

2023 Long-Term Incentive Plan
Grant of performance shares to the Chief Executive Officer
Inclusion of non-financial performance conditions

At its meeting on March 23, 2023, acting on the recommendation of the Appointments and Compensation Committee, the Board of Directors decided to grant performance shares to certain managers and senior executives of the Group, as well as high potential employees and key contributors, to recognize their contributions to the Group's operating performance and the creation of shareholder value, as measured over a period of several years.

As part of the 2023 Long-Term Incentive Plan (2023 LTI), the Board of Directors decided to grant 10 721 performance shares to Olivier Andriès, Chief Executive Officer, which represented less than 2% of the total grant and complies with the compensation policy applicable to the Chief Executive Officer¹.

All of the performance shares granted to the Chief Executive Officer are subject to the achievement of internal and external performance conditions presented in the table below, with their respective weightings. The vesting period has been set at three years (2023-2025) and the number of shares that will ultimately vest will depend on the extent to which the applicable conditions are met over that period. The performance shares delivered to the Chief Executive Officer at the end of the vesting period will be subject to a one-year lock-up period.

2023 LTI for the Chief Executive Officer			
Performance conditions			Weighting
Standard internal conditions	Financial and economic performance ²	ROI (adjusted recurring operating income).	25%
		FCF (free cash flow).	25%
	Non-financial performance	CSR and sustainable development objectives. The Group's medium-term priorities or strategic challenges on these issues. (see below for more information)	20%
External condition	TSR	Safran's total shareholder return (TSR) as measured relative to a composite index allowing simultaneous comparison with the European market, the US market and the benchmark index for the French market ³ .	30%
Total			100%

¹ As specified in the compensation policy for the Chief Executive Officer, the number of performance shares granted to the Chief Executive Officer may not represent more than the equivalent of 120% of his annual fixed compensation, based on the accounting value (in accordance with IFRS 2), as estimated at the grant date.

² A description of these conditions (lowest achievement level, target achievement level, highest achievement level) and other key terms presented to shareholders at the May 26, 2021 Annual General Meeting, which authorized the Board of Directors to carry out such grants, is provided in Safran's Universal Registration Documents.

³ The composite index is made up of:

- the STOXX® Europe TMI Aerospace & Defense index (Stoxx A&D Net Return);
- the S&P Aerospace & Defense Industry Select index (S&P A&D);
- the CAC 40 index (CAC 40 Gross Return).

Each of the three indices counts for one-third of the composite index.

Non-financial performance conditions – As already specified in the compensation policy for the Chief Executive Officer approved by the shareholders at the 2021 Annual General Meeting, as well as in the presentation of the 30th resolution (relating to free share grants) adopted at that Meeting, non-financial performance conditions are included in the internal performance conditions underlying the performance shares that he receives.

The overall weighting of the non-financial performance conditions is 20% for the 2023 LTI Plan. There are three conditions, concerning (i) an environment and climate objective (reducing Scopes 1 & 2 CO₂ emissions compared with 2018, for 10%); (ii) a gender equality objective (increasing the proportion of women among Safran's senior managers, for 5%) and (iii) a safety objective (maintaining the frequency rate of lost-time accidents at the same level, for 5%).

The purpose, weightings, terms and conditions, references and parameters of the conditions are as follows:

- [The first condition relating to the “environment and climate” concerns the reduction of the Group’s Scopes 1 & 2 CO₂ emissions](#)⁴. The target is to achieve a 30% reduction compared with 2018 emissions (the reference year) at the end of the three-year performance period⁵. This condition counts for 10% of the overall conditions.

The achievement rate⁶ for this condition will be measured based on comparisons with the reference (2018 emissions – Scopes 1 & 2), with the following levels set:

- lowest achievement level : if emissions are reduced by 28% compared to the reference, 40% of the shares contingent on this condition will vest.
- target achievement level: if emissions are reduced by 30% compared to the reference, 80% of the shares contingent on this condition will vest;
- highest achievement level (cap): if emissions are reduced by 31% compared to the reference, 100% of the shares contingent on this condition will vest;
- between the lowest achievement level and the target level, and between the target level and the highest achievement level, the number of shares that will vest will vary in linear fashion.

Below the lowest achievement level, none of the shares contingent on the non-financial performance condition concerned will vest.

- [The second condition relating to “gender equality” concerns the increase in the proportion of women among the Group’s senior managers](#)⁷. The target is to increase the proportion to 22% by the end of the three-year performance period, from 17.1% at the end of 2022. This condition counts for 5% of the overall conditions.

The achievement rate⁸ for this condition will be measured at December 31, 2025, with the following levels set:

- target achievement level: if the proportion is increased to 22%, 80% of the shares contingent on this condition will vest.
The target achievement level will also constitute the lowest achievement level. Below the target achievement level, none of the shares contingent on this condition will therefore vest;
- highest achievement level (cap): if the proportion is increased to 23%, 100% of the shares contingent on this condition will vest;

⁴ Scope 1: direct greenhouse gas emissions linked to the combustion of energy sources such as gas, liquefied petroleum gas and aviation fuel as well as refrigerant emissions during the production phases at Safran sites. Scope 2: indirect emissions linked to the consumption of energy, electrical power or heating/cooling at Safran sites.

⁵ The achievement rate will be measured between September 30, 2023 and September 30, 2024.

⁶ The rate is measured to two decimal places and rounded mathematically to the nearest hundredth.

⁷ Senior manager: Group employee whose position is classified as such in the corresponding categories (“bands”) of Safran’s directory of positions (including positions on the Group Executive Committee).

⁸ The rate is measured to two decimal places and rounded mathematically to the nearest hundredth.

- between the target level and the highest achievement level, the number of shares that will vest will vary in linear fashion.

➤ The third condition relating to “safety” concerns the frequency rate of lost-time accidents at Group level⁹.

The target is to bring the rate to 2.0% at the end of the three-year-performance period at the end of 2025 (compared to 2.1% at the end of 2022), amid the ramp-up in business. This condition counts for 5% of the overall conditions.

The achievement rate¹⁰ for this condition will be measured at December 31, 2025, with the following levels set:

- lowest achievement level: if the frequency rate of lost-time accidents is 2.2%, 40% of the shares contingent on this condition will vest;
- target achievement level: if the frequency rate of lost-time accidents is at 2.0%, 80% of the shares contingent on this condition will vest;
- highest achievement level (cap): if the frequency rate of lost-time accidents is reduced to 1.9%, 100% of the shares contingent on this condition will vest;
- between the lowest achievement level and the target level, and between the target level and the highest achievement level, the number of shares that will vest will vary in linear fashion.

Below the lowest achievement level, none of the shares contingent on this condition will vest.

The Board also recalled that following the lock-up period, the Chief Executive Officer is required to hold 40% of the vested performance shares delivered to him under performance share plans, until the number of performance shares that he holds represents the equivalent of one year of his most recent annual fixed compensation. In addition, the Chief Executive Officer will be required to hold in registered form, until his term of office as Chief Executive Officer ends, a minimum of 500 of the vested performance shares delivered to him under each of the performance share plans under which he is granted performance shares during his term of office as Chief Executive Officer.

⁹ Number of accidents per million hours worked.

¹⁰ The rate is measured to two decimal places and rounded mathematically to the nearest hundredth.

2020 Long-Term Incentive Plan

Determination of the achievement rate at the end of the performance measurement period

At its meeting on March 23, 2023, on the recommendation of the Appointments and Compensation Committee, the Board of Directors noted the achievement rates for the performance conditions of the 2020 Long-Term Incentive Plan (2020 LTI) granted on March 26, 2020 for each category of beneficiary.

As a reminder, the number of performance shares to be delivered at the end of the three-year vesting period depended on the extent to which (i) standard internal performance conditions (ROI and FCF) and (ii) external performance conditions (TSR) were met over the 2020-2022 period. A description of these conditions (lowest achievement level, target achievement level, highest achievement level) and other key terms presented to shareholders at the May 23, 2019 Annual General Meeting (30th resolution), which authorized the Board of Directors to carry out such grants, is provided in Safran's Universal Registration Documents¹¹.

The overall achievement rate for the Plan's performance conditions for the Chief Executive Officer and the members of the Executive Committee is overall below the lowest achievement level, taking into account the respective weighting and achievement rates of the different performance conditions applicable¹².

Consequently, the number of shares to be delivered at the end of the vesting period is zero share for all beneficiaries of the Plan including Olivier Andriès, Chief Executive Officer.

¹¹ In particular, see section 6.6.4.2 of the 2020 Universal Registration Document.

¹² The achievement rates for the performance conditions were as follows:

- recurring operating income (ROI) (35% weighting for the Chief Executive Officer and Executive Committee members and 40% for the other beneficiaries): 45.7% achievement, meaning that none of the shares contingent on this condition will vest;
- free cash flow (FCF) (35% weighting for the Chief Executive Officer and Executive Committee members and 40% for the other beneficiaries): 60.4% achievement, meaning that none of the shares contingent on this condition will vest;
- Safran's total shareholder return (TSR) (30% weighting for the Chief Executive Officer and Executive Committee members and 20% for the other beneficiaries): 22.9 points lower than that of the peer companies, meaning that none of the shares contingent on this condition will vest.