Executive Officer's annual variable compensation policy were not adjusted as this represented his contribution to the wage restraint efforts that the Group asked of its employees in view of the current crisis.
2	Free cash flow (FCF)	30%	0%	
3	Working capital, comprising the following components:	10%		
	- Operating assets (Inventories)	5%	5.5%	
	- Unpaid receivables (late customer payments)	5%	3.5%	
Sub-total (base: 100%)		100%	9%	(Potential range: 0% to 130%)
Amount (in €)			€48,000	Representing 9% of 2/3 of the former CEO's reference fixed compensation of €800,000
Individual objectives (qualitative and quantitative individual performance objectives)**		Accounting for 1/3 of the former CEO's annual variable compensation (33%)		
1	Overcome and manage the Covid-19 crisis (quantitative and qualitative)	20%	26%	Outperformed – Within an operating context of businesses being heavily affected by the crisis, pro-actively and swiftly put in place priority action plans and the necessary large-scale adaptation measures, demonstrating the Group's agility and resilience (protecting employees, meeting customer needs, managing cash and liquidity, streamlining the industrial footprint, reducing capex, purchases and operating expenses, and implementing workforce adjustment plans).
2	Prepare a smooth management transition (qualitative)	40%	20%	Partial achievement of transition and integration measures to help and support his successor in accordance with the timeline set by the Board of Directors.
3	Business activities & R&T: <ul style="list-style-type: none"> ▪ Business: relations with aircraft manufacturers and capex levels (qualitative and quantitative) ▪ R&T: Safran's climate program, core digital transformation projects and program support (qualitative and quantitative) 	20%	26%	Outperformed: <ul style="list-style-type: none"> ▪ Steps taken to collaborate more closely with aircraft manufacturers ▪ Measures implemented for R&T financing ▪ Digital transformation plans carried out despite the pandemic ▪ Consolidation of assumptions and communication on the decarbonization strategy (including alternative fuels)
4	CSR & human capital: <ul style="list-style-type: none"> ▪ Environment (qualitative and quantitative): - Deployment of low-carbon project, related objectives and Scope 3 definition; - Alignment of CSR policy and organization with the Group's climate and environment strategy ▪ Safety: further reduction in the frequency rate of occupational accidents (quantitative) ▪ Human capital: hiring-related initiatives (schools, gender balance and internationalization) (quantitative) 	20%	26%	Outperformed: <ul style="list-style-type: none"> ▪ Low-carbon plan put in place (Scopes 1 & 2) and progress made on Scope 3; - CSR policy drawn up with input from employees ▪ Sharp reduction in the frequency rate of occupational accidents ▪ Due to Covid, the workforce adjustment plans and Group activity transformation agreement put in place were taken into account
Sub-total (base: 100%)		100%	98%	(Potential range: 0% to 130%)
Amount (in €)			€261,333	Representing 98% of 1/3 of the former CEO's reference fixed compensation of €800,000
TOTAL (in €)			€309,333	Representing 38.7% of the former CEO's reference fixed compensation of €800,000

* Corresponding to the relevant weighting multiplied by the achievement rate of the objective. For example, where an objective with a 20% weighting is 130% achieved (therefore corresponding to outperformance), the overall achievement rate is 26% (i.e. 20 x 130%).

** The precise content of each of these individual objectives, as well as the expected achievement rates for the quantitative objectives had been precisely pre-determined and defined, but cannot be disclosed in further detail for confidentiality reasons in view of their strategic and competitive sensitivity.