



*(a société anonyme à Conseil d'administration established with limited liability in the Republic of France)*

**€ 700,000,000 0.125 per cent. bonds due March 2026**  
**2026 Bonds Issue Price: 99.231 per cent. of the principal amount**  
**€ 700,000,000 0.750 per cent. bonds due March 2031**  
**2031 Bonds Issue Price: 99.349 per cent. of the principal amount**

*The €700,000,000 0.125 per cent. bonds maturing on 16 March 2026 (the "2026 Bonds") and the €700,000,000 0.750 per cent. bonds maturing on 17 March 2031 (the "2031 Bonds", together with the 2026 Bonds, the "Bonds", and each a "Series", and references to "relevant Series of Bonds" shall be construed accordingly) will be issued by SAFRAN (the "Issuer") on 16 March 2021 (the "Issue Date").*

*The 2026 Bonds will bear interest from, and including, the Issue Date to (but excluding) 16 March 2026 (the "2026 Bonds Maturity Date") at the fixed rate of 0.125 per cent. per annum, payable annually in arrear on 16 March in each year commencing on 16 March 2022. The 2031 Bonds will bear interest from, and including, the Issue Date to (but excluding) 17 March 2031 (the "2031 Bonds Maturity Date" and together with the 2026 Bonds Maturity Date, the "Maturity Date") at the fixed rate of 0.750 per cent. per annum, payable annually in arrear on 17 March in each year commencing on 17 March 2022 (with a long first coupon of €752.05 per denomination of €100,000).*

*Unless previously redeemed or purchased and cancelled, the Bonds will be redeemed at par on the Maturity Date.*

*Each Series of Bonds may, and in certain circumstances shall, be redeemed by the Issuer, in whole but not in part, at their principal amount together with accrued interest, at any time in the event of certain changes affecting taxation in France. Each Series of Bonds may also be redeemed at the option of the Issuer, (a) in whole or in part at any time at the Make Whole Redemption Amount (as such term is defined below), in accordance with Condition 4.4 (Make Whole Redemption at the Option of the Issuer) of the conditions of the relevant Series of Bonds prior to the first day of the Residual Maturity Call Period (as such term is defined below), (b) in whole or in part during the three (3) month period prior the relevant Maturity Date, at their principal amount plus accrued interest up to but excluding the date fixed for redemption, in accordance with Condition 4.5 (Issuer's Residual Maturity Redemption) of the conditions of the relevant Series of Bonds, and (c) in whole but not in part, at any time, if seventy-five (75) per cent. or more in initial aggregate nominal amount of the Bonds (including any further bonds to be assimilated with the Bonds) have been redeemed or purchased and cancelled, at their principal amount plus accrued interest up to but excluding the date fixed for redemption, in accordance with Condition 4.6 (Clean-Up Call Option) of the conditions of the relevant Series of Bonds.*

*Each holder of Bonds will have the option, following a Change of Control (as defined herein), to request the Issuer to redeem or, at the Issuer's option, purchase all or part of its Bonds at their Early Redemption Amount (as defined herein) together with any accrued interest thereon as more fully described the Condition 4.3 (Early Redemption of the Bonds at the option of the Bondholders following a Change of Control) of the conditions of the relevant Series of Bonds.*

*The Bonds will be issued in dematerialised bearer form in the denomination of €100,000 each. Title to the Bonds will be evidenced by book-entries in accordance with articles L. 211-3 et seq. and R. 211-1 et seq. of the French Code monétaire et financier. No physical document of title (including certificats représentatifs pursuant to article R. 211-7 of the French Code monétaire et financier) will be issued in respect of the Bonds.*

*The Bonds will, upon issue, be inscribed in the books of Euroclear France which shall credit the accounts of the Account Holders. "Account Holder" shall mean any intermediary institution entitled to hold, directly*

or indirectly, accounts on behalf of its customers with Euroclear France, and includes Clearstream Banking S.A. and Euroclear Bank SA/NV.

This document constitutes a prospectus (the "**Prospectus**") for the purposes of Article 6 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017, as amended (the "**Prospectus Regulation**"). This Prospectus has been approved by the Autorité des marchés financiers (the "**AMF**") in its capacity as competent authority in France pursuant to the Prospectus Regulation. The AMF only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of either the Issuer or the quality of the Bonds that are the subject of this Prospectus and investors should make their own assessment as to the suitability of investing in the Bonds.

Application has been made for the admission of the Bonds to trading on the regulated market of Euronext Paris ("**Euronext Paris**") with effect from the Issue Date. Euronext Paris is a regulated market within the meaning of the Directive 2014/65/EU of the European Parliament and of the Council dated 15 May 2014, as amended ("**MiFID II**"), appearing on the list of regulated markets issued by the European Securities and Markets Authority (the "**ESMA**").

**This Prospectus will be valid until the date of admission of the Bonds to trading on Euronext Paris and shall, during this period and in accordance with the provisions of article 23 of the Regulation (EU) 2017/1129, be completed by a supplement to the Prospectus in the event of significant new factors, material mistakes or material inaccuracies. The obligation to supplement the Prospectus in the event of significant new factors, material mistakes or material inaccuracies will not apply when the Prospectus is no longer valid.**

The Issuer has been assigned a long-term issuer credit rating of BBB+ (stable outlook) by Standard & Poor's ("**S&P**"). The Bonds are expected to be rated BBB+ by S&P. S&P is established in the European Union and is registered under Regulation (EC) No 1060/2009 as amended (the "**CRA Regulation**") and is included in the list of registered credit rating agencies published on the website of the ESMA (<https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>) in accordance with such CRA Regulation. According to S&P's rating scale, an obligor rated 'BBB' has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to weaken the obligor's capacity to meet its financial commitments. The addition of a plus (+) or minus (-) sign shows relative standing within the rating category. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension, reduction or withdrawal at any time by this rating agency. A revision, suspension, reduction or withdrawal of the rating may adversely affect the market price of the Bonds.

This Prospectus is available on the websites of the AMF ([www.amf-france.org](http://www.amf-france.org)) and of the Issuer ([www.safran-group.com](http://www.safran-group.com)). All documents incorporated by reference in this Prospectus are available on the websites of the AMF ([www.amf-france.org](http://www.amf-france.org)) (except for the 2020 Results Press Release and the 2020 Full Year Financial Statements) and of the Issuer ([www.safran-group.com](http://www.safran-group.com)).

**An investment in the Bonds involves certain risks. Prospective purchasers of the Bonds should ensure that they understand the nature of the Bonds and the extent of their exposure to risks and that they consider the suitability of the Bonds as an investment in the light of their own circumstances and financial condition. For a discussion of these risks see "Risk Factors" below.**

**Global Coordinators and Active Joint Lead Managers**

**CIC Market Solutions**

**Société Générale  
Corporate & Investment  
Banking**

**Active Joint Lead Managers**

**SMBC Nikko**

**Standard Chartered  
Bank AG**

**Passive Joint Lead Managers**

**MUFG**

**Santander Corporate &  
Investment Banking**

## IMPORTANT NOTICE

*This Prospectus constitutes a prospectus for the purposes of Article 6 of the Prospectus Regulation and has been prepared for the purpose of giving information with respect to the Issuer and the Issuer and its subsidiaries taken as a whole (the "**Group**") which is material to an investor for making an informed assessment of the assets and liabilities, profits and losses, financial position and prospects of the Issuer, as well as, of the rights attached to the Bonds, and the reasons for the issuance and its impact on the Issuer.*

*This Prospectus is to be read and construed in conjunction with the documents incorporated by reference in this Prospectus (see "Documents Incorporated by Reference" below) which have been previously published and which shall be deemed to be incorporated by reference in, and form part of, this Prospectus (except to the extent so specified in, or to the extent inconsistent with, this Prospectus).*

*No person is authorised to give any information or to make any representation related to the issue, offering or sale of the Bonds not contained in this Prospectus. Any information or representation not so contained herein must not be relied upon as having been authorised by, or on behalf of, the Issuer or the Joint Lead Managers. Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Group since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer or the Group since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that the information contained or incorporated by reference in it or any other information supplied in connection with the Bonds is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.*

*This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Bonds in any jurisdiction to any person to whom it is unlawful to make the offer or the solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Bonds may be restricted by law in certain jurisdictions. None of the Issuer or the Joint Lead Managers represent that this document may be lawfully distributed, or that any Bonds may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. Accordingly, no Bonds may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations and the Joint Lead Managers have represented that all offers and sales by them will be made on the same terms. Persons into whose possession this Prospectus or any Bonds may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Bonds. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Bonds (see "Subscription and Sale" below). If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Dealers or any parent company or affiliate of the Dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Dealers or such parent company or affiliate on behalf of the Issuer in such jurisdiction. The distribution of this Prospectus and the offering or sale of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restriction.*

*THE BONDS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES OF AMERICA. SUBJECT TO CERTAIN EXCEPTIONS, BONDS MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES OF AMERICA OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS. FOR A DESCRIPTION OF CERTAIN RESTRICTIONS ON OFFERS AND SALES OF BONDS AND ON DISTRIBUTION OF THIS PROSPECTUS, SEE "SUBSCRIPTION AND SALE" HEREIN.*

*The Joint Lead Managers (as defined in "Subscription and Sale" below) have not separately verified the information or representation contained in this Prospectus in connection with the Issuer. The Joint Lead Managers do not make any representation, express or implied, or accept any responsibility, with respect to the accuracy or completeness of any of the information contained or incorporated by reference in this Prospectus. Neither this Prospectus nor any other information or representation supplied in connection with the offering of the Bonds is intended to provide the basis of any credit or other evaluation and should*

not be considered as a recommendation by, or on behalf of, any of the Issuer or the Joint Lead Managers that any recipient of this Prospectus or any other financial statements should purchase the Bonds. Each potential purchaser of Bonds should determine itself the relevance of the information or representations contained in this Prospectus and any purchase of Bonds should be based upon such investigation as it deems necessary. In making an investment decision regarding the Bonds, prospective investors must rely on their own independent investigation and appraisal of the Issuer, its business and the terms of the offering, including the merits and risks involved. For further details, see "Risk Factors" herein. The contents of this Prospectus are not to be construed as legal, business or tax advice. Each prospective investor should subscribe for or consult its own advisers as to legal, tax, financial, credit and related aspects of an investment in the Bonds. None of the Joint Lead Managers has reviewed or undertakes to review the financial condition or affairs of the Issuer prior to or during the life of the arrangements contemplated by this Prospectus nor to advise any investor or potential investor in the Bonds of any information coming to the attention of any of the Joint Lead Managers after the Issue Date.

**MiFID II product governance / Professional investors and eligible counterparties only target market** – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Bonds, taking into account the five categories referred to in item 18 of the Guidelines on MiFID II product governance requirements published by ESMA on 5 February 2018 has led to the conclusion that: (i) the target market for the Bonds is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Bonds (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

**IMPORTANT – PRIIPS REGULATION / PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**") where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the "**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 ("**FSMA**") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

This Prospectus has not been and will not be submitted for approval to any authority other than the Autorité des marchés financiers (French financial market authority) in France.

#### **IMPORTANT CONSIDERATIONS**

**The Bonds may not be a suitable investment for all investors**

*Each potential investor in the Bonds must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Bonds is fully consistent with its financial needs, objectives and condition, complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it and is a fit, proper and suitable investment for it in light of such investor's own circumstances, notwithstanding the clear and substantial risks inherent in investing in or holding the Bonds. In particular, each potential investor should:*

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Prospectus;*
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio;*
- (iii) ensure that they have sufficient financial resources and liquidity to bear the risks of an investment in the Bonds including any currency exchange risk due to the fact that the potential investor's currency is not Euro;*
- (iv) have sufficient knowledge and experience, to make a meaningful evaluation of the Bonds, the merits and risks of investing in the relevant Bonds and verify the suitability of such investment in light of their particular financial situation; and*
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the relevant risks.*

*Some potential investors are subject to restricting investment regulations. These potential investors are strongly advised to consult their legal counsel in order to comply with the law and regulations that are applicable to it including those detailed in this Prospectus and in order to determine whether investment in the Bonds is authorised by law, whether such investment is compatible with their other borrowings and whether other selling restrictions are applicable to them.*

### **Taxation**

*Potential purchasers and sellers of the Bonds should be aware that they may be required to pay taxes or documentary charges or duties in accordance with the laws and practices of the jurisdiction where the Bonds are issued or disposed of or other jurisdictions. Payments of interest on the Bonds, or profit realised by the Bondholder upon the sale or redemption of the Bonds, may be subject to taxation in its home jurisdiction or in other jurisdictions in which it is required to pay taxes. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for innovative financial instruments such as the Bonds. Potential investors are advised not to rely upon the tax overview contained in the Prospectus but to ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, holding, disposal and redemption of the Bonds. Only these advisors are in a position to duly consider the specific situation of the potential investor.*

### **Change of law**

*The conditions of the 2026 Bonds and the 2031 Bonds are based on French law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial or administrative decision or change to French law or administrative practice after the date of this Prospectus.*

*In this Prospectus, references to a "Member State" are references to a Member State of the EEA and references to "€", "EURO", "EUR" or to "euro" are to the currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended.*



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## **RISK FACTORS**

*The Issuer believes that the following risk factors may affect its ability to fulfil its obligations under the Bonds. All of these risk factors are contingencies which may or may not occur. The Issuer has prepared the following risk factors grouped by sub-category according to their nature and organised in accordance with the Prospectus Regulation. The risk factors may relate to the Issuer or to any of its subsidiaries.*

*Risk factors which the Issuer believes may be material for the purpose of assessing the market risks associated with Bonds are also described below. The Issuer believes that the factors described below represent the principal risks inherent in investing in the Bonds, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Bonds may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding the Bonds are exhaustive.*

*Prior to making an investment decision in the Bonds, prospective investors should consider carefully all the information contained or incorporated by reference in this Prospectus, including the risk factors detailed below. In particular, prospective investors, subscribers and holders of Bonds must make their own analysis and assessment of all the risks related to the Issuer and its activities and financial position as well as the risks associated to the Bonds. They should also consult their own financial or legal advisors as to the risks entailed by an investment in the Bonds and the suitability of such an investment in light of their particular circumstances.*

*The Bonds should only be purchased by investors who are financial institutions or other professional investors who are able to assess the specific risks implied by an investment in the Bonds as specified in the section "Subscription and Sale" below.*

*Terms defined in the "Conditions" of the relevant Series of Bonds below shall have the same meaning where used below.*

### **I. FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE BONDS**

The risk factors relating to the Issuer and its business are set out below.

#### *Methodology*

The safety of aerospace operations that involve Safran's products and services is the key overriding imperative for the Group, as it is for any player operating in the industry. From a historical perspective, it is this imperative that has driven the development of Safran's highly-demanding and robust Enterprise Risk Management (ERM) system. This risk management culture is now firmly embedded throughout the Company's processes and is widely shared by all of the teams, in all entities and at all levels of the Group. It contributes to the decision-making process and above all the efficient management of the programs in which the Group is involved, which are generally based on long cycles involving major research efforts, costly development and related capital expenditure, with useful lives of up to 40 years and profitability measured in the medium or long term. The Group's ERM system now makes it possible to systematically handle all of the operational and strategic challenges the Group faces in all of its businesses and at all of its sites across the globe. ERM has become one of the Group's performance drivers.

The system is now sufficiently mature to be able to identify the Group's major risk exposures, quantify their impact on the achievement of objectives, ensure that adequate measures are implemented to bring exposure to an acceptable level and thus contribute directly to the Group's strategic objectives.

Each risk factor identified is analyzed and forms the basis for various risk scenarios charted along three axes: impact, probability of occurrence and level of control.

The impact and probability of each risk are assessed in terms of their direct and indirect potential impact on the Group's businesses based on the most realistic, worst-case scenario allocated to the risk. The level of control, essential in characterizing the risk and the way it is to be managed, is then determined. Risks are managed through action plans that may include steps to be taken, additional controls to be implemented or investigations into financial transfers of risk or of liability, particularly involving regularly updated insurance policies.

The main risks identified that could impact the Group's businesses and financial position at the date of this Prospectus are outlined below. The risks identified by Safran as material are grouped into a limited number of categories and ranked by their degree of criticality. Safran carries out its business in a fast-changing environment that exposes it to risks and uncertainties in addition to those associated with its activities and strategic focuses.

If the risks described below were to materialize, this could have a negative impact on Safran's businesses, financial position, earnings, outlook or share price.

Other risks not yet identified or risks whose occurrence the Group believes will not have a material adverse impact could also exist at the date of this Prospectus.

The information set out below is based on assumptions and forecasts that may prove inaccurate owing to their very nature.

The environment in which the Group operates generates (cf. §1):

- risks relating to changes in the competitive landscape (cf. §1.1);
- financial market risks (cf. §1.2);
- legal and regulatory risks (cf. §1.3);
- risks of negative media coverage (cf. §1.4);
- risks relating to climate change (cf. §1.5).

Safran's operating activities generate risks that are specific to the Group (cf. §2);

Its strategic development also generate risks that are specific to Safran (cf. §3); and

The Group is exposed to risks in connection with the proper adequacy of human resources to its projects (cf. §4).

## **1 Risks relating to the environment in which the Group operates**

### **1.1 Risks relating to changes in the competitive landscape**

#### *Political and geopolitical uncertainties*

In the aerospace industry, certain contracts are closed to foreign competition or are awarded based on strategic national security and independence considerations. Moreover, the transfer and/or export of defense equipment is prohibited by law in several countries, including France, and may only take place further to special governmental authorizations that require strict compliance with export regulations.

The development of Safran's activities and sites worldwide exposes the Group to political and economic risks specific to certain countries that could impact its activities and earnings. Safran also has to contend with a shifting geopolitical balance and, in particular, the new bilateral dimensions of certain relationships that add to or replace pre-existing multilateral relations.

To deal with these political and geopolitical uncertainties, Safran has a Group International and Public Affairs Department that coordinates any measures that need to be taken, particularly in the fields of country risk, trade compliance and export and customs controls. Together with other central corporate departments, it coordinates dedicated processes for dealing with potential ethical issues.

For example, in preparation for Brexit, Safran worked out scenarios for a hard Brexit (a no-deal Brexit), including a contingency plan to tackle the main difficulties the Group could have been confronted with, such as global supply chain and airline certification issues. The plan was rolled out across all Group entities concerned by Brexit. Buffer stocks were built up to contend with supply chain issues and specific measures, including safety lead-times, were negotiated with certain critical suppliers. The Group also took the necessary steps with the relevant certification authorities to safeguard its future operations. Particular attention was paid to supplier accreditation and what Group customers would need from UK MRO shops. Certification issues are being handled by extending existing approvals, such as those issued by the European Aviation Safety Agency (EASA) prior to December 31, 2020, which will continue to be recognized by the Civil Aviation Authority (CAA) for the next two years. The plan was left in place, although inventories were reduced to take into account the positive effects of the preparations and the evolving schedule. Some were further reduced or even scrapped due to the downturn in activity resulting from the economic impact of the Covid-19 crisis on Safran's operations. The plan was regularly updated and will be adapted in line with the signed agreement setting out the future relationship between the United Kingdom and the European Union.

#### *Health risks – Covid-19 pandemic*

The Group's operations have been impacted by the Covid-19 pandemic that began in China in December 2019, leading to a sharp decline in global air traffic down by 66% in 2020 compared to 2019 according to the International Aviation Transportation Association (IATA) information released on February 3, 2021. Safran has been affected gradually and successively by geographic area. Its businesses have also been impacted by the deterioration in the financial position of airline customers and through the reduced availability of its employees and malfunctions in the supply chain, which have restricted the Group's operational capacity.

A Group crisis management cell was set up as early as January 30, 2020, and tasked with anticipating, containing and limiting the impacts of the crisis. It focused primarily on providing the best possible protection for all employees, especially of their health, and securing and adapting supply chain flows, while preserving industrial facilities and maintaining business continuity. Safran is using all schemes set up by governments, particularly long-term furlough arrangements. In addition, all of the Group's tier-one entities use monitoring to adjust their business forecasts to customer demand, and adapt their costs accordingly. This monitoring is also used to update the Group's aircraft program assumptions.

Accordingly, the Group regularly and proactively coordinates the efforts of all subsidiaries and sites in all countries in order to ensure priorities in reaction to the crisis:

- protection of employees through specific organization of working practices under appropriate health and safety conditions, which are set out in a Group protocol, and rotation of teams for tasks requiring the presence of employees on site or increased use of teleworking;

- performance protection measures, including workforce reduction measures covering more than 21,000 people worldwide (temporary and permanent staff), use of government grants for short-time working (long-term furlough arrangements), and the signature of an “Activity Transformation” agreement on July 8, 2020 for France that should enable the Group to retain the expertise needed to tackle the recovery and deploy the R&T roadmap;

- response to customer needs, particularly for delivery schedules;

- resilience and flexibility of the supply chain. To that end, Safran stepped up its monitoring of suppliers and created a “Watch Tower” for between five and ten key suppliers, and took a stake in the new “ACE Aero Partenaires” support fund for the French aerospace sector set up in the spring of 2020;

- centrally managing the cash and liquidity of the Group, with low debt already an asset.

Safran’s global footprint, particularly its presence in Asia, has enabled the Group to anticipate and overcome certain difficulties, as a balanced global supply chain can be used to manage sensitive inventories more effectively.

#### *Changes in economic conditions*

The macroeconomic and aircraft program assumptions determined by the Group take into consideration the economic conditions observed at the date of this Prospectus and are taken into account when preparing the budget and the medium-term business development plan.

Action plans are developed on the basis of these assumptions and approved by the Group Risk Committee.

Changes in the global economy have a direct impact on demand for air transportation and freight, which in turn directly affects market demand for commercial aircraft. To meet the fluctuations in aircraft demand from airline companies, aircraft manufacturers may have to adjust their output rates, which can have a direct impact on the original equipment business of suppliers of engines and aircraft parts like Safran. Similarly, a decrease in air traffic as a result of a deteriorating economic, geopolitical, climatic or health environment may also impact the volume of Group sales and services, including maintenance, repair and overhaul (MRO) and spare part sales.

Should the economic climate deteriorate, as illustrated by the Boeing 737 MAX flight ban, immediately followed by the Covid-19 pandemic, Safran’s assumptions and action plans will be adjusted accordingly. In order to deal with these risks, periodic specific steering committees have been set up within the Group, which allows for significant measures to be taken as required, such as a pause in Capex, the definition of new objectives for R&D and the reduction of direct and indirect costs.

#### *Impact of the civil aviation cycle*

Commercial aircraft orders tend to be cyclical in nature, owing mainly to:

- changes in air traffic;

- the rate at which aircraft fleets age and are replaced;

- airline companies’ investment decisions and financial capacity.

Exceptional events such as terrorism, pandemics, aviation disasters and adverse environmental or geophysical conditions could also cause a temporary drop in air traffic and hence impact the civil aircraft engine, aircraft equipment, maintenance and services markets.

In 2020, civil aviation activities accounted for approximately 70% of the Group’s adjusted consolidated revenue. Safran is facing a drastic drop in short-term demand, however the medium and long-term points to a recovery, followed by sustained demand, primarily as a result of many airline companies replacing their aircraft fleets and equipment with more environmentally-friendly alternatives.

Safran has a large fleet of engines in service, including over 32,000 engines (CFM56 and LEAP) engines which have equipped most of the 100+ seater single-aisle aircraft delivered to airlines for over 30 years.

The increase in the age of the installed base of engines and associated equipment enables the Group to generate service revenue representing more than 44% of its consolidated adjusted revenue. For the Propulsion activity, services represent 60.9% of the adjusted revenue.

Safran has demonstrated its ability to respond quickly and adapt to the current economic constraints impacting the aerospace sector in particular. After successfully ramping up production in the past (particularly for the LEAP program), Safran has adapted to the recent drastic drop in demand from its customers and reviewed its internal and external supply chain accordingly, all the while preparing for recovery. Investments are being carefully managed, purchasing programs scaled back, Capex commitments reduced, R&D expenses cut, the industrial footprint rationalized and other action plans deployed for this very purpose of guaranteeing its internal and external capacity and in order to limit any malfunctions that could arise. Safran also seeks to ensure that its production resources are adapted to long-term trends in demand.

### *Competition*

Safran faces fierce competition in all of its businesses, from both global and international players and from players in certain niche markets. To face down its competitors, the Group strives to satisfy its customers with innovative, reliable, safe and competitive products. Operational excellence and continuous competitive performance enhancement are vital levers for the Group. Safran also seeks to maintain and sharpen its technological edge at all times, thanks to sustained R&D spending with a particular focus on segments where the product development cycle is unusually long.

To limit the impact of competition risk, Safran deploys its strategy with a view to being present across all segments and all aircraft components, with a focus on its different types of customers (i.e., aircraft manufacturers, airlines or governments), and the different stages of its products' life cycle (original equipment and aftermarket service, in particular). The Group continues to make targeted investments in R&D and in selected external growth transactions. It also develops partnerships on a number of programs. These partnerships and minority stakes may take the form of joint ventures set up in full compliance with the anti-trust laws applicable in all markets and countries in which they operate.

### 1.2 Financial market risks

The main market risks to which the Group is exposed are foreign currency risk, interest rate risk, counterparty risk and liquidity risk.

#### *Foreign currency risk*

The Group is exposed to foreign currency risk, defined as the impact on its balance sheet and income statement of fluctuations in exchange rates in the course of its operating and financial activities.

Most revenue earned in the civil aviation sector is denominated in US dollars, which is the benchmark currency used in the industry. The net excess of revenues over expenses for these activities totaled USD 7.2 billion for 2020, down from USD 11 billion for 2019.

To protect its operating profit, the Group implements a hedging policy with the aim of reducing uncertainty factors affecting operating profitability and allowing it to adapt its cost structure to a volatile monetary environment.

The Group's earnings are exposed to the risk of fluctuations in the EUR/USD exchange rate as a result of its US dollar-denominated financial assets and liabilities, which are set out below:

(in USD millions)	Dec. 31, 2019	Dec. 31, 2020
Total assets excluding derivatives	4,158	2,621
Total liabilities excluding derivatives	(3,067)	(2,787)
Derivatives hedging balance sheet positions(1)	(1,148)	86

Net exposure after the impact of derivatives hedging balance sheet positions	(57)	(80)
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(1) Notional amount.

Shareholders' equity is also exposed to the risk of fluctuations in the EUR/USD exchange rate on the Group's investments in US businesses, which are listed on pages 107 to 110 of the 2020 Full Year Financial Statements.

#### Hedging policy

Three basic principles underscore the foreign currency risk management policy defined by Safran for most of its subsidiaries:

- protect the Group's economic performance (i.e., its operating profit) from random fluctuations in the US dollar by contracting hedges;
- optimize the quality of hedging whenever possible;
- provide Group entities with visibility regarding the applicable exchange rate.

Protecting economic performance means setting a minimum USD exchange rate parity over an applicable term. Minimum parity corresponds to a USD exchange rate that allows Safran to meet its operating profit targets. Hedging arrangements have been made accordingly over a timeframe of three to four years.

#### Management policy

The hedging policy is based on managing the financial instrument portfolio in order to guarantee a pre-defined minimum parity.

In building up its hedging portfolio, the Group primarily uses forward sales, accumulators and a combination of options, which may include knock-in or knock-out barriers.

The knock-out barrier option "kicks out" if the spot exchange rate climbs above the knock-out rate during the window in which the option is active, and the value of the hedging portfolio is then reduced by the notional value of the disabled option, exposing the Group to under-hedging risk.

Conversely, the knock-in barrier option "kicks in" if the spot exchange rate falls below the knock-in rate during the window in which the option is active, and the value of the hedging portfolio is then increased by the notional value of the disabled option, exposing the Group to over-hedging risk.

Optimization measures are also used with a view to improving the minimum exchange rate parity, and seek to protect the Group's economic performance at all times. They are based on products that allow the Group to take advantage of any improvement in the underlying exchange rate parities, without calling into question the original minimum threshold.

#### Hedging portfolio

The Group's hedging portfolio as of December 31, 2020 breaks down as follows:

(in millions of currency units)	Dec. 31, 2019			Dec. 31, 2020			
	Fair value(1)	Notional amount(1)	Less than 1 year	Fair value(1)	Notional amount(1)	Less than 1 year	1 to 5 years
Forward exchange contracts	(40)			65			

Short USD position	(238)	2,661	2,661	-	34	2,413	2,413	-
Of which against EUR	(238)	2,661	2,661	-	34	2,413	2,413	-
Long USD position	75	(957)	(957)	-	(19)	(163)	-	(163)
Of which against EUR	75	(957)	(957)	-	(19)	(163)	-	(163)
Short EUR position against GBP	9	107	100	7	4	107	-	107
Short EUR position against CAD	7	49	49	-	-	-	-	-
Long MXN position against EUR	107	(13,30	(4,086)	(9,217)	46	(12,245	(3,604)	(8,641)
Currency swaps	2				(95)			
Cross currency swaps	2	1,045	-	1,045	(95)	1,359	-	1,359
Currency option contracts	(321)				(520)			
USD put purchased	275	26,555	26,055	500	481	30,975	25,675	5,300
USD call purchased	83	(2,300)	(1,300)	(1,000)	16	(1,900)	(1,900)	-
USD call sold	(718)	45,471	44,471	1,000	(210)	71,210	61,110	10,100
USD put sold	(41)	(4,600)	(2,600)	(2,000)	(105)	(3,800)	(3,800)	-
EUR put purchased	89	1,690	1,540	150	68	1,480	1,000	480
EUR call sold	(19)	3,200	2,900	300	(27)	2,760	2,000	760
Accumulators – sell USD for EUR(2) 6		2,539	686	1,853	6	1,963	537	1,426
Accumulators – buy USD for EUR(2) -		-	-	-	(661)	(7,808)	(5,002)	(2,805)
Accumulators – sell EUR for GBP(2) 2		(520)	(520)	-	(10)	(105)	(105)	-
Accumulators – sell EUR for CAD(2) -		-	-	-	(34)	(230)	(230)	-
Accumulators – sell EUR for MXN(2)2		(500)	(500)	-	(44)	(335)	(335)	-
<b>Total</b>	<b>(359)</b>				<b>(550)</b>			

(1) Fair values are expressed in millions of euros; notional amounts are expressed in millions of currency units.

(2) Notional amounts for accumulators represent the maximum cumulative amount until the instrument is unwound.

Air transportation is one of the sectors most affected by the Covid-19 pandemic, with a record decline in passenger numbers due to the closure of borders worldwide. This lasting decline in business has an immediate impact on the Group's future foreign currency hedging requirements.

In 2020, the Group continued to deploy its exposure hedging strategy, using a timeframe of three to four years. Net estimated annual exposure, which depends on sales figures, has been revised downwards for the period between 2020 and 2024. It is currently estimated at USD 8.5 billion for 2021, gradually recovering to USD 11 billion by 2024, and is regularly reviewed for each year covered by the foreign currency risk hedging policy.

As of February 1, 2021, the Group has hedged its entire USD exposure for 2021, estimated at USD 8.5 billion, at a rate of USD 1.16 to the euro. The Group has also hedged its entire USD exposure for 2022, estimated at USD 9 billion, at a target hedging rate of between USD 1.14 and USD 1.16 to the euro, and its entire USD exposure for 2023, estimated at USD 10 billion, at a target hedging rate of between USD 1.14 and USD 1.16 to the euro. Most options include knock-out barriers set at various levels between USD 1.2350 and USD 1.31 to the euro. In the event of a sustained rise in the EUR/USD spot rate, certain options would disappear from the portfolio, jeopardizing targeted hedge rates for 2021 to 2023.

A one-cent change in the EUR/USD exchange rate parity on the hedged rate has an impact of around €50 million on adjusted recurring operating income.

#### Sensitivity

The following tables present the sensitivity of the main income statement aggregates to a 5% increase or decrease in the EUR/USD exchange rate (average and closing exchange rates). The first table shows adjusted data, the second consolidated data. The sensitivity analysis takes account of:

- the translation effect, i.e., the impact of changes in the EUR/USD exchange rate on the translation into euros of the results of entities whose functional currency is the US dollar;

■ the transaction effect, i.e., the impact of changes in the EUR/USD exchange rate on USD transactions carried out by entities whose functional currency is the euro, and on the value of the EUR/USD hedging portfolio.

Adjusted data <sup>[1]</sup> <sub>SEP</sub> (in € millions)	2019		2020	
	-5%	+5%	-5%	+5%
EUR/USD exchange rate change assumptions				
Average exchange rate	1.12		1.14	
Average exchange rate used for sensitivity analysis	1.06	1.18	1.08	1.20
Closing exchange rate	1.12		1.23	
Closing exchange rate used for sensitivity analysis	1.07	1.18	1.17	1.29
Revenue	698	(631)	429	(388)
Profit from operations	31	(28)	9	(8)
Financial income (loss)	20	(18)	(30)	28
Profit before tax	51	(46)	(22)	20

Non-adjusted consolidated data <sup>[1]</sup> <sub>SEP</sub> (in € millions)	2019		2020	
	-5%	+5%	-5%	+5%
EUR/USD exchange rate change assumptions				
Average exchange rate	1.12		1.14	
Average exchange rate used for sensitivity analysis	1.06	1.18	1.08	1.20
Closing exchange rate	1.12		1.23	
Closing exchange rate used for sensitivity analysis	1.07	1.18	1.17	1.29
Revenue	1,178	(1,066)	705	(637)
Profit from operations	503	(456)	277	(251)
Financial income (loss)	(2,675)	1,057	(680)	(387)
Profit before tax	(2,172)	602	(403)	(638)



The sensitivity of equity to a 5% increase or decrease in the EUR/USD closing exchange rate affecting the net investment hedge of some of its US entities is as follows:

	Dec. 31, 2019		Dec. 31, 2020	
Impact on balance sheet positions (in € millions)	USD		USD	
Closing rate	1.12		1.23	
EUR/USD exchange rate change assumptions	-5%	+5%	-5%	+5%
EUR/USD exchange rate used for sensitivity analysis	1.07	1.18	1.17	1.29
Impact recognized through profit or loss (before tax)	(2,195)	623	(404)	(636)
Impact recognized through equity (before tax)	-	-	-	-

#### Interest rate risk

The Group's exposure to fluctuations in interest rates covers two types of risk:

- fair value risk in respect of fixed-rate financial assets and liabilities. Interest rate fluctuations impact the market value of these assets and liabilities;
- cash flow risk in respect of floating-rate financial assets and liabilities. Interest rate fluctuations have a direct impact on the Group's earnings.

Within the framework of its interest rate risk management policy, the Group arbitrates between these two types of risk using financial instruments specific to fixed-income markets (interest rate swaps and options, etc.).

#### EUR interest rate risk

Interest rate swaps were taken out at inception to convert the fixed rate payable on the €200 million bond issue carried out in first-half 2014 and maturing in April 2024 to a floating rate.

Dec. 31, 2019  (in € millions)	Current		Non-current		Total	
	Fixed rate	Floating rate	Fixed rate	Floating rate	Fixed rate	Floating rate
Interest-bearing financial liabilities	2,280	1,082	1,382	591	3,662	1,673
Other financial assets	45	95	81	29	126	124
Cash and cash equivalents	1,401	4	-	-	1,401	4
Net exposure before hedging	834	983	1,301	562	2,135	1,545
Derivatives(1)	-	-	731	200	731	200
Net exposure after hedging	834	983	2,032	762	2,866	1,745

(1) Notional amount.

Dec. 31, 2020  (in € millions)	Current		Non-current		Total	
	Fixed rate	Floating rate	Fixed rate	Floating rate	Fixed rate	Floating rate
Interest-bearing financial liabilities	1,548	846	2,574	104	4,122	950
Other financial assets	31	95	49	45	80	140

Cash and cash equivalents	2,666	3	-	-	2,666	3
Net exposure before hedging	(1,149	748	2,525	59	1,376	807
Derivatives(1)	-	-	907	200	907	200
Net exposure after hedging	(1,149	748	3,432	259	2,283	1,007

(1) Notional amount.

The Group's exposure to EUR interest rate risk is as follows:

#### USD interest rate risk

The interest rate on the two outstanding tranches of the Group's February 9, 2012 issue of senior unsecured notes on the US private placement market (USPP) was converted to a floating rate at inception. Floating-rate borrower/fixed-rate lender USD swaps were set up on the 10-year and 12-year tranches, for USD 540 million and USD 505 million, respectively. These swaps are eligible for fair value hedge accounting.

In March 2019, these two 10-year and 12-year tranches for USD 540 million and USD 505 million, respectively, were switched to euros by means of a cross currency swap (USD floating-rate lender/EUR fixed-rate borrower). The interest rate portion of the cross currency swap was eligible for hedge accounting.

On July 21, 2020, a cross currency swap (USD fixed-rate lender/EUR fixed-rate borrower) was set up on two USD tranches of the June 29, 2020 senior unsecured notes issue on the US private placement market (USPP), amounting to USD 181 million bearing fixed-rate interest over a period of 10 years (tranche A) and USD 133 million bearing fixed-rate interest over a period of 12 years (tranche B). The interest rate portion of the cross currency swap was eligible for hedge accounting.

Fixed-rate borrower/floating-rate lender swaps were set up in connection with the sale of trade receivables without recourse. The swaps are for a nominal amount of USD 1,150 million and a term of up to 12 months, and were taken out on behalf of a joint arrangement 50%-owned by the Group. This transaction gives rise to a floating-rate borrower/fixed-rate lender swap for a nominal amount of USD 575 million after elimination of intragroup items. These swaps are not eligible for hedge accounting. The aim of these transactions is to fix the borrowing cost applicable to the customer.

The Group's exposure to USD interest rate risk is as follows:

Dec. 31, 2019	Current		Non-current		Total	
	Fixed rate	Floating rate	Fixed rate	Floating rate	Fixed rate	Floating rate
(in USD millions)						
Interest-bearing financial liabilities	136	33	1,262	-	1,398	33
Other financial assets	-	2	42	-	42	2
Cash and cash equivalents	287	736	-	-	287	736
Net exposure before hedging	(151)	(705)	1,220	-	1,069	(705)
Derivatives(1)	625	(625)	(1,045)	-	(420)	(625)
Net exposure after hedging	474	(1,330)	175	-	649	(1,330)

(1) Notional amount.

Dec. 31, 2020	Current		Non-current		Total	
	Fixed rate	Floating rate	Fixed rate	Floating rate	Fixed rate	Floating rate
(in USD millions)						
Interest-bearing financial liabilities	111	3	1,579	11	1,690	14

Other financial assets	-	5	57	-	57	5
Cash and cash equivalents	953	79	-	-	953	79
Net exposure before hedging	(842)	(81)	1,522	11	680	(70)
Derivatives(1)	575	(575)	(1,359)	-	(784)	(575)
Net exposure after hedging	(267)	(656)	163	11	(104)	(645)

(1) Notional amount.

#### Sensitivity

A 1% (100 basis point) increase in euro or US dollar interest rates would increase the Group's cost of net debt by €4 million (compared with a €6 million increase in the cost of net debt in 2019).

#### Counterparty risk

The Group is exposed to counterparty risk on the following:

- short-term financial investments;
- bilateral or syndicated financing commitments, received but not drawn down;
- derivatives;
- trade receivables;
- financial guarantees granted to customers.

Financial investments are diversified and consist of blue-chip securities that are traded with top-tier banks.

Similarly, financing commitments received but not drawn down are contracted solely with leading counterparties.

The sole purpose of the Group's derivative transactions is to reduce the overall exposure to foreign currency and interest rate risks resulting from its ordinary business activities. Transactions are either carried out on organized markets or over-the-counter with top-tier intermediaries.

The counterparty risk taken into account in pricing derivatives is not material.

Counterparty risk related to trade receivables is limited due to the large number of customers in the portfolio and their geographical diversity.

Within the scope of its civil and military aviation businesses, the Group may be exposed to late payments from its customers, particularly sovereign customers, and this could affect its ability to meet its free cash flow targets.

The maturity schedule for trade and other receivables is set out below:

(in € millions)	Carrying amount at Dec. 31	Not past due	Past due at year-end (in days)					Total past due
			<30	31-90	90-180	181-360	> 360	
At December 31, 2019								
Trade receivables	6,203	5,525	289	146	86	51	106	678
At December 31, 2020								
Trade receivables	4,375	3,786	146	126	104	146	67	589

### *Liquidity risk*

The Group looks to ensure that it has broad access to liquidity in order to meet its obligations as they fall due. To do this, it borrows from banks and capital markets, thereby exposing it to liquidity risk if all or part of these markets were to dry up.

Safran's business requires it to have access to external sources of financing and the availability of such financing depends on a variety of factors such as market conditions and the macroeconomic environment. A deterioration in the financial markets (capital or bank debt markets) could lead to an increase in borrowing costs or even restricted access to financing for both Safran and for its competitors.

Furthermore, lenders and/or investors could develop a negative view of the Group's short- to medium-term financial prospects, particularly if it were to incur losses, which could also affect its future financing capacity.

Treasury management is centralized within the Group. Where permitted by local legislation, all surplus cash is invested with, and the financing requirements of subsidiaries met by, the parent company on an arm's length basis. The central cash team manages the Group's current and forecast financing requirements, and ensures it has the ability to meet its financial commitments while maintaining a level of available cash funds and confirmed credit facilities commensurate with its scale and debt repayment profile.

Surplus cash is managed with two principles in mind:

- safeguarding the amounts invested at all times;
- optimizing investment yields whenever possible, without jeopardizing the investments themselves.

Since the Group has an undrawn, confirmed liquidity line at December 31, 2020, it is relatively insensitive to liquidity risk. This €2,520 million line was set up in December 2015 and had an original maturity of December 2020, with two successive one-year extension options. Both these options have been exercised, meaning that the line is currently set to expire in December 2022. This line is not subject to any financial covenants.

On April 22, 2020, the Group set up an additional confirmed liquidity line for an initial amount of €3,000 million, which remained undrawn at December 31, 2020. The amount of this line was reduced following the OCEANE bond issue on May 15, 2020, the issue of senior unsecured notes on the US private placement market (USPP) on June 29, 2020, and the OCEANE tap issue carried out on October 12, 2020. At December 31, 2020, the facility represented €1,425 million.

Issues of senior unsecured notes on the US private placement market (USPP) on February 9, 2012 and June 29, 2020 are subject to a financial covenant which states that the net debt to EBITDA ratio must be 2.5 or less at all times.

The euro private placement ("Euro PP") in the form of a syndicated loan, set up by the former Zodiac Aerospace on March 10, 2016 and with an original maturity of seven years, is also subject to a financial covenant which states that the net debt to EBITDA ratio must be 3.5 or less at all times.

The terms "net debt" and "EBITDA" used in the aforementioned covenants are defined as follows:

- net debt: interest-bearing borrowings (excluding borrowings subject to specific conditions) less marketable securities and cash and cash equivalents;
- EBITDA: the sum of profit (loss) from operations and the net charge to depreciation, amortization and provisions for impairment of assets (calculated based on adjusted data).

The maturity schedule for financial liabilities (excluding derivatives with a negative fair value) is set out below:

(in € millions)	Dec. 31, 2019	Dec. 31, 2020
Maturing in:		
1 year or less	3,540	2,509
More than 1 year and less than 5 years	3,016	2,410
Beyond 5 years(1)	223	1,672
<b>Total</b>	<b>6,779</b>	<b>6,591</b>

(1) Mainly relating to OCEANE bond and USPP issues.

### 1.3 Legal and regulatory risks

From a legal standpoint, Safran is exposed to the risk of claims resulting from alleged non-compliance with certain contractual obligations in its relations with third parties. If any such claims are made, they are examined by the Legal Department so that it can best defend the Group's interests.

Aside from the main liabilities arising on ordinary activities described on page 103 of the 2020 Full Year Financial Statements and from disputes and litigations described on page 106 of the 2020 Full Year Financial Statements, based on an analysis of the legal risks to which the Group is exposed, no other probable or material risks were identified.

The Group is also exposed to the risk that it fails to comply with applicable regulations. Regarding anti-trust law, anti-corruption regulations, customs and export controls, and any embargoes and sanctions taken against countries in which it does business, the Group is bound by legislation and regulations issued by French and international authorities, particularly the European Union and the United States.

To ensure that it complies with French and international regulations, Safran has put in place action plans that are designed to ensure that Group companies report all claims or any potential cases of non-compliance with applicable regulations, inform the authorities concerned of any such cases identified, and take all the necessary precautions to prevent similar cases arising in the future. To date, the very few instances of non-compliance with export rules voluntarily brought to the attention of the authorities have either been closed after investigation without damages or are currently being addressed, with the past exception of non-material customs penalties. Concerning the risks of embargoes and sanctions, particularly in the United States, the Group has taken all adequate and necessary measures to comply with all such rules affecting its operations. The Group was audited by the French anti-corruption agency (Agence française anticorruption – AFA) in 2020 and is awaiting the conclusions of its report. Safran has stepped up its corruption risk prevention program and will implement any improvements recommended by the AFA in its report.

Pursuant to Regulation (EU) 2016/679 of April 27, 2016, known as the General Data Protection Regulation, the Group is continuing to deploy measures throughout its international organization to ensure that local legislation is factored into its processes. The Group continually reviews and updates its internal guidelines and deploys regular awareness-raising and training initiatives for those employees in charge of activities that involve the processing of personal data.

### 1.4 Risks of negative media coverage

The Group is exposed to the risk of negative media coverage arising from its products or services, or its people – either its own employees or third parties – acting intentionally or unintentionally. To mitigate this risk, which could have a long-term reputational impact, Safran has drawn up a number of in-house rules and guidelines for sharing best practices. These rules and guidelines are backed up by regular awareness campaigns and tailored training initiatives, and feed into the Group's communication strategy targeting the financial and institutional investor community and the general public. Separate guidelines apply for risks arising from social media. As mentioned in the Methodology paragraph section 4.1.1, Group crisis management processes have been devised to deal with these new risks and include the use of "reflex tip sheets".

### 1.5 Risks relating to climate change

To contend with the physical risks inherent in climate change to which the Group is exposed, especially natural hazards, Safran has devised a HSE strategy and governance framework to guarantee a high level of protection for all its employees and assets. Rigorous standards have been introduced at all sites and a range of training, prevention, transition and streamlining initiatives have been deployed to contain and control the Group's overall risk exposure.

Moreover, Safran is deploying a proactive strategy underpinned by quantified objectives for meeting key climate change challenges and the increasing scarcity of fossil fuels, by carefully controlling and reducing its energy consumption and the greenhouse gas emissions produced by its operations and services (Scopes 1 and 2). To manage this transition risk, Safran has deployed a number of targeted actions for improving the performance of its new buildings, reducing energy consumption at its existing sites, and switching energy sources by using breakthrough solutions for heat generation, selecting low-carbon energy sources, or introducing biofuels into its engine tests.

More generally speaking, and to affirm its commitment to the decarbonization of the aerospace industry, Safran is involved in drafting rigorous environmental standards and contributing to the work of institutions like the International Civil Aviation Organization (ICAO) via the Air Transport Action Group (ATAG), the International Aerospace Environmental Group (IAEG), the European Civil Aviation Conference (ECAC), the Aerospace & Defense Industries Association of Europe (ASD) and the French Aeronautical and Space Industries Group (GIFAS). Safran is proactively helping to achieve carbon neutrality in the sector by 2050 and has deployed a technological roadmap designed to cut the emissions generated by its products (Scope 3). All of the Group's R&T activities are now focused on:

- designing more fuel-efficient engines and lighter aircraft equipment that help to cut in-flight CO<sub>2</sub> emissions (harnessing cutting-edge and varied technologies, new materials and alloys, etc.);
- participating in research into alternative fuels and promoting the use of sustainable fuels on a large scale (biofuels, liquid hydrogen);
- developing more electric aircraft with an enhanced energy chain (electric cylinders for thrust reversers, electric brakes, electric propulsion systems for use over short distances, hybridization, hydrogen, etc.).

All of these initiatives are perfectly in line with the approach set out in the aerospace sector support package announced by the French government in June 2020 in response to the health and economic crisis triggered by the Covid-19 pandemic.

## 2 Risks relating to Group operations

### *Aircraft accidents*

Safran products are integrated in high-tech equipment with a high unit price, especially civil and military aircraft and helicopters. Safran may be held liable, for example, for the malfunction, loss or accident of an aircraft, the death of passengers, or the loss of operating capability by an airline or helicopter operator. As part of its risk management policy, Safran adopts a variety of measures to limit risks relating to aircraft accidents.

The regulations governing Safran's activities stipulate the quality, reliability and, above all, safety standards that apply for civil aviation flights and the related products and services. These rules apply throughout the life of the aircraft for its design, manufacture, operation, airworthiness and maintenance. All aircraft components must be designed, manufactured and maintained or repaired in a suitable and controlled environment, using approved data, carefully calibrated tools and trained operators. The entire process must be certified by accredited personnel and traceability must be clearly documented and recorded. The requirements that Safran strictly complies with are issued by the ICAO and transposed into European regulations by the EASA, which delivers Design (Part 21J), Production (Part 21F or G) and Maintenance (Part 145) Organization Approvals. The EASA oversees the work of national organizations like the French Directorate General for Civil Aviation (DGAC). Similar rules and approvals are applied by other authorities such as the Federal Aviation Administration (FAA) in the United States, the Civil Aviation Administration of China (CAAC) and the CAA for the United Kingdom. Bilateral agreements exist between the different authorities to coordinate their efforts.

To comply with these requirements, each Safran entity concerned deploys a Safety Management System that meets the international standard published on October 3, 2018 by the ASD, based on four key principles:

- safety policy and objectives: commitment by Executive Management of the entity concerned;
- management of flight safety risks at different levels: engineering, program, quality, flight safety;
- incident reporting/monitoring: detection (including alerts), analysis and processing of all airworthiness events (tracking suppliers, reporting abnormal employee behavior, reporting shopfloor incidents, analyzing the related feedback) and creation of a Group airworthiness committee in 2018, structured around the airworthiness teams in the entities concerned; and
- deployment/promotion of the Safety Management System: promotion of the system, sharing of information (mandatory training for all employees, training in "Human Factors" for all personnel who may be exposed, personnel clearance by the aviation authorities, regular distribution of information and feedback).

Safran also deploys specific initiatives that provide enhanced project management maturity and reduce the consequences of aggravating – human – factors. The "One Safran" quality management system provides project teams with a framework known as "PROMPT" as well as methods and applications for enhancing program management processes. PROMPT is based on five "golden rules":

- keeping the Program Management Plan (PMP) up to date;
- meeting the expectations of all stakeholders;
- planning and meeting technical objectives;
- steering performance; and
- managing risks.

It has been rounded out with a Program Management guide of best practices and rules to be respected, charted on a maturity grid that enables program managers to conduct an annual self-assessment of their risks and the measures in place, and to implement the requisite action plans. Safran is also deploying a range of quality-focused initiatives such as systematic targeted audits and a single Quality Audit Tool for the entire Group. In addition, dedicated progress plans, which include rollout of the Quick Response Quality

Control (QRQC) method, allow any quality issues to be dealt with swiftly, close to source, and the appropriate remedies to be applied. Program oversight and development has been stepped up as part of the “One Safran” quality management system, resulting in more detailed risk analysis (product and process risk analyses).

The effectiveness of this state-of-the-art system and the related action plans have made it possible for Safran to obtain airworthiness agreements (or renew such agreements) and EN 9100-certification for the tier-one entities concerned, while constantly reducing the number of possible incidents in a context of sustained growth in air traffic.

#### *Delays, program development and industrialization*

Aircraft manufacturers may encounter difficulties in meeting their program schedules or even keeping programs going. Delays in production schedules for new aircraft may lead to the postponement of deliveries, including Safran equipment deliveries, and impact the Group’s revenue. In certain cases, delays specific to developments under Safran’s responsibility can lead it to pay damages to the stakeholders concerned. The Group may be held liable for these delays. Delays can also lead to Safran collecting cash later than forecast, thereby impacting the Group’s cash and potentially its profitability. It may also culminate in Safran having to write off assets.

Safran is exposed to the consequences of the Boeing 737 MAX accident and flight ban in effect since March 2019, which has gradually been lifted following the decisions taken by the FAA, Transport Canada Civil Aviation (TCCA) and EASA on December 9, 2020, January 18, 2021 and January 27, 2021, respectively. The Group faced a series of potential risks, including cash flow problems, more complex supply chain management due to changes in production schedules or a temporary halt in production by the airframer, difficulties with re-certification and deliveries and return to service of aircraft in storage, or a loss of interest in the aircraft, as well as a whole host of other longer-term consequences for this program. Safran has taken specific action to manage these scenarios.

Nevertheless, short-term uncertainty arising from the health and economic crisis triggered by the Covid-19 pandemic could also affect Safran’s programs and their profitability more generally. Safran’s action plans have been stepped up accordingly, however these plans are not designed to deal with short-term economic uncertainties.

In the space industry, the ArianeGroup joint venture (see “Partner risks” below) exposes Safran to possible delays in the design and production of the Ariane 6 program or to a potential failure to provide adequate solutions to current challenges in the civil space launcher market. This market is currently having to contend with fierce competition, especially from operators receiving government aid, falling prices and the changing needs of satellite operators. In the transition phase between the future Ariane 6 and the current Ariane 5 launcher, ArianeGroup must take the necessary steps to transform its industrial design, ramp up developments and deploy pro-proactive solutions in the quest for competitiveness.

#### *Products and services*

The Group applies very strict environmental, quality and safety standards in the design and manufacture of its high-tech products and associated services.

Thanks to robust processes and high-level oversight of certain key aspects (such as production rates), program management enables the Group to ensure a smooth transition between the different programs (see “Delays, program development and industrialization”).

Quality failures or shortcomings in Safran’s equipment, systems or technology could result in costly claims for damages from customers, partners or third parties (product recalls, upgrade campaigns or retrofits), lost revenue and/or a loss of its commercial standing. Safran’s image may also be affected.

In order to manage the impact of this risk as effectively as possible, Safran has deployed a range of quality-focused initiatives such as systematic targeted audits, kept and adapted in digital format if this proves necessary in the context of the current health crisis, and a Group quality audit tool, as indicated in “Aircraft accidents” above.

#### *Supplier and partner risks*



Generally speaking, Safran works in cooperation with partners and suppliers in the majority of its businesses. Events likely to affect its partners and suppliers could have an impact on Safran's business activities.

#### Supplier risks

Supplier difficulties or default, even when robustness and business contingency planning is one of the key criteria for selection, could impact the supply chain, resulting in additional costs or production delays that would affect the Group. In 2020, Safran purchased goods and services worth €8.3 billion, i.e., almost half of its revenue, and managing this risk is one of the Group's key challenges.

The Group Purchasing Department conducts a monthly review of sensitive suppliers with a designated manager and associated action plans. For these sensitive suppliers, it also tracks their own in-house risk analyses. For non-production purchases, Safran has put in place a central purchasing strategy in the form of pooled facilities at a Shared Services Center in line with the Group's objectives of excellence, competitiveness and sustainable development. Safran has also deployed a responsible purchasing and duty of care plan. The current health and economic crisis caused by the Covid-19 pandemic is generating a risk of financial difficulties and default among one or more suppliers that could impact the supply chain. To deal with this risk, Safran has stepped up its efforts using the programs described previously (see "Health risks – Covid-19 pandemic") and has created an additional "Watch Tower" process for identifying and supporting between five and ten key suppliers. The Group also took a stake in the new "ACE Aero Partenaires" support fund for the French aerospace sector set up in the spring of 2020. The Group is exposed to commodity availability and price volatility risks for certain metals and alloys, composite fibers and resins, cobalt, vanadium and oil. To limit the impact of these risks, the Group negotiates medium- and long-term procurement contracts with its suppliers for titanium, super alloys, steel, aluminum and materials for composite parts, setting up multiple-source supply streams or building up appropriate inventories wherever possible.

The volume of commitments undertaken by Group entities corresponds to the planned increase in production over the coming years. To protect its LEAP program and its supply chain in particular, Safran has built up buffer stocks of specific components and set up a multiple-source supply approach organized around the related criticality, by sourcing new suppliers and deploying other target initiatives. To that end, Safran and Albany (United States) now have three plants, in Rochester (New Hampshire, United States), Commercy (Meuse, France) and Querétaro (Mexico), that manufacture composite parts for new-generation aircraft engines.

#### Partner risks

Safran is involved in several major strategic partnerships. If any of these partnerships were not renewed, or if there were governance or financing issues with a partner, for example, Safran's businesses could be affected.

A substantial proportion of Safran's revenue is derived from certain civil aircraft engine programs developed and manufactured in cooperation with the joint venture CFM International. This civil aerospace propulsion agreement has been renewed through 2040 and includes operational maintenance services. Safran and GE Aviation have also entered into an agreement for the development, production and support of engine nacelles for future short- and medium-haul aircraft.

Safran is also involved in several other major strategic partnerships, taking care to ensure that its stakes and decision-making capabilities are closely aligned with its strategy. In particular, these partnerships include: Airbus (ArianeGroup) for space launchers, Air France Industries KLM Engineering & Maintenance (Airfoils Advanced Solutions) for repairs to high-pressure compressor blades and variable stator vanes, AVIC Aircraft Corp., Boeing (MATIS Aerospace "Morocco Aero-Technical Interconnect Systems") for the manufacture of electrical harnesses and interconnection of electrical networks, China Eastern (Xi'an Eastern Safran Landing Systems Services) for landing gear repair and maintenance, MTU (Aerospace Embedded Solutions) for critical software and infrastructure for military and civil applications, Rolls-Royce (Aero Gearbox International) for power transmission systems for all future Rolls-Royce civil aircraft engines, Thales (Lynred and Optrolead) for infrared detection and marketing optronics systems and UEC Saturn (PowerJet) for developing and manufacturing the SaM146 engine for regional aircraft.

These partnerships are set up in full compliance with the anti-trust laws applicable in all markets and countries in which they operate.

#### *Health, safety and environmental risks*

All industrial activities generate risks, particularly health, safety and environmental (HSE) risks. More specifically, these risks concern production sites, fire, explosions, waste discharges, liquids and gases as well as risks related to the management and use of chemical substances. The potential impacts include water and soil pollution and damage to human health more generally. Safran's HSE policy is implemented within the framework of a continuous improvement drive which aims to bolster its strategy of anticipating and preventing potential risks in all of its activities. It is also underpinned by HSE guidelines that cover all sites, reflecting the investments needed to safeguard the health, safety and environment of all stakeholders.

#### *Personal safety risks*

The Group's international scope may generate certain safety risks. The Safety Department has set up a specific oversight organization for each country to address these risks. The Group is constantly assessing the risks of terrorism, armed conflict and confrontation with criminal organizations as well as the consequences of geopolitical change. The regions in which the Group operates are classified according to risk, each of which is associated with a series of specific prevention, detection and protection measures. The Group is assisted in this initiative by the governments of France and other countries as well as by specialist service providers. A dedicated structure, such as an emergency operations center, may be set up in response to a specific situation and provided with the requisite resources in order to repatriate operating staff, for example.

#### *Data confidentiality risks*

Safran is exposed to the risk of breaches of security in relation to its industrial premises or data processing systems.

Data owned by the Group are critical in terms of technological innovation, as well as strategy and key assets. Safran therefore needs to have reasonable assurance that its intangible assets (data, knowledge and expertise in particular) are adequately protected.

Faced with risks of negligence, malicious intent, unlawful attempts to gain access to its systems and confidential data and threats to the security of installations, prevention and protection measures are deployed on an ongoing basis to guarantee systems and data integrity and ensure the Group's business continuity.

Cyber risks in particular could lead to disruptions in IT services, causing, for example, the loss of connection on internal and external network exchange platforms, the unavailability of information systems, or breaches in the confidentiality or integrity of data hosted by or transiting through the Group's information systems (loss, destruction, theft and corruption).

In order to limit the impact of this risk, Safran has defined an information system security policy which sets down a series of organizational, technical and governance guiding principles. In June 2020, the Chairman and Chief Executive Officer of Safran signed a new cybersecurity policy with the aim of increasing protection for smart products and services provided by the Group, available for consultation on the Group's website <https://www.safran-group.com/media/safran-strengthens-product-cybersecurity-policy-20201204>. This policy notably meets requirements set out in French regulations on the protection of intangible assets contained in information systems. Under the policy, awareness-raising and training initiatives for all Group employees are organized on a regular basis. Lastly, in response to this growing and evolving threat, Safran is stepping up its investment in information system protection, incident detection and event response, and security warnings and alerts, in regular reviews of their effectiveness, and reinforces its cybersecurity competence centers.

### 3 Risks relating to the Group's strategic development

#### *Technological risks*

The Group's markets typically undergo far-reaching technological changes. Safran designs, develops and manufactures products and services renowned for their advanced technological innovations. The Group is thereby exposed to the risk of competitors developing products that offer a better technical performance, are more competitive or are marketed earlier than those it develops. It also has to contend with the risk inherent in its choice of certain emerging cutting-edge technologies to develop low-carbon aviation (see "Risks relating to climate change"). If these choices subsequently prove to be unsuitable, this could affect Safran's activities or financial position.

Aside from its own actions taken in technological areas, the Group draws on the complementary scientific and technical expertise provided by its partners (see "Supplier and partner risks").

The Group has also created Safran Corporate Ventures, an investment vehicle for start-ups aimed at supporting the upstream development of innovative, high-potential technologies and capturing benefits for the applications used by the Group.

Safran has set up a pooled research unit focusing on upstream, cross-functional technologies within Safran Tech, the Group's research and technology center. Safran Tech is home to nearly 500 scientists and technologists working in research sites and hubs, including the facilities at Safran Composites and Safran Ceramics. Around a hundred specialists in organic and ceramic matrix composites and organic chemistry work in these two facilities. Moreover, the Gennevilliers plant experiments in forging and casting to give Safran a cutting edge in the technologies involved in machining aircraft engine parts. Lastly, building on the Group's new "campus factory" in Bordeaux should be completed by the end of 2021. The site will become home to all of the Group's additive manufacturing expertise and resources over the coming year.

For Safran, intellectual/industrial property (IP) is an intangible asset of increasing importance in a context of globalized markets and ever-fiercer competition. The Group has clarified its IP governance and set up the Center for Intellectual Property Excellence (CEPI), a more effective, centrally coordinated structure involving specialists that work for all Group entities. CEPI now provides all of Safran's IP-related assistance and consulting services and oversees the related risks, notably those concerning the protection of know-how and inventions, developing and pro-actively managing patent portfolios, dealing with litigation and maintaining up-to-date strategic and technological intelligence, and promoting the Group's innovation to secure its competitive advantage and help it to meet customer needs as effectively as possible. The IP team's mission is underpinned by a Group charter setting out the importance of maintaining strategic and technological intelligence, respecting the rights of third parties, protecting the Group's IP portfolio and defending its rights and capacity to gain a competitive advantage through innovation. Streamlined governance, skills pooling and deployment of processes for operational excellence are now being used by the Group to both assess and control its exposure to IP risks.

#### *Uncertainty regarding returns on investments*

Safran's R&D activities – notably in the Aerospace domain – require investments that only produce returns in the medium to long term. The market and profitability assumptions determined and regularly reviewed by the Group may not prove accurate, and the products resulting from these investments may not enjoy sufficient commercial success to ensure a return on the initial investment (drop in demand, shut-down of a program). Capitalized R&D assets (excluding goodwill and programs) recognized in the balance sheet at December 31, 2020 totaled around €3.9 billion, and property, plant and equipment (mainly industrial investments) amounted to approximately €4.1 billion. These amounts are net of accumulated depreciation, amortization and impairment losses. Investment decisions are coordinated at Group level, based on tried and tested guidelines and numerous, specific evaluation criteria.

#### *Dependence on state procurement contracts*

Safran conducts part of its business with governments, especially in military markets in Europe, North America, Asia and the Middle East. Government spending in these markets is subject to trade-offs that are contingent on the geopolitical environment and budgetary constraints. Budget cuts affecting many of the Group's public customers can not only lead to delays in orders placed or curtailments, postponements or

cancellations in the fulfillment of such orders and the related financing, but also to a deterioration in advance payment plans. This could affect Safran's businesses or financial position.

Safran's strategy is based on a balanced portfolio of civil aviation and military businesses. In 2020, military businesses represent approximately 24% of the Group's adjusted consolidated revenue. The broad geographic diversity of the Group's businesses, particularly through its international sites, reflects its customer diversification strategy which helps create a robust business portfolio. This global strategy is also a means of reducing the risk of dependency on government business. Conversely, public procurement contracts can also help to at least partially offset a drop in private sector demand in the event of a major economic crisis affecting the aerospace industry, such as the ongoing Covid-19 pandemic.

#### *Acquisition and restructuring risks*

As part of its growth strategy and disciplined approach, Safran may conduct targeted acquisitions of businesses or companies, merge and/or set up companies, enter into strategic arrangements, or divest select non-core businesses. The Group has devised procedures and controls to limit the risks inherent in such transactions. Processes have been put in place to ensure that these transactions meet the Group's strict financial criteria (debt, return on capital employed, etc.). These may have a negative impact on the Group's business, expected earnings or image should Safran fail to integrate the businesses and employees of the acquired entities, achieve the business plans, unlock the expected synergies and cost savings, or maintain good trade or labor relations within the acquired entities following changes in management or control. Strict oversight processes for these transactions, especially new acquisitions, have been developed to ensure that the synergies and earnings obtained are in line with those forecast.

Safran applied these processes when it acquired Zodiac Aerospace in first-quarter 2018. The integration plan was deployed nominally and has made it possible to manage the operational risks related to these new businesses more effectively and to unlock planned synergies and raise objectives to at least €250 million by 2022. The process has now been completed. The initial objective was exceeded at the end of 2020 despite the current difficult circumstances.

#### **4 Human resources risks**

The Group's different activities harness a wide range of employee expertise and skills across many different sectors. As a result, Safran is exposed to the risk of failing to find the appropriate skills at the right time and in the right place that it needs to deploy its strategy and complete its development projects or its programs effectively.

In order to limit this risk, the Group continually strives to rescale, acquire, retain, redeploy, bolster and renew the skills that it needs or will need in the future. In addition to the workforce readjustment measures required to be taken as a result of the economic crisis triggered by the Covid-19 pandemic, Safran also has to contend with the high medium- and long-term attrition rate caused notably by the very high portion of employees expected to retire over the coming years, and with the rapid changes occurring in the Group's businesses. It is developing partnership strategies with top graduate schools and scientific universities to recruit employees for its current core and future businesses. The Group also actively promotes the Safran employer brand together with the attractiveness of its career opportunities. In addition, professional and geographic mobility programs, talent identification systems, succession planning for key posts and skills, training, monitoring and career development are all used to manage these risks. Initiatives to boost the Group's attractiveness as an employer and to prepare for the future, and tailored training programs designed to facilitate integration and transmit the Group's know-how and values to new hires are also deployed. The Group has strengthened and concentrated oversight of these actions comprising a global competitiveness plan into a single "Skills and Training" division. Safran also continues to offer employee bonus, profit-sharing and equity and savings incentive schemes that foster employee buy-in and loyalty, although some of these programs have been temporarily reduced or suspended in France as a response to the current economic situation as part of the "Activity Transformation" agreement signed on July 8, 2020 between Executive Management and all of the trade unions.

## **II. FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH BONDS**

### **1. Risks for Bondholders as creditors of the Issuer**

#### **1.1 Credit risk**

An investment in the Bonds involves taking credit risk on the Issuer. Since the Bonds are senior unsecured obligations of the Issuer, benefiting from no direct recourse to any assets or guarantees as contemplated in Condition 2 (*Status and Negative Pledge*) of the conditions of the relevant Series of Bonds, the Bondholders can only rely on the ability of the Issuer to pay any amount due under the Bonds. Bondholders are exposed to a higher credit risk than creditors benefiting from security interests from the Issuer. The market value of the Bonds will depend on the creditworthiness of the Issuer (as may be impacted by the risks related to the Issuer as described above). The Issuer has been assigned a long-term issuer credit rating of BBB+ (stable outlook) by S&P. If the creditworthiness of the Issuer deteriorates, it could have potentially very serious repercussions on the Bondholders because: (i) the Issuer may not be able to fulfil all or part of its payment obligations under the Bonds, (ii) the value of the Bonds may decrease and (iii) investors may lose all or part of their investment.

#### **1.2 No limitation on issuing or guaranteeing debt**

There is no restriction in the conditions of the 2026 Bonds and the 2031 Bonds on the amount of debt which the Issuer may issue or guarantee. Subject to the provisions of Condition 2.2 (*Negative Pledge*) of the conditions of the relevant Series of Bonds, which limit the right of the Issuer to grant security in respect to other debt securities, the Issuer and its subsidiaries and affiliates may incur additional indebtedness or grant guarantees in respect of indebtedness of third parties, including indebtedness or guarantees that rank *pari passu* to the Bonds. The incurrance of any such indebtedness and the granting of guarantees may reduce the amount (if any) recoverable by Bondholders on a winding-up of the Issuer.

If the Issuer's financial condition were to deteriorate, the Bondholders could suffer direct and materially adverse consequences, including loss of interest and, if the Issuer were liquidated (whether voluntarily or not), the Bondholders could suffer loss of their entire investment.

#### **1.3 French Insolvency Law**

As a société anonyme incorporated in France, French insolvency law applies to the Issuer.

Under French insolvency law, in the case of the opening in France of a safeguard procedure (*procédure de sauvegarde*), an accelerated safeguard procedure (*procédure de sauvegarde accélérée*), an accelerated financial safeguard procedure (*procédure de sauvegarde financière accélérée*), a judicial reorganisation procedure (*procédure de redressement judiciaire*) or a judicial liquidation (*liquidation judiciaire*) of the Issuer, all creditors of the Issuer (including Bondholders through the Representative of the Masse as detailed below) must file their proof of claims with the creditors' representative or liquidator, as the case may be, within two months (or within four months in the case of creditors domiciled outside metropolitan France) of the publication of the opening of the procedure against the Issuer in the BODACC (*Bulletin officiel des annonces civiles et commerciales*).

The Bondholders will be grouped automatically for the defence of their common interests in a Masse, as defined in Condition 8 (Representation of Bondholders) of the conditions of the relevant Series of Bonds. However, under French insolvency law, notwithstanding any clause to the contrary, holders of debt securities are automatically grouped into a single assembly of holders (the “**Assembly**”), further to the proposal of a plan by two creditors' committees, if a safeguard procedure (*procédure de sauvegarde*), an accelerated

safeguard procedure (*procédure de sauvegarde accélérée*), an accelerated financial safeguard procedure (*procédure de sauvegarde financière accélérée*) or a judicial reorganisation procedure (*procédure de redressement judiciaire*) is opened in France with respect to the Issuer.

The Assembly comprises holders of all debt securities issued by the Issuer (including the Bonds), whether or not under a debt issuance programme (such as a Euro Medium Term Notes programme), regardless of their governing law and notwithstanding any other contrary clause.

The members of the Assembly defend their common interests and deliberate on the proposed safeguard plan (*projet de plan de sauvegarde*), proposed accelerated safeguard plan (*projet de plan de sauvegarde accélérée*), proposed accelerated financial safeguard plan (*projet de plan de sauvegarde financière accélérée*) or judicial reorganisation plan (*projet de plan de redressement*) applicable to the Issuer and may further agree to:

- (A) increase the liabilities (charges) of holders of debt securities (including the Bondholders) by rescheduling due payments and/or partially or totally writing off receivables in the form of debt securities;
- (B) establish an unequal treatment between holders of debt securities (including the Bondholders) as appropriate under the circumstances; and/or
- (C) decide to convert debt securities (including the Bonds) into securities that give or may give right to receive share capital.

Decisions of the Assembly will be taken by a two third majority (calculated as a proportion of the value of debt securities held by the holders casting a vote at such Assembly). No quorum is required for the receiver (*administrateur judiciaire*) to convoke the Assembly. Holders of debt securities issued by the Issuer (including the Bonds) have the right to dispute such decisions within ten (10) days of the Assembly.

Decisions of the Assembly will be binding upon holders of debt securities if the proposed safeguard or rehabilitation plan is (i) adopted by the other creditors' committees of the Issuer (committee of financial institutions and committee of suppliers) and (ii) approved by the commercial court.

For the avoidance of doubt, the provisions relating to the Representation of the Bondholders described in the Condition 8 (Representation of Bondholders) of the conditions of the relevant Series of Bonds will not be applicable, to the extent they are not in compliance with compulsory insolvency law provisions that apply in these circumstances.

It should be noted that a new European directive entitled “Directive (EU) 2019/1023 on preventive restructuring frameworks, on discharge of debt and disqualifications, and on measures to increase the efficiency of procedures concerning restructuring, insolvency and discharge of debt, and amending Directive (EU) 2017/1132”, has been adopted by the European Union on 20 June 2019. Once transposed into French law (which is scheduled to happen by 17 July 2021 at the latest), such directive should have a material impact on French insolvency law, especially with regard to the process of adoption of restructuring plans under insolvency proceedings. According to this directive, “affected parties” (i.e., creditors, including the Bondholders) shall be treated in separate classes which reflect certain class formation criteria for the purpose of adopting a restructuring plan. Classes shall be formed in such a way that each class comprises claims or interests with rights that are sufficiently similar to justify considering the members of the class a homogenous group with commonality of interest. As a minimum, secured and unsecured claims shall be treated in separate classes for the purpose of adopting a restructuring plan. A restructuring plan shall be deemed to be adopted by affected parties, provided that a majority in the amount of their claims or interests is obtained in each and every class (the required majorities shall be laid down by Member States of the European Union at not higher than 75% in the amount of claims or interests in each class, it being noted that

Member States of the European Union may require that in addition a majority in number of affected parties be obtained in each class). If the restructuring plan is not approved by each and every class of affected parties, the plan may however be confirmed by a judicial or administrative authority by applying a cross-class cram-down, provided notably that:

- (A) the plan has been notified to all known creditors likely to be affected by it;
- (B) the plan complies with the best interest of creditors test (i.e., no dissenting creditor would be worse off under the restructuring plan than they would be in the event of liquidation, whether piecemeal or sale as a going concern);
- (C) any new financing is necessary to implement the restructuring plan and does not unfairly prejudice the interest of creditors;
- (D) the plan has been approved by a majority of the voting classes of affected parties, provided that at least one of those classes is a secured creditors class or is senior to the ordinary unsecured creditors class; or, failing that, by at least one of the voting classes of affected parties or where so provided under national law, impaired parties, other than an equity-holders class or any other class which, upon a valuation of the debtor as a going-concern, would not receive any payment or keep any interest, or, where so provided under national law, which could be reasonably presumed not to receive any payment or keep any interest, if the normal ranking of liquidation priorities were applied under national law;
- (E) the plan complies with the relative priority rule (i.e., dissenting voting classes of affected creditors are treated at least as favourably as any other class of the same rank and more favourably than any junior class). By way of derogation, Member States of the European Union may instead provide that the plan shall comply with the absolute priority rule (i.e., a dissenting voting class of creditors must be satisfied in full before a more junior class may receive any distribution or keep any interest under the restructuring plan); and
- (F) no class of affected parties can, under the restructuring plan, receive or keep more than the full amount of its claims or interests.

Therefore, when such directive is transposed into French law, it cannot be excluded that the Bondholders will no longer deliberate on the proposed restructuring plan in a separate assembly, meaning that they will no longer benefit from a specific veto power on this plan. Instead, as any other affected parties, the Bondholders will be grouped into one or several classes (with potentially other types of creditors) and their dissenting vote may possibly be overridden by a cross-class cram down.

The commencement of insolvency proceedings against the Issuer would have a material adverse effect on the market value of Bonds issued by the Issuer. Any decisions taken by the Assembly or a class of creditors, as the case may be, could materially and negatively impact the Bondholders and cause them to lose all or part of their investment, should they not be able to recover amounts due to them from the Issuer.

## **2. RISKS RELATED TO THE MARKET GENERALLY**

### **2.1 The secondary market generally**

Application has been made to Euronext Paris for the Bonds to be admitted to trading on Euronext Paris as from the Issue Date. The Bonds may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Bonds in the secondary market in which case the market or trading price and liquidity may be adversely affected or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. The degree of liquidity of the Bonds may negatively impact the price at which an investor can dispose of the Bonds where the investor is seeking to achieve a sale within a short timeframe. In such circumstances, the impact of this risk on the Bondholder would be high because the Bonds would likely have to be resold at a

discount to the nominal value of the Bonds. Furthermore, if additional and competing products are introduced in the markets, this may adversely affect the market value of the Bonds in a significant manner.

## **2.2 Market value of the Bonds**

Application has been made to Euronext Paris for the Bonds to be admitted to trading on Euronext Paris as from the Issue Date. The market value of the Bonds depends on a number of interrelated factors, including the creditworthiness of the Issuer, economic, financial and political events in France or elsewhere, including factors affecting capital markets generally and the stock exchanges on which the Bonds are traded.

The price at which a Bondholder will be able to sell such Bonds prior to maturity may be at a discount, which could be substantial, from the issue price or the purchase price paid by such purchaser. Accordingly, all or part of the capital invested by the Bondholder may be lost upon any disposal of the Bonds, so that the Bondholder in such case would receive significantly less than the total amount of capital invested.

## **2.3 Exchange rate risks and exchange controls**

The Issuer will pay principal and interest on the Bonds in Euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than Euro. These include the risk that exchange rates may change significantly (including changes due to devaluation of Euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Euro would significantly decrease (i) the Investor's Currency-equivalent yield on the Bonds, (ii) the Investor's Currency equivalent value of the principal payable on the Bonds and (iii) the Investor's Currency-equivalent market value of the Bonds, all of which could have an adverse effect on the return on the investment of the Bondholders.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, the Bondholders may receive less interest or principal than expected, or no interest or principal.

## **2.4 Interest rate risks**

The 2026 Bonds will bear interest at a fixed rate of 0.125 per cent. per annum payable annually in arrear on 16 March in each year and the 2031 Bonds will bear interest at a fixed rate of 0.750 per cent. per annum payable annually in arrear on 17 March in each year in accordance with Condition 3 (Interest) of the conditions of the relevant Series of Bonds.

The Bonds bearing interest at a fixed rate, investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds. While the nominal interest rate of a fixed interest rate bond is fixed during the life of such a bond or during a certain period of time, the current interest rate on the capital market (market interest rate) typically changes on a daily basis. As the market interest rate changes, the price of such bond changes in the opposite direction. If the market interest rate increases, the price of such bond typically falls, until the yield of such bond is approximately equal to the market interest rate. If the market interest rate decreases, the price of a fixed rate bond typically increases, until the yield of such bond is approximately equal to the market interest rate. Bondholders should be aware that movements of the market interest rate can adversely affect the price of the Bonds and can lead to losses for the Bondholders if they sell Bonds during the period in which the market interest rate exceeds the fixed rate of the Bonds.

## **2.5 Purchases by the Issuer in the open market or otherwise (including by tender offer) in respect of the Bonds may affect the liquidity of the Bonds which have not been so purchased.**



Depending on the number of Bonds purchased by the Issuer, as provided in Condition 4.8 of the conditions of the relevant Series of Bonds, any trading market in respect of those Bonds that have not been so purchased may become illiquid and may have a negative impact on the market value of the Bonds.

### **3. RISK RELATED TO THE STRUCTURE OF THE BONDS**

#### **3.1 The Bonds may be redeemed or purchased by the Issuer prior to maturity**

In the event that the Issuer would be obliged to pay additional amounts in respect of any Bonds due to any withholding as provided in Condition 4.2 (Redemption for Taxation Reasons) of the conditions of the relevant Series of Bonds, the Issuer may and, in certain circumstances shall, redeem all of the Bonds then outstanding in accordance with such Conditions of the relevant Series of Bonds.

In addition, the Issuer has the option to redeem (i) in whole or in part the Bonds at any time prior to the first day of the Residual Maturity Call Period (as such term is defined below) (i.e. 16 December 2025 for the 2026 Bonds and 17 December 2030 for the 2031 Bonds), at the relevant Make-whole Redemption Amount, as provided in Condition 4.4 (Make-whole Redemption at the Option of the Issuer) of the conditions of the relevant Series of Bonds, (ii) in whole or in part the Bonds outstanding from and including 3 months prior to the relevant Maturity Date to but excluding the Maturity Date, at their principal amount together with any interest accrued to, but excluding, the date set for redemption, as provided in Condition 4.5 (Issuer's Residual Maturity Redemption) of the conditions of the relevant Series of Bonds, and (iii) all, but not some only, of the Bonds in the event that 25 per cent. or less of the initial aggregate principal amount of the Bonds remain outstanding, at their principal amount together with any interest accrued to, but excluding, the date set for redemption, as provided in Condition 4.6 (Clean-Up Call Option) of the conditions of the relevant Series of Bonds.

During a period when the Issuer may elect to redeem Bonds, such Bonds may feature a market value not above the price at which they can be redeemed. If the market interest rates decrease, the risk to Bondholders that the Issuer will exercise its right of early redemption increases. As a consequence, the yields received upon such early redemption may be lower than expected, and the redeemed face amount of the Bonds may be lower than the purchase price paid for such Bonds by the Bondholder where the purchase price was above par. As a consequence, part of the capital invested by the Bondholder may be lost, so that the Bondholder in such case would not receive the total amount of the capital invested. However, the redeemed face amount of the Bonds may not be below par. In addition, investors who choose to reinvest monies they receive through an early redemption may be able to do so only in securities with a lower yield than such redeemed Bonds. Any fall in market rates, which would make less likely a loss of a kind described in paragraph "Interest rate risks" above, could nonetheless lead to a loss because of an early redemption by the Issuer.

In particular, with respect to the redemption at the option of the Issuer when only 25 per cent. or less of the principal amount of the Bonds remains outstanding (Condition 4.6) of the conditions of the relevant Series of Bonds, there is no obligation on the Issuer to inform investors if and when the 25 per cent. threshold referred to therein has been reached or is about to be reached. The Issuer's right to redeem will exist notwithstanding that immediately prior to the publication of a notice in respect of the redemption at the option of the Issuer the Bonds under Condition 4.6 of the conditions of the relevant Series of Bonds, the Bonds may have been trading significantly above par, thus potentially resulting in a loss of capital invested.

#### **3.2 Partial or full early redemption of the Bonds at the option of the Bondholders**

The Bondholders have the option to require that their Bonds be redeemed by the Issuer if a Change of Control and a Rating Downgrade occur in connection with it for the principal amount outstanding on the Bonds in accordance with Condition 4.3 (Early Redemption of the Bonds at the option of the Bondholders following a Change of Control) of the

conditions of the relevant Series of Bonds (the "**Put Option**"). The Issuer has the option to procure the purchase of such Bonds instead of redeeming them. If the Issuer redeems the Bonds, this could affect the Issuer's liquidity and have a negative impact on the Issuer's financial outlook as the amounts outstanding under the bonds would become payable in advance of their intended maturity date. In addition, depending on the number of Bonds in respect of which the Bondholders exercise the Put Option, any trading market in respect of those Bonds in respect of which the Put Option is not exercised may become illiquid.

All of the above may reduce the profits Bondholders may have expected in subscribing the Bonds and could have a materially adverse impact on the Bondholders. Therefore, Bondholders not having exercised their put options may not be able to sell their Bonds on the market and may have to wait until the Maturity Date to obtain redemption of their investments in the Bonds, which may have an adverse impact on the Bondholders and reduce the profits anticipated by the Bondholders at the time of the issue.

### **3.3 Modification of the conditions of the Bonds**

Bondholders will be grouped automatically for the defence of their common interests in a Masse, as defined in Condition 8 (Representation of the Bondholders) of the conditions of the relevant Series of Bonds and a general meeting of Bondholders can be held or a consultation in writing can be made.

The conditions of the Bonds permit in certain cases defined majorities to bind all Bondholders including Bondholders who did not participate in the relevant general meeting or the relevant consultation in writing and Bondholders who voted in a manner contrary to the majority. If such a general meeting or consultation in writing were to take place, it is possible that a majority of Bondholders could adopt a decision that would modify the conditions in a way that could impair or limit the rights of the Bondholders, and this may have negative impact on the market value of the Bonds and hence investors may lose part of their investment.

## DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus shall be read and construed in conjunction with the following sections identified in the cross-reference table below (required to be disclosed by the Issuer as a result of Annex 7 of the Commission Delegated Regulation (EU) 2019/980 (the “**Commission Delegated Regulation**”)) of the following documents which have been previously published and have been filed with the Autorité des marchés financiers (“**AMF**”):

- (a) the 2019 Universal Registration Document in the French language relating to the Issuer filed with the AMF on 31 March 2020 under no. D. 20-0224, including the statutory audited consolidated financial statements of the Issuer as at, and for the year ended, 31 December 2019 and the related notes thereto (the “**2019 Universal Registration Document**”) ([https://www.safran-group.com/sites/group/files/safran\\_deu\\_2019\\_fr\\_mel.pdf](https://www.safran-group.com/sites/group/files/safran_deu_2019_fr_mel.pdf));
- (b) the 2018 Document de Référence in the French language relating to the Issuer filed with the AMF on 29 March 2019 under no. D.19-0227, including the statutory audited consolidated financial statements of the Issuer as at, and for the year ended, 31 December 2018 and the related notes thereto (the “2018 Registration Document”) ([https://www.safran-group.com/sites/group/files/safran\\_ddr\\_2018\\_fr.pdf](https://www.safran-group.com/sites/group/files/safran_ddr_2018_fr.pdf));
- (c) the French language press release dated 25 February 2021 in relation to the annual results of the Issuer (the “2020 Results Press Release”) (<https://www.safran-group.com/fr/media/safran-les-resultats-de-2020-temoignage-de-la-qualite-des-metiers-du-groupe-et-de-la-forte-maitrise-des-couts-20210225>); and
- (d) the French language unaudited consolidated financial statement of the Issuer as at, and for the year ended, 31 December 2020 (the “2020 Full Year Financial Statements”) ([https://www.safran-group.com/fr/file/download/plaquette\\_decembre\\_2020\\_vdef\\_mise\\_en\\_ligne\\_fr.pdf](https://www.safran-group.com/fr/file/download/plaquette_decembre_2020_vdef_mise_en_ligne_fr.pdf)).

Such sections of such documents shall be incorporated in and form part of this Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

The information contained in the documents incorporated by reference that is not included in the cross-reference list is not incorporated by reference as it is either not relevant for the investor or is covered elsewhere in the Prospectus and is given for information purposes only.

Other than in relation to the sections of the documents which are deemed to be incorporated by reference, the information on the websites to which this Prospectus (including, for the avoidance of doubt, any information on the websites which appear in the documents incorporated by reference) refers does not form part of this Prospectus and has not been scrutinised or approved by the AMF.

This Prospectus and the documents incorporated by reference are available without charge on the website of the Issuer ([www.safran-group.com](http://www.safran-group.com)). This Prospectus, the 2019 Universal Registration Document and of the 2018 Registration Document are also available on the website of the AMF ([www.amf-france.org](http://www.amf-france.org)).

Free translations in the English language of the 2019 Universal Registration Document, the 2018 Registration Document, the 2020 Results Press Release and the 2020 Full Year Financial Statements, are available on the Issuer’s website ([www.safran-group.com](http://www.safran-group.com)). These documents are available for information purposes only and are not incorporated by reference in this Prospectus. The only binding versions are the French language versions filed with the AMF.

For the purposes of the Prospectus Regulation, the information incorporated by reference in this Prospectus, as required by Annex 7 of the Commission Delegated Regulation, is set out in the following cross reference table:

**CROSS-REFERENCE LIST**

<b>Item</b>	<b>Commission Delegated Regulation – Annex 7</b>	<b>2019 Universal Registration Document (page number)</b>	<b>2018 Registration Document (page number)</b>	<b>2020 Results Press Release 2020 Full Year Financial Statements (page number)</b>
<b>2.</b>	<b>STATUTORY AUDITORS</b>			
2.1.	Names and addresses of the issuer’s auditors for the period covered by the historical financial information (together with their membership in a professional body).	422		
<b>4.</b>	<b>INFORMATION ABOUT THE ISSUER</b>			
4.1.	<u>History and development of the Issuer</u>			
4.1.1.	The legal and commercial name of the issuer	367		
4.1.2.	The place of registration of the issuer, its registration number and legal entity identifier ('LEI').	367		
4.1.3.	The date of incorporation and the length of life of the issuer, except where the period is indefinite.	367		
4.1.4.	The domicile and legal form of the issuer, the legislation under which the issuer operates, its country of incorporation, the address, telephone number of its registered office (or principal place of business if different from its registered office) and website of the issuer, if any, with a disclaimer that the information on the website does not form part of the prospectus unless that information is incorporated by reference into the prospectus.	367 ; 383		
4.1.5	Any recent events particular to the issuer and which are to a material extent relevant to an evaluation of the issuer’s solvency.			2020 Results Press Release: 1 to 16 excluding the outlook on pages 8 and 9 2020 Full Year Financial Statements: 1 to 111

Item	Commission Delegated Regulation – Annex 7	2019 Universal Registration Document (page number)	2018 Registration Document (page number)	2020 Results Press Release 2020 Full Year Financial Statements (page number)
<b>5.</b>	<b>BUSINESS OVERVIEW</b>			
5.1.	<u>Principal activities</u>			
5.1.1.	A brief description of the issuer's principal activities stating the main categories of products sold and/or services performed.	51, 53, 54 to 74		
5.1.2.	The basis for any statements made by the issuer regarding its competitive position.	3, 6 to 7, 14 to 39, 71 and 74		
<b>6.</b>	<b>ORGANISATIONAL STRUCTURE</b>			
6.1.	If the issuer is part of a group, a brief description of the group and of the issuer's position within the group. This may be in the form of, or accompanied by, a diagram of the organisational structure if this helps to clarify the structure.	51 and 52		
6.2.	If the Issuer is dependent upon other entities within the group, this must be clearly stated together with an explanation of this dependence.	51 and 52		
<b>9.</b>	<b>ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES</b>			
9.1.	Names, business addresses and functions within the issuer of the following persons, and an indication of the principal activities performed by them outside the issuer where these are significant with respect to that issuer:  (a) members of the administrative, management or supervisory bodies;  (b) partners with unlimited liability, in the case of a limited partnership with a share capital.	291 to 312		
9.2.	<u>Administrative, Management, and Supervisory bodies</u> <u>conflicts of interests</u>	321		

Item	Commission Delegated Regulation – Annex 7	2019 Universal Registration Document (page number)	2018 Registration Document (page number)	2020 Results Press Release 2020 Full Year Financial Statements (page number)
	<p>Potential conflicts of interests between any duties to the issuer of the persons referred to in item 9.1 and their private interests and or other duties must be clearly stated.</p> <p>In the event that there are no such conflicts, a statement to that effect must be made.</p>			
<b>10.</b>	<b>MAJOR SHAREHOLDERS</b>			
10.1.	To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled and by whom, and describe the nature of such control, and describe the measures in place to ensure that such control is not abused.	372-373, 378, 381		
10.2.	A description of any arrangements, known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer.	381		
<b>11.</b>	<b>FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES</b>			
11.1.	<p><u>Historical Financial Information</u></p> <p>Historical financial information covering the latest two financial years (at least 24 months) or such shorter period as the issuer has been in operation and the audit report in respect of each year.</p> <ul style="list-style-type: none"> <li>– Balance sheet</li> <li>– Income statement</li> <li>– Accounting policies and explanatory notes</li> </ul>	<p>118</p> <p>116</p> <p>122 to 190</p>	<p>85</p> <p>83</p> <p>88 to 164</p>	<p>2020 Full Year Financial Statements: 15</p> <p>2020 Full Year Financial Statements: 12</p> <p>2020 Full Year Financial Statements: 18 to 111</p>

Item	Commission Delegated Regulation – Annex 7	2019 Universal Registration Document (page number)	2018 Registration Document (page number)	2020 Results Press Release 2020 Full Year Financial Statements (page number)
11.1.5	<u>Consolidated financial statements</u> If the issuer prepares both standalone and consolidated financial statements, include at least the consolidated financial statements in the registration document.	116 to 190	83 to 164	
11.2.	<u>Auditing of historical annual financial information</u>			
11.2.1.	The historical annual financial information must be independently audited. The audit report shall be prepared in accordance with Directive 2006/43/EC and Regulation (EU) No 537/2014.	191 to 195	165 to 169	
11.2.1. a	Where audit reports on the historical financial information have been refused by the statutory auditors or where they contain qualifications, modifications of opinion, disclaimers or an emphasis of matter, the reason must be given, and such qualifications, modifications, disclaimers or emphasis of matter must be reproduced in full.	191	165	
11.3.	<u>Legal and arbitration proceedings</u> Information on any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the issuer is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past, significant effects on the issuer and/or group's financial position or profitability, or provide an appropriate negative statement.	185 and 217		

Item	Commission Delegated Regulation – Annex 7	2019 Universal Registration Document (page number)	2018 Registration Document (page number)	2020 Results Press Release 2020 Full Year Financial Statements (page number)
11.4.	<p><u>Significant change in the issuer's financial or trading position</u></p> <p>A description of any significant change in the financial position of the group which has occurred since the end of the last financial period for which either audited financial information or interim financial information have been published, or an appropriate negative statement.</p>			<p>2020 Results Press Release : 1 to 16 excluding the outlook on pages 8 and 9</p> <p>2020 Full Year Financial Statements: 1 to 111</p>
<b>12.</b>	<b>MATERIAL CONTRACTS</b>			
	<p>A brief summary of all material contracts that are not entered into in the ordinary course of the issuer's business, which could result in any group member being under an obligation or entitlement that is material to the issuer's ability to meet its obligation to security holders in respect of the securities being issued.</p>	372-373		



## TERMS AND CONDITIONS OF THE 2026 BONDS

The terms and conditions of the 2026 Bonds will be as follows:

The issue of € 700,000,000 0.125 per cent. bonds due 16 March 2026 (the "**2026 Bonds**") by Safran (the "**Issuer**") was authorised by the *Conseil d'administration* of the Issuer on 24 February 2021 and decided by an issue decision signed by Olivier Andriès, *Directeur général* of the Issuer dated 10 March 2021.

The Issuer will enter into an agency agreement (the "**Agency Agreement**") to be dated 12 March 2021 with Caceis Corporate Trust acting as fiscal agent, principal paying agent, paying agent and calculation agent and a make whole calculation agency agreement with Aether Financial Services UK Limited acting as make-whole calculation agent for the purpose of Condition 4.4 only (the "**Make-Whole Calculation Agency Agreement**"). The fiscal agent, principal paying agent, paying agents, calculation agent and make-whole calculation agent for the time being are referred to in these Conditions as the "**Fiscal Agent**", the "**Principal Paying Agent**", the "**Paying Agents**" (which expression shall include the Principal Paying Agent), the "**Calculation Agent**" and the "**Make-Whole Calculation Agent**", respectively. Each of such expressions shall include the successors from time to time of the relevant persons, in such capacities, under the Agency Agreement and the Make-Whole Calculation Agency Agreement, and are collectively referred to as the "**Agents**". Electronic copies (or hard copy upon express request) of the Agency Agreement and of the Make-Whole Calculation Agency Agreement are obtainable upon request at their respective addresses specified on the last page of this Prospectus and free of charge during normal business hours, from the Paying Agents or the Make-Whole Calculation Agent respectively. References below to "**Conditions**" are, unless the context otherwise requires, to the numbered paragraphs contained in the terms and conditions set forth herein. In these Conditions, "**holder of 2026 Bonds**", "**holder of any 2026 Bond**" or "**2026 Bondholder**" means the person whose name appears in the account of the relevant Account Holder as being entitled to such 2026 Bonds.

In these Conditions, references to "day" or "days" are to calendar days unless the context otherwise specifies and "**Business Day**" means a day (other than a Saturday or a Sunday) on which (i) Euroclear France is open for business, (ii) the TARGET System (as such term is defined in Condition 5.1 is operating and (iii) commercial banks are open for general business in France.

### 1. FORM, DENOMINATION AND TITLE

The 2026 Bonds will be issued on 16 March 2021 (the "**Issue Date**") in dematerialised bearer form (au porteur) in the denomination of €100,000 each. Title to the 2026 Bonds will be established and evidenced in accordance with articles L.211-3 et seq. and R.211-1 et seq. of the French *Code Monétaire et Financier* by book-entries (*inscription en compte*). No physical document of title (including *certificats représentatifs* pursuant to article R.211-7 of the French *Code Monétaire et Financier*) will be issued in respect of the 2026 Bonds.

The 2026 Bonds will, upon issue, be inscribed in the books of Euroclear France ("**Euroclear France**") which shall credit the accounts of the Account Holders. For the purposes of these Conditions, "**Account Holder**" shall mean any intermediary institution entitled to hold, directly or indirectly, accounts on behalf of its customers with Euroclear France and includes Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**").

Title to the 2026 Bonds shall be evidenced by entries in the books of Account Holders and transfer of 2026 Bonds may only be effected through registration of the transfer in such books and in denominations of €100,000.

### 2. STATUS AND NEGATIVE PLEDGE

#### 2.1 Status of the 2026 Bonds

The obligations of the Issuer in respect of the 2026 Bonds constitute direct, unconditional, unsecured (except as provided in "Negative Pledge" below) and unsubordinated obligations of the Issuer and rank and will rank *pari passu* and without any preference among themselves and (subject to such exceptions as are from time to time mandatory under French law) equally and rateably with all other present or future unsecured and unsubordinated obligations of the Issuer.

## 2.2 Negative Pledge

(i) So long as any of the 2026 Bonds remains outstanding (as defined below), the Issuer will not create or permit to subsist and will procure that none of its Principal Subsidiaries (as defined below) will create or permit to subsist any mortgage, charge, pledge or other security interest upon any of its assets, revenues or rights, present or future, to secure any Relevant Indebtedness (as defined below) incurred by the Issuer or such Principal Subsidiary, or any guarantee or indemnity in respect of any Relevant Indebtedness unless the Issuer's obligations under the 2026 Bonds are equally and rateably secured therewith.

(ii) For the purposes of these Conditions,

**"Assets"** means, in relation to any person, all or part of their goodwill, business, property, goods, income and all or part of their unpaid share capital receivables, irrespective of the location of such assets.

**"EBITDA"** means earnings from operations before interest, tax, depreciation, amortisation and provisions for impairment of assets, calculated on the basis of (i) the Group's consolidated accounts or (ii) a Subsidiary's accounts, as the case may be, adjusted for:

- (a) purchase price allocations with respect to business combinations. Since 2005, this restatement concerns the amortization charged against intangible assets relating to aircraft programs revalued at the time of the Sagem-Snecma merger. With effect from the first-half 2010 interim financial statements, the Group decided to restate:
- the impact of purchase price allocations for business combinations, particularly amortization and depreciation charged against intangible assets and property, plant and equipment recognized or remeasured at the time of the transaction and amortized or depreciated over extended periods due to the length of the Group's business cycles, and the impact of remeasuring inventories, as well as
  - gains on remeasuring any previously held equity interests in the event of step acquisitions or asset contributions to joint ventures;
- (b) the mark-to-market of foreign currency derivatives, in order to better reflect the economic substance of the Group's overall foreign currency risk hedging strategy:
- revenue net of purchases denominated in foreign currencies is measured using the effective hedged rate for the period (i.e., including the costs of the hedging strategy),
  - all mark-to-market changes on instruments hedging future cash flows are neutralized; and
- (c) the resulting changes of (a) and (b) in deferred tax.

**"Group"** means the Issuer and its Subsidiaries.

**"Original Financial Statements"** means the audited consolidated financial statements of the Group for the financial year ended 31 December 2019.

**"outstanding"** means, in relation to the 2026 Bonds, all the 2026 Bonds issued other than: (a) those which have been redeemed in accordance with the Conditions, (b) those in respect of which the date for redemption in accordance with the Conditions has occurred and the redemption moneys (including all interest accrued on such 2026 Bonds to the date for such redemption and any interest payable under Condition after such date) have been duly paid to the Fiscal Agent, (c) those which have been purchased and cancelled as provided in Condition 4.9 and (d) those in respect of which claims have been prescribed under Condition 10.

**"Principal Subsidiary"** means any consolidated Subsidiary with an EBITDA representing more than ten (10) per cent. of the consolidated EBITDA of the Group or whose Total Assets represent more than ten (10) per cent. of the Total Assets of the Group based on the most recent published annual audited consolidated accounts of the Group,

provided that:

- (a) the EBITDA and the Total Assets of a Subsidiary of the Issuer shall be determined based on its contribution used for the establishment of the latest published annual audited consolidated accounts of the Group;
- (b) if a Subsidiary becomes a member of the Group after the date on which the latest annual audited consolidated accounts of the Group were prepared, the EBITDA and Total Assets of such Subsidiary shall be established based on its latest annual accounts (its own accounts or consolidated accounts, as the case may be);
- (c) the EBITDA and Total Assets of the Group will be established based on the latest annual audited consolidated accounts, adjusted (as the case may be) in order to take into account the impact of EBITDA on a full year basis of any company or business acquired or disposed of following the date of the relevant accounts; and
- (d) if a Principal Subsidiary has transferred all or a substantial part of its Assets to another Subsidiary of the Issuer, the former shall cease to be, as the case may be, a Principal Subsidiary and the latter shall become, as the case may be, a Principal Subsidiary (to the extent it is not already).

**"Relevant Indebtedness"** means any present or future indebtedness for borrowed monies in the form of, or represented by, bonds, notes or other securities which are, are to be, or are capable of being, quoted, listed, or ordinarily traded on any stock exchange, or on any over-the-counter securities market or other securities market.

**"Subsidiary"** means in relation to any company, another company which is controlled by it within the meaning of articles L. 233-1 and L. 233-3 of the French Code de commerce.

**"Total Assets"** means at any time, the total amount (as calculated in accordance with the accounting principles used for the preparation of the Original Financial Statements of the Issuer) of all property and assets of the Group listed as assets on the consolidated balance sheet of the Issuer in its then most recent published annual audited consolidated accounts.

### 3. INTEREST

The 2026 Bonds will bear interest at the rate of 0.125 per cent. per annum, from, and including, 16 March 2021 (the **"Issue Date"**) to, but excluding, the 2026 Bonds Maturity Date (as defined in Condition 4.1), payable annually in arrear on 16 March in each year (each an **"Interest Payment Date"**), commencing on 16 March 2022. The period commencing on, and including, the Issue Date and ending on, but excluding, the first Interest Payment Date and each successive period commencing on, and including, an Interest Payment Date and ending on, but excluding, the next succeeding Interest Payment Date is called an **"Interest Period"**.

Each 2026 Bond will cease to bear interest from the date on which it is to be redeemed, unless payment of the full amount due in respect of such 2026 Bond is improperly withheld or refused on such due date. In such event, such 2026 Bond shall continue to bear interest in accordance with this Condition (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such 2026 Bond up to that day are received by or on behalf of the relevant 2026 Bondholder and (b) the day after the Fiscal Agent has notified 2026 Bondholders in accordance with Condition 9 of receipt of all sums due in respect of all 2026 Bonds up to that day (except if and to the extent the subsequent payment to the relevant 2026 Bondholders is not made in accordance with these Conditions).

If interest is required to be calculated for a period of less than one year, it will be calculated on the basis of a day count fraction which will be Actual/Actual (ICMA), being calculated by taking the number of days in the relevant period, from and including the date from which interest begins to accrue to but excluding the date on which it falls due, divided by the number of days in the Interest Period in which the relevant period falls (including the first such day but excluding the last).

#### 4. REDEMPTION AND PURCHASE

The 2026 Bonds may not be redeemed other than in accordance with this Condition 4 or Condition 7.

##### 4.1 Final Redemption

Unless previously redeemed or purchased and cancelled as provided below, the 2026 Bonds will be redeemed in cash at their principal amount (i.e. €100,000 per 2026 Bond) on 16 March 2026 (the "**2026 Bonds Maturity Date**").

##### 4.2 Redemption for Taxation Reasons

- (i) If, by reason of change in French law, or any change in the official application or interpretation of such law, becoming effective after the Issue Date, the Issuer would on the occasion of the next payment of principal or interest due in respect of the 2026 Bonds, not be able to make such payment without having to pay additional amounts as specified under Condition 6, the Issuer may, on any date, subject to having given not more than sixty (60) nor less than thirty (30) days' prior notice to the 2026 Bondholders (which notice shall be irrevocable), in accordance with Condition 9, redeem all, but, not some only, of the 2026 Bonds at their principal amount together with accrued interest (if any) to the date set for redemption, provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable date on which the Issuer could make payment of principal and interest without withholding for French taxes or, if such date has passed, as soon as practicable thereafter.
- (ii) If the Issuer would on the next payment of principal or interest in respect of the 2026 Bonds, notwithstanding the undertaking to pay additional amounts contained in Condition 6, be prevented by French law from making payment to the 2026 Bondholders of the full amount then due and payable, then the Issuer shall forthwith give notice of such fact to the Fiscal Agent and the Issuer shall upon giving not less than seven (7) days' prior notice to the 2026 Bondholders in accordance with Condition 9, redeem all, but not some only, of the 2026 Bonds then outstanding at their principal amount plus any accrued interest to the date set for redemption provided that the due date for redemption shall be a date on which the Issuer could make payment of the full amount of principal and interest payable without for French taxes or if such date has passed, as soon as practicable thereafter.

##### 4.3 Early Redemption of the 2026 Bonds at the option of the 2026 Bondholders following a Change of Control

- (i) If at any time while any 2026 Bond remains outstanding, (i) there occurs a Change of Control (as defined below), and (ii) within the Change of Control Period, a Rating Downgrade occurs or has occurred as a result of such Change of Control (such Change of Control and Rating Downgrade occurring within the Change of Control Period together called a "**Put Event**"), the holder of each 2026 Bond will have the option (the "**Put Option**") (unless, prior to the giving of the Put Event Notice (as defined below), the Issuer gives notice to redeem the 2026 Bonds under Condition 4.2, 4.4, 4.5 or 4.6) to require the Issuer to redeem or, at the Issuer's option, to procure the purchase of that 2026 Bond, on the Optional Redemption Date (as defined below) at its principal amount outstanding of such 2026 Bonds together with (or where purchased, together with an amount equal to) interest accrued to, but excluding, the Optional Redemption Date (the "**Early Redemption Amount**").

A "**Change of Control**" means any person or group of persons acting in concert or any person or persons acting on behalf of any such person(s) acquires directly or indirectly the control of the Issuer.

"**control**" has the meaning given in article L.233-3 of the French Code de commerce and "**acting in concert**" has the meaning given in article L.233-10 of the French Code de commerce.

**"Change of Control Period"** means the period commencing on the date that is the earlier of: (i) the first public announcement by the Issuer of the occurrence of the relevant Change of Control; and (ii) the date of the Potential Change of Control, and ending on the date which is ninety (90) days after the date of the first public announcement of the occurrence of such Change of Control.

A **"Potential Change of Control"** means any public announcement or statement by the Issuer, or by any actual or potential bidder(s) relating to any potential Change of Control of the Issuer.

A **"Rating Downgrade"** shall be deemed to have occurred in respect of a Change of Control or of a Potential Change of Control if within the Change of Control Period, the rating previously assigned to the senior unsecured debt obligation of the Issuer by any Rating Agency (as defined below) solicited by the Issuer is (a) (x) withdrawn or (y) changed from an investment grade rating (Baa3 or BBB-, or their equivalent for the time being, or better) to a non-investment grade rating (Ba1 or BB+, or their equivalent for the time being, or worse) or (z) if the rating previously assigned to the senior unsecured debt obligation of the Issuer by any Rating Agency solicited by the Issuer was below an investment grade rating (as described above), lowered by at least one full rating notch (for example, from Ba1 to Ba2 or from BB+ to BB; or their respective equivalents), and (b) such rating is not within the Change of Control Period subsequently reinstated (in the case of a withdrawal) or upgraded (in the case of a downgrade) either to an investment grade credit rating (in the case of (x or y)) or to its earlier credit rating or better (in the case of (z)) by such Rating Agency, provided that (i) a Rating Downgrade otherwise arising by virtue of a particular change in rating shall be deemed not to have occurred in respect of a particular Change of Control or Potential Change of Control, as the case may be, if the Rating Agency does not publicly announce or publicly confirm that the reduction was the result, in whole or in part, of the Change of Control or the Potential Change of Control, as the case may be, and (ii) any Rating Downgrade must have been confirmed in a letter or other form of written communication sent to the Issuer and publicly disclosed. If the 2026 Bonds are rated by more than one Rating Agency and such rating has been solicited by the Issuer, the rating to be taken into account to determine whether a Rating Downgrade has occurred shall be the lower rating assigned by any such Rating Agency. If the 2026 Bonds cease at any time to have a rating assigned to them by at least one Rating Agency, the Issuer shall use its best endeavours to obtain a rating of the 2026 Bonds from a Rating Agency as soon as practicable. For the avoidance of doubt, if at the time of the occurrence of a Change of Control the 2026 Bonds are not rated by a Rating Agency, and no Rating Agency assigns within the Change of Control Period an investment grade rating to the 2026 Bonds, a Put Event will be deemed to have occurred.

**"Rating Agency"** means Standard & Poor's or any other rating agency of equivalent international standing established in the European Union and registered under Regulation (EC) No. 1060/2009, as amended, and requested from time to time by the Issuer to grant a rating and, in each case, their respective successors or affiliates.

- (ii) Promptly upon the Issuer becoming aware that a Put Event has occurred, the Issuer shall give notice (a **"Put Event Notice"**) to the Fiscal Agent and to the 2026 Bondholders in accordance with Condition 9 specifying the nature of the Put Event and the circumstances giving rise to it and the procedure for exercising the Put Option contained in this Condition 4.3.
- (iii) To exercise the Put Option to require redemption or, as the case may be, purchase of the 2026 Bonds under this Condition 4.3, a 2026 Bondholder must transfer or cause to be transferred its 2026 Bonds to be so redeemed or purchased to the account of the Fiscal Agent specified in the Put Option Notice (as defined below) for the account of the Issuer within the period of forty-five (45) days after a Put Event Notice is given (the **"Put Period"**) together with a duly signed and completed notice of exercise in the then current form obtainable from the specified office of any Paying Agent (a **"Put Option Notice"**) and in which the holder may specify a bank account denominated in euro to which payment is to be made under this Condition 4.3.

A Put Option Notice once given shall be irrevocable. The Issuer shall redeem or, at the option of the Issuer procure the purchase of, the 2026 Bonds in respect of which the Put Option has been validly exercised as provided above, and subject to the transfer of such 2026 Bonds to the account of the Fiscal Agent for the account of the Issuer as described above on the date which is the fifth (5th) Business Day following the end of the Put Period (the "**Optional Redemption Date**"). Payment in respect of such 2026 Bonds will be made on the Optional Redemption Date by transfer in Euro to the Euro-denominated bank account specified in the Put Option Notice and otherwise subject to the provisions of Condition 5.

- (iv) For the avoidance of doubt, the Issuer shall have no responsibility for any cost or loss of whatever kind (including breakage costs) which the 2026 Bondholder may incur as a result of or in connection with such 2026 Bondholder's exercise or purported exercise of, or otherwise in connection with, any Put Option (whether as a result of any purchase or redemption arising there from or otherwise).

#### 4.4 **Make-Whole Redemption at the Option of the Issuer**

The Issuer may, subject to compliance by the Issuer with all relevant laws, regulations and directives and on giving not less than fifteen (15) nor more than sixty (60) days' irrevocable notice in accordance with Condition 9 to the 2026 Bondholders, redeem the 2026 Bonds, in whole or in part, at any time or from time to time, prior to the first day of the Residual Maturity Call Period (the "**Optional Make-Whole Redemption Date**") at an amount per 2026 Bond calculated by the Make-Whole Calculation Agent which will be the greater of (x) 100 per cent. of the nominal amount of the 2026 Bonds so redeemed and, (y) the sum of the then present values of the remaining scheduled payments of principal and interest until the first day of the Residual Maturity Call Period (excluded) on such 2026 Bonds (not including any interest accrued on the 2026 Bonds to, but excluding, the Optional Make-Whole Redemption Date) discounted to the relevant Optional Make-Whole Redemption Date on an annual basis (based on the actual number of days elapsed divided by 365 or (in the case of a leap year) by 366) at the Redemption Rate plus 0.15 per cent. (the "**Make-Whole Redemption Amount**"), plus in each case (x) or (y) above, any interest accrued on the 2026 Bonds to, but excluding, the Optional Make-Whole Redemption Date (the "**Make-Whole Redemption Option**").

The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Make-Whole Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties. The Make-Whole Calculation Agent shall act as an independent expert and not as agent for the Issuer or the 2026 Bondholders.

The Make-Whole Calculation Agent shall communicate this amount to the Fiscal Agent and Paying Agent as soon as possible and at the latest two (2) Business Days before each date on which this payment is due.

For the purposes of this Condition 4.4 (Make-Whole Redemption at the Option of the Issuer):

"**Reference Benchmark Security**" means the French government bond (*obligation assimilable du Trésor (OAT)*) bearing interest at a rate of 0.00 per cent. per annum due February 2026, with ISIN FR0013508470.

"**Reference Dealers**" means each of the five banks (that may include the Joint Lead Managers) selected by the Make-Whole Calculation Agent, which are primary European government security dealers, and their respective successors, or market makers in pricing corporate bond issues.

"**Redemption Rate**" means, with respect to the Optional Make-Whole Redemption Date, the average of the five quotations of the mid-market annual yield to maturity of the Reference Benchmark Security, by the Reference Dealers, or, if the Reference Benchmark Security is no longer outstanding, a Similar Security will be chosen by the Make-Whole Calculation Agent, at 11.00 a.m. (CET) on the third (3rd) Business Day in Paris preceding the Optional Make Whole Redemption Date, quoted in writing by the Make-Whole Calculation Agent to the Issuer, notified in accordance with Condition 9.

"**Similar Security**" means a reference bond or reference bonds issued by the French Government having an actual or interpolated maturity comparable with the remaining term of the 2026 Bonds that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the 2026 Bonds.

#### **4.5 Issuer's Residual Maturity Redemption**

The Issuer may, at its option, on any day during the three (3) month period prior the 2026 Bonds Maturity Date to but excluding the 2026 Bonds Maturity Date (the "**Residual Maturity Call Period**"), having given not less than fifteen (15) nor more than sixty (60) calendar days' notice to the 2026 Bondholders in accordance with Condition 9 (which notice shall be irrevocable), redeem the outstanding 2026 Bonds, in whole or in part, at their principal amount together with interest accrued to but excluding the date of redemption (the "**Residual Maturity Redemption Option**").

#### **4.6 Clean-Up Call Option**

In the event that at least 75 per cent. of the initial aggregate principal amount of the 2026 Bonds (including any assimilated bonds issued pursuant to Condition 11) has been redeemed or purchased, by the Issuer, the Issuer may, at its option but subject to having given not less than fifteen (15) nor more than sixty (60) days' notice to the 2026 Bondholders (which notice shall be irrevocable) in accordance with Condition 9, redeem all, but not some only, of the outstanding 2026 Bonds at their principal amount plus accrued interest up to but excluding the date set for redemption (the "**Clean-Up Call Option**"), provided that if the Issuer has exercised the Make-Whole Redemption Option as specified in Condition 4.4 the Clean-Up Call Option shall not be exercised within the 12 months following the exercise of such Make-Whole Redemption Option.

#### **4.7 Partial Redemption**

In the case of a partial redemption pursuant to Conditions 4.4 or 4.5, the redemption may be effected by reducing the principal amount of all such 2026 Bonds in proportion to the aggregate principal amount redeemed, subject to compliance with applicable laws and so long as the Bonds are admitted to trading on Euronext Paris, the requirements of Euronext Paris.

#### **4.8 Purchases**

The Issuer may at any time purchase 2026 Bonds together with rights to interest relating thereto in the open market or otherwise at any price and at any condition, whether by a tender offer or otherwise, subject to applicable laws and regulations. 2026 Bonds so purchased by or on behalf of the Issuer may be cancelled or held and resold in accordance with applicable regulation.

(i) If the 2026 Bonds so purchased by the Issuer in one or more transactions, represent more than 10% of the 2026 Bonds, the Issuer shall publish a press release informing the market of such purchase(s), and (ii) if the Issuer has purchased 2026 Bonds during the past half-year, the Issuer shall publish a press release specifying the number of 2026 Bonds outstanding and the number of 2026 Bonds held by the Issuer in accordance with Article L. 213-1 A of the French *Code monétaire et financier*, within 10 trading days following the closing of the annual or half-year financial statements, in accordance with Articles 238-2 and 238-2-1, respectively, and Article 221-4 of the General Regulations (*Règlement Général*) of the AMF.

#### **4.9 Cancellation**

All 2026 Bonds which are redeemed (including upon exchange) or purchased by the Issuer for cancellation will be promptly cancelled and accordingly may not be reissued or resold.

### **5. PAYMENTS**

#### **5.1 Method of Payment**

Payments of principal, interest and other amounts in respect of the 2026 Bonds will be made in Euros by credit or transfer to a Euro-denominated account (or any other account to which Euros

may be credited or transferred) specified by the payee in a city in which banks have access to the TARGET System.

“**TARGET System**” means the Trans European Automated Real Time Gross Settlement Express.Transfer (known as TARGET2) System or any successor thereto.

Such payments shall be made for the benefit of the 2026 Bondholders to the Account Holders and all such payments so made to the relevant Account Holders shall discharge the liability of the Issuer and any Paying Agents, as the case may be, under the 2026 Bonds to the extent of the sums so paid.

Payments of principal, interest and other amounts on the 2026 Bonds will, in all cases, be made subject to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 6. No commission or expenses shall be charged by the Issuer or the Agents to the 2026 Bondholders in respect of such payments.

## **5.2 Payments on Business Days**

If any due date for payment of principal, interest or any other amount in respect of any 2026 Bond is not a TARGET business day, then the 2026 Bondholder shall not be entitled to payment of the amount due until the next following day which is a TARGET business day and the 2026 Bondholder shall not be entitled to any interest or other sums in respect of such postponed payment.

"**TARGET business day**" means a day (other than a Saturday or a Sunday) on which the TARGET System is operating.

## **5.3 Fiscal Agent, Paying Agents, Principal Paying Agent, Calculation Agent and Make-Whole Calculation Agent**

The names of the initial Agents and their specified offices are set forth below.

### **FISCAL AGENT, PAYING AGENTS, PRINCIPAL PAYING AGENT AND CALCULATION AGENT**

#### **CACEIS CORPORATE TRUST**

14 rue Rouget de Lisle  
92130 Issy-les-Moulineaux

### **MAKE-WHOLE CALCULATION AGENT**

#### **AETHER FINANCIAL SERVICES UK LIMITED**

57, Berkeley Square  
W1J 6ER London  
United Kingdom

The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent or the Principal Paying Agent or any Paying Agent or the Calculation Agent and/or the Make-Whole Calculation Agent or approve any change in the office through which any such Agent acts, provided that there will at all times be (i) a Fiscal Agent, a Paying Agent, a Principal Paying Agent, a Calculation Agent and a Make-Whole Calculation Agent with an office in the European Union or in the United Kingdom and (ii) a Paying Agent having a specified office in Paris. Any termination or appointment shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not more than forty-five (45) nor less than thirty (30) days' notice thereof shall have been given to the 2026 Bondholders by the Issuer in accordance with Condition 9.



## 6. TAXATION

All payments of principal and interest by or on behalf of the Issuer in respect of the 2026 Bonds shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within France or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

If any French law or regulation should require that any payment of principal or interest in respect of the 2026 Bonds be subject to deduction or withholding with respect to any present or future taxes, duties, assessments or other governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of France or any political subdivision or authority therein or thereof having power to tax, the Issuer will, to the fullest extent then permitted by law, pay such additional amounts as may be necessary in order that the 2026 Bondholders, after such deduction or withholding, receive the full amount provided in such 2026 Bonds to be then due and payable thereon in the absence of such withholding or deduction; provided, however, that the Issuer shall not be liable to pay any such additional amounts in respect of any 2026 Bond to a holder (or beneficial owner (*ayant droit*)): who is subject to such taxes, duties, assessments or other governmental charges, in respect of such 2026 Bond (i) by reason of his having some connection with France other than the mere holding of such 2026 Bond and/or (ii) when such withholding or deduction is required to be made by reason of that principal or interest, being (x) paid to a bank account opened in a financial institution established in, or (y) paid or accrued to a person established or domiciled in, a non-cooperative State or territory (*Etat ou territoire non-coopératif*) as defined in article 238-0 A of the French *Code général des impôts* pursuant to articles 125 A III, 119 bis 2 and 238 A of the same code or any future French legislation.

No such additional amounts shall be payable with respect to any 2026 Bond if excess interest paid to a shareholder of the Issuer to, or to a third party of, a 2026 Bondholder, as the case may be, who is liable to such taxes in respect of such 2026 Bonds, solely by reason of (x) his being a shareholder of the Issuer and (y) the payment of interest being made to him at a rate in excess of the limit set forth in the French *Code général des impôts* (article 39, 1, 3°) for the deduction of interest paid to shareholders of a borrowing company.

Any reference in these Conditions to principal and/or interest shall be deemed to include any additional amounts which may be payable under this Condition 6.

## 7. EVENTS OF DEFAULT

If any of the following events (each an "**Event of Default**") occurs, the Representative (as defined in Condition 8), upon request of any 2026 Bondholder, shall, and one or several 2026 Bondholders acting together representing individually or in aggregate no less than ten (10) per cent. of the principal amount of the 2026 Bonds may, upon written notice given to the Fiscal Agent (with a copy to the Issuer) cause the 2026 Bonds held by such 2026 Bondholder to become due and payable, at their principal amount together with accrued interest thereon, as of the date on which such demand for payment is received by the Fiscal Agent:

- (i) the Issuer defaults in any payment when due on any amount on any 2026 Bond (including any additional amounts as specified in Condition 6), if such default continues for a period of more than fifteen (15) days from such due date; or
- (ii) the Issuer defaults in the performance of, or compliance with, any other provision of the Conditions, if such default shall not have been cured within thirty (30) days after receipt by the Fiscal Agent of written notice of such default; or
- (iii) (a) any other present or future indebtedness for borrowed monies or guarantee thereof of the Issuer or any Principal Subsidiary is due and payable prior to its stated maturity as a result of a default thereunder, or (b) any amount due under such indebtedness for borrowed monies or guarantee thereof of the Issuer or any Principal Subsidiary is not paid when due or within any original grace period,

provided that an Event of Default will only occur under this Condition 7(iii) if at the relevant time the aggregate amount of indebtedness for borrowed monies or guarantee thereof falling within paragraph (a) or (b) above (without double counting) is more than €150,000,000 or its equivalent in any other currency unless such default is challenged in good faith by the Issuer before a competent court, in which case the early redemption of the 2026 Bonds will be mandatory only if the court has decided in a manner adverse to the Issuer on the merits of the case (*statué au fond*); or

- (iv) (a) the Issuer or a Principal Subsidiary makes any proposal for a general moratorium in relation to its debt or (b) a judgment is issued by a court having competent jurisdiction over the Issuer or such Principal Subsidiary for the opening of a conciliation procedure (*procédure de conciliation*) with its creditors in accordance with articles L.611-4 to L.611-15 of the French Code de commerce or for the judicial liquidation (*liquidation judiciaire*) or for a transfer of the whole of the business (*cession totale de l'entreprise*) of the Issuer or any Principal Subsidiary in accordance with articles L.640-1 to L. 644-6 of the French Code de commerce, or (c) the Issuer or any Principal Subsidiary makes any conveyance, assignment or other arrangement for the benefit of, or enters into a composition with, its creditors or (d) the Issuer or any Principal Subsidiary is subject to any proceedings under any applicable laws before a court having competent jurisdiction over the Issuer or such Principal Subsidiary which has an analogous effect to any of the proceedings referred to in this paragraph (iv); or
- (v) the Issuer is dissolved or liquidated, or is merged or consolidated into another entity unless (a) the pro-forma balance sheet of the legal entity surviving such merger or consolidation shows, as at the effective date of such merger or consolidation, a shareholders' equity not less than that of the Issuer on the day before the date of such merger or consolidation and (b) the legal entity surviving such merger or consolidation is a corporation established in a member country of the European Community, Switzerland or in the United States of America and expressly assumes all the obligations of the Issuer under the 2026 Bonds and has obtained all necessary authorisation therefor (if any), and (c) notice of such merger or consolidation shall have been given to the 2026 Bondholders as provided under Condition 9 below not later than the effective date thereof.

## 8. REPRESENTATION OF THE 2026 BONDHOLDERS

The 2026 Bondholders will be grouped for the defence of their respective common interests in a *single masse* (hereinafter referred to as the "**Masse**").

The *Masse* will be governed by the provisions of articles L.228-46 et seq. of the French *Code de commerce* (the "**Code**") with the exception of articles L.228-48, L.228-65, I, 1°, 3° (in case of merger, if the absorbing company has been granted a rating equal to or equivalent to or above the Issuer's rating by Standard & Poor's or any other rating agency of equivalent international standing established in the European Union and registered under the CRA Regulation), and 6° and II and R.228-69 of the French *Code de commerce* and as amended by this Condition 8.

### a. *Legal personality*

The *Masse* will be a separate legal entity, by virtue of article L.228-46 of the French Code de commerce, acting in part through a representative (the "**Representative**") and in part through collective decisions of the 2026 Bondholders (the "**Collective Decision**").

### b. *Representative*

The initial representative of the *Masse* shall be:

Aether Financial Services

36 rue de Monceau, 75008 Paris.

The Alternate Representative of the *Masse* (the "**Alternate Representative**") shall be Mr. Edouard Narboux, 36 rue de Monceau 75008 Paris.

The Alternate Representative shall replace the Representative should the Representative resign or no longer be able to fulfil its duties. In the event of death, resignation or revocation of the Alternate Representative, a replacement Representative will be elected through a Collective Decision.

The Representative shall be paid, in relation to the Bonds, a fee of five hundred euros (500 €)(excluding taxes) per annum, payable for the first time on the Issue Date then on 1st January of each year up to the relevant Maturity Date (excluded) (for the avoidance of doubt, this annual fee shall be calculated pro rata for the first year and the last year of the 2026 Bonds).

All interested 2026 Bondholders may at all times obtain the names and addresses of the Representative and the Alternate Representative at the principal office of the Issuer and the specified office of any of the Paying Agents.

c. *Collective Decisions*

Collective Decisions are adopted either (i) in a general meeting (the "**General Meeting**"), or (ii) further to a consultation in writing (the "**Consultation in Writing**").

In accordance with article R.228-71 of the French Code de commerce, the rights of each 2026 Bondholder to participate in Collective Decisions will be evidenced by the entries in the books of the relevant Account Holder of the name of such 2026 Bondholder as of 0:00 Paris time, on the second (2nd) Business Day in Paris preceding the date set for the Collective Decision.

Collective Decisions of the meetings must be published in accordance with the provisions set out in Condition 9.

The Issuer shall hold a register of the Collective Decisions and shall make it available, upon request, to any subsequent holder of the 2026 Bonds.

i. *General Meetings*

A General Meeting may be held at any time, on convocation either by the Issuer or by the Representative. One or more 2026 Bondholders, holding together at least one-thirtieth of the aggregate principal amount of the 2026 Bonds outstanding, may address to the Issuer and the Representative a demand for convocation of the General Meeting. If such General Meeting has not been convened within two (2) months after such demand, the 2026 Bondholders may commission one of their members to petition a competent court to appoint an agent (*mandataire*) who will call the General Meeting.

General Meetings may deliberate validly on first convocation only if the 2026 Bondholders present or represented hold at least one-fifth (1/5) of the principal amount of the 2026 Bonds then outstanding. On second convocation, no quorum shall be required. The decisions of the General Meeting shall be taken by a simple majority of votes cast by the 2026 Bondholders attending such General Meetings or represented thereat.

Notice of the date, time, place and agenda of any General Meeting will be published in accordance with Condition 9 not less than fifteen (15) days prior to the date of the General Meeting on first convocation and not less than five (5) days prior to the date of the General Meeting on second convocation.

Each 2026 Bondholder has the right to participate in a General Meeting in person, by proxy, by correspondence.

ii. *Consultation in Writing*

Pursuant to article L.228-46-1 of the French Code de commerce, the Issuer shall be entitled in lieu of the holding of a General Meeting to seek approval of a resolution from the 2026 Bondholders by way of a consultation in writing (a "**Consultation in Writing**"). Subject to the following sentence, a Consultation in Writing may be contained in one document or in several documents in like form, each signed by or on behalf of one or more of the 2026 Bondholders. Pursuant to articles L.228-46-1 and R.225-97 of the French Code de commerce, approval of a Consultation in Writing

may also be given by way of electronic communication allowing the identification of 2026 Bondholders ("**Electronic Consent**").

Notice seeking the approval of a Consultation in Writing (including by way of Electronic Consent) will be published as provided under Condition 9 not less than fifteen (15) days prior to the date fixed for the passing of such Consultation in Writing (the "**Consultation Date**") on first notice and five (5) days prior to the Consultation Date on second notice. Notices seeking the approval of a Consultation in Writing will contain the conditions of form and time-limits to be complied with by the 2026 Bondholders who wish to express their approval or rejection of such proposed Consultation in Writing. 2026 Bondholders expressing their approval or rejection before the Consultation in Writing Date will undertake not to dispose of their 2026 Bonds until after the Consultation Date.

A Consultation in Writing will be deemed to have been approved if, on first notice, (i) 2026 Bondholders expressing their approval or rejection of such proposed Consultation in Writing hold at least one fifth of the principal amount of the 2026 Bonds then outstanding and (ii) 2026 Bondholders expressing their approval hold at least 66.6 per cent. of such quorum.

If such quorum is not met, a Consultation in Writing will be deemed to have been approved if, on second notice, 2026 Bondholders expressing their approval represent at least 66.6 per cent. of the principal amount of the 2026 Bonds held by 2026 Bondholders expressing their approval or rejection of such proposed Consultation in Writing.

*d. Information to 2026 Bondholders*

Each 2026 Bondholder or representative thereof will have the right to consult or make a copy of the text of the resolutions which will be proposed and of the reports, if any, which will be presented prepared in connection with such resolutions, all of which will be available for inspection by the relevant 2026 Bondholders at the registered office of the Issuer and at any other place specified in the notice of the General Meeting or Consultation in Writing, during the fifteen (15) day period preceding the holding of the General Meeting on first convocation and Consultation Date on first notice, or during the five (5) day period preceding the holding of the General Meeting on second convocation and Consultation in Writing on second notice.

**9. NOTICES**

Any notice to the 2026 Bondholders will be valid if delivered to the 2026 Bondholders through Euroclear France, Euroclear or Clearstream, for so long as the 2026 Bonds are cleared through such clearing systems and published on the website of the Issuer ([www.safran-group.com](http://www.safran-group.com)); and so long as the 2026 Bonds are admitted to trading on Euronext Paris and the rules of Euronext Paris so require, on the website of Euronext Paris ([www.euronext.fr](http://www.euronext.fr)). Any such notice shall be deemed to have been given on the date of such delivery or, if delivered more than once or on different dates, on the first date on which such delivery is made.

**10. PRESCRIPTION**

Claims against the Issuer for the payment of principal and interest in respect of the 2026 Bonds shall become prescribed 5 years from the due date for payment thereof.

**11. FURTHER ISSUES**

The Issuer may from time to time without the consent of the 2026 Bondholders issue further 2026 Bonds to be assimilated (*assimilables*) with the 2026 Bonds as regards their financial service, provided that such further 2026 Bonds and the 2026 Bonds shall carry rights identical in all respects (or in all respects except for the first payment of interest thereon) and that the terms of such further 2026 Bonds shall provide for such assimilation. In the event of such assimilation, the 2026 Bondholders and the holders of any assimilated 2026 Bonds may, for the defence of their common interests, be grouped in a single masse having legal personality.

**12. GOVERNING LAW AND JURISDICTION**

The 2026 Bonds are governed by, and shall be construed in accordance with, French law.

Any dispute arising out of or in connection with the 2026 Bonds will be submitted to the competent courts within the jurisdiction of the *Cour d'Appel de Paris*.

## TERMS AND CONDITIONS OF THE 2031 BONDS

*The terms and conditions of the 2031 Bonds will be as follows:*

The issue of € 700,000,000 0.750 per cent. bonds due 17 March 2031 (the "**2031 Bonds**") by Safran (the "**Issuer**") was authorised by the *Conseil d'administration* of the Issuer on 24 February 2021 and decided by an issue decision signed by Olivier Andriès, Directeur général of the Issuer dated 10 March 2021.

The Issuer will enter into an agency agreement (the "**Agency Agreement**") to be dated 12 March 2021 with Caceis Corporate Trust acting as fiscal agent, principal paying agent, paying agent and calculation agent and a make whole calculation agency agreement with Aether Financial Services UK Limited acting as make-whole calculation agent for the purpose of Condition 4.4 only (the "**Make-Whole Calculation Agency Agreement**"). The fiscal agent, principal paying agent, paying agents, calculation agent and make-whole calculation agent for the time being are referred to in these Conditions as the "**Fiscal Agent**", the "**Principal Paying Agent**", the "**Paying Agents**" (which expression shall include the Principal Paying Agent), the "**Calculation Agent**" and the "**Make-Whole Calculation Agent**", respectively. Each of such expressions shall include the successors from time to time of the relevant persons, in such capacities, under the Agency Agreement and the Make-Whole Calculation Agency Agreement, and are collectively referred to as the "**Agents**". Electronic copies (or hard copy upon express request) of the Agency Agreement and of the Make-Whole Calculation Agency Agreement are obtainable upon request at their respective addresses specified on the last page of the Prospectus and free of charge, during normal business hours, from the Paying Agents or the Make-Whole Calculation Agent respectively. References below to "**Conditions**" are, unless the context otherwise requires, to the numbered paragraphs contained in the terms and conditions set forth herein. In these Conditions, "**holder of 2031 Bonds**", "**holder of any 2031 Bond**" or "**2031 Bondholder**" means the person whose name appears in the account of the relevant Account Holder as being entitled to such 2031 Bonds.

In these Conditions, references to "day" or "days" are to calendar days unless the context otherwise specifies and "**Business Day**" means a day (other than a Saturday or a Sunday) on which (i) Euroclear France is open for business, (ii) the TARGET System (as such term is defined in Condition 5.1 is operating and (iii) commercial banks are open for general business in France.

### 1. FORM, DENOMINATION AND TITLE

The 2031 Bonds will be issued on 16 March 2021 (the "**Issue Date**") in dematerialised bearer form (*au porteur*) in the denomination of €100,000 each. Title to the 2031 Bonds will be established and evidenced in accordance with articles L.211-3 et seq. and R.211-1 et seq. of the French *Code Monétaire et Financier* by book-entries (*inscription en compte*). No physical document of title (including *certificats représentatifs* pursuant to article R.211-7 of the French *Code Monétaire et Financier*) will be issued in respect of the 2031 Bonds.

The 2031 Bonds will, upon issue, be inscribed in the books of Euroclear France ("**Euroclear France**") which shall credit the accounts of the Account Holders. For the purposes of these Conditions, "**Account Holder**" shall mean any intermediary institution entitled to hold, directly or indirectly, accounts on behalf of its customers with Euroclear France and includes Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**").

Title to the 2031 Bonds shall be evidenced by entries in the books of Account Holders and transfer of 2031 Bonds may only be effected through registration of the transfer in such books and in denominations of €100,000.

### 2. STATUS AND NEGATIVE PLEDGE

#### 2.1 Status of the 2031 Bonds

The obligations of the Issuer in respect of the 2031 Bonds constitute direct, unconditional, unsecured (except as provided in "Negative Pledge" below) and unsubordinated obligations of the Issuer and rank and will rank *pari passu* and without any preference among themselves and (subject to such exceptions as are from time to time mandatory under French law) equally and rateably with all other present or future unsecured and unsubordinated obligations of the Issuer.

## 2.2 Negative Pledge

(i) So long as any of the 2031 Bonds remains outstanding (as defined below), the Issuer will not create or permit to subsist and will procure that none of its Principal Subsidiaries (as defined below) will create or permit to subsist any mortgage, charge, pledge or other security interest upon any of its assets, revenues or rights, present or future, to secure any Relevant Indebtedness (as defined below) incurred by the Issuer or such Principal Subsidiary, or any guarantee or indemnity in respect of any Relevant Indebtedness unless the Issuer's obligations under the 2031 Bonds are equally and rateably secured therewith.

(ii) For the purposes of these Conditions,

**"Assets"** means, in relation to any person, all or part of their goodwill, business, property, goods, income and all or part of their unpaid share capital receivables, irrespective of the location of such assets.

**"EBITDA"** means earnings from operations before interest, tax, depreciation, amortisation and provisions for impairment of assets, calculated on the basis of (i) the Group's consolidated accounts or (ii) a Subsidiary's accounts, as the case may be, adjusted for:

- (a) purchase price allocations with respect to business combinations. Since 2005, this restatement concerns the amortization charged against intangible assets relating to aircraft programs revalued at the time of the Sagem-Snecma merger. With effect from the first-half 2010 interim financial statements, the Group decided to restate:
- the impact of purchase price allocations for business combinations, particularly amortization and depreciation charged against intangible assets and property, plant and equipment recognized or remeasured at the time of the transaction and amortized or depreciated over extended periods due to the length of the Group's business cycles, and the impact of remeasuring inventories, as well as
  - gains on remeasuring any previously held equity interests in the event of step acquisitions or asset contributions to joint ventures;
- (b) the mark-to-market of foreign currency derivatives, in order to better reflect the economic substance of the Group's overall foreign currency risk hedging strategy:
- revenue net of purchases denominated in foreign currencies is measured using the effective hedged rate for the period (i.e., including the costs of the hedging strategy),
  - all mark-to-market changes on instruments hedging future cash flows are neutralized; and
- (c) the resulting changes of (a) and (b) in deferred tax.

**"Group"** means the Issuer and its Subsidiaries.

**"Original Financial Statements"** means the audited consolidated financial statements of the Group for the financial year ended 31 December 2019.

**"outstanding"** means, in relation to the 2031 Bonds, all the 2031 Bonds issued other than: (a) those which have been redeemed in accordance with the Conditions, (b) those in respect of which the date for redemption in accordance with the Conditions has occurred and the redemption moneys (including all interest accrued on such 2031 Bonds to the date for such redemption and any interest payable under Condition after such date) have been duly paid to the Fiscal Agent, (c) those which have been purchased and cancelled as provided in Condition 4.9 and (d) those in respect of which claims have been prescribed under Condition 10.

**"Principal Subsidiary"** means any consolidated Subsidiary with an EBITDA representing more than ten (10) per cent. of the consolidated EBITDA of the Group or whose Total Assets represent more than ten (10) per cent. of the Total Assets of the Group based on the most recent published annual audited consolidated accounts of the Group,

provided that:

- (a) the EBITDA and the Total Assets of a Subsidiary of the Issuer shall be determined based on its contribution used for the establishment of the latest published annual audited consolidated accounts of the Group;
- (b) if a Subsidiary becomes a member of the Group after the date on which the latest annual audited consolidated accounts of the Group were prepared, the EBITDA and Total Assets of such Subsidiary shall be established based on its latest annual accounts (its own accounts or consolidated accounts, as the case may be);
- (c) the EBITDA and Total Assets of the Group will be established based on the latest annual audited consolidated accounts, adjusted (as the case may be) in order to take into account the impact of EBITDA on a full year basis of any company or business acquired or disposed of following the date of the relevant accounts; and
- (d) if a Principal Subsidiary has transferred all or a substantial part of its Assets to another Subsidiary of the Issuer, the former shall cease to be, as the case may be, a Principal Subsidiary and the latter shall become, as the case may be, a Principal Subsidiary (to the extent it is not already).

**"Relevant Indebtedness"** means any present or future indebtedness for borrowed monies in the form of, or represented by, bonds, notes or other securities which are, are to be, or are capable of being, quoted, listed, or ordinarily traded on any stock exchange, or on any over-the-counter securities market or other securities market.

**"Subsidiary"** means in relation to any company, another company which is controlled by it within the meaning of articles L. 233-1 and L. 233-3 of the French Code de commerce.

**"Total Assets"** means at any time, the total amount (as calculated in accordance with the accounting principles used for the preparation of the Original Financial Statements of the Issuer) of all property and assets of the Group listed as assets on the consolidated balance sheet of the Issuer in its then most recent published annual audited consolidated accounts.

### 3. INTEREST

The 2031 Bonds will bear interest at the rate of 0.750 per cent. per annum, from, and including, 16 March 2021 (the **"Issue Date"**) to, but excluding, the 2031 Bonds Maturity Date (as defined in Condition 4.1), payable annually in arrear on 17 March in each year (each an **"Interest Payment Date"**), commencing on 17 March 2022 (with a long first coupon of €752.05 per denomination of €100,000, in respect of the period from and including the Issue Date to but excluding 17 March 2022). The period commencing on, and including, the Issue Date and ending on, but excluding, the first Interest Payment Date and each successive period commencing on, and including, an Interest Payment Date and ending on, but excluding, the next succeeding Interest Payment Date is called an **"Interest Period"**.

Each 2031 Bond will cease to bear interest from the date on which it is to be redeemed, unless payment of the full amount due in respect of such 2031 Bond is improperly withheld or refused on such due date. In such event, such 2031 Bond shall continue to bear interest in accordance with this Condition (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such 2031 Bond up to that day are received by or on behalf of the relevant 2031 Bondholder and (b) the day after the Fiscal Agent has notified 2031 Bondholders in accordance with Condition 9 of receipt of all sums due in respect of all 2031 Bonds up to that day (except if and to the extent the subsequent payment to the relevant 2031 Bondholders is not made in accordance with these Conditions).

If interest is required to be calculated for a period of less than one year, it will be calculated on the basis of a day count fraction which will be Actual/Actual (ICMA), being calculated by taking the number of days in the relevant period, from and including the date from which interest begins to accrue to but excluding the date on which it falls due, divided by the number of days in the Interest Period in which the relevant period falls (including the first such day but excluding the last).



#### 4. REDEMPTION AND PURCHASE

The 2031 Bonds may not be redeemed other than in accordance with this Condition 4 or Condition 7.

##### 4.1 Final Redemption

Unless previously redeemed or purchased and cancelled as provided below, the 2031 Bonds will be redeemed in cash at their principal amount (i.e. €100,000 per 2031 Bond) on 17 March 2031 (the "**2031 Bonds Maturity Date**").

##### 4.2 Redemption for Taxation Reasons

- (i) If, by reason of change in French law, or any change in the official application or interpretation of such law, becoming effective after the Issue Date, the Issuer would on the occasion of the next payment of principal or interest due in respect of the 2031 Bonds, not be able to make such payment without having to pay additional amounts as specified under Condition 6, the Issuer may, on any date, subject to having given not more than sixty (60) nor less than thirty (30) days' prior notice to the 2031 Bondholders (which notice shall be irrevocable), in accordance with Condition 9, redeem all, but, not some only, of the 2031 Bonds at their principal amount together with accrued interest (if any) to the date set for redemption, provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable date on which the Issuer could make payment of principal and interest without withholding for French taxes or, if such date has passed, as soon as practicable thereafter.
- (ii) If the Issuer would on the next payment of principal or interest in respect of the 2031 Bonds, notwithstanding the undertaking to pay additional amounts contained in Condition 6, be prevented by French law from making payment to the 2031 Bondholders of the full amount then due and payable, then the Issuer shall forthwith give notice of such fact to the Fiscal Agent and the Issuer shall upon giving not less than seven (7) days' prior notice to the 2031 Bondholders in accordance with Condition 9, redeem all, but not some only, of the 2031 Bonds then outstanding at their principal amount plus any accrued interest to the date set for redemption provided that the due date for redemption shall be a date on which the Issuer could make payment of the full amount of principal and interest payable without for French taxes or if such date has passed, as soon as practicable thereafter.

##### 4.3 Early Redemption of the 2031 Bonds at the option of the 2031 Bondholders following a Change of Control

- (i) If at any time while any 2031 Bond remains outstanding, (i) there occurs a Change of Control (as defined below), and (ii) within the Change of Control Period, a Rating Downgrade occurs or has occurred as a result of such Change of Control (such Change of Control and Rating Downgrade occurring within the Change of Control Period together called a "**Put Event**"), the holder of each 2031 Bond will have the option (the "**Put Option**") (unless, prior to the giving of the Put Event Notice (as defined below), the Issuer gives notice to redeem the 2031 Bonds under Condition 4.2, 4.4, 4.5 or 4.6) to require the Issuer to redeem or, at the Issuer's option, to procure the purchase of that 2031 Bond, on the Optional Redemption Date (as defined below) at its principal amount outstanding of such 2031 Bonds together with (or where purchased, together with an amount equal to) interest accrued to, but excluding, the Optional Redemption Date (the "**Early Redemption Amount**").

A "**Change of Control**" means any person or group of persons acting in concert or any person or persons acting on behalf of any such person(s) acquires directly or indirectly the control of the Issuer.

"**control**" has the meaning given in article L.233-3 of the French Code de commerce and "**acting in concert**" has the meaning given in article L.233-10 of the French Code de commerce.

**"Change of Control Period"** means the period commencing on the date that is the earlier of: (i) the first public announcement by the Issuer of the occurrence of the relevant Change of Control; and (ii) the date of the Potential Change of Control, and ending on the date which is ninety (90) days after the date of the first public announcement of the occurrence of such Change of Control.

A **"Potential Change of Control"** means any public announcement or statement by the Issuer, or by any actual or potential bidder(s) relating to any potential Change of Control of the Issuer.

A **"Rating Downgrade"** shall be deemed to have occurred in respect of a Change of Control or of a Potential Change of Control if within the Change of Control Period, the rating previously assigned to the senior unsecured debt obligation of the Issuer by any Rating Agency (as defined below) solicited by the Issuer is (a) (x) withdrawn or (y) changed from an investment grade rating (Baa3 or BBB-, or their equivalent for the time being, or better) to a non-investment grade rating (Ba1 or BB+, or their equivalent for the time being, or worse) or (z) if the rating previously assigned to the senior unsecured debt obligation of the Issuer by any Rating Agency solicited by the Issuer was below an investment grade rating (as described above), lowered by at least one full rating notch (for example, from Ba1 to Ba2 or from BB+ to BB; or their respective equivalents), and (b) such rating is not within the Change of Control Period subsequently reinstated (in the case of a withdrawal) or upgraded (in the case of a downgrade) either to an investment grade credit rating (in the case of (x or y)) or to its earlier credit rating or better (in the case of (z)) by such Rating Agency, provided that (i) a Rating Downgrade otherwise arising by virtue of a particular change in rating shall be deemed not to have occurred in respect of a particular Change of Control or Potential Change of Control, as the case may be, if the Rating Agency does not publicly announce or publicly confirm that the reduction was the result, in whole or in part, of the Change of Control or the Potential Change of Control, as the case may be, and (ii) any Rating Downgrade must have been confirmed in a letter or other form of written communication sent to the Issuer and publicly disclosed. If the 2031 Bonds are rated by more than one Rating Agency and such rating has been solicited by the Issuer, the rating to be taken into account to determine whether a Rating Downgrade has occurred shall be the lower rating assigned by any such Rating Agency. If the 2031 Bonds cease at any time to have a rating assigned to them by at least one Rating Agency, the Issuer shall use its best endeavours to obtain a rating of the 2031 Bonds from a Rating Agency as soon as practicable. For the avoidance of doubt, if at the time of the occurrence of a Change of Control the 2031 Bonds are not rated by a Rating Agency, and no Rating Agency assigns within the Change of Control Period an investment grade rating to the 2031 Bonds, a Put Event will be deemed to have occurred.

**"Rating Agency"** means Standard & Poor's or any other rating agency of equivalent international standing established in the European Union and registered under Regulation (EC) No. 1060/2009, as amended, and requested from time to time by the Issuer to grant a rating and, in each case, their respective successors or affiliates.

- (ii) Promptly upon the Issuer becoming aware that a Put Event has occurred, the Issuer shall give notice (a **"Put Event Notice"**) to the Fiscal Agent and to the 2031 Bondholders in accordance with Condition 9 specifying the nature of the Put Event and the circumstances giving rise to it and the procedure for exercising the Put Option contained in this Condition 4.3.
- (iii) To exercise the Put Option to require redemption or, as the case may be, purchase of the 2031 Bonds under this Condition 4.3, a 2031 Bondholder must transfer or cause to be transferred its 2031 Bonds to be so redeemed or purchased to the account of the Fiscal Agent specified in the Put Option Notice (as defined below) for the account of the Issuer within the period of forty-five (45) days after a Put Event Notice is given (the **"Put Period"**) together with a duly signed and completed notice of exercise in the then current form obtainable from the specified office of any Paying Agent (a **"Put Option Notice"**) and in which the holder may specify a bank account denominated in euro to which payment is to be made under this Condition 4.3.

A Put Option Notice once given shall be irrevocable. The Issuer shall redeem or, at the option of the Issuer procure the purchase of, the 2031 Bonds in respect of which the Put Option has been validly exercised as provided above, and subject to the transfer of such 2031 Bonds to the account of the Fiscal Agent for the account of the Issuer as described above on the date which is the fifth (5th) Business Day following the end of the Put Period (the "**Optional Redemption Date**"). Payment in respect of such 2031 Bonds will be made on the Optional Redemption Date by transfer in Euro to the Euro-denominated bank account specified in the Put Option Notice and otherwise subject to the provisions of Condition 5.

- (iv) For the avoidance of doubt, the Issuer shall have no responsibility for any cost or loss of whatever kind (including breakage costs) which the 2031 Bondholder may incur as a result of or in connection with such 2031 Bondholder's exercise or purported exercise of, or otherwise in connection with, any Put Option (whether as a result of any purchase or redemption arising there from or otherwise).

#### 4.4 **Make-Whole Redemption at the Option of the Issuer**

The Issuer may, subject to compliance by the Issuer with all relevant laws, regulations and directives and on giving not less than fifteen (15) nor more than sixty (60) days' irrevocable notice in accordance with Condition 9 to the 2031 Bondholders, redeem the 2031 Bonds, in whole or in part, at any time or from time to time, prior to the first day of the Residual Maturity Call Period (the "**Optional Make-Whole Redemption Date**") at an amount per 2031 Bond calculated by the Make-Whole Calculation Agent which will be the greater of (x) 100 per cent. of the nominal amount of the 2031 Bonds so redeemed and, (y) the sum of the then present values of the remaining scheduled payments of principal and interest until the first day of the Residual Maturity Call Period (excluded) on such 2031 Bonds (not including any interest accrued on the 2031 Bonds to, but excluding, the Optional Make-Whole Redemption Date) discounted to the relevant Optional Make-Whole Redemption Date on an annual basis (based on the actual number of days elapsed divided by 365 or (in the case of a leap year) by 366) at the Redemption Rate plus 0.15 per cent. (the "**Make-Whole Redemption Amount**"), plus in each case (x) or (y) above, any interest accrued on the 2031 Bonds to, but excluding, the Optional Make-Whole Redemption Date (the "**Make-Whole Redemption Option**").

The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Make-Whole Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties. The Make-Whole Calculation Agent shall act as an independent expert and not as agent for the Issuer or the 2031 Bondholders.

The Make-Whole Calculation Agent shall communicate this amount to the Fiscal Agent and Paying Agent as soon as possible and at the latest two (2) Business Days before each date on which this payment is due.

For the purposes of this Condition 4.4 (Make-Whole Redemption at the Option of the Issuer):

**"Reference Benchmark Security"** means the French government bond (obligation assimilable du Trésor (OAT)) bearing interest at a rate of 0.00 per cent. per annum due November 2030, with ISIN FR0013516549 .

**"Reference Dealers"** means each of the five banks (that may include the Joint Lead Managers) selected by the Make-Whole Calculation Agent, which are primary European government security dealers, and their respective successors, or market makers in pricing corporate bond issues.

**"Redemption Rate"** means, with respect to the Optional Make-Whole Redemption Date, the average of the five quotations of the mid-market annual yield to maturity of the Reference Benchmark Security, by the Reference Dealers, or, if the Reference Benchmark Security is no longer outstanding, a Similar Security will be chosen by the Make-Whole Calculation Agent, at 11.00 a.m. (CET) on the third (3rd) Business Day in Paris preceding the Optional Make Whole Redemption Date, quoted in writing by the Make-Whole Calculation Agent to the Issuer, notified in accordance with Condition 9.

"**Similar Security**" means a reference bond or reference bonds issued by the French Government having an actual or interpolated maturity comparable with the remaining term of the 2031 Bonds that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the 2031 Bonds.

#### **4.5 Issuer's Residual Maturity Redemption**

The Issuer may, at its option, on any day during the three (3) month period prior the 2031 Bonds Maturity Date to but excluding the 2031 Bonds Maturity Date (the "**Residual Maturity Call Period**"), having given not less than fifteen (15) nor more than sixty (60) calendar days' notice to the 2031 Bondholders in accordance with Condition 9 (which notice shall be irrevocable), redeem the outstanding 2031 Bonds, in whole or in part, at their principal amount together with interest accrued to but excluding the date of redemption (the "**Residual Maturity Redemption Option**").

#### **4.6 Clean-Up Call Option**

In the event that at least 75 per cent. of the initial aggregate principal amount of the 2031 Bonds (including any assimilated bonds issued pursuant to Condition 11) has been redeemed or purchased, by the Issuer, the Issuer may, at its option but subject to having given not less than fifteen (15) nor more than sixty (60) days' notice to the 2031 Bondholders (which notice shall be irrevocable) in accordance with Condition 9, redeem all, but not some only, of the outstanding 2031 Bonds at their principal amount plus accrued interest up to but excluding the date set for redemption (the "**Clean-Up Call Option**"), provided that if the Issuer has exercised the Make-Whole Redemption Option as specified in Condition 4.4, the Clean-Up Call Option shall not be exercised within the 12 months following the exercise of such Make-Whole Redemption Option.

#### **4.7 Partial Redemption**

In the case of a partial redemption pursuant to Conditions 4.4 or 4.5, the redemption may be effected by reducing the principal amount of all such 2031 Bonds in proportion to the aggregate principal amount redeemed, subject to compliance with applicable laws and so long as the Bonds are admitted to trading on Euronext Paris, the requirements of Euronext Paris.

#### **4.8 Purchases**

The Issuer may at any time purchase 2031 Bonds together with rights to interest relating thereto in the open market or otherwise at any price and at any condition, whether by a tender offer or otherwise, subject to applicable laws and regulations. 2031 Bonds so purchased by or on behalf of the Issuer may be cancelled or held and resold in accordance with applicable regulation.

(i) If the 2031 Bonds so purchased by the Issuer in one or more transactions, represent more than 10% of the 2031 Bonds, the Issuer shall publish a press release informing the market of such purchase(s), and (ii) if the Issuer has purchased 2031 Bonds during the past half-year, the Issuer shall publish a press release specifying the number of 2031 Bonds outstanding and the number of 2031 Bonds held by the Issuer in accordance with Article L. 213-1 A of the French *Code monétaire et financier*, within 10 trading days following the closing of the annual or half-year financial statements, in accordance with Articles 238-2 and 238-2-1, respectively, and Article 221-4 of the General Regulations (*Règlement Général*) of the AMF.

#### **4.9 Cancellation**

All 2031 Bonds which are redeemed (including upon exchange) or purchased by the Issuer for cancellation will be promptly cancelled and accordingly may not be reissued or resold.

### **5. PAYMENTS**

#### **5.1 Method of Payment**

Payments of principal, interest and other amounts in respect of the 2031 Bonds will be made in Euros by credit or transfer to a Euro-denominated account (or any other account to which Euros

may be credited or transferred) specified by the payee in a city in which banks have access to the TARGET System.

“**TARGET System**” means the Trans European Automated Real Time Gross Settlement Express.Transfer (known as TARGET2) System or any successor thereto.

Such payments shall be made for the benefit of the 2031 Bondholders to the Account Holders and all such payments so made to the relevant Account Holders shall discharge the liability of the Issuer and any Paying Agents, as the case may be, under the 2031 Bonds to the extent of the sums so paid.

Payments of principal, interest and other amounts on the 2031 Bonds will, in all cases, be made subject to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 6. No commission or expenses shall be charged by the Issuer or the Agents to the 2031 Bondholders in respect of such payments.

## **5.2 Payments on Business Days**

If any due date for payment of principal, interest or any other amount in respect of any 2031 Bond is not a TARGET business day, then the 2031 Bondholder shall not be entitled to payment of the amount due until the next following day which is a TARGET business day and the 2031 Bondholder shall not be entitled to any interest or other sums in respect of such postponed payment.

"**TARGET business day**" means a day (other than a Saturday or a Sunday) on which the TARGET System is operating.

## **5.3 Fiscal Agent, Paying Agents, Principal Paying Agent, Calculation Agent and Make-Whole Calculation Agent**

The names of the initial Agents and their specified offices are set forth below.

### **FISCAL AGENT, PAYING AGENTS, PRINCIPAL PAYING AGENT AND CALCULATION AGENT**

#### **CACEIS CORPORATE TRUST**

14 rue Rouget de Lisle  
92130 Issy-les-Moulineaux

### **MAKE-WHOLE CALCULATION AGENT**

#### **AETHER FINANCIAL SERVICES UK LIMITED**

57, Berkeley Square  
W1J 6ER London  
United Kingdom

The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent or the Principal Paying Agent or any Paying Agent or the Calculation Agent and/or the Make-Whole Calculation Agent or approve any change in the office through which any such Agent acts, provided that there will at all times be (i) a Fiscal Agent, a Paying Agent, a Principal Paying Agent, a Calculation Agent and a Make-Whole Calculation Agent with an office in the European Union or in the United Kingdom and (ii) a Paying Agent having a specified office in Paris. Any termination or appointment shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not more than forty-five (45) nor less than thirty (30) days' notice thereof shall have been given to the 2031 Bondholders by the Issuer in accordance with Condition 9.

## 6. TAXATION

All payments of principal and interest by or on behalf of the Issuer in respect of the 2031 Bonds shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within France or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

If any French law or regulation should require that any payment of principal or interest in respect of the 2031 Bonds be subject to deduction or withholding with respect to any present or future taxes, duties, assessments or other governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of France or any political subdivision or authority therein or thereof having power to tax, the Issuer will, to the fullest extent then permitted by law, pay such additional amounts as may be necessary in order that the 2031 Bondholders, after such deduction or withholding, receive the full amount provided in such 2031 Bonds to be then due and payable thereon in the absence of such withholding or deduction; provided, however, that the Issuer shall not be liable to pay any such additional amounts in respect of any 2031 Bond to a holder (or beneficial owner (*ayant droit*)): who is subject to such taxes, duties, assessments or other governmental charges, in respect of such 2031 Bond (i) by reason of his having some connection with France other than the mere holding of such 2031 Bond and/or (ii) when such withholding or deduction is required to be made by reason of that principal or interest, being (x) paid to a bank account opened in a financial institution established in, or (y) paid or accrued to a person established or domiciled in, a non-cooperative State or territory (*Etat ou territoire non-coopératif*) as defined in article 238-0 A of the French *Code général des impôts* pursuant to articles 125 A III, 119 bis 2 and 238 A of the same code or any future French legislation.

No such additional amounts shall be payable with respect to any 2031 Bond if excess interest paid to a shareholder of the Issuer to, or to a third party of, a 2031 Bondholder, as the case may be, who is liable to such taxes in respect of such 2031 Bonds, solely by reason of (x) his being a shareholder of the Issuer and (y) the payment of interest being made to him at a rate in excess of the limit set forth in the French *Code général des impôts* (article 39, 1, 3°) for the deduction of interest paid to shareholders of a borrowing company.

Any reference in these Conditions to principal and/or interest shall be deemed to include any additional amounts which may be payable under this Condition 6.

## 7. EVENTS OF DEFAULT

If any of the following events (each an "**Event of Default**") occurs, the Representative (as defined in Condition 8), upon request of any 2031 Bondholder, shall, and one or several 2031 Bondholders acting together representing individually or in aggregate no less than ten (10) per cent. of the principal amount of the 2031 Bonds may, upon written notice given to the Fiscal Agent (with a copy to the Issuer) cause the 2031 Bonds held by such 2031 Bondholder to become due and payable, at their principal amount together with accrued interest thereon, as of the date on which such demand for payment is received by the Fiscal Agent:

- (i) the Issuer defaults in any payment when due on any amount on any 2031 Bond (including any additional amounts as specified in Condition 6), if such default continues for a period of more than fifteen (15) days from such due date; or
- (ii) the Issuer defaults in the performance of, or compliance with, any other provision of the Conditions, if such default shall not have been cured within thirty (30) days after receipt by the Fiscal Agent of written notice of such default; or
- (iii) (a) any other present or future indebtedness for borrowed monies or guarantee thereof of the Issuer or any Principal Subsidiary is due and payable prior to its stated maturity as a result of a default thereunder, or (b) any amount due under such indebtedness for borrowed monies or guarantee thereof of the Issuer or any Principal Subsidiary is not paid when due or within any original grace period,

provided that an Event of Default will only occur under this Condition 7(iii) if at the relevant time the aggregate amount of indebtedness for borrowed monies or guarantee thereof falling within paragraph (a) or (b) above (without double counting) is more than €150,000,000 or its equivalent in any other currency unless such default is challenged in good faith by the Issuer before a competent court, in which case the early redemption of the 2031 Bonds will be mandatory only if the court has decided in a manner adverse to the Issuer on the merits of the case (*statué au fond*); or

- (iv) (a) the Issuer or a Principal Subsidiary makes any proposal for a general moratorium in relation to its debt or (b) a judgment is issued by a court having competent jurisdiction over the Issuer or such Principal Subsidiary for the opening of a conciliation procedure (*procédure de conciliation*) with its creditors in accordance with articles L.611-4 to L.611-15 of the French Code de commerce or for the judicial liquidation (*liquidation judiciaire*) or for a transfer of the whole of the business (*cession totale de l'entreprise*) of the Issuer or any Principal Subsidiary in accordance with articles L.640-1 to L. 644-6 of the French Code de commerce, or (c) the Issuer or any Principal Subsidiary makes any conveyance, assignment or other arrangement for the benefit of, or enters into a composition with, its creditors or (d) the Issuer or any Principal Subsidiary is subject to any proceedings under any applicable laws before a court having competent jurisdiction over the Issuer or such Principal Subsidiary which has an analogous effect to any of the proceedings referred to in this paragraph (iv); or
- (v) the Issuer is dissolved or liquidated, or is merged or consolidated into another entity unless (a) the pro-forma balance sheet of the legal entity surviving such merger or consolidation shows, as at the effective date of such merger or consolidation, a shareholders' equity not less than that of the Issuer on the day before the date of such merger or consolidation and (b) the legal entity surviving such merger or consolidation is a corporation established in a member country of the European Community, Switzerland or in the United States of America and expressly assumes all the obligations of the Issuer under the 2031 Bonds and has obtained all necessary authorisation therefor (if any), and (c) notice of such merger or consolidation shall have been given to the 2031 Bondholders as provided under Condition 9 below not later than the effective date thereof.

## 8. REPRESENTATION OF THE 2031 BONDHOLDERS

The 2031 Bondholders will be grouped for the defence of their respective common interests in a *single masse* (hereinafter referred to as the "**Masse**").

The *Masse* will be governed by the provisions of articles L.228-46 et seq. of the French *Code de commerce* (the "**Code**") with the exception of articles L.228-48, L.228-65, I, 1°, 3° (in case of merger, if the absorbing company has been granted a rating equal to or equivalent to or above the Issuer's rating by Standard & Poor's or any other rating agency of equivalent international standing established in the European Union and registered under the CRA Regulation), and 6° and II and R.228-69 of the French *Code de commerce* and as amended by this Condition 8.

### a. *Legal personality*

The *Masse* will be a separate legal entity, by virtue of article L.228-46 of the French Code de commerce, acting in part through a representative (the "**Representative**") and in part through collective decisions of the 2031 Bondholders (the "**Collective Decision**").

### b. *Representative*

The initial representative of the *Masse* shall be:

Aether Financial Services

36 rue de Monceau, 75008 Paris.

The Alternate Representative of the *Masse* (the "**Alternate Representative**") shall be Mr. Edouard Narboux, 36 rue de Monceau 75008 Paris.

The Alternate Representative shall replace the Representative should the Representative resign or no longer be able to fulfil its duties. In the event of death, resignation or revocation of the Alternate Representative, a replacement Representative will be elected through a Collective Decision.

The Representative shall be paid, in relation to the Bonds, a fee of five hundred euros (500 €)(excluding taxes) per annum, payable for the first time on the Issue Date then on 1st January of each year up to the relevant Maturity Date (excluded) (for the avoidance of doubt, this annual fee shall be calculated pro rata for the first year and the last year of the 2031 Bonds).

All interested 2031 Bondholders may at all times obtain the names and addresses of the Representative and the Alternate Representative at the principal office of the Issuer and the specified office of any of the Paying Agents.

*c. Collective Decisions*

Collective Decisions are adopted either (i) in a general meeting (the "**General Meeting**"), or (ii) further to a consultation in writing (the "**Consultation in Writing**").

In accordance with article R.228-71 of the French Code de commerce, the rights of each 2031 Bondholder to participate in Collective Decisions will be evidenced by the entries in the books of the relevant Account Holder of the name of such 2031 Bondholder as of 0:00 Paris time, on the second (2nd) Business Day in Paris preceding the date set for the Collective Decision.

Collective Decisions of the meetings must be published in accordance with the provisions set out in Condition 9.

The Issuer shall hold a register of the Collective Decisions and shall make it available, upon request, to any subsequent holder of the 2031 Bonds.

*i. General Meetings*

A General Meeting may be held at any time, on convocation either by the Issuer or by the Representative. One or more 2031 Bondholders, holding together at least one-thirtieth of the aggregate principal amount of the 2031 Bonds outstanding, may address to the Issuer and the Representative a demand for convocation of the General Meeting. If such General Meeting has not been convened within two (2) months after such demand, the 2031 Bondholders may commission one of their members to petition a competent court to appoint an agent (*mandataire*) who will call the General Meeting.

General Meetings may deliberate validly on first convocation only if the 2031 Bondholders present or represented hold at least one-fifth (1/5) of the principal amount of the 2031 Bonds then outstanding. On second convocation, no quorum shall be required. The decisions of the General Meeting shall be taken by a simple majority of votes cast by the 2031 Bondholders attending such General Meetings or represented thereat.

Notice of the date, time, place and agenda of any General Meeting will be published in accordance with Condition 9 not less than fifteen (15) days prior to the date of the General Meeting on first convocation and not less than five (5) days prior to the date of the General Meeting on second convocation.

Each 2031 Bondholder has the right to participate in a General Meeting in person, by proxy, by correspondence.

*ii. Consultation in Writing*

Pursuant to article L.228-46-1 of the French Code de commerce, the Issuer shall be entitled in lieu of the holding of a General Meeting to seek approval of a resolution from the 2031 Bondholders by way of a consultation in writing (a "**Consultation in Writing**"). Subject to the following sentence, a Consultation in Writing may be contained in one document or in several documents in like form, each signed by or on behalf of one or more of the 2031 Bondholders. Pursuant to articles L.228-46-1 and R.225-97 of the French Code de commerce, approval of a Consultation in Writing



may also be given by way of electronic communication allowing the identification of 2031 Bondholders ("**Electronic Consent**").

Notice seeking the approval of a Consultation in Writing (including by way of Electronic Consent) will be published as provided under Condition 9 not less than fifteen (15) days prior to the date fixed for the passing of such Consultation in Writing (the "**Consultation Date**") on first notice and five (5) days prior to the Consultation Date on second notice. Notices seeking the approval of a Consultation in Writing will contain the conditions of form and time-limits to be complied with by the 2031 Bondholders who wish to express their approval or rejection of such proposed Consultation in Writing. 2031 Bondholders expressing their approval or rejection before the Consultation in Writing Date will undertake not to dispose of their 2031 Bonds until after the Consultation Date.

A Consultation in Writing will be deemed to have been approved if, on first notice, (i) 2031 Bondholders expressing their approval or rejection of such proposed Consultation in Writing hold at least one fifth of the principal amount of the 2031 Bonds then outstanding and (ii) 2031 Bondholders expressing their approval hold at least 66.6 per cent. of such quorum.

If such quorum is not met, a Consultation in Writing will be deemed to have been approved if, on second notice, 2031 Bondholders expressing their approval represent at least 66.6 per cent. of the principal amount of the 2031 Bonds held by 2031 Bondholders expressing their approval or rejection of such proposed Consultation in Writing.

*d. Information to 2031 Bondholders*

Each 2031 Bondholder or representative thereof will have the right to consult or make a copy of the text of the resolutions which will be proposed and of the reports, if any, which will be presented prepared in connection with such resolutions, all of which will be available for inspection by the relevant 2031 Bondholders at the registered office of the Issuer and at any other place specified in the notice of the General Meeting or Consultation in Writing, during the fifteen (15) day period preceding the holding of the General Meeting on first convocation and Consultation Date on first notice, or during the five (5) day period preceding the holding of the General Meeting on second convocation and Consultation in Writing on second notice.

**9. NOTICES**

Any notice to the 2031 Bondholders will be valid if delivered to the 2031 Bondholders through Euroclear France, Euroclear or Clearstream, for so long as the 2031 Bonds are cleared through such clearing systems and published on the website of the Issuer ([www.safran-group.com](http://www.safran-group.com)); and so long as the 2031 Bonds are admitted to trading on Euronext Paris and the rules of Euronext Paris so require, on the website of Euronext Paris ([www.euronext.fr](http://www.euronext.fr)). Any such notice shall be deemed to have been given on the date of such delivery or, if delivered more than once or on different dates, on the first date on which such delivery is made.

**10. PRESCRIPTION**

Claims against the Issuer for the payment of principal and interest in respect of the 2031 Bonds shall become prescribed 5 years from the due date for payment thereof.

**11. FURTHER ISSUES**

The Issuer may from time to time without the consent of the 2031 Bondholders issue further 2031 Bonds to be assimilated (*assimilables*) with the 2031 Bonds as regards their financial service, provided that such further 2031 Bonds and the 2031 Bonds shall carry rights identical in all respects (or in all respects except for the first payment of interest thereon) and that the terms of such further 2031 Bonds shall provide for such assimilation. In the event of such assimilation, the 2031 Bondholders and the holders of any assimilated 2031 Bonds may, for the defence of their common interests, be grouped in a single masse having legal personality.

**12. GOVERNING LAW AND JURISDICTION**

The 2031 Bonds are governed by, and shall be construed in accordance with, French law.

Any dispute arising out of or in connection with the 2031 Bonds will be submitted to the competent courts within the jurisdiction of *the Cour d'Appel de Paris*.

## **USE OF PROCEEDS**

The net proceeds of the issue of the (i) 2026 Bonds amounting to approximately Euro 692,657,000 and (ii) 2031 Bonds amounting to approximately Euro 693,483,000 will be applied by the Issuer for its general corporate purposes.

## RECENT DEVELOPMENTS RELATING TO THE ISSUER

### I - Press Releases

- **Press release dated 16 December 2020 – Safran's Board of Directors appoints Olivier Andriès Chief Executive Officer of Safran as of January 1, 2021**

"Paris, December 16, 2020

As previously announced, Safran's Board of Directors appointed Olivier Andriès Chief Executive Officer of Safran as of January 1, 2021.

The Board of Directors also co-opted (appointment) Olivier Andriès as director, as of January 1, 2021, on the position made available by Philippe Petitcolin; the latter, in accordance with his commitment, having made his mandate available to the Board of Directors to allow the co-option of his successor.

The Board of Directors recognises the performance of Philippe Petitcolin during his long career within the Group, and more particularly his strong contribution in his role as Chief Executive Officer of Safran in this very unusual year 2020 and over the past five years.

Olivier Andriès joined the Treasury department at the French Ministry of Finance in 1990, where he oversaw aerospace and defence companies. In 1993, he joined the cabinet of the Minister of the Economy and Finance, as advisor on industrial affairs.

In 1995 he moved to the Lagardère group as Deputy Director of Strategy, and was named personal advisor to Jean-Luc Lagardère in 1998.

Olivier Andriès joined Airbus in 2000, in charge of Widebody Aircraft Programs. He was appointed to the Executive Committee in 2005 as Executive Vice President, Strategy.

He joined Safran in 2008 as Executive Vice President, Strategy and Development. He was subsequently named Executive Vice President, in charge of the Defense and Security branch, and a member of the Management Board, in 2009. In 2011, Olivier Andriès was named Chief Executive Officer of Turbomeca (now Safran Helicopter Engines). In 2015 he was appointed Chief Executive Officer of Safran Aircraft Engines.

Olivier Andriès has been Executive Vice President since September 2020.

Olivier Andriès, 58, holds degrees from Ecole Polytechnique (1981) and Ecole des Mines de Paris (1984)."

- **Press release dated 4 March 2021 – Safran signs €500 million loan agreement with European Investment Bank to finance research on future aircraft propulsion systems**

"- A major step forward in Europe and Safran's roadmap for carbon-free air transport by 2050

- A French-led project primarily intended for the next generation of single-aisle commercial airplanes

Paris, March 4, 2021

The European Investment Bank (EIB) has given Safran a 500 million euro credit line to finance its research into innovative propulsion systems for the next generation of single-aisle commercial airplanes. This marks a major step forward in Safran's roadmap to achieve carbon-free air transport.

The loan agreement underscores the purpose of the EIB, which recently redefined itself as a "climate bank", to support industry research and innovation efforts to foster the transition toward a decarbonized and environmentally-friendly economy.

The project is primarily being carried out by Safran in France. Reflecting its ecological goals, the project is aiming for a drastic reduction in fuel consumption by the next generation of single-aisle commercial airplanes. It also represents a decisive step toward the ambitious objective of achieving carbon-neutral flights by 2050. The project has four main goals: maximize propulsion efficiency; intensively optimize

energy management; develop disruptive technologies and integrate them in aircraft. By combining these four aspects, the next generation of airplanes will be able to fly using only alternative fuels.

The credit line will be made available from now to September 2022, with the date to be chosen by Safran, and will have a maturity date of up to ten years, starting when the funds are provided.

The European Investment Bank is a long-standing partner to Safran, and had already provided €300 million in funding back in 2009 to help develop the LEAP engine.

“The funding arrangement set up with the EIB will make a decisive contribution to Safran’s research into carbon-free aviation,” noted Bernard Delpit, Safran’s Chief Financial Officer. “The disruptive technologies developed by these projects should make a significant contribution to meeting our goal of carbon-neutrality. At Safran, we are very pleased to have established a long-standing relationship with this institution, which has already helped finance several of our key projects.”

“This emblematic project perfectly illustrates the EIB’s mandate of helping to make Europe the first economy to achieve carbon neutrality by 2050,” said Ambroise Fayolle, Vice-President of the European Investment Bank. “To meet this goal for the air transport sector, one in which Europe is a world-class player thanks to companies like Safran, we must develop innovative new propulsion systems to ensure the environmental transition. The EIB is delighted to support Safran’s efforts in meeting this technological challenge.””

## **II - Safran’s Board of directors**

In the context of its annual general meeting of shareholders held on 28 May 2020, the shareholders of the Issuer approved the appointment of Mrs. Patricia Belling, as additional independent director, and of Mrs. Anne Aubert and Mr. Marc Aubry, two new directors representing employee shareholders.

Mrs. Suzanne Kucharekova Milko has been appointed director representative of the French state by ministerial decree (arrêté ministériel) dated 27 October 2020.

Mr. Olivier Andriès has been co-opted by the Board of directors with effect on 1st January 2021.

### **Mr. Olivier Andriès**

Business address: Safran – 2, bd du Général Martial-Valin – 75015 Paris, France

#### **MAIN POSITION(S) HELD**

- Chief Executive Officer of Safran since 1 January 2021

#### **CURRENT OFFICES AND POSITIONS WITHIN AND OUTSIDE THE GROUP**

##### **SAFRAN GROUP**

- Chief Executive Officer of Safran since 1 January 2021
- Director of Safran since 1 January 2021

##### **NON-GROUP**

None.

### **Mrs Anne Aubert**

Business address: Safran Seats - Z.I. La Limoise - Rue Robert-Maréchal-Senior, 36100 Issoudun – France

#### **MAIN POSITION(S) HELD**

- Head of Project Management Office Operations at Safran Seats Issoudun

## **CURRENT OFFICES AND POSITIONS WITHIN AND OUTSIDE THE GROUP SAFRAN GROUP**

- Director of Safran representing employee shareholders since May 2020

### NON-GROUP

None.

### **Mr. Marc Aubry**

Business address: Safran Aircraft Engines – Établissement de Vernon – Plateau de l’Espace – 1, avenue Hubert-Curien – 27200 Vernon

### **MAIN POSITION(S) HELD**

- National secretary of FGMM CFDT (Fédération générale métallurgie et mines – CFDT), in charge of economy and CSR (Corporate Social Responsibility), coverage secretary of Bourgogne Franche Comté and the IT and Electronic Sector

## **CURRENT OFFICES AND POSITIONS WITHIN AND OUTSIDE THE GROUP**

### SAFRAN GROUP

- Director of Safran representing employee shareholders since May 2020
- Trade union representative and elected member of the CSE (comité social et économique) for Safran Aircraft Engines Vernon’s plant
- Substitute elected member of Safran Aircraft Engines’ CSEC
- Chairman of the supervisory board of the Safran Investissement mutual fund
- Member of the supervisory board of the Safran Ouverture mutual fund

### NON-GROUP

- National secretary of FGMM CFDT (Fédération générale métallurgie et mines – CFDT)
- President of the non-profit organization Société Philharmonique de Vernon (association loi 1901)

### **Mrs Patricia Belling**

Business address: Harvard University - Cambridge, Massachusetts Hall, Cambridge, MA 02138- États-Unis

### **MAIN POSITION(S) HELD**

Chief of Staff and Strategic Adviser to the President of Harvard University

## **CURRENT OFFICES AND POSITIONS WITHIN AND OUTSIDE THE GROUP**

### SAFRAN GROUP

- Director of Safran since May 2020

### NON-GROUP

- Member of the Orientation Board (Conseil d’Orientation) of SONEPAR Groupe

- Independent director and member of the Nominating and Governance Committee board and of the Human Capital and Compensation Committee of LBrands (listed company) (United-States)
- Member of the Advisory Board of the non-profit organization My Life My Choice organization (United States)
- Member of the Board of Trustees of the Academy Museum of Motion Pictures (United-States)

**Mrs. Suzanne Kucharekova Milko**

Business address: Agence des participations de l'Etat – APE – 139, rue de Bercy – 75012 Paris, France

**MAIN POSITION(S) HELD**

- Secretary-General of the Government Shareholding Agency (Agence des participations de l'Etat – APE) since September 2019

**CURRENT OFFICES AND POSITIONS WITHIN AND OUTSIDE THE GROUP**

**SAFRAN GROUP**

- Director of Safran representative of the French State

**NON-GROUP**

- Director of RATP representative of the French State since November 2020
- Member of the supervisory board of Grand Port Maritime du Havre
- Director of Chantiers de L'Atlantique

## SUBSCRIPTION AND SALE

Crédit Industriel et Commercial S.A. and Société Générale (the “**Global Coordinators**”) and SMBC Nikko Capital Markets Europe GmbH and Standard Chartered Bank AG (together with the Global Coordinators, the “**Active Joint Lead Managers**”) and Banco Santander, S.A and MUFG Securities (Europe) N.V. (the “**Passive Joint Lead Managers**”, together with the Active Joint Lead Managers, the “**Joint Lead Managers**”) have, pursuant to a Subscription Agreement dated 12 March 2021 (the “**Subscription Agreement**”), agreed jointly and severally with the Issuer, subject to the satisfaction of certain conditions, to procure subscription, failing which, to subscribe and pay for (i) the 2026 Bonds at a price equal to 99.231 per cent. of the principal amount of the 2026 Bonds, and (ii) the 2031 Bonds at a price equal to 99.349 per cent. of the principal amount of the 2031 Bonds, less any applicable commission. The Issuer will also pay certain costs incurred by it and the Joint Lead Managers in connection with the issue of the Bonds.

The Joint Lead Managers are entitled to terminate the Subscription Agreement in certain limited circumstances prior to the issue of the Bonds. The Issuer has agreed to indemnify the Joint Lead Managers against certain liabilities in connection with the offer and sale of the Bonds.

### Selling Restrictions

#### *Prohibition of Sales to European Economic Area Investors*

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds to any retail investor in the EEA.

For the purposes of this provision:

1. the expression "retail investor" means a person who is one (or more) of the following:
  - (a) a retail client as defined in point (11) of article 4(1) of Directive 2014/65/EU (as amended, MiFID II); or
  - (b) a customer within the meaning of Directive 2016/97/EU of the European Parliament and of the Council on insurance distribution of 20 January 2016, as amended or superseded,, where that customer would not qualify as a professional client as defined in point (10) of article 4(1) of MiFID II; and
2. the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to purchase or subscribe to the Bonds.

#### *United Kingdom*

#### *Prohibition of sales to United Kingdom Retail Investors*

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds to any retail investor in the UK. For the purposes of this provision:

1. the expression "retail investor" means a person who is one (or more) of the following:
  - (a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or
  - (b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.
2. the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Bonds.

#### *Other regulatory restrictions*



Each Joint Lead Manager has represented and agreed that:

1. it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
2. it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

#### *Republic of France*

Each of the Joint Lead Managers has represented and agreed that it has offered or sold or caused to be offered or sold, and will offer or sell or cause to be offered or sold, directly or indirectly, any Bonds in France to qualified investors (investisseurs qualifiés) only as such term is defined in Article 2(e) of the Prospectus Regulation pursuant to Article L.411-2 1° of the French Code monétaire et financier and it has distributed or caused to be distributed and will distribute or cause to be distributed the Prospectus or any other offering material relating to the Bonds in France to such qualified investors only.

#### *United States*

The Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Each Joint Lead Manager has agreed that it will not offer or sell the Bonds, (i) as part of their distribution at any time or (ii) otherwise until (forty) 40 days after the later of the commencement of the offering and the date of issue of the Bonds, within the United States or to, or for the account or benefit of, U.S. persons and it will have sent to each dealer to which it sells Bonds during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Bonds within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until forty (40) days after the commencement of the offering, an offer or sale of Bonds within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

#### *General*

No action has been or will be taken in any jurisdiction by the Joint Lead Managers or the Issuer that would, or is intended to, permit a public offering of the Bonds, or possession or distribution of the Prospectus (in proof or final form) or any other offering or publicity material relating to the Bonds, in any country or jurisdiction where action for that purpose is required. Accordingly, each of the Joint Lead Managers has agreed that it will not, to the best of its knowledge and belief, directly or indirectly, offer, sell or deliver any Bonds or distribute or publish any prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations.

Neither the Issuer, the Joint Lead Managers nor any of their respective affiliates has or assumes responsibility for the lawfulness of the acquisition of the Bonds by a prospective investor of the Bonds, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective investor with any law, regulation or regulatory policy applicable to it.

## GENERAL INFORMATION

### Approval of the Prospectus

Application has been made for approval of this Prospectus by the AMF in France in its capacity as competent authority under the Prospectus Regulation and pursuant to the French Code monétaire et financier.

The AMF only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval shall not be considered as an endorsement of the Issuer that is the subject of this Prospectus, nor of the quality of the Bonds which are subject to this Prospectus. Investors should make their own assessment as to the suitability of investing in the Bonds.

This Prospectus will be valid until the date of admission of the Bonds to trading on Euronext Paris and shall, during this period and in accordance with the provisions of article 23 of the Regulation (EU) 2017/1129, be completed by a supplement to the Prospectus in the event of significant new factors, material mistakes or material inaccuracies. The obligation to supplement the Prospectus in the event of significant new factors, material mistakes or material inaccuracies will not apply when the Prospectus is no longer valid.

### Corporate Authorisations

The issue of the Bonds was authorised by the *Conseil d'administration* of the Issuer on 24 February 2021 and an issue decision signed by Olivier Andriès, *Directeur général* of the Issuer dated 10 March 2021.

### Legal Entity Identifier

The Issuer's LEI code is 969500UIC89GT3UL7L24.

### Website

The website of the Issuer is <https://www.safran-group.com/>. The information on such website does not form part of this Prospectus, except where that information has been incorporated by reference into this Prospectus and has not been scrutinised or approved by the AMF.

### Admission to trading of the Bonds

Application has been made for the Bonds to be admitted to trading on Euronext Paris on or about the Issue Date. Euronext Paris is a regulated market for the purposes of MiFID II.

The total expenses related to the admission to trading of the Bonds are estimated to € 24,900 (including AMF and Euronext Paris fees).

### Net amount of the proceeds

The estimated net amount of the proceeds of the (i) 2026 Bonds amounts to €692,657,000 and (ii) 2031 Bonds amounts to €693,483,000.

### Clearing of the Bonds

The Bonds have been accepted for clearance through Clearstream, (42 avenue JF Kennedy, 1855 Luxembourg, Luxembourg), Euroclear (boulevard du Roi Albert II, 1210 Bruxelles, Belgium) and Euroclear France (66, rue de la Victoire, 75009 Paris, France) under the following reference numbers:

2026 Bonds

ISIN: FR0014002G44

Common Code: 231729283

2031 Bonds

ISIN: FR0014002G36

Common Code: 231729267

### **Yield**

The yield of the 2026 Bonds is equal to 0.280 per cent. per annum and is calculated on the Issue Date on the basis of the 2026 Bonds Issue Price.

The yield of the 2031 Bonds is equal to 0.818 per cent. per annum and is calculated on the Issue Date on the basis of the 2031 Bonds Issue Price.

It is not an indication of future yield.

### **No Material Adverse Change**

Save as disclosed in this Prospectus (including the documents incorporated by reference) or in the Risk Factors section of this Prospectus and including with respect to the impact that the health crisis resulting from the COVID-19, there has been no material adverse change in the prospects of the Issuer or the Group since 31 December 2019.

### **No Significant Change**

Save as disclosed in this Prospectus (including the documents incorporated by reference) or in the Risk Factors section of this Prospectus and including with respect to the impact that the health crisis resulting from the COVID-19, there has been no significant change in the financial performance or financial position of the Issuer or the Group since 31 December 2020.

### **No Litigation**

Save as disclosed in this Prospectus (including the documents incorporated by reference), neither the Issuer nor any of its consolidated subsidiaries has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past significant effects on the Issuer and/or the Group's financial position or profitability.

### **No Material Interests**

Save for any fees payable to the Joint Lead Managers as referred to in "Subscription and Sale", as far as the Issuer is aware, no person involved in the offer of the Bonds has an interest including conflicting ones that are material to the issue of the Bonds.

### **No Material Contracts**

Save as disclosed in this Prospectus (including the documents incorporated by reference), the Issuer has not entered into contracts outside the ordinary course of the Issuer's business, which could result in any member of the Group being under an obligation or an entitlement that is material to the Issuer's ability to meet its obligation to holders of Bonds in respect of the Bonds being issued.

### **No Conflicts of Interest**

To the Issuer's knowledge, there are no potential conflicts of interest between the private interests and/or other duties of members of the Conseil d'administration of the Issuer and the duties they owe to the Issuer.

### **Auditors**

Mazars (Exaltis, 61, rue Henri Regnault, 92400 Courbevoie, France) and Ernst & Young et Autres (1/2, place des Saisons, 92400 Courbevoie - Paris - La Défense 1 France) are the statutory auditors of the Issuer. They have audited and rendered audit reports on the financial statements of the Issuer for each of the

financial years ended 31 December 2018 and 31 December 2019 and, the 2020 Full Year Financial Statement for which the audit procedures have been completed and for which the statutory auditors' report will be issued at the end of the Board of directors' meeting of 24 March 2021, after the specific verifications have been completed and any subsequent events at 24 February 2021 have been reviewed. Mazars and Ernst & Young et Autres are regulated by the Haut Conseil du Commissariat aux Comptes and duly authorised as commissaires aux comptes. They are members of the Compagnie Régionale des Commissaires aux Comptes de Versailles.

### **Documents Available**

The following documents can be inspected on the website of the Issuer:

- (a) the up-to-date statuts of the Issuer (<https://www.safran-group.com/fr/groupe#2>); and
- (b) a copy of this Prospectus (including any documents incorporated by reference) (<https://www.safran-group.com/fr/finance/informations-reglementees-0/Informations%20r%C3%A9glement%C3%A9es#collapse-18988>); and
- (c) all reports, letters, and other documents, valuations and statements prepared by any expert at the issuer's request any part of which is included or referred to in the 2019 Universal Registration Document and the 2018 Registration Document.

The Prospectus (including any documents incorporated by reference (i) will also be published on the AMF's website ([www.amf-france.org](http://www.amf-france.org)) (except for documents incorporated by reference other than the 2019 Universal Registration Document and the 2018 Registration Document) and (ii) will remain publicly available in electronic form for so long as the relevant Bonds are outstanding and a minimum of 10 years after their publication on the Issuer's website and (iii) will also be available, (a) free of charge, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the office of the Issuer, and (b) in hard copy format upon request to the Issuer.

The information on the website of the Issuer does not form part of the Prospectus unless that information is incorporated by reference in the Prospectus.

### **Rating**

As at the date of this Prospectus, the Issuer has been assigned a long-term issuer credit rating of BBB+ (stable outlook) by Standard & Poor's ("**S&P**"). The Bonds are expected to be rated BBB+ by S&P. S&P is established in the European Union and is registered under Regulation (EC) No 1060/2009 as amended (the "**CRA Regulation**") and is included in the list of registered credit rating agencies published on the website of the ESMA (<https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>) in accordance with such CRA Regulation. According to S&P's rating scale, an obligor rated 'BBB' has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to weaken the obligor's capacity to meet its financial commitments. The addition of a plus (+) or minus (-) sign shows relative standing within the rating category. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension, reduction or withdrawal at any time by this rating agency. A revision, suspension, reduction or withdrawal of the rating may adversely affect the market price of the Bonds.

### **Stabilisation**

In connection with the issue of the Bonds, Crédit Industriel et Commercial S.A. (the "**Stabilising Manager**") (or persons acting on behalf of the Stabilising Manager) may over-allot Bonds or effect transactions with a view to supporting the market price of the Bonds at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the Bonds is made and, if begun, may cease at any time, but it must end no later than the earlier of thirty (30) calendar days after the Issue Date of the Bonds and sixty (60) calendar days after the date of the allotment of the Bonds. Such stabilisation will be carried out in accordance with all applicable rules and regulations.

### **Potential Conflicts of Interest**

Certain of the Joint Lead Managers (as defined under "Subscription and Sale" above) and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and its affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Joint Lead Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the Joint Lead Managers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Joint Lead Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Bonds. Any such short positions could adversely affect future trading prices of the Bonds. The Joint Lead Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

### **Forward-Looking Statements**

This Prospectus contains certain statements that are forward-looking including statements with respect to the Issuer's and the Group's business strategies, expansion and growth of operations, trends in the business, competitive advantage, and technological and regulatory changes, information on exchange rate risk and generally includes all statements preceded by, followed by or that include the words "believe", "expect", "project", "anticipate", "seek", "estimate" or similar expressions. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those in the forward-looking statements as a result of various factors. Potential investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date hereof, and the Issuer undertakes no obligation to update publicly any of them in light of new information or future events.

### **References**

In this Prospectus, unless otherwise specified, references to a "**Member State**" are references to a Member State of the European Economic Area, references to "**€**", "**EURO**", "**EUR**" or "**euro**" are to the lawful currency of the member states of the European Union.

## PERSONS RESPONSIBLE FOR THE INFORMATION SET OUT IN THE PROSPECTUS

*To the best of the knowledge of the Issuer, the information contained or incorporated by reference in this Prospectus is in accordance with the facts and contains no omission likely to affect its import.*

**Safran**  
2, boulevard du Général Martial-Valin  
75015 Paris

Duly represented by:

Bernard Delpit  
Deputy Chief Executive Officer and Group Chief Financial Officer  
dated 12 March 2021



This Prospectus has been approved by the AMF, in its capacity as competent authority under Regulation (EU) 2017/1129.

The AMF has approved this Prospectus after having verified that the information it contains is complete, coherent and comprehensible within the meaning of Regulation (EU) 2017/1129.

This approval is not a favourable opinion on the Issuer and on the quality of the Bonds described in this Prospectus. Investors should make their own assessment of the opportunity to invest in such Bonds.

This Prospectus has been approved on 12 March 2021 and is valid until the date of admission of the Bonds to trading on Euronext Paris and shall, during this period and in accordance with the provisions of article 23 of the Regulation (EU) 2017/1129, be completed by a supplement to the Prospectus in the event of significant new factors, material mistakes or material inaccuracies.

This Prospectus obtained the following approval number: n°21-066.

**REGISTERED OFFICE OF THE ISSUER**

**Safran**  
2, bd du Général Martial-Valin  
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**GLOBAL COORDINATORS AND ACTIVE JOINT LEAD MANAGERS**

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**PASSIVE JOINT LEAD MANAGERS**

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*To the Joint Lead Managers*  
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**FISCAL AGENT, PRINCIPAL PAYING AGENT, PAYING AGENT AND CALCULATION  
AGENT**

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**MAKE-WHOLE CALCULATION AGENT**

**AETHER FINANCIAL SERVICES UK LIMITED**

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