SAFRAN

ANNUAL GENERAL MEETING OF MAY 25, 2023

ANSWERS TO WRITTEN QUESTIONS FROM SHAREHOLDERS

In accordance with Article R.225-84 of the French Commercial Code (*Code de commerce*), shareholders were able to submit written questions to the Company until midnight on Friday, May 19, 2023.

These written questions, and the answers to them, are set out below.

Questions submitted by the French Sustainable Investment Forum (FIR)

ENVIRONMENT

1. a) In the context of the Paris Agreement, how does each of your measures related to reducing your direct and indirect GHG emissions contribute to your decarbonization objective for all Scopes (percentage of emissions reduced due to the measure)?
What is the proportion of negative emissions in your decarbonization goals?

We have pledged to reduce our greenhouse gas emissions (GHG) based on the following targets:

- Scopes 1 and 2: 30% reduction by 2025 and 50.4% reduction by 2030 vs. 2018.
- Scope 3, Use of products sold (95% of Safran's total emissions): 42.5% reduction in Scope 3 emissions from product use per seat kilometer by 2035 vs. 2018.
- Scope 3, Purchases of goods and services: mobilize the 400 suppliers contributing the most to Safran's supply chain carbon footprint (accounting for over 80% of purchase-related emissions) to adopt climate targets in line with the Paris Agreement by 2025.
- Scope 3, Business travel and employee commuting: 50% reduction by 2030 vs. 2018.

Safran's GHG emissions reduction strategy and targets were validated by the SBTi in January 2023, making Safran one of the world's first aerospace companies to have achieved a level of ambition recognized by the SBTi as aligned with the goals of the Paris Agreement. The SBTi's validation shows that the GHG emissions reduction targets set by Safran are aligned with the goals of the Paris Agreement adopted at COP21 in December 2015. In particular, the SBTi confirmed that the Scope 1 and 2 emissions reduction target was compatible with a 1,5°C scenario.

All of these decarbonization targets correspond to a pure reduction in emissions, without taking into account any negative emissions (either at Safran sites or through the purchase of voluntary carbon credits). At this stage, negative emissions are only taken into account in the overall aviation sector's roadmap to reach net-zero emissions by 2050, as adopted by the International Civil Aviation Organization (ICAO), which Safran is committed to contributing to.

Scopes 1 and 2

The Group has structured its action plan for reducing its Scope 1 and 2 emissions around five strategic priorities which are described below.

65% of the action program needed to reach the 2025 climate target had been completed at the end of 2022. In concrete terms, this represents more than 300 measures (including production and self-consumption of electricity at industrial sites, streamlining of the industrial footprint, and energy savings in plants), representing a total of 145,000 t CO_2eq. of emissions avoided compared with a business-as-usual scenario. Work is already underway on the next 15% of the action program (some 100 measures representing a saving of 33,000 t CO_2eq.) and the final 20% is included in the Group's medium-term budget, corresponding to some 150 measures representing 44,000 t CO_2eq. Additional measures have been identified in order to anticipate the decarbonization efforts to be carried out after that (to meet the 50% reduction target by 2030).

Based on the measures already put in place, we expect that achieving our Scope 1 and 2 emissions reduction targets for 2025 and 2030 will largely be driven by purchases of low-carbon energy (electricity, gas, sustainable aviation fuels), on-site production and self-consumption of renewable energy, and to a lesser extent, reduction of energy consumption at existing sites. Setting energy performance targets for new buildings and switching from fossil fuels to alternative energy sources for heat are expected to account for less than 5% in achieving these targets.

Scope 3, Use of products sold

Our decarbonization strategy to reduce Scope 3 emissions related to the use of our products is primarily underpinned by major Research & Technology (R&T) work aimed at improving aircraft fuel efficiency and contributing to reducing aviation sector emissions. In 2022, 81% of our self-funded Research & Technology (R&T) expenditure was devoted to improving the environmental impact of our products. Safran's technology roadmap to decarbonize the aviation sector is based on the following pillars:

- Prepare technologies for the development of new ultra-low energy aircraft by 2035, compatible with carbon neutrality in the industry. Safran is aiming for a breakthrough in terms of fuel consumption, with an engine that delivers an improvement of over 20% in fuel consumption compared with the LEAP engine (which is already 15% more efficient than the CFM56, the previous generation engine). This is the goal of the RISE (Revolutionary Innovation for Sustainable Engines) technology development program, led by Safran and its partner GE Aerospace, which is preparing the next generation of engines for short- and medium-haul aircraft. Safran is also helping to improve the efficiency of future aircraft through its equipment, cabin interiors and seats businesses. Lighter cabins made with new materials and gradual electrification of non-propulsion equipment to enhance energy efficiency will be key to making progress in these areas. The Group estimates that a future disruptive aircraft could reduce fuel consumption by 30% in total.

- Enable extensive use of sustainable aviation fuel (SAF). The massive rollout of these sustainable fuels is critical in all air transport decarbonization scenarios. Technologically, Safran is committed to lifting all technical barriers on engine and fuel systems to enable the incorporation of up to 100% sustainable fuels on the next generation of engines, and to broadening the spectrum of use on existing engines.

- Develop electric propulsion systems for use over short distances, and, more generally, aircraft hybridization Safran is a leader in hybrid and all-electric architectures, thanks to its expertise across the entire energy chain.

To achieve carbon neutrality in aviation by 2050, we estimate that technological advances in aircraft energy efficiency will contribute 35-40% of emissions reductions, sustainable aviation fuels will contribute some 50%, and 5-10% of decarbonization will be achieved through improving flight operations. The final 5-10% of emissions will need to be offset by carbon sinks as sustainable fuels are not “zero emission” over their life cycle.

b) Please could you state the amount of investment required for each of the measures taken in relation to reducing direct and indirect emissions in line with your decarbonization strategy?

To ensure that our decarbonization trajectory is in line with our objectives, Safran has included a specific chapter in its medium-term financial plan (MTP) dedicated to the investments related to our low-carbon plan. Each year, the MTP process identifies the CAPEX (capital expenditure) and OPEX (operating expenses) required to comply with Safran’s transition plan.

We do not disclose the detailed financial data resulting from this process. However, in accordance with the requirements of the European Taxonomy, we identified the expenditure (capex) incurred by Safran in 2022 related to the following:

- installation, maintenance and repair of energy efficiency equipment: €12 million;
- installation, maintenance and repair of charging stations for electric vehicles: €2 million;
- installation, maintenance and repair of renewable energy technologies: €6 million;
- renovation of existing buildings: €12 million.

In terms of self-funded Research & Technology (R&T), Safran devoted 81% of its expenditure to improving the environmental impact of its products. Self-funded R&T expenditure totaled €471 million in 2022.

Some examples of the measures carried out in 2022 are detailed below:

Scopes 1 and 2:

- Use of sustainable aviation fuel (SAF) in aircraft and helicopter engine acceptance tests conducted at Safran’s sites prior to delivery to the customer: the proportion of sustainable fuels incorporated for these tests was 10% in 2021 and 20% at end-2022, and we plan to increase it to 35% by 2025. The fuels used are essentially advanced biofuels, the only existing source to date, and they can reduce emissions by up to 80% compared with fossil fuels. In 2022, Safran supplied and consumed 1,258,083 liters of sustainable aviation fuel. The price of SAF varies between 3 and 4 times the price of conventional kerosene.

- In Mexico, an electricity supply contract covering the Chihuahua sites and some Querétaro sites includes a high proportion of renewable energy (currently 65%). Other prospective power purchase agreements (PPAs) are currently being explored in the United States and Poland.

- In 2022, Safran rolled out an internal energy management system, based on ISO 50001, to intensify and accelerate the reduction of energy consumption. In 2022, 90% of sites reached the first of the three maturity levels of this internal standard. Progress will continue towards the second level of maturity in 2023. A network of energy management officers has been created across the Group’s various entities, with local representatives at each site.

- An energy sobriety plan was introduced in the second half of 2022, designed to cut energy consumption at the Group's European sites, against the backdrop of the energy crisis and anticipated supply risks during the winter. Safran has pledged to reduce its electricity and gas consumption in Europe by 10% by 2024 compared with 2018. The first results of the energy saving measures put in place in 2022 are currently being analyzed.

- In 2022, Safran commissioned solar power plants dedicated to self-consumption at seven of its sites (two in China, one in Morocco, three in Singapore and one in Thailand). It also signed agreements with two partners to install solar panels on a total surface area of nearly 180,000 square meters across 17 sites in France. These investments are being carried out based on several different financial structures (self-financed or in partnership), in order to obtain the best returns on investment.

- In 2022, Safran used renewable energy with guarantees of origin. 27.9% of the electricity consumed in the United Kingdom was covered by guarantees of wind origin, as was 10.3% of the electricity consumed in France, 77% of the electricity consumed in Poland, 30.1% of the electricity consumed in the United States and 66.4% of the electricity consumed in Brazil.

Scope 3, Use of products:

- Safran actively supports the development of a sustainable fuel production industry. In early 2022, the Group invested in German jet engine start-up Ineratec which builds industrial plants for producing synthetic fuels, and in 2022, at the request of the European Commission, began chairing the Aviation Chamber of the European Renewable and Low-Carbon Fuels Value Chain Industrial Alliance. This alliance coordinates players along the entire value chain to encourage investment in new production facilities in Europe.

- The Group also signed two major partnerships with Airbus, through its CFM joint venture with GE Aerospace, to build two flight demonstrators by the middle of the decade: one equipped with a disruptive open fan engine architecture resulting from the RISE technology development program, and the other equipped with a liquid hydrogen engine.

c) What benchmark scenario(s) is/are your decarbonization strategy based on? Is it in line with a 1.5°C scenario?

We used several scenarios compatible with the Paris Agreement when setting our objectives:

- Specific sector scenarios:
  - at the global level (ATAG Waypoint 2050, aiming for carbon neutrality by 2050);
  - or at the European level (Destination 2050, aiming for a 55% reduction in CO_2 emissions by 2030).
- The aviation component of the International Energy Agency (IEA) scenarios:
  - the Sustainable Development Scenario (SDS), compatible with warming of less than 2°C;
  - the Net Zero Scenario, compatible with warming limited to 1.5°C.

In early 2023, the SBTi validated Safran's decarbonization trajectory for Scope 1 and 2 emissions as being in line with a 1.5°C scenario. For Scope 3 emissions from the use of products sold, Safran's rate of emissions reduction appears to be more in line with a "well below 2°C" reduction trajectory as an average across its various sectors of activity. It is important to note that, at this stage, there is no consensual pathway for aviation sector emissions recognized as aligned with a 1.5°C scenario, and there is no SBTi-validated benchmark for such a 1.5°C trajectory[1].

2. a) Have you recently carried out an assessment of the biodiversity impacts and dependencies (direct and indirect) of your activities?

Biodiversity is taken into account in two of the pillars of our CSR strategy, namely, “Embody responsible industry” and “Decarbonize aeronautics”. The issue is also reflected in the Group’s commitments to strengthen responsible supply chain practices, respect the environment and natural resources, and reduce CO_2 emissions across its entire value chain.

We intend to draw up a global biodiversity strategy, integrating the various challenges faced by our business and value chain, from upstream (consumption of materials) to downstream (air transportation).

To this end, in late 2022, the Group launched a study to develop a qualitative understanding of its main biodiversity impacts and dependencies, and the relevance of the measures already put in place.

We have also launched an analysis of priority biodiversity issues at the level of our sites with a view to implementing local operational initiatives.

The information that will emerge from these two studies in mid-2023 will serve as a basis for defining a biodiversity roadmap.

b) If not, why not? If yes, has your estimate of the biodiversity dependence (direct and indirect) of your activities (expressed as a percentage of revenue, net banking income, etc.) changed compared to last year?

Biodiversity is still an emerging issue, and the calculation of figures related to the direct and indirect dependence of Safran’s activities on biodiversity will be addressed in greater detail following the completion of the studies currently being carried out within the Group (see question 2. a). In addition, we are paying particular attention to the various regulatory frameworks (Corporate Sustainability Reporting Directive) and voluntary approaches (Taskforce on Nature-related Financial Disclosures) that would enable the Group to more precisely calculate indicators for its dependence on natural capital.

c) Based on your assessment work, how much do you spend to promote biodiversity (protection, restoration, etc.)? Please provide us with an amount.

The total amount spent on biodiversity is not currently centralized.

In addition, in the context of the Corporate Sustainability Reporting Directive (CSRD), the Group is awaiting the publication of the final version of ESRS E4, Biodiversity and Ecosystems, which will make it possible, in particular, to structure the notion of contribution to biodiversity preservation. This standard will enable companies to clearly communicate the proportion of their revenue that

[1] In February 2023, the SBTi published an “Interim 1.5°C Aviation Pathway” that classifies aviation as a “hard to abate” sector and proposes that the 1.5°C benchmark pathway be converged with the IEA’s “well below 2°C” pathway until around 2032. Additional work will need to be carried out to confirm this proposal in 2023.

contributes to biodiversity, as well as the related revenues and capital expenditure, using a harmonized methodology.

3. a) In a context of inflation, geopolitical crises, global warming and loss of biodiversity, what do you consider to be the financial and economic impact of the scarcity of or difficulties in accessing your strategic natural resources on your business models?

Two crises have had repercussions for our supply chain. The Covid-19 pandemic and the subsequent recovery are still leading to labor shortages in some regions of the world. The Russia-Ukraine crisis has had an impact on our ability to procure supplies from certain regions (including Russia and Ukraine). It has also had a significant effect on energy prices in Europe (electricity and gas), which was exacerbated in France due to the limited availability of nuclear reactors during the winter of 2022. These two crises resulted in widespread inflation, which is now on a downward trend however. To date, we have not experienced any disruption in the procurement of the natural resources that go into the composition of the alloys we use. However, we are experiencing price increases as a result of changes in supply patterns.

We are studying these issues very seriously as part of a supply chain resilience plan that aims to reduce our exposure to geopolitical and capacity risks. Access to materials is a key issue. In order to limit our own impact on natural resources, for example, we are strengthening our actions in terms of the circular economy by collecting nickel and titanium-based material shavings and sending them to our manufacturers. This reduces our raw material requirements.

In addition, in order to limit the financial and economic impact of accessing natural resources, the Group is stepping up its efforts to reduce energy consumption (see question 1. a) and accelerating product eco-design, repairability and recycling (see question 3. c).

We are also committed to reducing our carbon footprint and that of our suppliers; to this end, our supplier selection processes have included a low carbon criterion since 2022.

b) Do you have an estimate of the increase in costs caused by these difficulties (expressed either as a percentage or an absolute value)?

If we include all of the increases incurred as a result of the crises, the cost curve is consistent with the inflation rate, i.e., around 5% in 2023.

c) What measures have you taken to reduce your consumption and adopt a more circular business model (specify the proportion of the Company's activities to which such solutions apply)?

Throughout its value chain, Safran is taking action to reduce its consumption of raw materials and adopt a more circular business model.

On the upstream side, minimizing the consumption of strategic raw materials is an environmental, economic and sovereignty issue for Safran. The Group already recycles a significant proportion of its production scraps, such as those from machining processes, by returning them to the foundries so they can be incorporated into the raw material. This practice has been developed extensively for metal materials such as titanium, nickel and superalloys like inconel, where it is possible to integrate about

20% of shavings in the raw materials supplied to Safran. Safran has launched an action plan to increase this rate, which includes mobilizing our machining suppliers upstream of our production processes.

Elsewhere, Safran is developing new manufacturing processes that require fewer materials, such as additive manufacturing. Additive manufacturing provides an opportunity to improve costs, cycles and performance for numerous engine and aircraft equipment components, by reducing the number of parts and components and introducing new methods of optimizing design. These are replacing the conventional casting and machining processes used to manufacture parts with complex geometries, and thus make it possible to significantly reduce material consumption; the machining of parts with complex shapes leads to material losses that can represent several times the mass of the final part.

During their lifespan, Safran's products are put to highly intensive use and used to their maximum potential. Commercial aircraft are operated very intensively (several thousand flight hours per year) for 20 to 25 years. Most importantly, they are subject to regular maintenance (maintenance, repair and overhaul [MRO]), which increases or renews the usability of the engines and the main equipment on board, such as the landing gear.

Maintenance increasingly involves repair solutions, particularly in the engine sector, where the business model of service contracts based on flight hours is currently being widely deployed for commercial aircraft and is already well established for helicopter engines. Under this model, Safran's earnings no longer depend on the sale of spare parts, and the industrialization of efficient repairs of used parts has become an important issue. This model is also implemented for aircraft carbon brakes: the Group reuses part of the carbon from used brakes to restore the use potential of brakes supplied to airlines. Safran's earnings depend on the use of the brakes (number of landings) rather than on the sale of the brakes themselves.

Regarding product end-of-life, in addition to our waste reduction strategy (99% recovery rate for metallic waste), Safran has partnered with two other leading players (Airbus and Suez) to create Tarmac Aerosave, which has been under Safran's chairmanship since 2022. Tarmac Aerosave is the European leader in storage and the global leader in the dismantling and recycling of military and civil aircraft manufactured by Airbus, Boeing, ATR, Bombardier and Embraer. Since 2007, it has dismantled and recycled 339 aircraft and 186 engines, with a recovery rate of over 92% of the aircraft's total weight and the development of short recycling circuits for aerospace materials (titanium, inconel and aluminum).

Compared to other sectors, there is significant reuse of all the equipment and parts of end-of-life aerospace products that have a residual use potential. This means that owners of aircraft due to be dismantled can retain ownership of a large number of parts, equipment, etc., which can then be used in maintenance circuits to equip aircraft of the same model. This is particularly the case for engines with parts that have already been used but have residual potential, which are generally recovered to supply maintenance workshops. Safran and GE Aerospace participate in this used parts recovery model through their subsidiary, CFM Materials.

Lastly, Safran participates in a number of working/research groups, in partnership with institutional and industry players (French Civil Aviation Research Council, French Directorate General for Civil Aviation, French National Center for Scientific Research, French Atomic Energy Commission, etc.), to move forward on recyclability issues. The main R&D issue is the recyclability of carbon fiber composites, which are currently not recovered. Work is underway to explore ways of reusing these materials, either within the industry or in other sectors.

SOCIAL

4. a) Could you specify how the environmental and social criteria (E&S) criteria included in Safran's short- and long-term variable compensation policy for executives (if applicable) reflect your company's most important E&S challenges?

Short-term (annual) variable compensation includes the following short-term objectives reflecting the Group's CSR challenges, which are applicable to all members of Safran's Executive Committee:

- ***Low-carbon***: the low-carbon roadmap is defined by each Group company and at Group level, and is submitted to the Executive Committee and to the Board of Directors for approval.

- ***Proportion of women among senior executives***: the Group made has a commitment to the Board of Directors to increase the percentage of women among senior executives each year. This percentage has been increasing steadily since 2019. An annual report on the progress made on gender equality is submitted to the Board of Directors each year. It contains precise measurements for a large number of indicators that allow us to analyze our performance in this area, such as access to training, promotion and average compensation by gender, country and professional category.

- ***Workplace safety***: this is a key performance criterion for an industrial group like Safran. Given the importance of workplace safety, annual performance reviews are carried out annually by the Executive Committee, with the Board of Directors approving the related action plan and 2025 objectives. In February 2023, new prevention programs and initiatives were launched with the aim of better anticipating, preventing and supporting the Group's workplace safety issues. These included a program to strengthen the HSE culture, the "One Health!" program focused on physical and mental wellbeing, enhanced measures for preventing ergonomic risks, the integration of feedback on major events in our safety guidelines, the wider inclusion of HSE issues in the deployment of the operational excellence system "One Safran", and improved strategic HSE training programs.

- These objectives are presented in the 2023 compensation policy for the Chief Executive Officer in section 6.6.2.2 of the 2022 Universal Registration Document.

Long-term variable compensation involves the implementation of a three-year performance share plan subject to continuing service conditions and financial and non-financial performance criteria. Non-financial performance conditions relating to CSR/HSE objectives are applicable to all beneficiaries, regardless of whether they are executives, high-potential employees or key contributors. These objectives represent 20% of the performance conditions applicable to long-term variable compensation plans: low-carbon (10%), proportion of women among senior executives (5%) and workplace safety (5%).

b) How does the Board monitor the achievement of E&S objectives, and in particular what quantitative criteria does it use? Are performance targets systematically revised when achievement rates are high?

The deployment of the CSR strategy and its 14 associated objectives for 2025, 2030 and 2035 are presented to and monitored annually by the Board of Directors. With regard to climate change in particular, Patrick Pélata, the Director responsible for monitoring climate issues, along with the Board of Directors' Innovation, Technology & Climate Committee, which Patrick chairs and which meets twice a year, monitor the Group's climate strategy, the setting of objectives and the associated results. This reflects the importance of decarbonization, which has been one of the Group's three strategic priorities since 2021.

CSR objectives can be revised if achievement rates are high. For example, in 2020 the 2025 objective for the frequency rate of lost-time accidents was set at 2.5. In 2022, in view of the achievement level in 2021, it was revised to 2 by 2025. Safran outperformed its Scope 1 and 2 GHG emissions objective in 2022. However, in the context of the 2023 ramp-up, the objective will remain unchanged for the year.

c) Can you describe how employee (excluding executive) compensation (bonuses, long-term compensation, profit-sharing and other) incorporates E&S criteria? Please specify the number of employees concerned and give as much detail as possible about the E&S criteria and the percentage of employee compensation they determine.

Excluding the executives referred to in question 4. a, Safran decided to expand its performance share grants (long-term incentive [LTI] plans), the performance conditions for which are assessed over a period of three years. These plans are granted on an annual basis to high-potential employees, talent and key contributors. The number of these beneficiaries has been increasing since 2021. CSR criteria account for 20% of the performance conditions, breaking down follows:

	Weighting	Objective	Definition of objective
1	10%	Environment – Climate	Reduction in Scope 1 and 2 CO_2 emissions
2	5%	Gender equality – Women among senior executives	Increase in the proportion of women among senior executives
3	5%	Safety	Reduction in the frequency rate of lost-time accidents

For information, the number of beneficiaries of the LTI plan (excluding Olivier Andriès) has gradually risen in order to give an increasing number of key employees a stake in the Group's performance.

Year	Number of LTI beneficiaries (excluding the CEO)
2020	796
2021	763
2022	968
2023	1,126

Most of the increase was achieved by applying these criteria more widely among middle management (identified talent) and high-potential employees, with the number of beneficiaries increasing from 231 in 2020 to 600 in 2023.

As part of annual variable compensation, managers are asked to set short-term CSR objectives for their teams. In France, companies and their employees benefit from optional profit-sharing agreements based partly on non-financial performance criteria.

5. a) Within the scope of your value-sharing policy, what percentage of your share buybacks have you allocated to your employees over the last five years (excluding performance shares)? What was the proportion of employees concerned in France and abroad?

Safran has not carried out any significant share buybacks in recent years, except to eliminate the potential dilution risk associated with its OCEANE convertible bonds.

Proportion of share buybacks allocated to employees (excluding LTI plans):

Year	Percentage	Remarks
2018	0.00%	
2019	0.02%	
2020	76%	Employee share ownership arrangement (sale on preferential terms)
2021	0.00%	
2022	0.00%	

Proportion of employees concerned in France and abroad:

Year	Employees concerned worldwide	Remarks
2018	0%	
2019	7%	o/w 100% in France and 0% abroad
2020	44%	o/w 89% in France and 11% abroad
2021	0%	
2022	0%	

In October 2022, Safran announced plans to grant 10 free shares to every employee worldwide (excluding Russia) in 2023. The shares would be delivered in 2025, subject to the employee's continuing service with the Group since the granting of the shares in 2023, with no performance conditions applicable. The plan would be implemented on May 25, 2023, subject to its approval by the Annual General Meeting to be held on that date. This grant represents a potential volume of 885,000 shares to be granted to employees worldwide, excluding Russia.

b) Over the same period, what is the breakdown of the allocation of your share buybacks (cancellation, employee share ownership, performance share grants, other beneficiaries, other allocations)?

Actual use of shares bought back can be analyzed as follows for each year (in thousands of shares):

	Free shares delivered to employees (not subject to performance conditions)	Shares sold to employees on preferential terms	Free shares delivered to employees (subject to performance conditions)	Shares canceled (as part of Safran's Principal Tender Offer/Subsidiary Exchange Offer for Zodiac Aerospace)	Shares delivered upon exercise of the conversion right on convertible bonds
2018			6	11,403	171
2019	19		409	8,563	
2020	18	1,800	553		
2021			491		
2022			121		

c) More generally, do you have a policy defining the allocation of your share buybacks? Is this policy public? If so, can you describe it?

Each year, the Annual General Meeting authorizes the Board of Directors, or any duly empowered representative, to buy back shares. The objectives are set out in the resolution submitted to the Meeting and described in section 7.2.7 of the 2022 Universal Registration Document. The Board of Directors implements a share buyback program each year without a predefined policy regarding how the shares bought back are to be used. The use made of the shares bought back in 2022 is disclosed in a press release or declaration to the French financial markets authority (*Autorité des marchés financiers* – AMF), and is described in section 7.2.7.1 of the 2022 Universal Registration Document. In practice, the program is used in connection with the liquidity agreement to cover performance share plans (or employee share ownership arrangements) and to eliminate the potential dilution risk on OCEANE convertible bonds.

Note that:

- In October 2022, Safran publicly announced its decision to buy back 9.4 million shares with a view to eliminating the potential dilution risk on its OCEANE convertible bonds maturing in 2027.
- Also in October 2022, it announced plans to grant 10 free shares in 2023 to every employee worldwide (excluding Russia), to be delivered in 2025 (see question 5. b above). All or some of the shares to be delivered in 2025 could result from share buybacks.

6. a) What specific measures have you put in place to ensure that a living wage is paid to all of your employees as well as to your suppliers' employees (work with special initiatives, studies to determine what constitutes a living wage in each country, inclusion of the criterion in supplier charters, supplier due diligence, etc.)?

Safran has a competitive general compensation policy offering compensation higher than the market average in most of the 30 countries in which the Group operates. In every country, compensation includes both fixed and variable portions that allow employees to share in the Group's profits. Safran also encourages collective agreements to be set up locally in accordance with applicable laws and regulations in order to provide specific, common and consistent compensation in certain special circumstances (e.g., bonuses for shift work). This helps Safran stand out from its competitors and also fosters employee loyalty.

Providing a living wage, i.e., one that covers vital needs such as food, healthcare and clothing, as well as other essential needs like transportation, education and savings, has been a shared objective since the outset at all Group sites.

In France, our market benchmarking even shows that on average, the basic salary of Safran's non-managerial employees in 2022 was 17% higher than the market median (versus 15.3% higher in 2021). The Group is further extending its lead in this area.

To ensure that the compensation policy is properly applied, all Safran sites are covered by the Group's risk reporting and auditing system:

- Based on the risk maps drawn up in connection with the Group's risk management system and deployed in all subsidiaries, reasonable duty of care plans are implemented for these issues.
- Twenty audits per year are carried out to verify the proper management of sites, compliance with standards, respect for social commitments of all kinds, skills and attractiveness. These audits are performed on site by the audit teams, working alongside local employees. Site audits represent

50% of Safran's audit capacity. Audits particularly focus on new sites to ensure that the fundamentals are in place from the start.

- Safran reviews the compensation of different employee categories against that of both its internal market (to ensure overall consistency) and the external market by participating in compensation surveys.
- The Group's Human and Social Responsibility Department provides human resources correspondents in each country with compensation surveys supplied by a leading global professional services provider, which constitute the common market reference for all entities.
- Annual salary increase budgets are determined taking into account inflation in each country. These budgets were revised in 2022 in view of the particular circumstances in certain countries with inflation of around 10%. Each year, discussions between companies are overseen by the Group and adjustments are made to the budgets to ensure fairness in each employment area. A Group application note is also published.
- Safran's policy has notably developed towards sharing the fruits of growth through Group employee savings plans in France (Group statutory profit-sharing, optional profit-sharing) and other profit-sharing arrangements outside of France.
- Safran has also set up a specific employee savings plan in its main host countries outside of France (PEGI), with an employer contribution based on the amount invested by employees.
- The employee share ownership and profit-sharing plans form part of the overall compensation policy. With 7% of its share capital held by current and former employees at December 31, 2022, Safran is in the top five major French companies (CAC 40) in terms of employee share ownership.
- To ensure that employees have access to international health coverage, Safran has retained the following 2025 CSR objective: 100% of employees worldwide to benefit from a minimum level of health coverage (medical, optical and dental).

Safran is also particularly vigilant about its suppliers. All suppliers are asked to sign Safran's responsible purchasing guidelines, which state that suppliers must pay their employees in accordance with local legislation (minimum wage, overtime pay, etc.). An objective for 2025 has been defined: 80% of purchases to be made from suppliers that have signed Safran's responsible purchasing guidelines or that have equivalent guidelines of their own.

Safran has held the "Responsible Supplier Relationships Label" awarded by the French Business Mediation Service and the French National Procurement Council since 2014 and has also been certified under the new "Sustainable Procurement and Supplier Relations Charter" since 2020.

b) Have you set minimum salary thresholds for your employees and your suppliers' employees in all your host countries, and where do they stand in relation to local minimum wages? If so, do you conduct audits to ensure that these thresholds are met and evolve in line with changes in the cost of living?

Minimum salary thresholds are not set by the Group but by each Group company, thereby enabling Safran to maintain its position as one of the most attractive employers in the local and national market. The risk management system set up at Group level and implemented locally ensures compliance with minimum salary thresholds and puts in place corrective measures if these thresholds are not respected.

A human rights assessment questionnaire is sent to suppliers asking them whether they pay their employees wages and social security benefits that are at least equivalent to the industry minimums, which may be higher than the regulations applicable at national level. This questionnaire is sent to certain suppliers selected based on a human rights risk map. In case of partial compliance or a failure to comply, the supplier must present a compliance plan to the Safran buyer within 30 days.

The responsible purchasing guidelines state that Safran's suppliers and subcontractors pay their employees the minimum wage required by local legislation and provide them with all the social security benefits required by law. In addition to pay for statutory working hours, overtime is paid at higher rates, as provided for in the applicable legislation. In countries where no such legislation exists, overtime is paid at least at the rate for statutory working hours. Deductions from wages as a disciplinary measure are not permitted.

In Safran's general purchasing conditions applicable to all contracts with its suppliers, it is stipulated that the supplier undertakes to comply with minimum wage legislation, as well as with regulations requiring decent housing conditions for seconded employees.

c) Have you considered and mapped the systemic risks that may impede the payment of a living wage to your employees and to your suppliers' employees (such as failure to respect freedom of association)?

Through the risk management system set up at Group level, we can anticipate economic, environmental and geopolitical factors that could affect jobs, skills, employee compensation and supply chain performance.

Risk reduction action plans provide for the use of all authorized measures, such as short-time working, paid leave, remote working and external financing to maintain the income of Safran's employees and of the employees in its supply chain. Climate disruption and its consequences for our sites are taken into account, as well as seismic risks. For example, following a risk review, the Group has undertaken specific building and infrastructure investments at the Bidos site in France, which is located in an earthquake zone, in order to ensure business continuity, employment and employee compensation in the event of an earthquake.

Safran's responsible purchasing guidelines state that Safran's suppliers and subcontractors guarantee their employees the right to form unions and to communicate freely with their management about their working conditions without fear of harassment, intimidation, penalties, pressure or retaliation. They also recognize and respect workers' rights in terms of freedom of association, should employees choose to join an association of their choice.

7. a) In France: apart from investments in your company's own shares, what proportion of the savings funds offered to your employees has been certified as socially responsible (SRI, Greenfin, CIES, Finansol or other labels)? Please indicate the name of the funds certified and the proportion (as a percentage of savings invested and as a percentage of funds excluding employee share ownership) of savings funds certified, along with the percentage of group employee beneficiaries concerned and the change compared to last year.

Safran's employee savings plans include the Group employee savings plan (PEG), the collective retirement savings plan (PER Collectif) and the international Group employee savings plan (PEGI). The PEGI, which is composed of Safran shares, does not have an SRI label.

The investment vehicles used within the PEG were reviewed in 2023 to maximize the number of funds with an SRI management strategy, including the new “Avenir Rendement” fund, for which the SRI certification process is underway.

Concerning the PEG, 7% of assets are invested in funds with a SRI management strategy. Excluding funds invested in the Company’s own shares (shareholding funds and the Safran bond fund), 100% of assets are invested in these funds, and 46% of Group employees hold shares in these funds.

Out of the seven funds that make up the PER Collectif, five have an SRI label:

- two corporate mutual funds (FCPE) have the SRI, CIES and Finansol labels: EPSENS Actions ISR and EPSENS Monétaire ISR;
- two FCPE have the SRI label: Safran Ethique Solidaire (already included in the PEG) and Safran Retraite Actions ISR;
- one FCPE is managed under an SRI approach: Safran Retraite Obligations ISR.

The five FCPEs with the SRI label represent 97% of the amounts invested and 77% of the Group’s employees have invested in these funds.

The proportion of investments in SRI-certified funds or funds with an SRI management strategy in the PER Collectif or PEG remained stable compared to last year.

b) Where applicable, please explain why not all your employee savings funds are certified? If some are not certified but include ESG criteria, explain how these criteria demonstrate a robust and selective ESG approach.

The PEG and PER Collectif funds include “historical” funds that are not SRI-certified, which were set up through collective bargaining (Group agreement). These non-certified funds are maintained at the request of the negotiators (trade unions and management), with a view to ensuring stability for the savers concerned. Although they are not SRI-certified, these funds follow a management strategy that respects SRI criteria, at the request and under the oversight of the members of the relevant governing supervisory boards.

c) In your other host countries: what employee savings plans, excluding employee share ownership, have been set up for your employees outside France? Do they include robust ESG criteria? If so, which? If not, why not?

Outside France, no employee savings plan has been set up other than the international Group employee savings plan (PEGI), which is invested entirely in Safran shares.

Promoting employee share ownership is part of the Group’s social model. Many countries outside France do not recognize FCPE-type investments, which limits or even prevents them from being put in place.

d) How do you involve your employees in the selection and monitoring of funds' social responsibility commitments?

Employees can consult a brochure on Safran's employee savings plans, and can also directly access information on the PEG and PER Collectif plans (key investor documents, fund performance reports) via the custodian's internal platform, enabling them to familiarize themselves with the characteristics of FCPE funds and help them with their choice of investment, namely as regards certified funds.

In order to encourage savings, the amounts invested in the PER Collectif are matched by a maximum annual employer contribution of €1,000 (suspended in accordance with the Activity Transformation Agreement in 2021 and the agreement on the post-Covid-19 working environment in 2022 and 2023).

The rule governing the PEG's matching employer contribution was modified in 2023 so that payments into the new "Avenir Rendement" fund (currently being certified) can be matched up to €400 per year by the Company.

Through fund representatives, employees are also involved in Safran's fund monitoring committees.

GOVERNANCE

8. For a company's fiscal responsibility to be aligned with its social responsibility, the Board of Directors or Supervisory Board must be fully involved in choices built around tax compliance (in keeping with principles such as those of the B Team initiative). As such, the French Sustainable Investment Forum (FIR) requires the publication of a Board-reviewed and -approved country-by-country tax responsibility report, aligned with the GRI 207 standard. Accordingly:

a) Do you publish a document describing your commitments to fiscal responsibility? How does it fit into your social responsibility policy, other than just in terms of compliance? Is it reviewed and approved by the Board? (Please attach a link or provide the URL of this document in addition to a detailed explanation.) In it, do you list the tax practices that you consider to be unacceptable?

Every year, Safran publishes its tax policy on its website (https://www.safran-group.com/media/382699/download). Safran's tax policy sets out the Group's guiding principles in taxation, which are based on three main pillars (ensuring compliance with applicable tax legislation, supporting Group operations by providing tax advice, and driving consistent tax behaviors across the Group).

The principles set out in the tax policy are consistent with Safran's commitment to being a committed economic player, determined to contribute to social issues. In this respect, the implementation of our tax policy aims to make Safran a responsible player in terms of taxation, and recognizes the importance of the tax contribution made by companies to the budgets of the countries where the Group operates.

The Group's Tax Department circulates the tax policy among Safran's subsidiaries and ensures compliance with the principles set out therein. The Tax Department reports to the Group Chief Financial Officer, who is a member of Safran's Executive Committee and reports directly to the Chief Executive Officer. In terms of internal control, compliance with the tax policy is audited as part of the work of the Audit and Internal Control Department (compliance with the tax policy is included in the Group's overall risk monitoring framework, namely the Group's Enterprise Risk Management [ERM] system – see chapter 4 of the 2022 Universal Registration Document). In addition, Safran's tax policy is regularly reviewed by the Audit and Risks Committee of the Board of Directors, which may make observations and requests for changes.

As regards tax practices deemed unacceptable, Safran's tax policy includes a commitment to rejecting aggressive tax planning and to aligning its tax positions with the reality of the Group's commercial and operational activities. The tax policy published by Safran also states that the Group does not set specific objectives as regards the amount or rate of tax to be paid. Lastly, Safran's tax policy includes a commitment to cooperating transparently with tax authorities, and to discussing issues with the authorities pre-emptively whenever possible.

Safran's commitment to cooperating with tax authorities, which are key external stakeholders in tax matters, is reflected in the signing of a "tax partnership" with the French tax authorities in 2019. The aim is to establish a long-term working relationship between Safran and the tax authorities, based on transparency and trust. As the partnership is only open to companies that meet their legal obligations, a compliance review was carried out before the partnership was signed. Since the partnership between Safran and the French tax authorities was signed in 2019, the Group's tax positions have been subject to regular discussions with the partnership department, to which the Group raises questions when faced with complex issues.

b) Do you make your country-by-country tax reporting public? If not, how are you preparing for the European directive introducing country-by-country reporting for EU member countries, which is planned for 2024? Do you plan to publish country-by-country reporting that goes beyond the obligations set out in the directive?

Since 2021, Safran has provided a breakdown of the Group's taxes in its tax policy. Profit before tax (profit before corporate income tax and other taxes and duties), current corporate income tax and other taxes and duties are broken down by geographic area.

Accordingly, the disclosure provides an overview of Safran's overall tax contribution and its breakdown by geographic area. The disclosure also provides information on the respective weightings of corporate income tax and other taxes and duties and a breakdown of other taxes and duties by major category (taxes and duties on production factors, taxes and duties on compensation and other taxes and duties).

The reporting of Safran's overall tax contribution is updated in the first half of each year and disclosed in the tax policy (publication of 2022 figures in the first half of 2023).

By disclosing each year its overall tax contribution by major geographic area, Safran already goes beyond its legal and regulatory obligations in terms of tax transparency. Under the EU's new public Country-by-Country Reporting (CbCR) Directive, Safran will meet the reporting requirements as transposed into the regulations, and will continue to disclose the breakdown of its overall tax contribution (with a level of disclosure already greater than that required under the Directive).

9. a) What government decisions do you target in your lobbying activities? Please list those decisions for the last two years, focusing on lobbying related to human rights (including fundamental social rights), climate and governance, for the main jurisdictions in which you lobby (including the EU, US, emerging markets and other areas).

The government decisions targeted by our lobbying activities are declared to the French High Authority for Transparency in Public Life (*Haute Autorité pour la Transparence de la Vie Publique*) (https://www.hatvp.fr/fiche-organisation/?organisation=562082909 [French only]) and to the European institutions in the European Union Transparency Register set up by the European Commission and the European Parliament: Transparency Register (europa.eu).

As regards human rights, the Group is not involved in lobbying on draft regulations.

On climate issues, Safran has been particularly active on the issue of decarbonizing aviation over the last two years, as part of the Green Deal. Our work has accordingly focused on the adoption of sustainable aviation fuel, which will play a key role in achieving the goal of carbon neutrality for aviation by 2050. In particular, the proposed Refuel EU Aviation Regulation has been the subject of initiatives aimed at making the trajectory for the incorporation of sustainable aviation fuel as ambitious as possible. Safran has also promoted, joined and currently chairs the aviation pillar of the European Renewable and Low-Carbon Fuels Value Chain Industrial Alliance, launched by the European Commission in April 2022. Safran is now identified as one of the key promoters of sustainable aviation fuel, and a source of expertise for European institutions. Safran has acted, and continues to act, in collaboration with the other players in the sector, with shared positions being the basis for expertise-based lobbying by companies. Safran is also a founding member of the Clean Aviation Joint Undertaking established as part of the Horizon Europe research program, with the aim of fostering disruptive technological developments that will speed up the decarbonization of the aviation sector. Safran monitors developments in the Horizon Europe program and its budget, and contributes to the priorities of the Undertaking's strategic research and innovation program by taking part in the coordinated work of the various players within the framework of sector federations.

With regard to governance, Safran is a member of and supports the work of various business associations promoting better consideration of the principles of good governance, notably within the framework of the draft Corporate Sustainability Due Diligence Directive.

b) How do you monitor and ensure alignment between your ESG objectives and the positions of the industry associations of which you are a member, as well as any potential divergence with your own positions? Do you publish a report in which you describe how your company's and your industry associations' positions are aligned, but also where they may differ from each other?

We pay attention to this by gathering information and reviewing the charters of each association of which we are a member, when such charters exist.

At the European level, Safran systematically takes part in the work of associations in areas corresponding to the Group's ESG priorities, particularly in relation to the climate and CSR. These associations make most of their decisions by consensus, or by majority vote in some cases. Safran therefore complies with the decision-making process of each association. Safran seeks to ensure that its positions are properly reflected in the positions taken by the various associations.

c) What resources (human and financial) do you allocate to your lobbying activities for all markets worldwide?

Within the Safran Group, lobbying activities are placed under the responsibility of the Executive VP International and Public Affairs, who sits on the Executive Committee, and specifically the Public Affairs director within his team for the France scope, and the network of regional directors for the international trade scope.

When a Group entity wishes to engage in lobbying indirectly via an external consultant, the Trade Compliance Officer of the company concerned must be notified so that a validation application can be drawn up for the partner by the Group International and Public Affairs Department, in accordance with the International Trade Compliance Procedure.

For the EU, Safran has a representative office in Brussels and staff at the Group's holding company headquarters, and calls on a number of in-house experts, who from time to time are asked to analyze the challenges stemming from regulatory proposals. A total of six people are directly involved. The annual cost of the activities mentioned above can be estimated at between €300,000 and €399,000. This amount is declared in the European Union Transparency Register.

10. a) What measures are you taking to anticipate the short- and medium-term effects of the ecological transition on jobs and change in skill requirements within your group, but also in your value chain (subcontractors, suppliers, franchisees, etc.)?

Each year, a "Medium-term HR Plan" is drawn up to identify changes in jobs, skills and staffing requirements in line with the Group's strategic objectives and challenges.

Factors relating to the ecological transition are included in this process, in keeping with the Group's climate strategy and its low-carbon project, which addresses the three scopes and as such the entire value chain of the Company and its ecosystem.

Via this process, we can identify and update the jobs and skills required for a successful ecological transition and the decarbonization of aviation. They cover the entire organization, from design offices to production and support functions, and are addressed in skills development plans and training programs.

For example:

- For design offices: skills to implement eco-design and master key scientific disciplines in the development of innovative technologies, products and services to reduce the carbon footprint of our products and avoid the use of certain products (e.g., control of SAF, hybridization, electric propulsion, materials and processes, etc.).
- For infrastructure and industrial facilities: identification of jobs for Energy Management System (EMS) managers and development of skills in the field of predictive maintenance to reduce consumption and emissions.
- For digital technology: training in connection with the development of green IT, the digitalization of our team operations, and the use of data on industrial resources to control energy consumption and reduce greenhouse gas emissions.
- For human resources: support for employees to optimize and reduce the impact of their personal and professional travel, and the digitalization of our team operations.
- For purchasing: low-carbon acculturation programs and development of the skills needed to audit and support suppliers in addressing the challenges of ecological transition within the supply chain.

b) How are environmental issues discussed with employee representative bodies? At what level(s) (local, national, European, world) and in what format do discussions take place? Could you also state whether such discussions are carried out on the basis of information sharing, consultations or negotiations? Please be precise in describing the different scenarios that may arise.

On a worldwide basis:
The topic is addressed globally in the Global CSR Framework Agreement signed in 2017 with IndustriAll Global Union (a global federation of industrial unions), which is currently being renewed. The agreement provides for:

- A considerably enhanced environmental component, with a focus on decarbonization issues, as well as monitoring indicators.

  The addition of the concept of Just Transition in reference to the guidelines issued by the ILO in 2015: *"The parties support the principle of 'Just Transition' (ILO 2015) for a reasoned transition to environmentally sustainable economies and societies for all, in line with the ILO Guiding Principles. Just Transition emphasizes the inseparable dimensions of sustainable development – economic, social and environmental – to meet the needs of the current generation without compromising the ability of future generations to meet their own needs. It integrates the four dimensions of the decent work agenda, namely social dialogue, social protection, rights at work and employment."*

- Closer alignment of the Global CSR Framework Agreement with the Group's CSR objectives. Several indicators dedicated to environmental protection have been selected:
    - % of waste recovered;
    - % of sites classified as "Gold" based on Safran's HSE standards;
    - % of Scope 1, 2 and 3 emissions;
    - mobilizing the 400 main suppliers on meeting the commitments under the Paris Agreement (emissions trajectory compatible with keeping global warming below 2°C, or even 1.5°C);
    - mobilizing our suppliers to increase their maturity as regards decarbonization.

- The monitoring committee for the Global CSR Framework Agreement met in March 2023 at the Safran Aero Boosters subsidiary in Belgium, and the site's achievements in terms of decarbonization strategy in product design for frugal aviation, as well as the biodiversity approach, were presented to employee representatives.

- CSR objectives and outcomes, including as regards environmental protection, are presented to the monitoring committee annually.

At the European level:
The members of the European Works Council (EWC) received CSR training for the first time in 2022 (1 day). It was provided by the VP Climate Change and the Head of CSR, alongside external provider Utopies.

- CSR objectives and outcomes, including as regards environmental issues, are presented annually together with the CSR strategy to the members of the EWC.

- The challenges of the "twin transitions" (ecological and digital) and their impact on jobs are studied within the European Job Observatory. Work geared towards preparing employees for the changes stemming from both of these impacts are discussed with the Observatory (follow-up of the agreement on the development of skills and the securing of career paths).

- The draft amendment to the 2008 EWC agreement concerning the role of the EWC, currently being finalized, includes a reference to the Group's CSR strategy and the concept of Just

Transition: *"This amendment to the 2008 EWC agreement is in line with the principles of the Global CSR Framework Agreement, and the parties will ensure that they support its principles and commitments. They will cooperate to ensure a Just Transition by protecting the rights and interests of employees and contributing to the respect of social dialogue."*

- Syndex, a firm commissioned by the EWC, conducted an assessment of the CSR strategy in 2022. Its findings were presented at a dedicated meeting.
- The findings of the Inclusion Barometer, a survey conducted worldwide within the Safran Group in 2022, were presented to the members of the EWC.
- Global and European social dialogue: the EWC agreement provides for "annual information to the members of the European Works Council on the results of the Safran Group's Global CSR Framework Agreement".

At local level:

- The CSR strategy is presented to the local works councils, together with initiatives carried out locally.
- Local practices in terms of involving employee representatives in these initiatives vary from one country to another.

c) What resources do you provide to the employee representative bodies to allow them to play a role in your group's environmental policy (training, specific committees, etc.)?

New resources have been rolled out, both for the follow-up of the Global CSR Framework Agreement and for the European Works Council (EWC).

As part of the employee representative bodies' monitoring of the Global CSR Framework Agreement, each member of the Global CSR Framework Agreement monitoring committee is allocated an additional 25 hours in the new Global CSR Framework Agreement. These members represent the Group's employees and come from all continents and subsidiaries of the Group. They also include members of IndustriAll Global Union.

At the European level, social dialogue has been strengthened since 2020, with nearly eight annual plenary meetings, and monthly meetings with the EWC Board. The European delegates hold an annual meeting in one country and on several sites.
In 2023, the draft amendment to the EWC agreement grants an increase in the time credit for European delegates, i.e., 40 hours for permanent members (increased from 21 hours), 22 days for the EWC secretary (increased from 17 days), and 12 days for each member of the EWC Board (increased from 9 days).

In 2022, the members of the EWC received CSR training with a focus on the Group's climate strategy. It was provided by the VP Climate Change and the Head of CSR, alongside external provider Utopies.
It is also planned to provide the same training for the members of the monitoring committee for the Global CSR Framework Agreement.

In addition, training for local employee representative bodies is planned within 12 months of the signing of the new Global CSR Framework Agreement, as specified by a formal commitment in the text of the agreement, including climate and environmental issues.

d) Have the environmental prerogatives explicitly attributed to the Social and Economic Committee by the French Labor Code (*Code du travail*) (French "climate and resilience" law) resulted in new practices within your company in this area?

Since 2020, the new CSR strategy has been co-constructed with stakeholders, including the employee representative bodies. Each year, progress on its implementation is presented to the employee representative bodies (Social and Economic Committee and Central Social and Economic Committee), as are initiatives carried out locally, within each site.

Within the framework of the France Group Committee, an offshoot of the Social and Economic Committees, CSR reviews have been introduced to ensure that the related issues are fully integrated into the Committee's agenda.

The annual presentation of the Group's strategy to the Social and Economic Committee includes a strong environmental dimension devoted to the decarbonization of air transport. Since 2022, the climate policy has also been the subject of a detailed presentation, followed by a question and answer session.

The annual report prepared for the Group Committee by Xpair includes a detailed section on emissions reductions.

Question from an individual shareholder

We know that companies have two ways of returning profits to shareholders, namely dividends and share buybacks. I have noted that your company has been very active in the use of share buybacks over the past few years. So I would like to know why you have opted for share buybacks as opposed to simply paying dividends. What are the benefits of buying back your own stock? In addition, what criteria do you use to determine the split between share buybacks and dividends? I am aware that you have an employee share ownership plan, but could you give me reasons other than that, as I have noted that there is a significant gap between your share buyback program and the requirements in respect of the employee share ownership plan.

Safran takes care to ensure that value creation is shared among its different stakeholders and that its shareholders receive an attractive return.

Priorities in terms of capital allocation (organic growth, disposals and acquisitions, return to shareholders) are assessed by the Board of Directors in light of the overall business environment, strategic challenges and Safran's financial position. **At this stage, dividends remain the preferred option for returning profits to shareholders.**

Dividend

The Group has historically applied a payout ratio of approximately 40% of adjusted net profit. Over the past 10 years, dividend payments have only been suspended once, for 2019 (payment in 2020), at the outset of the Covid crisis. In 2023, the Board of Directors is proposing the payment of a dividend of €1.35 per share, i.e., 40% of adjusted net profit for the year, restated for exceptional items.

Share buybacks

Each year, the Annual General Meeting authorizes the Board of Directors, or any duly empowered representative, to buy back shares. The objectives are set in the resolution submitted to the Annual General Meeting and described in section 7.2.7 of the 2022 Universal Registration Document. The Board of Directors implements a share buyback program each year without a predetermined policy regarding how the shares bought back are to be used. The use made of the shares bought back in 2022 is disclosed in a press release or declaration to the AMF, and is described in section 7.2.7.1 of the 2022 Universal Registration Document.

In practice, the program is used in connection with the liquidity agreement to cover performance share plans (or employee share ownership arrangements) and to eliminate the potential dilution risk on OCEANE convertible bonds.

Effective use of the shares repurchased
(by year of actual use; in thousands of shares)

	Free shares delivered to employees (not subject to performance conditions)	Shares sold to employees on preferential terms	Free shares delivered to employees (subject to performance conditions)	Shares canceled (as part of Safran's Principal Tender Offer/Subsidiary Exchange Offer of Zodiac Aerospace)*	Shares delivered upon exercise of the conversion right on convertible bonds
2018			6	11,403	171
2019	19		409	8,563	
2020	18	1,800	553		
2021			491		
2022			121		

(*) Cancellation of nearly 20 million shares following a €2.3 billion share buyback plan launched when Safran's mixed offer for Zodiac Aerospace was completed in 2018. The plan's purpose was to limit the dilution resulting from the issuance of new shares to Zodiac Aerospace shareholders under the mixed offer.

Buybacks in progress or in preparation

- Since November 2022: plan to buy back 9.4 million shares to eliminate the dilution risk related to the OCEANE bonds maturing in 2027. This plan is almost complete. Until they are actually used, the shares repurchased will be held by Safran.

- Subject to the authorization of the Annual General Meeting of May 25, 2023, Safran is planning to set up an employee share ownership plan aimed at granting 10 free shares to every employee worldwide (excluding Russia), for delivery in 2025 (i.e., approximately 885,000 shares to be delivered). All or some of the shares to be delivered in 2025 could result from share buybacks.