2022 UNIVERSAL REGISTRATION DOCUMENT

Including the Annual Financial Report
and the Integrated Report

SAFRAN

CONTENTS

Information from the Annual Financial Report is clearly identified in the contents by the AFR symbol AFR

2022

UNIVERSAL REGISTRATION DOCUMENT

Including the Annual Financial Report and the Integrated Report

The Universal Registration Document in French was filed on March 31, 2023 with the French financial markets authority (*Autorité des marchés financiers* – AMF) as competent authority under Regulation (EU) 2017/1129, without prior approval pursuant to Article 9 of said Regulation. The Universal Registration Document may be used for the purposes of an offer to the public of securities or admission of securities to trading on a regulated market together with any amendments, if applicable, and a securities note and summary approved by the AMF in accordance with Regulation (EU) 2017/1129. The English language version of this report is a free translation from the original, which was prepared in French. In all matters of interpretation, views or opinions expressed in the original language version of the document in French take precedence over the translation.

The annual financial report included in the Universal Registration Document is a translation of the official version of the annual financial report in format ESEF (European Single Electronic Format) and is available on the issuer's website. This document is a translation into English of the Universal Registration Document.

The Universal Registration Document is available on the website at safran-group.com

Integrated Report

SAFRAN AT A GLANCE

3rd global aerospace group, excluding airframers*

€19,035 million
REVENUE[1]
up 24.8% (15.8% on an organic basis) on 2021

€2,408 million
RECURRING OPERATING INCOME[1]
up 33.4% (28.0% on an organic basis) on 2021

€2,666 million
FREE CASH FLOW
up 59% on 2021

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

A FULLY DEBT-FREE GROUP

€1,540 million
TOTAL R&D (including customer-funded R&D)

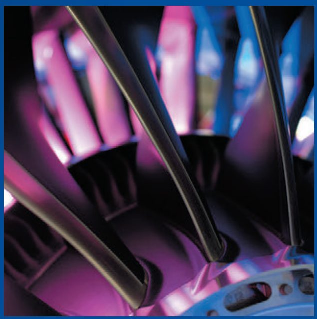
€498 million
CAPEX

83,276
EMPLOYEES
(at December 31, 2022)

OUR CORE PURPOSE

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

Our activities



€9,506 million
REVENUE(1)

€1,710 million
RECURRING OPERATING INCOME(1)

18.0%
RECURRING OPERATING MARGIN

AEROSPACE PROPULSION

€7,535 million
REVENUE(1)

€874 million
RECURRING OPERATING INCOME(1)

11.6%
RECURRING OPERATING MARGIN(1)

EQUIPMENT & DEFENSE

€1,978 million
REVENUE(1)

€(140) million
RECURRING OPERATING INCOME(1)

(7.1)%
RECURRING OPERATING MARGIN(1)

AIRCRAFT INTERIORS

* Classification criteria: revenue – Source: Safran.
(1) Adjusted data. See section 2.1.1 of the 2022 Universal Registration Document for a reconciliation of the consolidated income statement with the adjusted income statement and a breakdown of the adjustment.

Message from the Chairman of the Board of Directors and the Chief Executive Officer

"Amid the recovery in air traffic, Safran is well positioned to leverage its advanced capabilities and robust business model to pursue its growth. Fully aware of the strategic importance of the climate challenge, the Board of Directors is working to ensure the Group stands at the forefront of sustainable aviation."

ROSS McINNES
CHAIRMAN OF
THE BOARD OF DIRECTORS

"Our dedicated workforce and unwavering focus on operational excellence, serving the strategic priorities of low-carbon aviation and sovereignty, give us every confidence in our ability to fulfill our financial trajectory by 2025."

OLIVIER ANDRIÈS
CHIEF EXECUTIVE OFFICER

Safran delivered a remarkable economic performance in 2022, posting solid revenue and profit growth and generating cash flow that exceeded our expectations. **The year was marked by a challenging operating environment** – the war in Ukraine, surging inflation, rising energy prices in Europe and supply chain capacity difficulties – and **the strong results achieved demonstrate the resilience of Safran's business model.**

After the demand-side shock caused by the Covid-19 crisis, we are now seeing a supply-side shock.
While we expect industry-wide challenges to continue near-term, **2023 is set to be a strong year for customer demand.**
We expect continuing positive trends in global air traffic, with China reopening gradually. Air traffic in the short-and medium-haul segment should return to its 2019 level during 2023, a good catalyst for our aftermarket businesses, in both civil engines and equipment.
To ensure customer satisfaction, **our main challenge will be to ramp up production** – especially for the LEAP engine – in a context of ongoing supply chain constraints.

The climate crisis and increasing geopolitical tensions have revealed the world's vulnerability. The aviation sector is at the heart of these issues. Today, we are at a turning point in our history, facing unprecedented challenges.

This is a pivotal time for Safran, a Group that has always been fully aware of its responsibilities and focused on the transformation of its sector. Today, **Safran is once again assuming its role as a world leader at the forefront of technological disruption**, developing **solutions that will pave the way for carbon-free aviation and play a decisive role in the world of tomorrow**: ultra-efficient propulsions systems to reduce aircraft fuel consumption, sustainable fuels, electrification and lower-emission operations.

The future of air transport will also depend on its ability to attract travelers, through constantly **reinventing and enhancing a safer, greener and more comfortable in-flight experience**. Thanks to their expertise in all areas of the aviation sector, and driven by operational excellence and digital transformation, Safran's teams are supporting all the Group's customers through an unrivaled capacity for innovation.

To pave the way for a less uncertain future, it is critical to **protect citizens through defense solutions** that effectively equip the armed forces to prevent danger and ensure geopolitical stability. **Another** essential challenge is to **ensure European space sovereignty**.

With our diverse and talented employees throughout the world, united by an unparalleled team spirit, a passion for overcoming obstacles and a desire to write a new chapter in the history of aviation, we can sustainably change aviation and build the world of tomorrow.

**We would like to thank you for your trust and hope you enjoy reading this report.
Regards,**

**Ross McInnes
and Olivier Andriès**

Safran: a comprehensive offering

Present across the whole aircraft, Safran aims to build the future of the global aerospace sector and be the preferred partner of airframers and airlines.

Safran products are designed to ensure flight safety. They have common features that contribute to the resilience of its business model: its position as a tier-one supplier to airframers and airlines, high technology content and leadership positions in its main business segments.

A fully-fledged engine manufacturer[1], Safran supplies airframers with engines for commercial aircraft, military aircraft, regional transport aircraft, business jets and helicopters. To increase cost efficiency and share risks, engine manufacturers often develop their engine programs in partnership. Safran has primarily partnered with GE since the 1970s, when they set up the 50-50 joint venture CFM International that develops the CFM56® and LEAP® engines. The partnership has been extended through to 2050. Safran also contributes to access to space through its 50% stake in the ArianeGroup joint venture, the prime contractor for the Ariane 5 and Ariane 6 launchers.

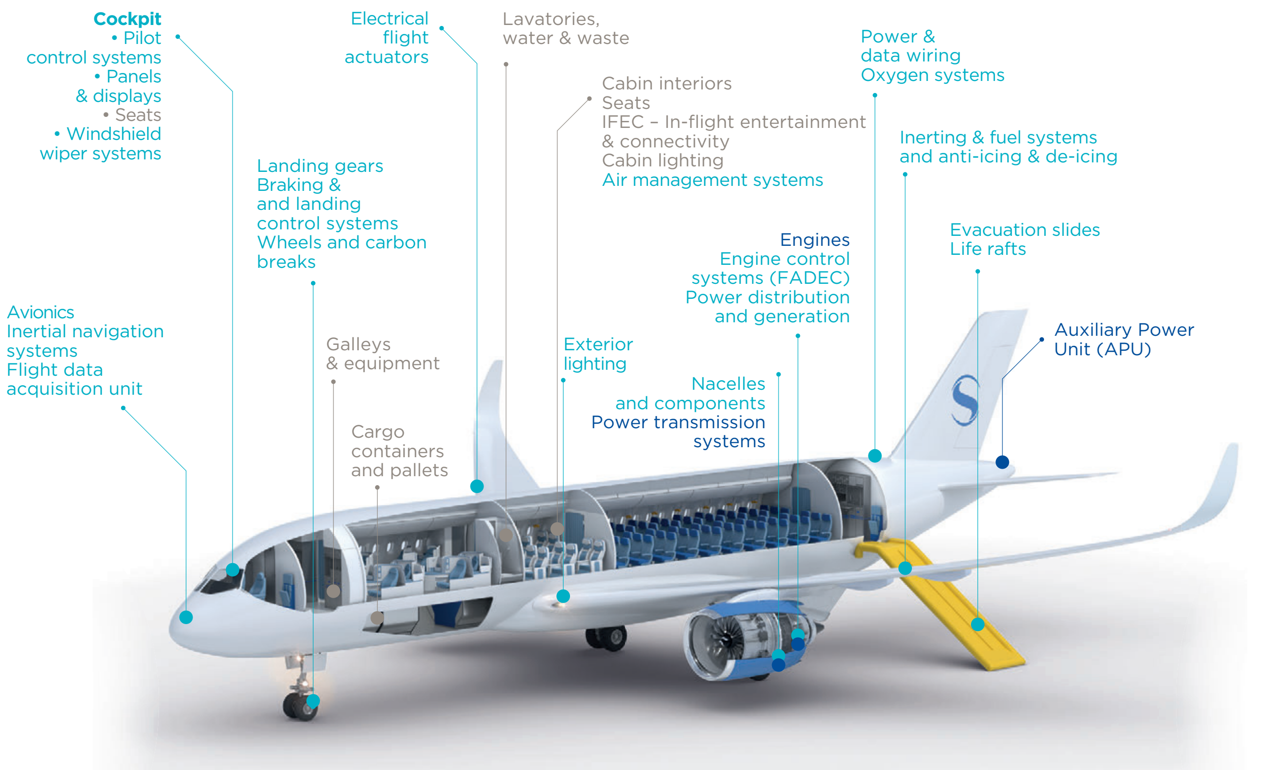
Safran supplies a wide range of **aircraft equipment** including landing and braking systems, nacelles and related electrical systems and engineering solutions. **Aerosystems:** Safran is one of the world's leading players in aerosystems, supplying equipment that provides essential aircraft functions and aircraft safety: safety systems (evacuation slides, oxygen masks, etc.); cockpit systems; and fluid management systems (fuel, pneumatic and hydraulic circuits). **Defense:** In addition to the above-described engines, Safran provides solutions and services in optronics, avionics, navigation systems, tactical drones, electronics and critical software for civil and defense markets.

To ensure passenger safety and optimize comfort, Safran develops cabin interiors (overhead bins, lavatories, galley and catering equipment, etc.), passenger and crew seats, water and waste management systems, in-flight entertainment systems (RAVE™), and interior retrofit for commercial aircraft. The aircraft interiors business addresses both airframers (under the SFE[2] model) and airlines (BFE[3] model).

(1) A fully-fledged engine manufacturer is present in all engine components and all propulsion market segments.

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

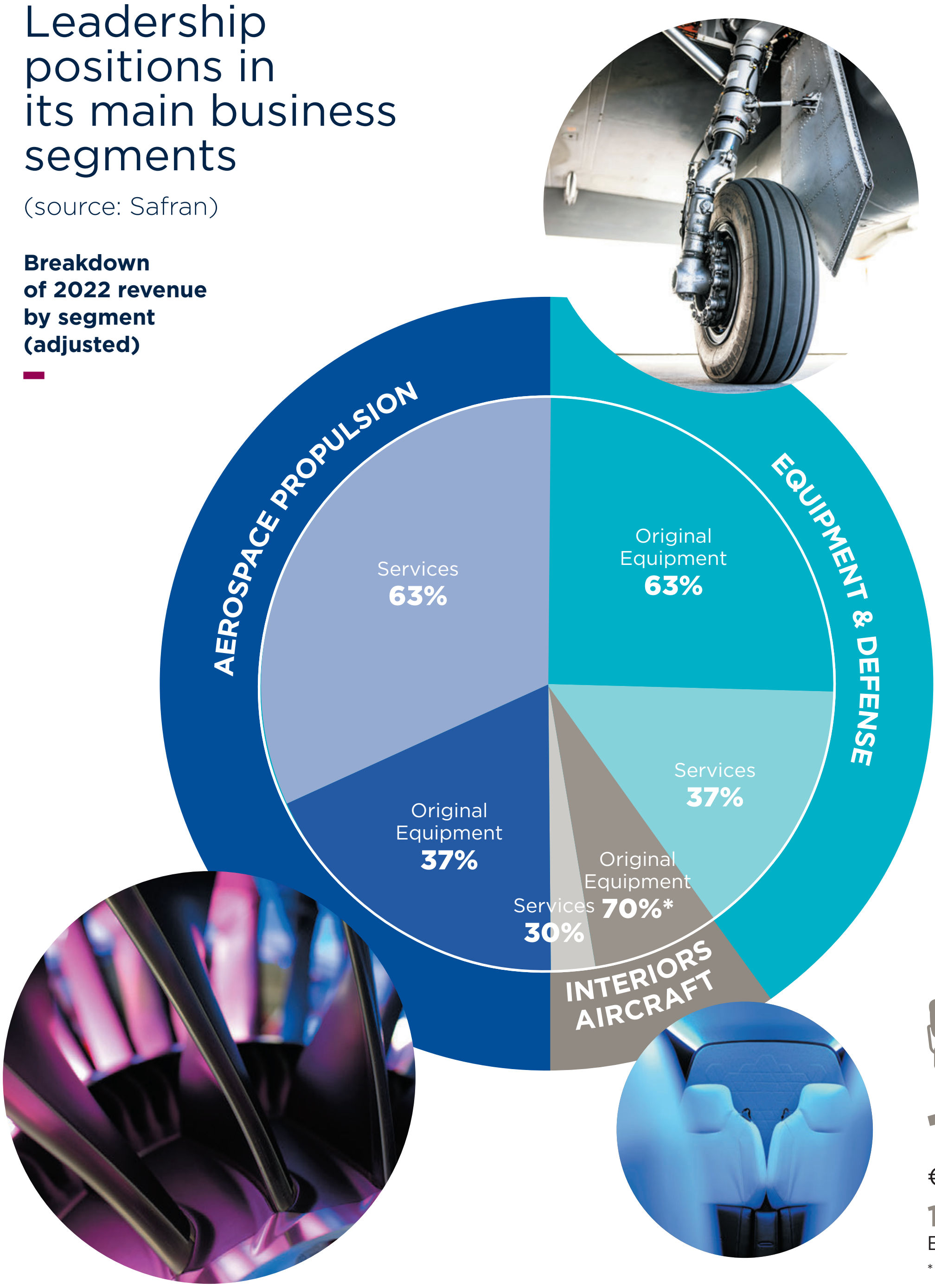
(3) Buyer Furnished Equipment: equipment specified and purchased by the airline.



Leadership positions in its main business segments

(source: Safran)

Breakdown of 2022 revenue by segment (adjusted)



40%
€7.5 BILLION
39,637
EMPLOYEES

No. 1 worldwide
- landing gear
- wheels and carbon brakes for 100+ seater civil aircraft
- electrical wiring
- evacuation slides

No. 2 worldwide
- oxygen systems
- nacelles and power transmission systems

No. 1 in Europe
- navigation and optronics

10%
€2.0 BILLION
15,171
EMPLOYEES

* Including retrofit activities.

No. 1 worldwide
in cabin interiors (mainly SFE[2])

No. 2 worldwide
in seats (BFE[3]), with a strong presence in Business Class seats

50%
€9.5 BILLION
25,260
EMPLOYEES

No. 1 worldwide
in engines powering single-aisle mainline commercial jets (through CFM, a joint venture with GE)

No. 1 worldwide
in helicopter turbine engines

Strong positions
in European military programs (combat and transport)

Civil aviation 73%

Military aviation 14%

Civil and military helicopter turbines 13%

INTEGRATED REPORT

A leading global player

Since its creation in 2005, Safran has expanded internationally, with around 83,300 employees in 26 countries.

Leveraging its global footprint, Safran establishes strong and sustainable relationships with the majority of aerospace players and airlines, reflecting the Group's desire to supply its customers promptly from local bases.

(1) Illustration of the countries where the sites of Safran's consolidated companies were located at December 31, 2022. Further to the sanctions decided against Russia by the US and European authorities, Safran has suspended all exports and services to Russia and halted its manufacturing joint ventures' operations in the country until further notice.
(2) Each site corresponds to a legal entity covering one or more tertiary, production, service or maintenance sites.

Europe (excl. France) **10%**

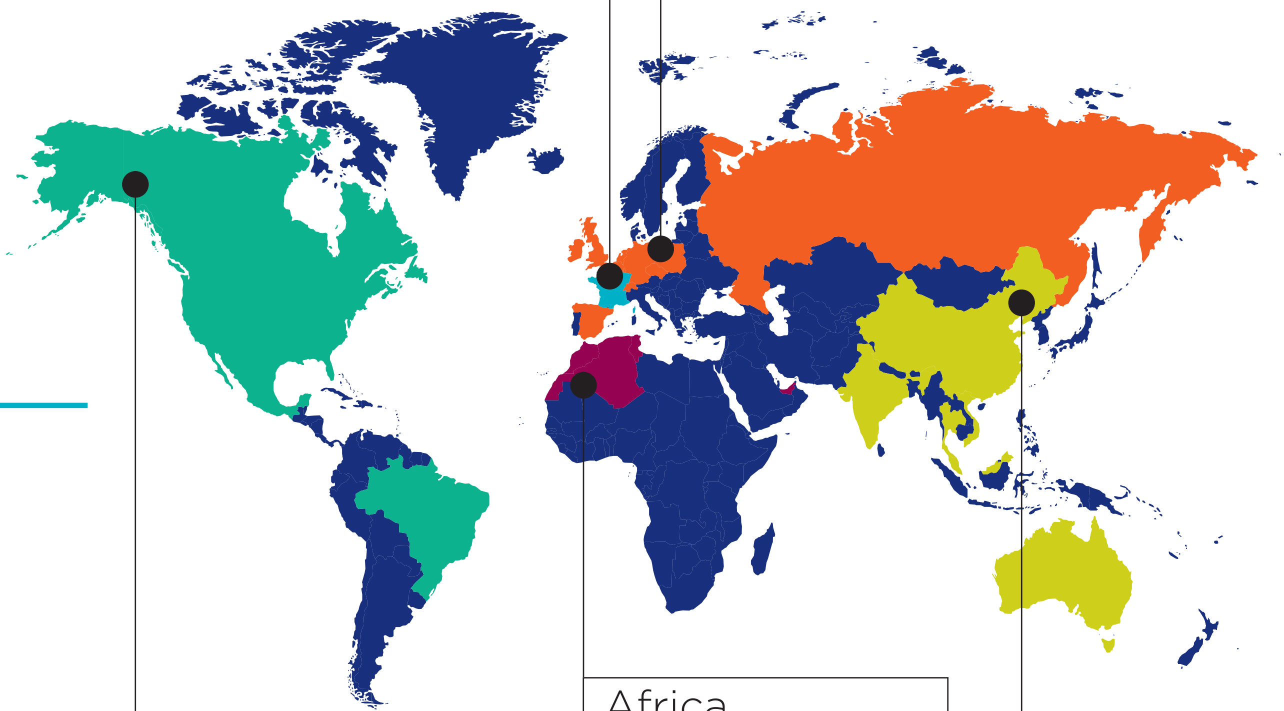
8,648 employees

28 · 8 · 3

France **52%**

43,106 employees

65 · 12 · 20



Africa Middle East **7%**

5,613 employees

11 · 2 · 2

Americas **25%**

20,858 employees

61 · 28 · 9

Asia Oceania **6%**

5,051 employees

9 · 8 · 2

Geographic spread of employees and sites at end-2022[1]

Percentage of employees
% of employees in the total Group workforce

Number of sites[2]

R&D and production activities

Service and maintenance activities

Commercial and administrative activities and representative offices

A look back at our history

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

TRENDS IN THE SAFRAN SHARE PRICE AND THE EURO STOXX 50 INDEX
(in %) (May 17, 2005 to March 17, 2023)

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

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

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

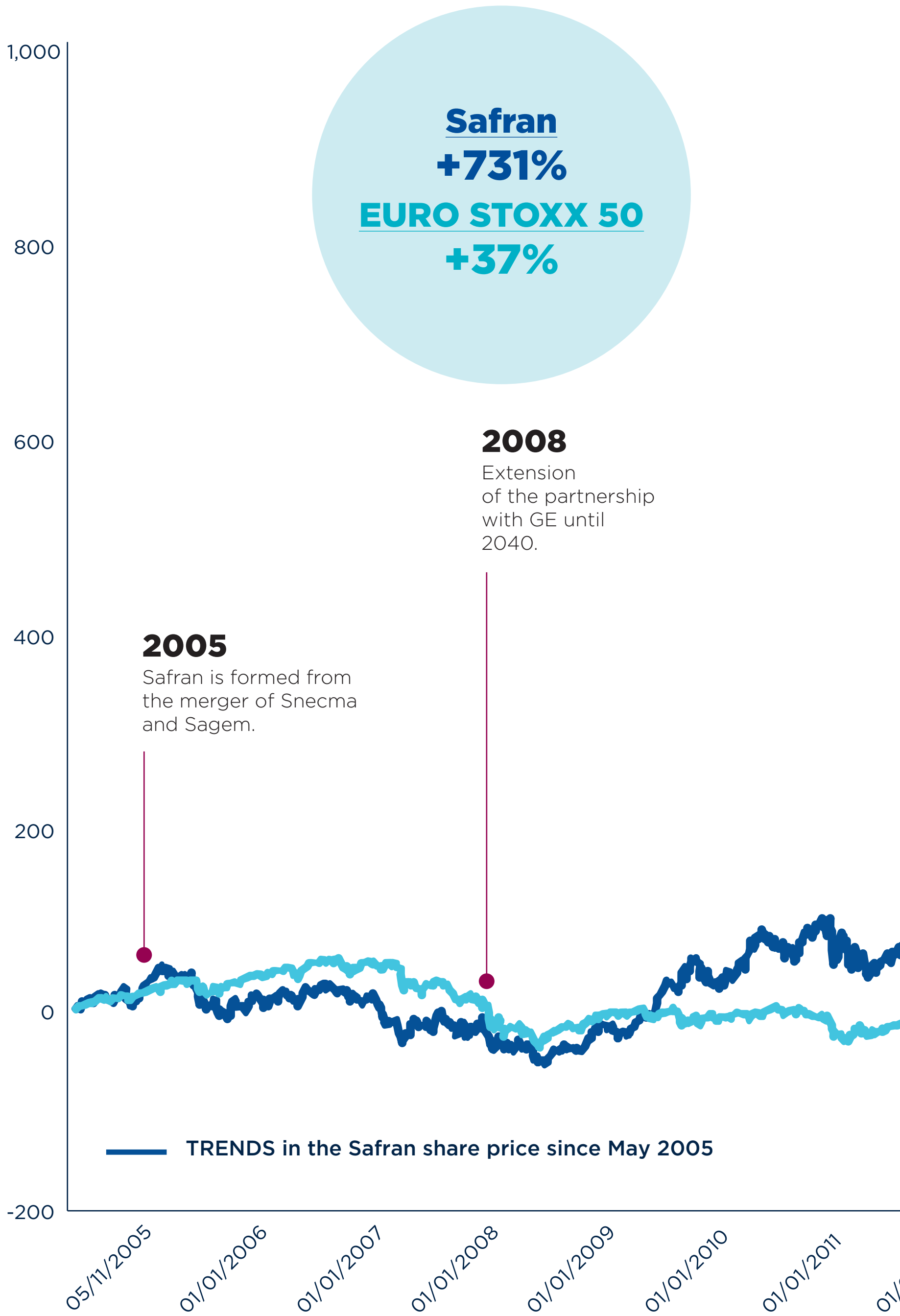
1945
Gnome & Rhône is nationalized a nd renamed Snecma (Société Nationale d'Étude et de Construction de Moteurs d'Aviation).

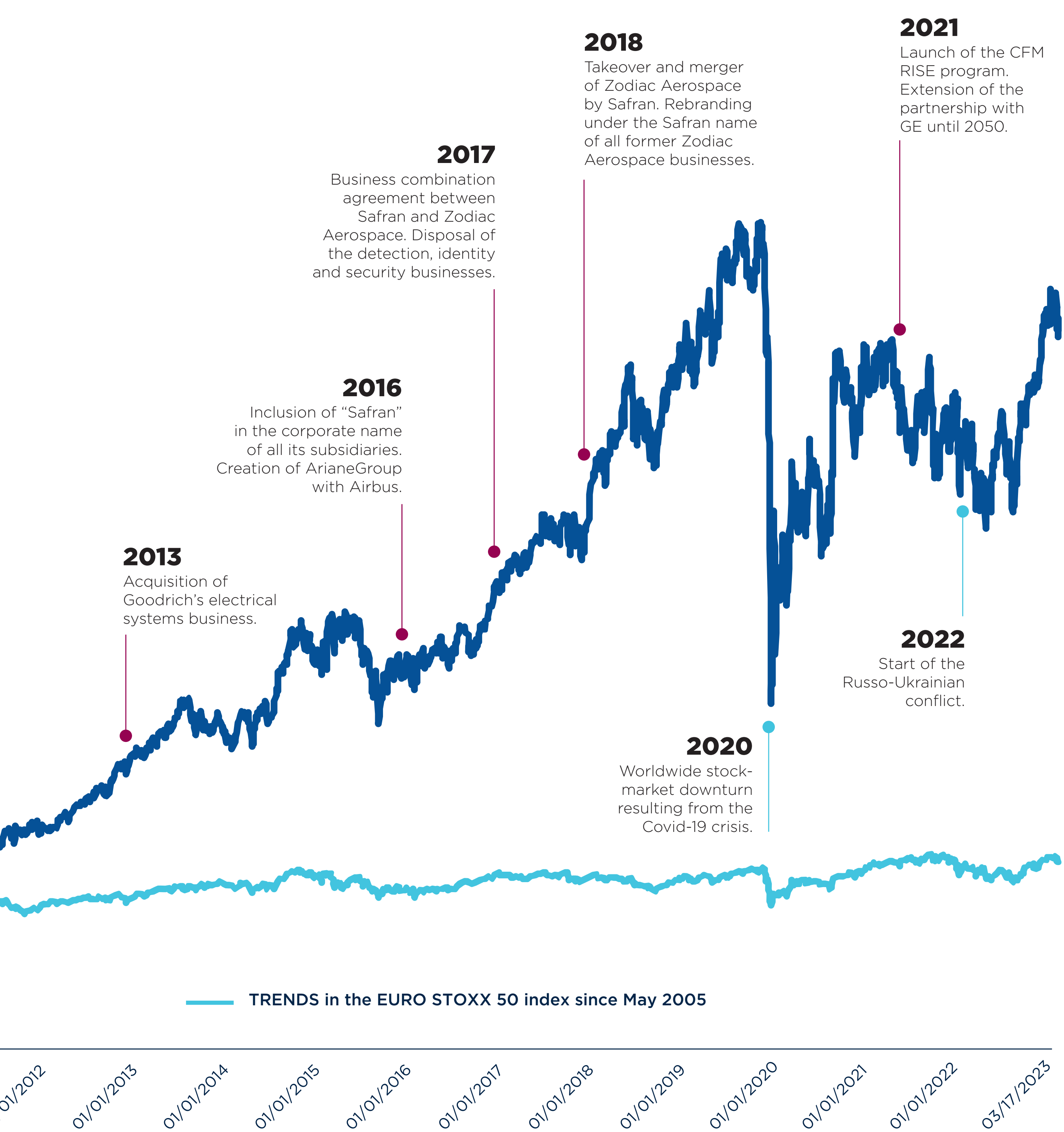
1945-2002
Several aerospace companies join Snecma: Hispano-Suiza, a specialist in power transmission for aircraft engines, followed by Messier-Hispano-Bugatti, a specialist in landing gear.

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

In 2002, nacelles specialist Hurel-Dubois joins Snecma.

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





INTEGRATED REPORT

Engage for the Future, a CSR[1] strategy rooted in a collectively defined ambition

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

Close attention to stakeholder expectations

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

BUSINESS COMMUNITY

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

Main expectations

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

PUBLIC PARTNERS

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

Main expectations

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

EMPLOYEES AND EMPLOYEE REPRESENTATIVES

Main expectations

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

CIVIL SOCIETY

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

Main expectations

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

FINANCIAL COMMUNITY

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

Main expectations

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

(1) Corporate social responsibility.

No.1

DECARBONIZE AERONAUTICS

Be recognized as a leader in the decarbonization of the aviation sector

1. Make carbon neutral aircraft the R&T priority

2. Reduce CO_2 emissions throughout our value chain

3. Involve employees in the reduction of their carbon footprint

No.2

BE AN EXEMPLARY EMPLOYER

Be considered as an employer of choice by our employees and the talents of the sector

4. Accelerate training in the skills and professions of tomorrow

5. Ensure health and safety of employees, improve the quality of life at work and maintain a thriving social dialogue

6. Encourage equal opportunities and promote diversity

No.3

EMBODY RESPONSIBLE INDUSTRY

Be the benchmark in our production methods and throughout our value chain

7. Uphold the highest standards of ethics

8. Strengthen responsible practices throughout the supply chain, and support our suppliers

9. Respect the environment and natural resources

No.4

AFFIRM OUR COMMITMENT TO CITIZENSHIP

Get involved with our local communities and contribute to their development

10. Be at the forefront of innovation to protect citizens

11. Develop partnerships for training and research

12. Enhance professional and social integration

2022 HIGHLIGHTS

- **Safran's climate objectives validated by the Science-Based Targets initiative (SBTi)** as compatible with the Paris Agreement
- Organization of the **Safran Supplier CO_2 Day**, where the Group shared its climate strategy and ambitions with the 400 suppliers contributing the most to its supply chain carbon footprint
- **Ongoing rollout of Safran's operating roadmaps** to reduce CO_2 emissions from its operations

- **SRI certification** for the Group employee savings plan and the collective retirement savings plan in France
- Launch of the **Digital Academy** for all employees
- **First edition of the Group-wide Inclusion Barometer**
- **New Diversity and Inclusion roadmap**
- **Health, safety and environment leadership training** for Group executives

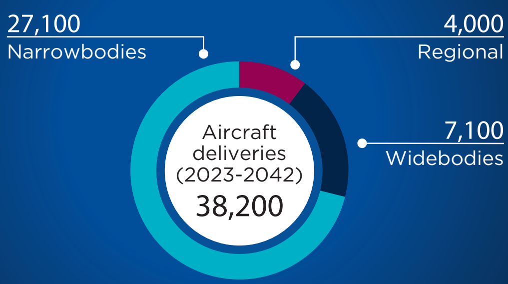
- New training modules in **aviation safety** and **anticorruption**
- **Group human rights risk mapping**
- **Reinforcement of ESG criteria** in the supplier selection evaluation matrix
- **Best Business Practice Award at the EcoBalance 2022 International Conference**, for the quality of the ecodesign approach

- **Number one French applicant for European patents**
- **Leading employer of PhD students** through industrial training-through-research agreements (CIFRE) in France
- New program to **support startups in hydrogen-related technologies**
- **Recruitment** of interns, work-study students, apprentices and young graduates **in Europe stepped up**, with 6,753 hires
- **Safran Foundation for Integration:** nearly €630,000 in donations to 39 non-profits
- **Creation of a Philanthropy Department** bringing together Group Foundations and sponsorship and skills sponsorship programs

Main markets

The underlying air traffic development fundamentals remain solid and should continue to drive strong long-term growth in the global commercial aircraft fleet and in the aftermarket.

New planes expected over the next 20 years



Source: Safran

Civil aviation

Air traffic levels improved more quickly in 2022 than in the previous year, across most of the industry.

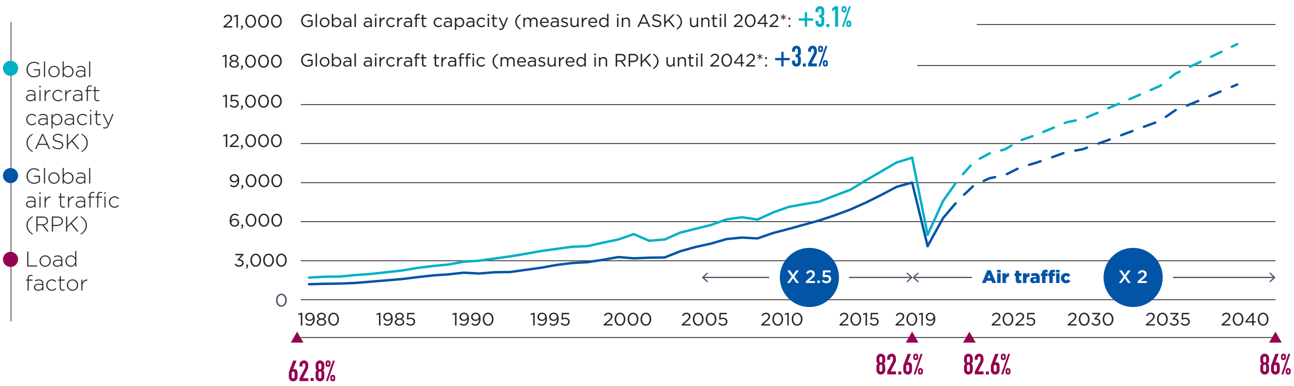
Short/medium-range air traffic continued to recover in 2022, with capacity in ASK (available seat kilometers) increasing from 76% of 2019 levels at end-2021 to 88% at end-2022. All regions posted solid growth throughout the year, with the exception of China. Travel restrictions in the country, with the local application of a very strict "zero-Covid" policy until December 2022, weighed heavily on domestic air traffic.

Resumption in **long-range** air traffic was less marked, with capacity in ASK rising from 61% of 2019 levels at end-2021 to 75% at end-2022, amid a combination of factors: health restrictions in most regions in the early part of the year, the major impact of the war in Ukraine (which resulted in an increase of almost one-third in the distance of direct flights between Europe and Asia), and the blockage of routes between the main Asian countries, in particular China.

Safran forecasts a return to 2019 traffic levels in 2023 for short- and medium-haul aircraft and by 2025 for long-haul aircraft.

COMMERCIAL AVIATION, GLOBAL PROJECTIONS

The long-term growth outlook remains solid, despite the short- and medium-term impact of the Covid-19 crisis on air traffic.



RPK: Revenue passenger kilometers, in billions (= number of occupied seats multiplied by the total distance traveled by the global fleet).
ASK: Available seat kilometers, in billions (= number of available seats multiplied by the distance traveled by the global fleet).
* Annual growth (reference year: 2019).

Source: Safran

Business jets* and helicopters

Despite the growing demand for new aircraft in the business aviation sector, deliveries in 2022 remained below 2019 levels, chiefly because of difficulties in ramping up a supply chain that has been disrupted by the impact of the geopolitical context and the Covid-19 crisis.
Though there is no shortage of new models and developments, their certification processes are under pressure.
Further new developments are expected, especially in response to environmental challenges. Entry into service for the Gulfstream G700 and the Dassault Falcon 6X is slated for 2023.
At the end of 2022, there were around 22,500 business jets in service.
The **helicopter market was lively in 2022**, largely as a result of sustained demand in military, healthcare and public service applications. A total of 52,000 helicopters were in operation worldwide in 2022. Sales of light and medium helicopters are growing, and several new platform projects are underway.

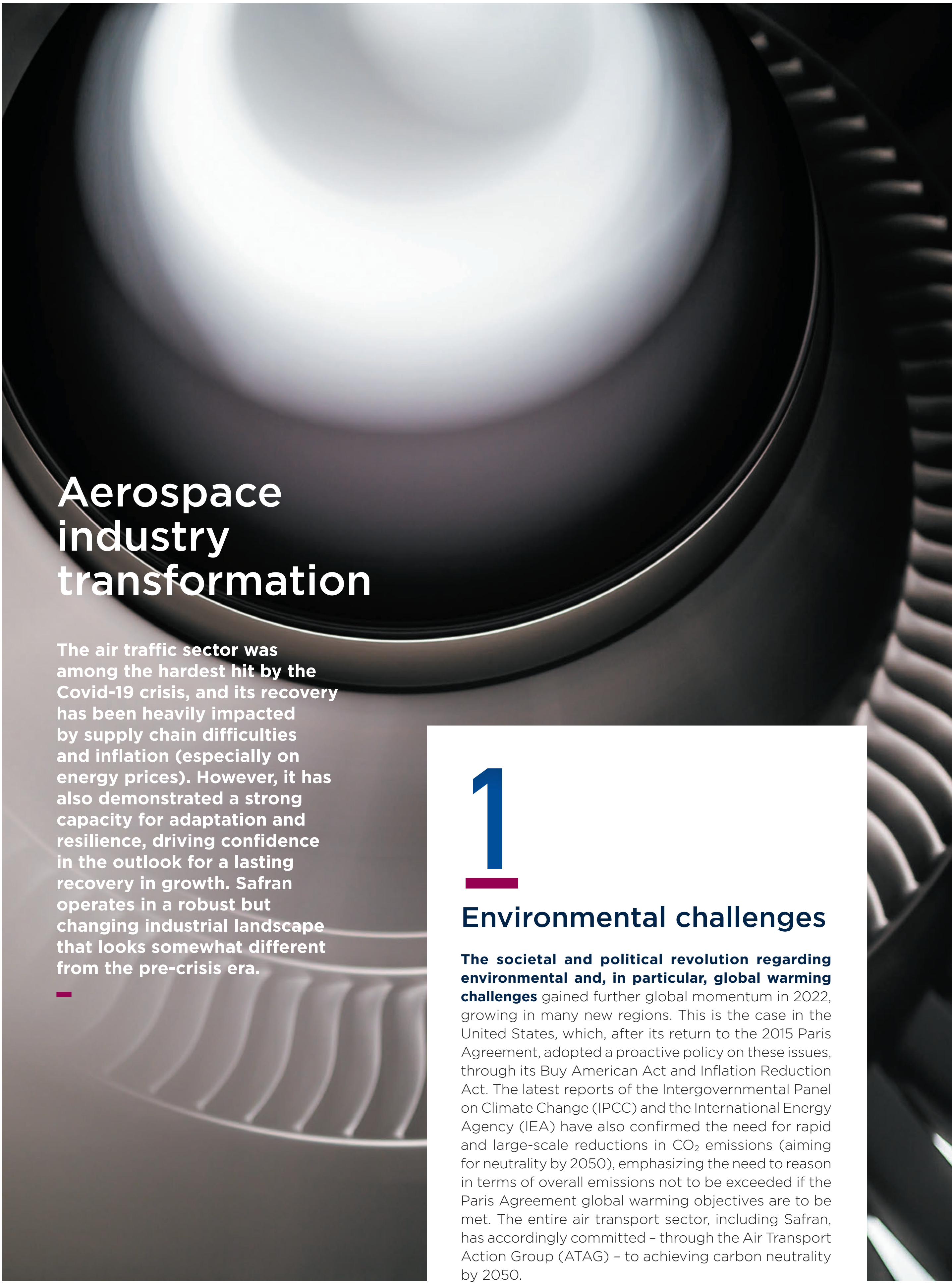
Defense and space

2022 brought sharp increases in defense and space budgets in Europe and internationally, against the backdrop of war in Ukraine and global geopolitical tensions.

The United States, the largest defense spender, announced a budget of nearly USD 800 billion for 2023, up 8% on 2022. In France, a budget topping €400 billion has also been announced for the French army for the period 2024-2030.
The defense sector remained very active in 2022, with major advances in European military cooperation programs. The Organisation for Joint Armament Cooperation (OCCAR) notified an order for 60 Eurodrones (including 12 for France), on behalf of the French Directorate General of Weapons Procurement (DGA) and its German, Italian and Spanish counterparts. On the Future Combat Air System (FCAS), the DGA notified award of phase 1B (demonstration preparation and operation), following the agreement reached between the project's industrial partners, including EUMET, a joint venture between Safran and MTU.
We also observed substantial growth in the space sector, with sharp budget increases, ambitious projects and many new players. **In late 2022, the European Space Agency (ESA) approved a record budget of €16.9 billion for the next three years.** The funding will support, for example, the Ariane 6 and Vega launch vehicles, the Prometheus and Themis reusable systems, and the Galileo navigation satellite and Copernicus observation satellite projects.
Furthermore, mini-launcher initiatives are being developed at the national level, including in France with MaiaSpace, a new subsidiary of ArianeGroup.
International space cooperation brought highly visible results in 2022, with launch of the James Webb telescope and the NASA-led Artemis I lunar mission, which will be extended in various versions including a future manned flight.
However, such prolific and ambitious endeavors face major challenges at European level.
With the suspension of Soyuz launches by Arianespace, the end of production on the Ariane 5, delays in Ariane 6 development and failure of the Vega flight in December 2022, European access to space is being severely tested.

To uphold sovereignty in access to space, prompt and effective answers are needed from Europe and all the actors involved.

* Business aircraft fitted with turbojet engines.



Aerospace industry transformation

The air traffic sector was among the hardest hit by the Covid-19 crisis, and its recovery has been heavily impacted by supply chain difficulties and inflation (especially on energy prices). However, it has also demonstrated a strong capacity for adaptation and resilience, driving confidence in the outlook for a lasting recovery in growth. Safran operates in a robust but changing industrial landscape that looks somewhat different from the pre-crisis era.

1

Environmental challenges

The societal and political revolution regarding environmental and, in particular, global warming challenges gained further global momentum in 2022, growing in many new regions. This is the case in the United States, which, after its return to the 2015 Paris Agreement, adopted a proactive policy on these issues, through its Buy American Act and Inflation Reduction Act. The latest reports of the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA) have also confirmed the need for rapid and large-scale reductions in CO_2 emissions (aiming for neutrality by 2050), emphasizing the need to reason in terms of overall emissions not to be exceeded if the Paris Agreement global warming objectives are to be met. The entire air transport sector, including Safran, has accordingly committed – through the Air Transport Action Group (ATAG) – to achieving carbon neutrality by 2050.

2 Technological disruptions and next-generation aircraft

Innovation has been a cornerstone of the aerospace sector from the outset. Fuel consumption per passenger kilometer has been reduced five-fold since the emergence of commercial jet aircraft, chiefly through engine improvements. Civil aviation, which brings people together, is one of the world's safest means of transport today.
To tackle climate change and continue to reduce transport costs and improve safety, disruptive innovations are being developed for forthcoming platforms, including digital technologies, connectivity, autonomy, widespread application of onboard electrical energy, hybrid and/or electric propulsion, distributed propulsion, new materials (metallic materials, composite, ceramic), artificial intelligence, sustainable fuels (biofuels, fossil kerosene e-fuel alternatives, hydrogen), etc. Such innovations bring new engine and aircraft architectures, new technologies, and new ways of manufacturing and maintaining aircraft. They also address the needs of new players and new use cases, such as new urban mobility solutions. All of this work and these innovations are paving the way for the next generation of aircraft platforms, which will need to make a leap in performance to address climate change challenges.

3 Shifts in the aerospace industry

Airlines have been resilient throughout the Covid-19 crisis, in part because of support received in many countries, but also because of a strong capability for rapid adaptation. The resumption in traffic throughout 2022, despite headwinds, shows that travelers want to fly again, bringing the prospect of a return to 2019 levels for short- and medium-haul flights during 2023 and for long-haul flights by 2025. Airlines are preparing for sustained resumption, keeping aircraft withdrawals from fleets below historical levels.
In addition, aircraft leasing companies took on fuller roles in managing the impacts of the Boeing 737 MAX grounding and the Covid-19 crisis. They account for a growing proportion of total airframer orders: more than 50% of short- and medium-haul civil aircraft delivered are financed by leasing companies. Consolidation is under way in the sector, as with the 2021 merger of AerCap and GECAS, the number one and two market players respectively, and the 2022 acquisition of Goshawk by SMBC, creating the new world number two. Aircraft manufacturers, who adapted their production to cope with the Covid-19 crisis, are continuing to ramp up production rates, especially for short- and medium-haul aircraft, while facing difficulties throughout the supply chain.

4 Geopolitical risks

The aviation sector and aerospace industry are impacted by geopolitical and commercial tensions, primarily through reduced international trade. In 2022, tensions resurfaced between Taiwan and China, and exploded with the war in Ukraine. With each new crisis, air traffic reacts and contracts, reflecting the caution of travelers and operators. That said, judging from the substantial activity seen in the summer of 2022, the conflict in Ukraine has not significantly slowed the resumption in traffic. The conflict has had other impacts on the aviation business, such as inflation in energy costs and therefore fuel prices, and discontinued in-service support for the fleet of Western-built aircraft in Russia, as demanded by international sanctions. Heightened geopolitical tensions have prompted a toughening in defense policies and increases in defense budgets around the world, such as in Europe (Germany, France, the United Kingdom), India, and the United States.

5 Stronger role of national authorities

Although air transport remains one of the safest means of transport in the world, the two Boeing 737 MAX accidents, in 2018 and 2019, sharpened certification authorities' attention on safety throughout the aircraft life cycle. The re-authorization process for the Boeing 737 MAX, which began in 2020 and continued in 2021 and 2022, concluded at the end of 2022 with approval from the Chinese authorities for the aircraft to return to service. Changes in aviation safety requirements – and thereby in certification processes for our products – have been introduced, a fundamental challenge shared by all Safran companies. That aside, we are seeing a reinforcement of the role played by national authorities in the aviation sector, as regards certification rules, management of border openings, health measures for passengers, support for airlines, and regulations encouraging decarbonization for the aerospace industry.

Safran's ambitions

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

Main assumptions for the 2023 outlook

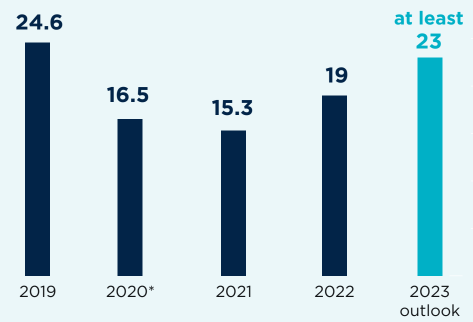
- No further disruption to the world economy
- Air traffic: narrowbody ASK back to 2019 level in the course of 2023
- LEAP engine deliveries: increase by c.50%
- Civil aftermarket revenue: up in the low twenties (in USD)

The main risk factor remains the supply chain production capabilities.

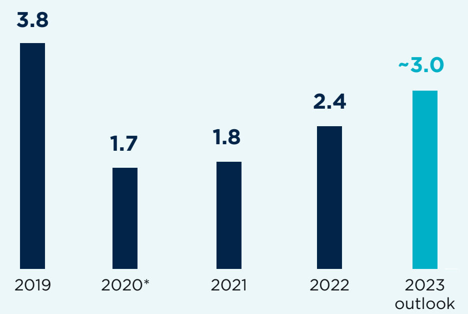
2023 OUTLOOK

(EUR/USD spot rate of 1.05 and EUR/USD hedge rate of 1.13 at constant scope)

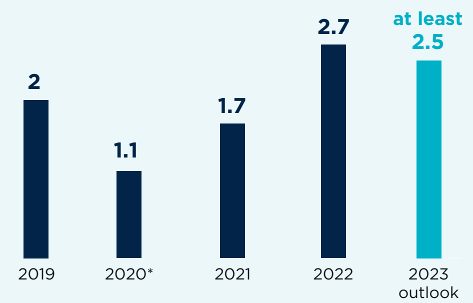
Adjusted revenue
(in € billions)



Adjusted recurring operating income
(in € billions)



Free cash flow (FCF)
(in € billions)



Medium-term ambitions

Safran is on track to meet its 2025 financial objectives, as presented at its 2021 Capital Markets Day (EUR/USD spot rate of 1.20 and EUR/USD hedge rate of 1.16).

ADJUSTED REVENUE
Average annual growth rate over 2021-2025 of
10+%
confirmed

RECURRING OPERATING MARGIN
(as a % of adjusted revenue)
confirmed for 2025 at
16%-18%

FREE CASH FLOW GENERATION
> €10 billion
on a cumulative basis over the period 2021-2025, **above** the 2021 Capital Markets Day target

* In the context of the Covid-19 pandemic, an unprecedented crisis for the aerospace industry.
** Safran is present in all engine components and all segments of the propulsion market.

A CLEAR ROADMAP

Aerospace Propulsion

Be at the forefront of air transport decarbonization.

Manage the ramp-up in OE deliveries for both civil and military applications.

Ensure a smooth aftermarket transition from CFM56 to LEAP.

Consolidate our position as a fully-fledged engine manufacturer**.

Equipment & Defense

Prepare technologies and materials for greener, lighter aircraft.

Leverage our strengths to grow organically and expand our portfolio further.

Be the leader in electrical/hybrid propulsion for regional aircraft and new air mobility solutions.

Aircraft Interiors

Propose and provide unequalled solutions in passenger experience.

Achieve double-digit profitability when the topline returns.

Safran's business model

Our strengths

The Group's strategy is rooted in its key customer-oriented strengths:

TRENDS

Air transportation recovery and growth

Decarbonization of aeronautics

Defense/ sovereignty global dynamic

A BALANCED BUSINESS PORTFOLIO

- **50%** AEROSPACE PROPULSION
- **40%** EQUIPMENT & DEFENSE
- **10%** AIRCRAFT INTERIORS

CLOSELY TAILORED, DIFFERENTIATING SOLUTIONS

A RESILIENT BUSINESS MODEL

A SOLID FINANCIAL POSITION

COMMITTED AND TALENTED EMPLOYEES

Our strategy

In line with the four pillars of its CSR strategy, Safran has stepped up its efforts in two areas (decarbonizing its products and operations and strengthening its role in sovereignty businesses), leveraging the major assets at the heart of its DNA.

CSR PILLARS

- Decarbonize aeronautics (page 20)
- Be an exemplary employer (page 26)
- Embody responsible industry (page 28)
- Affirm our commitment to citizenship (page 24)

Driving innovation for sustainable growth for our customers

MAJOR ASSETS

- Step up sustainable innovation (page 30)
- Strengthen operational excellence by leveraging digital technology (page 32)

Our contribution to the UN SDGs

STRATEGIC FOCUSES

NO. 1

DECARBONIZE ITS PRODUCTS AND OPERATIONS
(page 20)

NO. 2

STRENGTHEN ITS ROLE IN SOVEREIGNTY BUSINESSES
(page 24)

Ensure flight, customer, employee and product employee safety
(page 28)

Our value creation
for our stakeholders

CUSTOMERS
- **€19.0 billion** *(2022 adjusted revenue)*
- Safe, reliable, available, efficient, innovative and competitive products and services

EMPLOYEES
- **€5.8 billion** *(2022 personnel costs)*
- Attractive working conditions and social model

SUPPLIERS
- **€11.7 billion** *(2022 purchases)*
- Sustainable Procurement and Supplier Relations Label

SHAREHOLDERS
- TSR[1] 2005-2022: **+12.7%** per year
- 2022 dividend *(paid in 2023)*: **€1.35**/share*

DEBT HOLDERS
- One of the best industry financial signatures worldwide
- Long-term credit rating: **A-** with stable outlook (S&P)

GOVERNMENTS
- **€0.8 billion** *(2022 taxes and adjusted income tax expense)*
- The world's best technology serving national and European sovereignty and French nuclear dissuasion

INVESTMENTS FOR FUTURE GROWTH
- **5%** of revenue invested in self-funded R&D in 2022
- **81%** of R&T investment focused on environmental efficiency

* Subject to shareholder approval at the Annual General Meeting of May 25, 2023.

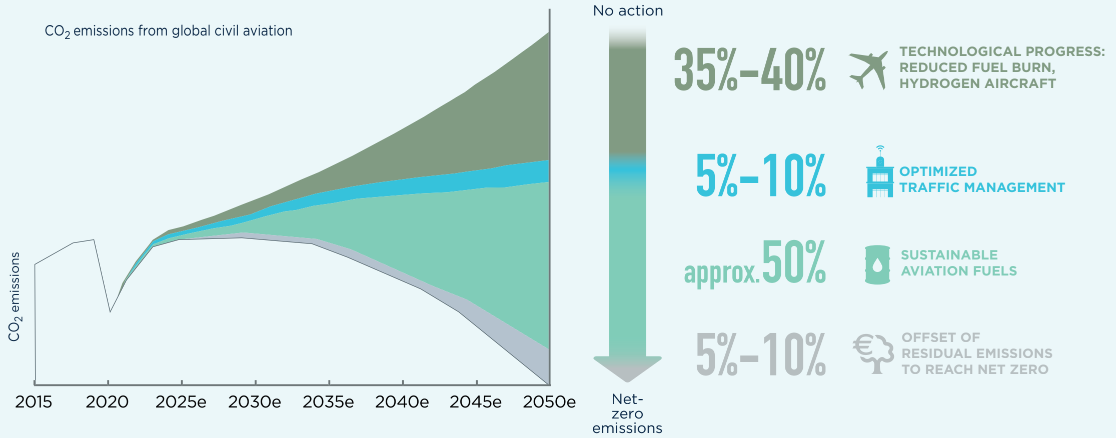
INTEGRATED REPORT

STRATEGIC FOCUS NO. 1

Decarbonize its products and operations

Safran's climate change strategy is aligned with the aviation sector's roadmap to reach net-zero emissions by 2050, as adopted by the International Civil Aviation Organization (ICAO) in 2022. With its position in most aircraft system segments, and all energy systems in particular, the Group spearheads the technological response to the decarbonization of the aviation sector.

An ambitious commitment for the aviation sector



Civil aircraft in operation accounted for 2.5% of total CO_2 emissions from human activities in 2019[(1)], plus additional climate change impacts from emissions other than CO_2[(2)]. Because of the significant expansion expected in air transport in the long term, the necessary transition to sustainable aviation is an absolute priority for Safran.

CLIMATE CHANGE: RISKS AND OPPORTUNITIES

The transition to low-carbon aviation calls for **innovation in more efficient, more lightweight products**, which presents opportunities for Safran.

Climate change poses two types of risk for Safran's businesses:

- **physical risks** concerning the impact of weather and climate phenomena on the Group's business; and
- **transition risks** resulting from decarbonization trends in the economy and the aviation sector.

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

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

GOVERNANCE ADAPTED TO CHALLENGES

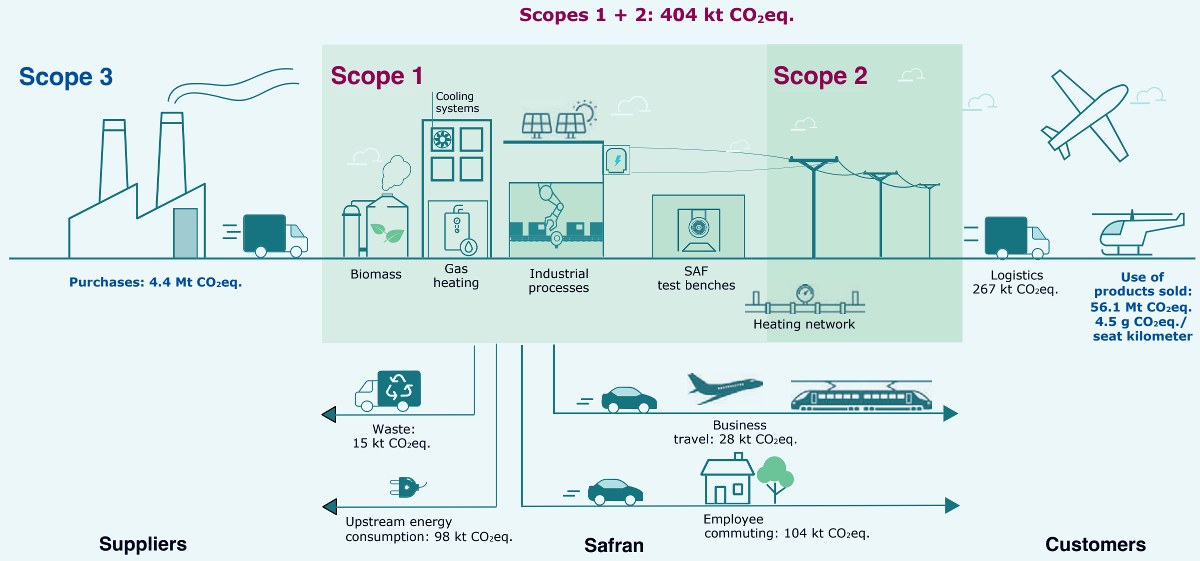
Since 2021, the Innovation, Technology & Climate Committee has been responsible for overseeing Safran's climate change strategy and action plan. The Committee's Chairman, Patrick Pélata, was also appointed as the Director responsible for monitoring climate issues, and presented the Group's climate strategy at the 2022 Annual General Meeting.

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

Safran's climate strategy

Safran intends to lead the way in the decarbonization of the aviation sector, through a climate strategy with two focuses:
- reducing emissions from operations, including upstream supplier operations;
- reducing emissions from the use of its products.

Use of Safran products preponderant in the overall carbon footprint
(2022 data)



DECARBONIZATION OBJECTIVES ALIGNED WITH THE PARIS AGREEMENT

In January 2023, the Science-Based Targets initiative (SBTi) validated Safran's greenhouse gas emissions reduction targets.
Safran is one of the first aerospace companies in the world to obtain SBTi validation, certifying that its **greenhouse gas emission reduction targets are compatible with meeting the objectives of the Paris Agreement**.

Its greenhouse gas emissions reduction targets, validated by the SBTi, cover direct (Scope 1) and indirect (Scope 2) emissions from the energy consumption of the Group's operations, as well as emissions related to the use of its products (Scope 3).

		GREENHOUSE GAS EMISSIONS TARGETS	2018 DATA (reference year), in kt CO_2eq.[(1)]
VALIDATED BY THE SBTI	Scopes 1 & 2*	**30% reduction by 2025 and 50.4% reduction by 2030 vs. 2018**, in line with a 1.5°C scenario	**579**
VALIDATED BY THE SBTI	Scope 3** Use of products sold	**42.5%** reduction in Scope 3 emissions from product use per seat kilometer **by 2035 vs. 2018***** 75% of R&T focused on the environmental performance of products	**113,800** **5.9 g CO_2/ seat kilometer**
	Scope 3** Purchases of goods and services	Mobilize our **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)	**4,961**
	Scope 3** Business travel and employee commuting	**50% reduction by 2030 vs. 2018**, in line with a 1.5°C scenario	**187**

* Direct (Scope 1) and indirect (Scope 2) emissions related to energy consumption from Safran's operations.
** Indirect emissions.
*** The target covers both emissions directly related to product use and emissions indirectly related to product use.

(1) Audited data. See sections 5.3.3.2, 5.3.3.3 and 5.3.3.4 of the Universal Registration Document.

DECARBONIZING ITS PRODUCTS

Safran considers that its primary challenge is to reduce CO_2 emissions arising from the use of its products (referred to as Scope 3 indirect emissions in the GHG Protocol[1]). For that reason, the Group dedicated 81% of its R&T efforts in 2022 to improving the environmental performance of its products.

INNOVATION FOCUSED ON DECARBONIZING AVIATION

	TECHNOLOGY ROADMAP	ACHIEVEMENTS IN 2022
1 – Future ultra-efficient short- and medium-haul aircraft for 2035	**Ultra-efficient propulsion** (20% more efficient than the LEAP engine)	Agreement with Airbus on flight demonstration for **CFM's open fan engine architecture**
	Aircraft electrification	Electric drive system for nose landing gear
	Lightweight design (additive manufacturing, new materials, etc.)	Inauguration of SAMC **Additive Manufacturing** Campus
2 – Extensive use of sustainable fuels (SAF)[2]	Future **engines compatible with 100% drop-in[3] SAF** (biofuels, synthetic fuels)	Ongoing flight testing with **100% sustainable fuels** Investment in Ineratec Chairmanship of the Aviation Chamber of the **European Renewable and Low-Carbon Fuels Value Chain Industrial Alliance**
	Work on the **hydrogen propulsion chain**	Agreement with Airbus on in-flight demonstration of a **hydrogen engine on an A380**
3 – Electric/hybrid propulsion for short-range travel	**More efficient electric motors**	Agreements with CAE, VoltAero, Diamond Aircraft and Aura Aero to equip their aircraft with the **ENGINeUS™ electric engine**
	Integrated management of **electric/hybrid systems**	Inauguration of Safran Electrical & Power's **center of excellence in electrical engineering** Partnership with Cranfield Aerospace on **fuel-cell propulsion**

1 – Contributing to the development of a new generation of ultra-efficient engines compatible with carbon neutrality

Accelerating the transition to carbon neutrality means "skipping a generation" in efficiency terms and going much further than the 10% to 15% improvement in fuel consumption usually achieved with each new generation of aircraft compared to the previous one. This is the aim of the Revolutionary Innovation for Sustainable Engines (RISE) technology development program, led by Safran and its partner GE Aerospace, which is preparing the next generation of engines for short- and medium-haul aircraft. **Safran 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 15% more efficient than the CFM56, the previous generation engine). Safran is also helping to improve the efficiency of future aircraft through its equipment, cabin interiors and seats businesses. Lighter cabins made using new materials and optimized electrical systems are key to making progress in these areas.

TWO NEW DEMONSTRATORS IN 2022

In 2022, Safran and GE Aerospace, through CFM International, signed partnership agreements with Airbus to fly two demonstrators: one testing the RISE open-fan engine architecture, and the other a hydrogen engine. Demonstrations are planned for the middle of the decade on an A380.

(1) Greenhouse Gas Protocol.
(2) Sustainable aviation fuel.
(3) Drop-in fuels are fuels that can replace all or some of conventional kerosene without any operational impact, i.e., without requiring modification to infrastructures (at airports, for example) or to aircraft or engines, whether existing or under development.

2 Sustainable fuels: an important solution in the short term

As a supplier of engines and fuel system equipment, **Safran is working on lifting the technical obstacles to enable 100% incorporation of drop-in sustainable fuel** with forthcoming engine generations, and to cross the 50% threshold on present-day engines. This primarily involves evaluating the behavior of certain fuel-circuit equipment and ensuring optimum combustion performance. Aircraft systems aside, development of sustainable fuels (currently three times more expensive than kerosene) calls for public policies encouraging investment in production processes.

At the request of the European Commission, Safran is chairing the Aviation Chamber of the European Renewable and Low-Carbon Fuels Value Chain Industrial Alliance, which is mobilizing the entire value chain to encourage investment in new production facilities in Europe. **Safran supports technological innovation upstream in the fuel industry**, and, in early 2022 invested in the German start-up Ineratec, which develops reactors to produce synthetic fuels.

Safran is also working on hydrogen technologies for 2035 for short- and medium-haul and smaller aircraft, in particular by harnessing the expertise available within the ArianeGroup. The hydrogen option is more ambitious in relation to CO_2 emissions reduction, and requires disruptive innovations in storage (in the form of liquid hydrogen) and the fuel circuit.

3 Electric and hybrid propulsion: a solution for short distances

The short- and medium-term outlook for developments in battery energy density means electric and highly hybrid propulsion will be limited to short-distance flights in low-capacity aircraft: training aircraft, small shuttles, regional aircraft (in the medium term), and new VTOL[1] or STOL[2] aircraft for urban or suburban transport. Hybrid propulsion for future aircraft and helicopters will contribute to meeting the highly ambitious objectives on reducing fuel consumption. **Safran holds a leading position in all-electric and hybrid architectures, developing a range of electric-system products** (engines, turbogenerators and energy management systems) and working with innovative companies on batteries. In 2022, Safran signed several agreements to equip CAE's Piper Archer aircraft, VoltAero's Cassio 330 hybrid electric aircraft prototype and Diamond Aircraft's eDA40 electric aircraft with its ENGINeUS™ electric motors. Safran is also working with Aura Aero on the architecture and electric propulsion of the INTEGRALE training aircraft and the ERA regional jet.

In September 2022, it also opened a new center of excellence in electrical engineering in Créteil (France), and invested in Cranfield Aerospace to collaborate on the development of a hydrogen fuel-cell electric aircraft.

(1) Vertical Take-Off and Landing aircraft.
(2) Short Take-Off and Landing aircraft.
(3) Megawatt-peak is the unit of measurement used to describe the power output of photovoltaic panels under optimal conditions.

DECARBONIZING ITS OPERATIONS

To reduce emissions from its facilities and its energy consumption (Scopes 1 and 2), Safran is leveraging a number of drivers, including:

- reduction of site energy consumption, as with the Group-wide phase-in of an energy management system based on the ISO 50001 standard;
- heat production from renewable sources such as biomass, urban heating networks and geothermal energy;
- on-site electricity production and self-consumption: solar photovoltaic production facilities were installed in 2021 (Sydney and Massy sites), with projects underway at various other sites;
- supply from low-carbon energy sources (solar energy purchase contract to supply all Group sites in Mexico, 20% sustainable aviation fuels in the fuel used in engine acceptance tests at the end of 2022).

In response to the energy crisis in Europe, Safran introduced an energy sobriety plan in 2022, designed to cut gas and electricity consumption at European sites by 10% by 2024 (compared with 2019). The plan concerns all Group employees and is based around simple rules on setting temperatures, eco-friendly actions, turning off equipment at the end of a shift, and work organization.

Safran is also working to reduce indirect emissions related to its operations (Scope 3).

In particular, in July 2022 the Group launched a campaign to get its 400 most emissions-intensive suppliers to commit to plans to reduce emissions by 2025 in line with targets compatible with the Paris Agreement. Carbon maturity and an internal carbon price are now factored into the supplier selection process.

SOLAR POWER GENERATION FOR SAFRAN SITES

In 2022, Safran began installing solar panels at 17 key French sites – mainly in parking lot roofs – to produce part of the electricity consumed in operations. These projects represent nearly 50 MWp[3] and will cover an average of 15% of the sites' consumption. In Morocco, the Safran Nacelles site in Casablanca inaugurated a 1.7-MWp solar power facility in December 2022, which will cover more than 20% of the site's energy consumption and save 2,000 metric tons of CO_2 emissions per year.

STRATEGIC FOCUS NO. 2

Strengthen its role in sovereignty businesses

Sovereignty is a fundamental in Safran's mission and business model.

Be at the forefront of innovation to protect citizens

Through the long-term and independent provision of solutions at the cutting edge of technology, manufacturers like Safran play an instrumental role in preserving sovereignty, defined as "the capacity to guarantee the security and autonomy of a state's decisions and actions". Beyond this political vision, sovereignty is also the ability to guarantee security of supply, freedom of use and freedom to export to strategic allies. It is therefore underpinned by top-level industrial capacity that is mature and well managed, together with a strong base of innovative technologies. As well as spanning the Group's defense and space activities, the notion of sovereignty also extends to security and continuity across all its businesses, from engineering and production to the supply chain and support. Safran's sovereignty businesses are therefore an important factor in its societal commitment to protect citizens. Amid persistent tensions in the international landscape, several countries have increased their defense budgets, creating opportunities for players in the defense sector to offer sustained support through contributions to national defense and partnerships.

Sovereignty, an integral element of Safran's business model

Safran's sovereignty businesses contribute to the Group's economic performance. They help to ensure long-term viability of the Group's technical and industrial skills, so that we can continue to prepare for the future in both military and civil markets. Safran's sovereignty businesses are therefore developed with a view to enriching its dual technology pools. Beyond technological considerations, this duality also extends to skills, industrial resources and the supply chain. This model of duality between civil and military activities, which is characteristic of the sector, is shared with most of its competitors, and is a key factor in competitiveness.

Defense revenue

approx. €4 billion/21%

of adjusted Group revenue in 2022

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

Regulations/ export control › **STRICT COMPLIANCE**

Safran complies with the international regulations signed by France: the Missile Technology Control Regime, the Non-Proliferation of Nuclear Weapons Treaty, the Convention on Cluster Munitions, the Convention on Anti-Personnel Mines, the Wassenaar Arrangement, the EU Common Position on Arms Exports and the Arms Trade Treaty. **Safran implements procedures in compliance with export control laws and regulations** (related to the Group's businesses, including French, EU, UN and US regulations) across all Group companies.

Controversial weapons › **NO**

Safran is not involved in any activities related to "controversial weapons", such as anti-personnel landmines, cluster munitions, chemical and biological weapons, blinding lasers, autonomous lethal weapons systems, depleted uranium ammunition or white phosphorus weapons.

FUTURE COMBAT AIR SYSTEM (FCAS)

On December 15, 2022, the French, German and Spanish governments awarded the contract for the next phase of the FCAS to EUMET (a 50-50 joint venture created in 2021 between Safran Aircraft Engines and MTU Aero Engines), Dassault Aviation, Airbus Defense & Space and Indra. The landmark contract will cover technological and conceptual work until mid-2026.
It marks a **significant acceleration in R&T work, particularly for the engine that will power the New Generation Fighter (NGF) for the FCAS, a major – and emblematic – program for the European defense industry.** The work on the engine for the NGF will be done in cooperation with our industrial partners MTU Aero Engines and ITP Aero.
Safran is responsible for the design, integration and hot parts of the NGF engine.

FRENCH NUCLEAR DETERRENCE

Safran makes an indirect contribution, through ArianeGroup (a 50-50 joint venture with Airbus), to France's nuclear deterrence (M51 program). The program helps maintain the peace, security and independence of France and Europe. Safran and ArianeGroup do not manufacture nuclear warheads for M51 missiles.

Safran's sovereignty areas

BY GEOGRAPHIC AREA

- First and foremost, Safran helps to ensure France's military and space sovereignty, chiefly through developments in inertial navigation, plasma thrusters, space surveillance and launch vehicles (through its 50% stake in ArianeGroup).
- Safran is also a major industrial player in Europe, guaranteeing European independence in several key areas as a leading figure in major European programs, such as the A400M, Ariane and, since the 2021 agreement, the engine for the FCAS.
- Safran also supplies sovereignty building blocks to non-European nations, meticulously selected in accordance with its compliance and ethical commitments, and with approval from the authorities. For example, Safran contributes to several US platforms on major systems such as the Boeing V22 landing gear, the Bell V-280 Valor landing gear, and Boeing Chinook electrical systems.

BY MAJOR PROGRAM

Safran supplies many of the Rafale's essential components, including engines, landing gears and brakes and electrical, fuel, hydraulic and navigation systems. It also supplies the landing gears for the US F18 and V22, and wiring for the F15. In addition, Safran is involved in several military transport platforms. On the European A400M, for example, it supplies the TP400 engine (as part of the EPI consortium), the complete landing gear system, wiring, hybrid inertial GPS navigation, and the fuel system. Additionally, the Group supplies the wheels and brakes for the US C17 and the engine (through the CFM joint venture) for the US P8 Poseidon. Safran has been selected to supply the complete landing gears, wheels and brakes system for the MALE RPAS, and will also be supplying the engine for the Franco-British FC/ASW (Future Cruise/Anti-Ship Weapon) project.
In helicopters, which are highly dual-purpose applications, Safran is the leading supplier of engines for many French and European Airbus and Leonardo platforms, and provides flight control, navigation, detection and optronic surveillance systems, wiring and hydraulics. Safran also provides wiring for electrical generators on several US platforms such as the Boeing Chinook. The Group is also a leader in high-performance space optics through its subsidiary Safran Reosc. Safran supplies the disruptive new plasma thruster technology for several European satellites, as well as the new generation of electric satellites for Boeing. Safran leads the way in satellite detection and tracking systems through its subsidiary Safran Data Systems, the first manufacturer to enter into a contract with the newly created French Space Command, in 2021.

CSR PILLAR

Be an exemplary employer

Because its people are key to digital transformation and the decarbonization of the aviation sector, the Group places huge importance on developing their skills. Safran upholds its fundamentals as a responsible employer by promoting a culture of inclusion, stepping up efforts on diversity, and protecting the health and safety of its employees.

Preparing employees for tomorrow's jobs

Skills development and employee mobility are keys to maintaining employability and prerequisites for the Group's transformation and agility. Knowledge transfer and skills development are also powerful forces driving employee commitment. Strategic training contributes to everyday operational excellence, digital transformation and leadership at all management levels. Safran is highly attentive to the aspirations of all its employees, and offers diversified career paths adjusted to each stage in their careers. Many initiatives address young people in particular, generating employment openings and facilitating recruitment through internships, work-study programs, international corporate volunteer programs, academic research, etc.

In 2022, Safran was certified by the French Qualiopi label, attesting to the quality of the processes in its internal training organization.

approx. 2 million

hours of training (on-site and distance) worldwide in 2022

90%

attendance at one or more training sessions in 2022 among all employees worldwide

Diversity and inclusion as performance drivers

Aware that diversity and inclusion are powerful drivers of creativity, innovation and collective performance, Safran is committed to its policy to promote equal opportunity and combat all forms of discrimination. Safran has been a signatory to the Diversity Charter since 2010, and takes a proactive approach to ensuring that its principles are applied at all its sites.

In 2022, Safran addressed all Group employees with its first Inclusion Barometer, the findings of which were used to plot a Diversity and Inclusion roadmap, validated by the Group Executive Committee in 2022. The roadmap aims to instill and develop a culture of inclusion through action in four key areas: gender balance, equal opportunity, multicultural workforce and employment of people with disabilities.

Safran runs a dynamic policy of promoting professional equality, with many actions carried out at all levels of the Group. Its Gender Equality European & International Standard (GEEIS) label was renewed in 2022, with a significant increase in its maturity score.

Safran runs a proactive policy on the inclusion of people with disabilities, covering four objectives: keeping employees with disabilities on the payroll, hiring people with disabilities, working with sheltered workshops and disabled-staffed companies, and developing disability-friendly workplaces (to the Afnor standard).

28.5%

women in the workforce

34.4%

women among new hires

17%

women among senior executives

83,276

employees, including
17,354 new hires in 2022

A recognized employer brand

Safran has a recognized employer brand: fourth place in *Forbes*' ranking of the World's Best Employers in the aerospace and defense sector in 2022, and fifth place in *Capital* magazine's ranking for the Aeronautics, Rail and Naval category in 2023. For the third year running, the Group was awarded the "most welcoming companies" label by *Engagement Jeunes* in 2022, thanks to very positive ratings by young recruits in Group companies in France.

To help attract the best talent, Safran promotes its employer brand on social media and recruitment websites, and through various specific events. Safran forges long-term partnerships to strengthen ties with schools and universities running courses in aerospace-related subjects. In 2022, more than 25% of graduate positions in Europe were filled by young people who had completed an internship, a work-study program, academic research or an international corporate volunteer program within the Group.

Employee involvement in the Company's success

In 2022, 6.8% of Safran's share capital was held by employees and former employees. This proportion, one the highest among CAC 40 companies, is the outcome of a long-standing policy on encouraging employee share ownership, through permanent measures such as the Group employee savings plan (PEG) and the collective retirement savings plan (PERCOL) in France, and one-off operations such as the Safran Sharing 2020 plan.
The PEG and PERCOL investment vehicles were reviewed in 2022 to benefit from a socially responsible investment (SRI) label as of January 1, 2023, with the exception of funds invested in Company securities.

Health and safety, a corporate culture

Safran nurtures a prevention-oriented culture of health and safety among all its stakeholders. The health, safety and environment (HSE) policy, updated and signed by the Chief Executive Officer in 2021, contributes to making Safran a sustainable leader in its sector.

It involves everyone in the Group: company CEOs, senior executives, managers and employees. Appraisals of senior executives, especially in industrial areas such as production, support and services, include a health, safety and environment objective.

Safran is constantly strengthening its HSE culture. In 2022, it set up a partnership with the Institute for an Industrial Safety Culture, and an HSE Leadership training course for Group managers. HSE culture diagnostics are also carried out at Group companies.

3.7%

absenteeism rate

2.1

frequency rate of lost-time work accidents (number of accidents per million hours worked)

CSR PILLAR

Embody responsible industry

Safran is committed to exemplary safety and ethical practices throughout the Group, and extends its responsible practices for take-up by its suppliers and subcontractors.

Business ethics and anticorruption

Safran ensures that its activities are conducted with honesty, integrity and professionalism consistent with the highest international standards of business ethics, as promoted by the International Forum of Business Ethical Conduct (IFBEC), which includes the world's major international aerospace and defense companies.

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

The French strategic intelligence agency ADIT renewed its certification for Safran Aero Boosters' anticorruption program in 2022. ADIT certification for Safran Nacelles' anticorruption program is also under renewal. The certification attests to the robustness of the anticorruption programs, the requirements of which are aligned with the most rigorous international standards: US Foreign Corrupt Practices Act, UK Bribery Act, OECD Convention, the French Sapin II Act, the tenth principle of the United Nations Global Compact, and ISO 37001.

Aviation safety, an absolute priority Group-wide

Aviation safety is an absolute priority for all Group employees. To strengthen and propagate a culture of aviation safety, Safran applies its Safety Management System (SMS) and Enterprise Risk Management (ERM) systems. In accordance with European regulations, the SMS was extended to design and production activities in 2022.

The network of SMS liaison officers contributes to the adoption of a positive aviation safety culture through the use of shared tools among all Group companies. Awareness-raising and training sessions on aviation safety are run in all Group companies; an e-learning course the SMS is now available to all employees, in all job functions.

In addition, any employee (including external or occasional employees), customer or supplier can report any deviation or unusual or non-compliant situation, through the various channels provided for this purpose by each Group company.

€11.7 billion

in purchases, from approx. 15,500 suppliers

Holder of the Sustainable Procurement and Supplier Relations Label since 2017

Supply chain performance: a responsible relationship with suppliers and subcontractors

Through its responsible purchasing policy, Safran seeks to work with suppliers that guarantee high performance, reliability and strict compliance with all applicable national and international regulations. Suppliers are required to comply with international trade regulations and with all applicable requirements on environmental protection, personal health and safety, ethics and labor relations.

Safran is phasing in climate change requirements for its suppliers, and encourages them to take up trajectories towards a low-carbon future. In 2022, Safran invited the 400 suppliers that contribute the most to its carbon footprint to Safran Supplier CO_2 Day, an event on reducing CO_2 emissions in the value chain. At the event, the Group set out its strategy on reducing supply chain greenhouse gas emissions, along with its expectations on suppliers' decarbonization efforts.

Since 2022, the scoring matrix used for each call for tenders has included the following CSR criteria: degree of maturity in the decarbonization approach, product carbon footprint, signature of the responsible purchasing guidelines or implementation of a specific CSR program, and the proportion of employees with disabilities on the payroll.

Since 2020, Safran has been a signatory to the charter of commitments on customer-supplier relationships within the French aerospace industry. In contributing to the financing of SMEs impacted by the recent crises, the Group actively participates in the restructuring and consolidation of the industrial fabric of the French aerospace sector. In 2020, Safran also obtained renewal of its Sustainable Procurement and Supplier Relations Label.

Safran is attentive to **supply chain capacities** for managing the production ramp-up, and has set up a risk management system accordingly.

A Group-wide project to advance in ecodesign

The Group applies ecodesign for its products to limit their potential impacts over their life cycle, such as resource depletion or ecotoxicity, and plans ahead for regulatory and customer requirements.

Safran applies several approaches to ecodesign, drawing on an internal ecodesign standard, which ensures compliance with the requirements of ISO 14001, and the Technology Readiness Level (TRL) standard, which includes requirements and methods for ensuring that ecodesign is incorporated as the technology matures. At the 2022 International Conference on EcoBalance, Safran won the Best Business Practice Award for the quality of its TRL standard.

Safran is also actively involved in the European Clean Sky 2 project, with a series of ecodesign demonstrator projects.

Moving towards a global biodiversity strategy

Safran is aiming to draw up a global biodiversity strategy, integrating the various challenges faced by its business and value chain. To this end, in 2022 it launched a study to examine its main biodiversity impacts and dependencies, and the consistency of actions underway within the Group in these areas.

Among these actions, the biodiversity plan run at Safran Aero Boosters' Belgian sites was awarded the Nature Network label for the Milmort site in 2021.

MAJOR ASSET

Step up sustainable innovation

In a rapidly shifting landscape, defining the new state of the art in aerospace is a strategic challenge. Safran places a premium on mastering disruptive innovation and technological excellence to give our customers a decisive edge.

The competitive performance of Safran's products depends largely on the Group's innovation capabilities, especially in the technological field. Its capabilities for breakthrough technological innovation are demonstrated across a breadth of products such as composite 3D-woven fan blades, hemispheric resonator gyros, and the LiSafe™ full optical fuel gage. The Group is also implementing an innovation strategy firmly focused on efficient engineering and research serving all its businesses.

This strategy draws on a dedicated and shared R&T management system, plus an internal organization that fosters involvement of Group companies in shared and proprietary developments. In addition, cooperation with Safran's scientific, technological and innovation ecosystem is organized around strategic partnerships, scientific networks, academic chairs, collaborative innovation with suppliers, and investment in the share capital of innovative startups.

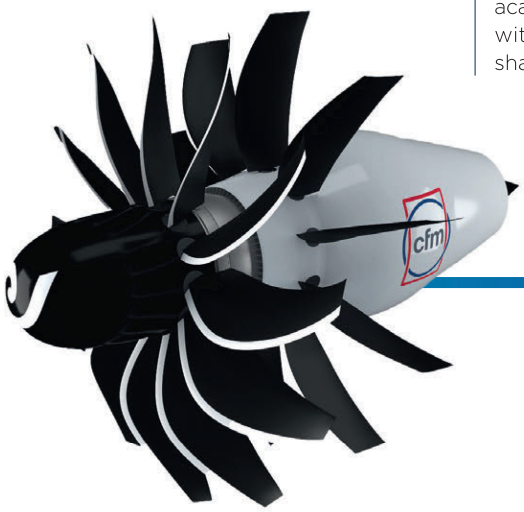
More than ever, development and protection of intellectual property is an essential factor in the Safran's strategy, as it pushes ahead with efforts on differentiating the Group through innovation.

With 540 patents filed in Europe,

Safran is the number one French applicant for European patents

according to the annual report of the European Patent Office (EPO).

More than 14,000 inventions are covered by more than 50,000 industrial property titles.
Safran is also one of the world's 100 most innovative companies, according to the 2022 Top 100 Global Innovators ranking.
Safran filed more than 1,200 initial patent requests worldwide, placing the Group among the leading patent applicants in the French rankings.



THE NEXT GENERATION OF ULTRA-LOW ENERGY ENGINES

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

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

On June 14, 2021, Safran and its partner GE unveiled CFM RISE (Revolutionary Innovation for Sustainable Engines), an ambitious technology program that lays the foundations for developing a future engine that is 20% more fuel-efficient than the latest-generation LEAP engine, and 100% compatible with sustainable fuels or hydrogen. By combining these two advances, the aircraft will be able to cut CO_2 emissions by more than 80%.

CFM RISE PROGRAM
A breakthrough innovation for sustainable engines, targeting a 20% reduction (versus the LEAP engine) in CO_2 emissions

- Development of unducted architecture
- Advanced materials
- 100% compatibility with sustainable fuels and hydrogen
- A new standard in propulsion efficiency
- Electric hybridization
- Mature technologies with proven reliability

TECHNOLOGICAL MATURITY > GROUND AND FLIGHT TESTS > ENTRY INTO SERVICE BY THE MIDDLE OF THE NEXT DECADE

High-performance materials and processes

Reducing aircraft and equipment weight requires increased use of new materials, such as composites. Safran engines and equipment (nacelles, landing gear and brakes) are also characterized by increasingly heavy mechanical loads.

Organic matrix composites, including 3D woven composites, a proprietary Safran process, combine strength and lightweight properties, and make a major contribution to the success of the LEAP engine family, bringing performance gains with the legendary reliability of the CFM56. They are necessary for breakthrough propulsion architectures capable of reducing fuel consumption, especially through the use of wide-diameter blades, and will lead to weight reductions on a wide range of other equipment, including seats and cabin interiors.

Higher turbine running temperature is another key factor in improving engine performance. Ceramic matrix composites can withstand extremely high temperatures, while being three times lighter than the metallic materials used today. They are developed by the Safran Ceramics center of excellence, which has unique resources and expertise in space technologies.

The quest for very high temperatures and fast speeds, along with lighter components, calls for new metallic materials: new nickel-based and single-crystal alloys for turbine and compressor disks and blades withstanding extreme conditions, and very high performance steels for compact, long-life gearboxes.

Additive manufacturing processes bring improvements in compactness, weight, raw material consumption and manufacturing cycles for many components of the Group's engines and equipment. In 2021, Safran set up the Safran Additive Manufacturing Campus, a center of excellence in additive manufacturing pooling all research, industrialization and production activities to support all Group entities.

25%

of Safran's engine parts will eventually be made using additive manufacturing

Aircraft electrification

For the past two decades, **Safran has been focusing its strategy on more electric aircraft**, first in the area of non-propulsive energy (onboard power management and distribution), then more recently in propulsion power. Progress in technologies such as electric motors, power converters, generators, batteries and fuel cells paves the way to development of complete electric propulsion solutions, initially for small vehicles. Openings in electric propulsion for aeronautics primarily concern deliverable power, capability for operation at altitude, capability for ensuring the required safety levels and, above all, power density, i.e., how compact and lightweight a solution is per unit of delivered power. Many new players have appeared on the electric vehicle market in recent years to prepare this type of solution in applications such as VTOL (Vertical Take-Off & Landing) and STOL (Short Take-Off & Landing). Safran Electrical & Power has developed technology building blocks and complete solutions, either integrated or integrable, and is a major player in this emerging market, offering complete propulsion chain subsystems including rotating generators, battery management systems, power converters and motor control systems. **In 2022, Safran began work on certification for the 100-kW engine range (ENGINeUS 100), a major step forward in aerospace applications**, and is developing a complete industrial process to achieve sustained production rates at the highest quality and cost levels. In 2022, Safran signed several agreements to equip CAE's Piper Archer electric aircraft, VoltAero's Cassio 330 hybrid electric aircraft prototype and Diamond Aircraft's eDA40 electric aircraft with its ENGINeUS™ electric motors.

These solutions are widely applicable to sovereignty applications, and also open the way to hybrid applications for turboshaft engines (helicopters) or next-generation turbofan engines on the CFM RISE program.

MAJOR ASSET

Strengthen operational excellence by leveraging digital technology

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

One Safran: a management system for optimizing all processes

Safran is pushing ahead with its One Safran initiative, launched more than six years ago to develop Group-wide take-up of a common corporate management system, company processes and performance indicators, and **to deploy operational excellence standards in order to ensure product quality and reliability**.

One Safran is developing existing best practices throughout the Group, with a view to widespread take-up under a continuous improvement process involving several cross-functional initiatives:

- participative innovation initiatives enabling employees in all sectors to put forward ideas for improving their companies' performance. More than 167,000 employee ideas were taken up across all the Group's business sectors in 2022;
- Lean Sigma, with Green Belts, Black Belts and Master Black Belts driving the Group's transformation through a structured and standardized approach to managing transformation projects;
- QRQC[1], initially developed across industrial and technical operations in all Group companies, and now also being phased in across support functions.

Voice of the customer, a Safran priority

Customer confidence and satisfaction is dependent on the Group meeting its commitments to quality-cost-delivery and the safety of its products and services.

It also calls for acute understanding of and close attention to customers' businesses, so that product and service solutions can be matched to their latest expectations and needs. Performance quality for services is founded on constantly listening to and anticipating customer needs. Maintenance centers have been located to ensure maximum proximity to customers, and the Group has also developed remote maintenance solutions for immediate and appropriate troubleshooting and action. To ensure its competitiveness in the aviation maintenance market, Safran must develop commercial offerings that are tailored to customer expectations. Safran Landing Systems, for example, has launched Landing Life™, which brings together support and services for landing gear and wheels and brakes, and Safran Electrical & Power is expanding its range of electrical equipment services with ePower Life™, a brand covering all services in wiring, generators, distribution equipment and electric engines.

A NEW MAINTENANCE, REPAIR AND OVERHAUL (MRO) FACILITY FOR CFM LEAP ENGINES IN INDIA

The new MRO center, the largest in the network, is scheduled to start operations in 2025, with maintenance capacity growing to 250 to 300 engines per year. It will strengthen Safran's worldwide maintenance network and ensure a closer response to the needs of CFM customers, as air travel in India and the region intensifies.

(1) Quick Response Quality Control is a management method based on everyday performance monitoring and rapid, robust problem-solving at appropriate management levels.

Digital transformation as a performance driver

Continuous improvement and ongoing innovation, both deeply embedded in Safran's history, have been driven for many years now by digital technology, such as aerosimulation, production automation and flight data analysis. In early 2021, Safran launched an intensified, large-scale digital transformation initiative, using all the drivers provided by the latest digital technologies. A Digital Department has been created at the level of the Group Executive Committee, supported by teams in each company comprising nearly 250 key skills that are tasked with onboarding energies across the Group. An extensive digital action plan is being rolled out in four major areas: Engineering 4.0, Manufacturing 4.0, Aftermarket and Services 4.0 and Employee Experience 4.0, plus a cross-functional Data 4.0 initiative.

ENGINEERING 4.0 helps us significantly shorten development time-to-market, and connect the complete design-industrialization-production-support chain throughout the product life cycle.
It relies on the use of digital continuity tools, advanced simulation management and new collaborative and agile model-based engineering methods. It also addresses demand from customers, partners and suppliers for the co-design and supply chain optimization approaches needed to develop increasingly complex and integrated systems.

MANUFACTURING 4.0 deploys 3D digital continuity, in engineering and the supply chain in particular, implementing technology levers such as augmented reality to facilitate assembly, cobotics, image processing based on artificial intelligence for non-destructive testing and the processing of data from production line sensors. New applications in workshops will bring significant improvements in management and operational performance – in terms of cycles, costs and product quality – in a continuation of the Factory of the Future program.

AFTERMARKET AND SERVICES 4.0 covers techniques for diagnosing and forecasting the condition of aircraft equipment and systems, bringing high value for Safran product customers, as regards both operational considerations (by increasing aircraft availability and optimizing maintenance) and fleet management support. Latest-generation portals are deployed to offer premium digital services including health monitoring and remote assistance: Engine Life™ portal, Landing Life™ portal, etc.

DATA 4.0 helps the Group to manage and process a growing mass of data collected throughout the life of its products, such as simulation and test data, manufacturing data and data from products in service. Safran's expertise is compelling, thanks largely to Safran Analytics, which brings together state-of-the-art resources and a team of leading data scientists, but also to the new data governance organization.
The objective is a heightened capacity to factor in the actual behavior of our products in operation into new developments and to optimize the availability, maintenance and life of our products for our customers.

Focus on one of the key strengths of Safran's business model: CFM56/LEAP engines

CFM International (a 50-50 joint venture between Safran and GE) is a leading supplier for Airbus A320ceo and A320neo and Boeing 737 NG and 737 MAX, boasting 40 years of commercial success.

Long-term prospects

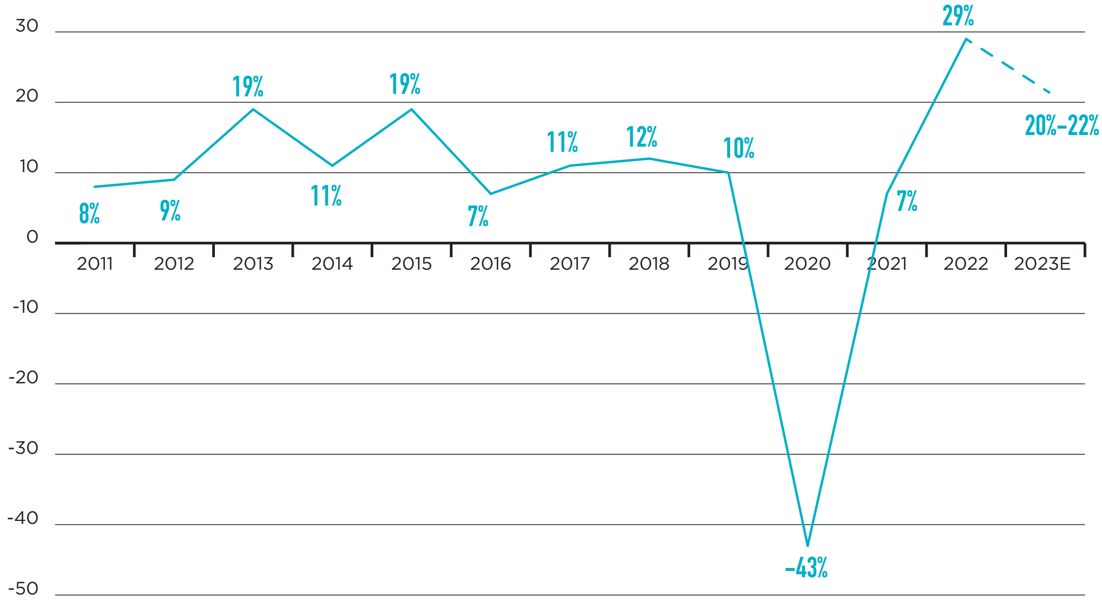
The propulsion business generates significant service activities, mainly comprising the sale of spare parts and maintenance, repair and overhaul (MRO) services.

- Given the size of the engine fleet in service, **Safran has substantial growth potential**.
- The Group has been developing long-term service contracts for a number of years, in response to customer demand, which now apply to the LEAP engine. As a result, the business model for civil engine services will gradually shift from a model based on the sale of spare parts for the CFM56 fleet in service to a model based on service contracts per flight hour for the LEAP.

Long-term service contracts are expected to account for 60% to 70% by 2030 for LEAP, before slowly decreasing over time. **Aftermarket services for the LEAP engine will gradually take over from those for the CFM56 engine from 2025.**

CIVIL AFTERMARKET TRENDS(1)

Growth rate vs. Y-1



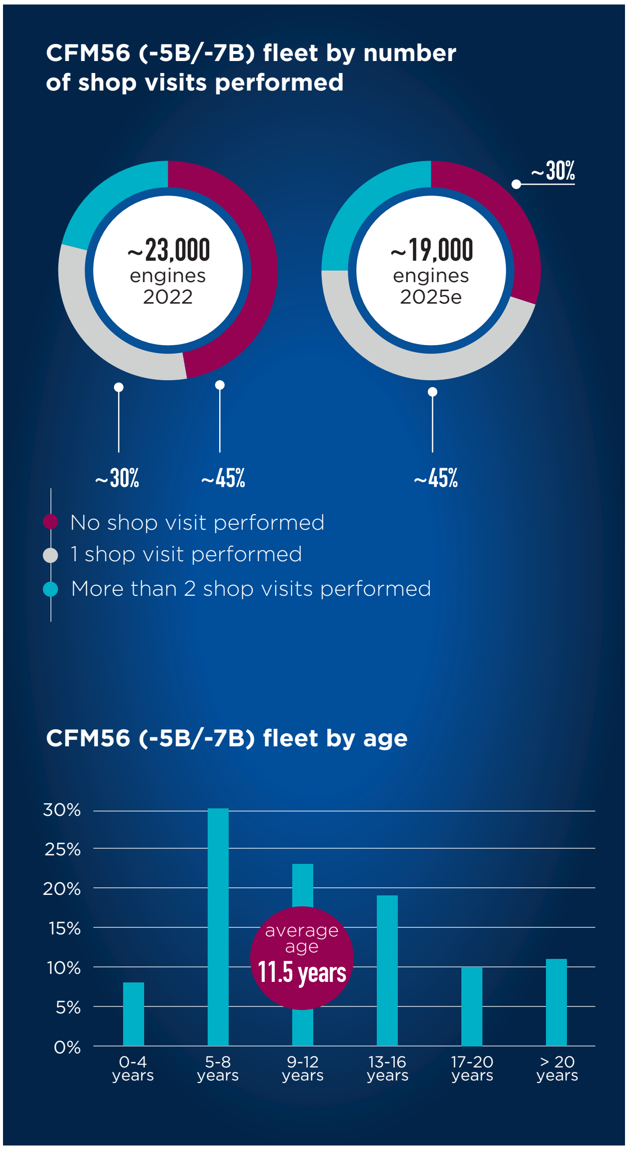
(1) Civil aftermarket (expressed in USD) is a non-audited performance indicator comprising spare parts and maintenance, repair and overhaul (MRO) revenue for all civil aircraft engines from Safran Aircraft Engines and its subsidiaries only.

A large CFM56 fleet in service

With an in-operation base[1] of more than 31,800 engines at the end of 2022 (including approximately 23,000 CFM56-5B/-7B), the CFM56 engine is the biggest commercial success in the history of civil aviation.

It will continue to generate service activities for Safran over the next 20 years.

The fleet of second-generation CFM56 engines (-5B/-7B) is young and boasts proven in-service reliability, which means retirement and part-out risks remain relatively low, despite the environmental pressure pushing large operators towards newer aircraft.



LEAP, following through on the CFM56 success story

The successor to the CFM56 is the hugely innovative LEAP engine, which consumes 15% less fuel than its predecessor, the CFM56.

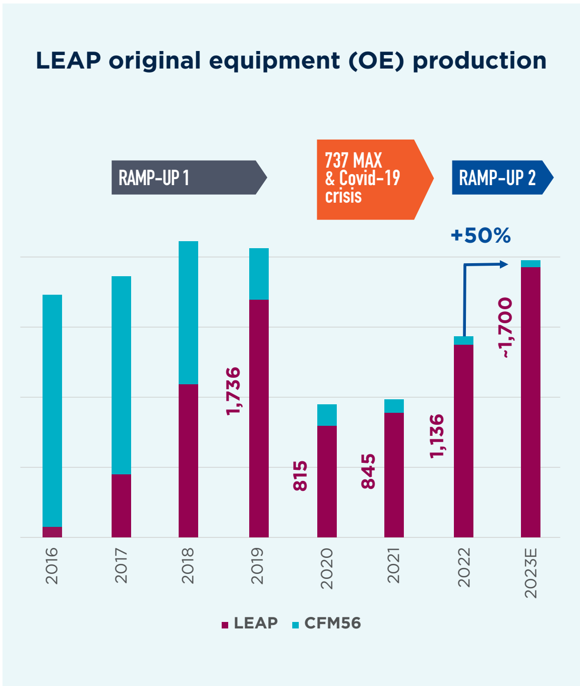
The LEAP is a commercial success, with an order backlog[2] of around 10,000 units at the end of 2022.

It has been selected for three aircraft:

- LEAP-1A for the Airbus A320neo, which entered into service in August 2016 (59% of firm orders at December 31, 2022);
- LEAP-1B for the Boeing 737 MAX, which entered into service in May 2017[3] (sole source);
- LEAP-1C for the Comac C919 (exclusive Western source).

Safran is ready for the second LEAP production ramp-up and expects 2023 production to be around 50% up on 2022, at around 1,700 LEAP engines.

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



(1) In-operation base is equal to engines delivered (including engines in storage) less engines dismantled or scrapped.
(2) On the basis of pending orders and cancellations.
(3) Boeing 737 MAX grounded from March 2019. Return to service authorized by US certification agency in November 2020 and Canadian and European agencies in January 2021. Resumption of flights by Chinese airlines in early 2023.

Safran's Enterprise Risk Management and its monitoring

Safran operates a robust Enterprise Risk Management (ERM) set-up.

Safran's ERM is rooted in a risk management culture that applies across all company processes. This culture is firmly embedded throughout the Group and widely shared by all teams, in all entities and at all levels of the organization. The ERM thus provides valuable insights for strategy development.

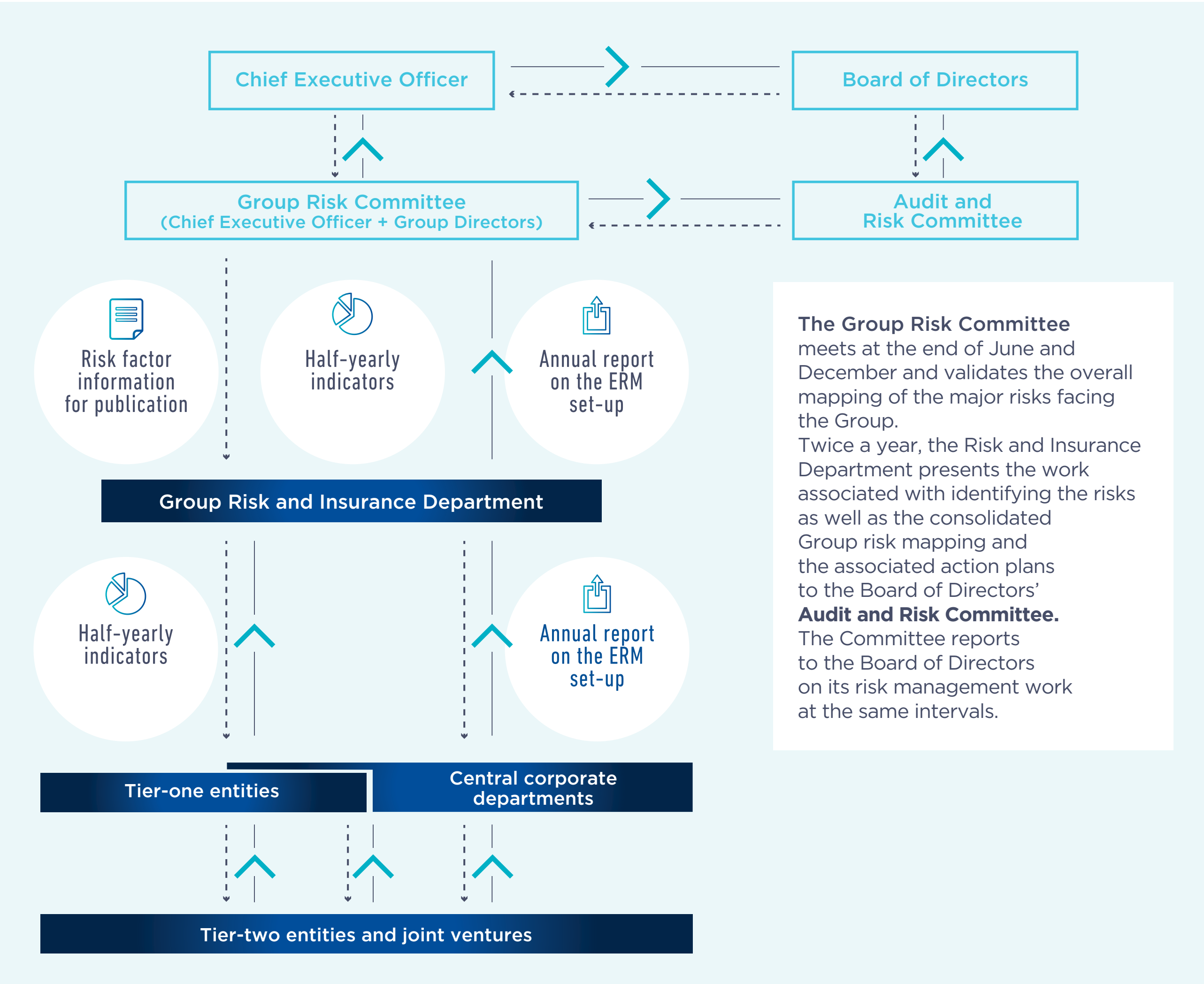
ERM has become one of the Group's key performance drivers. Full details on the system can be found in chapter 4 of the Universal Registration Document.

Identification, appraisal, processing and control of major risks is regularly updated by the risk committees of tier-one entities, the central corporate departments, and ultimately the Group Risk Committee.

The **Risk and Insurance Department** reports to the Chief Financial Officer. It comprises the Risk and Insurance Department director and Corporate Risk Managers, and is responsible for implementing the Group's ERM set-up. It develops methodological techniques and processes to ensure consistent handling of risks by tier-one entities and central corporate departments.

Each **tier-one entity** has a **Risk Manager** who consolidates the risk map and liaises constantly with the Risk and Insurance Department. Risk Managers are tasked with implementing the risk management process for their entire operational scope, i.e., in their respective tier-one entities, including their subsidiaries and investments.

Each of Safran's **central corporate departments** also prepares a map of the main risks in their scope. All these risk maps are then consolidated by the Risk and Insurance Department into a **comprehensive map of the Group's major risks and the associated action plans,** thereby ensuring the overall consistency of risk assessments and the associated action plans together with the level of control exercised over the risks.



Main risks

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

Risks relating to the environment in which the Group operates

- Geopolitical risks and supply chain capacity difficulties
- Risks related to inflation
- Competitive risks and cycle effects
- Financial market risks (foreign currency risk, interest rate risk, counterparty risk, liquidity risk)
- Health risks
- Environmental (excluding products), social and governance risks
  - Environmental challenges (excluding products)
  - Social challenges
  - Governance challenges
- Legal and regulatory risks
- Risks of negative media coverage

Risks relating to Group operations

- Aviation safety risks
- Risks relating to Group products and services
- Program profitability risks
- Risk of dependence on government procurement contracts
- Partner risks
- Supplier and subcontracting risks
- Personal safety, property and occupational health and safety risks

Risks relating to the Group's strategic development

- Risks relating to technological innovation and the decarbonization of aeronautics
- Risks relating to digitalization
  - Data confidentiality
  - Cyber threats
  - Cyber products
- Human resources risks
- Acquisition and restructuring risks

FOCUS ON RISKS RELATING TO TECHNOLOGICAL INNOVATION AND THE DECARBONIZATION OF AERONAUTICS

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. In particular, Safran has to contend with the risk inherent in its choice of certain emerging cutting-edge technologies to develop a low-carbon aviation sector. If these choices subsequently prove to be unsuitable, this could affect Safran's activities or financial position. (See section 4.3.3.1 of the 2022 Universal Registration Document).

A Board of Directors incorporating best governance standards into its activities

Safran refers to the Corporate Governance Code of Listed Corporations drawn up jointly by the French business associations, AFEP and MEDEF. Safran's Board of Directors determines its strategy and oversees its implementation.

SEGREGATION OF DUTIES BETWEEN THE CHAIRMAN OF THE BOARD AND THE CHIEF EXECUTIVE OFFICER

Since 2015, the Board has chosen to separate the roles of Chairman of the Board and Chief Executive Officer. The complementary profiles, expertise and careers of the Chairman of the Board of Directors, Ross McInnes, and the Chief Executive Officer, Olivier Andriès, constitute a major factor in ensuring smooth governance, based on transparency between Executive Management and the Board, and a balanced, measured split between the roles of Chairman and Chief Executive Officer.

LEAD INDEPENDENT DIRECTOR

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

DIRECTOR RESPONSIBLE FOR MONITORING CLIMATE ISSUES

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

INDEPENDENT DIRECTORS

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

ASSESSMENT OF THE BOARD'S OPERATING PROCEDURES

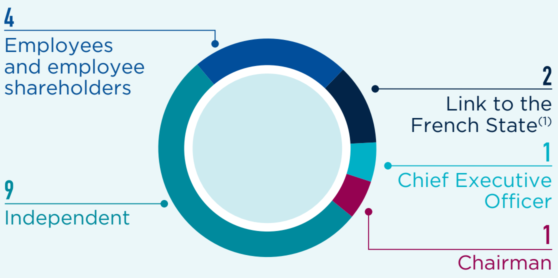
In late 2022, the Board conducted its annual assessment of its operating procedures. It expressed positive observations on its functioning and membership structure, as well as on the organization of its work and meetings. The Board reviewed the areas of improvement identified in the 2021 assessment by an independent third-party firm, and was satisfied with the actions taken in 2022 to address the expectations expressed. No new expectations were identified.

An experienced Board of Directors taking up the Group's strategic challenges

A Board membership structure that is consistent with Safran share ownership.

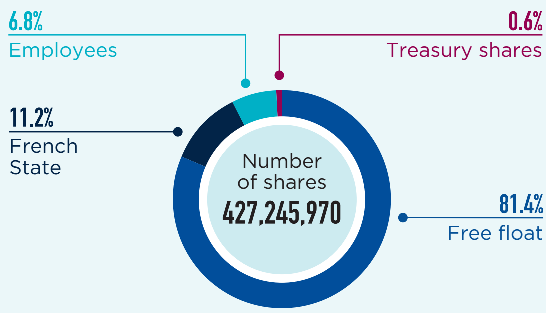
The Board of Directors at December 31, 2022

(number of Directors)



(1) One representative of the French State appointed by way of a ministerial decree and one Director put forward by the French State and appointed by the Annual General Meeting.

Ownership structure at December 31, 2022



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

The Board of Directors has a wide range of experience, making it well equipped to deal with strategy and performance challenges. It regularly considers the desired balance and diversity of its membership structure and that of its Committees. Its diversity policy is structured around principles and objectives related to the size of the Board, the representation of the Company's various stakeholders, the proportion of independent Directors, the depth and fit of the Directors' skills and expertise, international experience, and gender balance. Together with the Appointments and Compensation Committee, the Board regularly reviews the list of criteria (behavioral skills, experience, expertise and other criteria) considered useful and necessary for determining the profiles sought in the selection of Directors and enabling the implementation of its diversity policy.

Experience and specific positions exercised by Directors in different sectors and activities	Number of Directors
Aerospace industry	11
Other industries and business sectors	16
Innovation, R&T, development and engineering	12
International career and experience	11
Strategy, competition and M&A	12
Finance and management control	10
Digital – New technologies	5
Governance and compensation	10
Human Resources – CSR	12

Committees addressing the Group's strategic challenges

(2022 key figures)

AUDIT AND RISK COMMITTEE

6 meetings
6 members
92% attendance
80% (4 out of 5) independent(2)

APPOINTMENTS AND COMPENSATION COMMITTEE

5 meetings
7 members
94% attendance
83.33% (5 out of 6) independent(2)

INNOVATION, TECHNOLOGY & CLIMATE COMMITTEE

2 meetings
6 members
100% attendance
80% (4 out of 5) independent(2)

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

ROSS McINNES
Chairman of the Board of Directors

OLIVIER ANDRIÈS
Chief Executive Officer

I ACC
MONIQUE COHEN
Lead Independent Director
Chair of the Appointments and Compensation Committee

Membership structure of the Board of Directors and the Board Committees

(AT MARCH 31, 2023)

- I Independent
- ARC Audit and Risk Committee
- ACC Appointments and Compensation Committee
- ITCC Innovation, Technology & Climate Committee

ANNE **AUBERT**
Director representing employee shareholders

ARC
MARC **AUBRY**
Director representing employee shareholders

I ACC ITCC
HÉLÈNE **AURIOL POTIER**
Independent Director

I ACC
PATRICIA **BELLINGER**
Independent Director

ITCC
HERVÉ **CHAILLOU**
Director representing employees

I ACC ITCC
JEAN-LOU **CHAMEAU**
Independent Director

ACC
CHRISTÈLE **DEBARENNE-FIEVET**
Director representing employees.
She joined the Board on December 19, 2022, replacing Daniel Mazaltarim.

ARC ACC
CÉLINE **FORNARO**
Director representing the French State on the Board of Directors.
She joined the Board on February 17, 2023, replacing Stéphanie Besnier.

I ARC ITCC
LAURENT **GUILLOT**
Chairman of the Audit and Risk Committee
Independent Director

ITCC
ALEXANDRE **LAHOUSSE**
Director put forward by the French State

I ARC
FABIENNE **LECORVAISIER**
Independent Director

I ACC ITCC
PATRICK **PÉLATA**
Chairman of the Innovation, Technology & Climate Committee
Director responsible for monitoring climate issues

I ARC
ROBERT **PEUGEOT**
Independent Director

Perspectives – Annual General Meeting of May 25, 2023

Re-appointment, appointment and ratification proposals

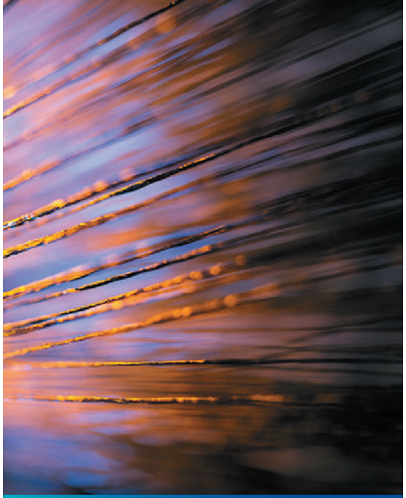
The Board will propose the following to the 2023 Annual General Meeting:

- the re-appointment of Ross McInnes as a Director, and, assuming the Annual General Meeting votes in favor, his re-appointment as Chairman of the Board for the duration of his term as a Director, as already announced by the Board of Directors;
- the re-appointment of Olivier Andriès as a Director, the Board of Directors having already confirmed his re-appointment as Chief Executive Officer at the close of the Meeting;
- the appointment of Fabrice Brégier as an independent Director, replacing Jean-Lou Chameau;
- the re-appointment of Laurent Guillot as an independent Director;
- the ratification of the appointment of Alexandre Lahousse on July 27, 2022 and his re-appointment as a Director put forward by the State;
- the ratification of the appointment of Robert Peugeot on December 19, 2022.

As of the end of the Annual General Meeting of May 25, 2023, subject to shareholder approval of the resolutions put to the vote, the Board of Directors will have 16 members, as follows:

- 66.7%* of Directors will qualify as independent;

- 41.7%* of Directors will be women.



CLIMATE ISSUES TAKEN INTO ACCOUNT UNDER APPROPRIATE GOVERNANCE

In view of the challenges that climate change raises for Safran, the Group tightened its governance on the issue in 2021, with the Innovation, Technology & Climate Committee now responsible for overseeing the climate change strategy and action plan. The Chairman of the Committee has been appointed as Director responsible for monitoring climate issues. Safran's climate strategy and action plan are presented at the Annual General Meeting.

Operationally, a dedicated Climate Department was formed in early 2021 to steer the Group's climate strategy. Roadmaps are defined by a Climate Challenge Steering Committee, chaired by the Chief Executive Officer. Progress on the action plan is reviewed quarterly by the Group Executive Committee.

Board of Directors

(key figures at December 31, 2022)

8	**17**	**94%**	**69.2%**
meetings	Directors(1)	attendance	(9 out of 13) independent Directors(2)

* Excluding Directors representing employees and Directors representing employee shareholders.

(1) As of February 28, 2023, the number of Directors decreased from 17 to 16 following the resignation of Sophie Zurquiyah as an independent Director, for personal and professional reasons, effective as of that date. She has decided to re-direct the focus of her work to the United States. She has not been replaced.

(2) In accordance with the AFEP-MEDEF Code, Directors representing employee shareholders and Directors representing employees are not taken into account when calculating the percentage of independent Directors.

An Executive Committee implementing the Group's strategy and managing its operations

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

- The Executive Committee ensures that Safran's strategy is implemented consistently across all Group entities. It also monitors its operational performance and facilitates interaction with the various Group companies.
- The Executive Committee comprises the Chief Executive Officer, the heads of cross-business functions, and the heads of the Group's main operating companies. This membership structure provides for balanced representation of the Group's businesses and cross-business support functions.
- Under the authority of the Chief Executive Officer, the Executive Committee meets as often as is necessary and at least once a month. It has 18 members.

To maximize the Group's strengths, which are integral to its success, the Executive Committee is supported by a number of committees, including the Compliance, Ethics and Anti-Fraud Committee, the Scientific Committee and the Climate Challenge Steering Committee.

COMPLIANCE, ETHICS AND ANTI-FRAUD COMMITTEE

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

SCIENTIFIC COMMITTEE

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

CLIMATE CHALLENGE STEERING COMMITTEE

This Committee, chaired by the Chief Executive Officer, brings together several members of the Executive Committee as well as all the Group departments involved in climate action (Strategy and Research & Technology, Public Affairs, Finance, Operations, Corporate Social Responsibility and Communications) to define Safran's focuses and, in particular, to endorse objectives and roadmaps for each type of CO_2 emissions.

PASCAL BANTEGNIE
Chief Financial Officer

ÉRIC DALBIÈS
Executive VP
R&T and Innovation

STÉPHANE DUBOIS
Executive VP
Corporate Human and Social Responsibility

MARJOLAINE GRANGE
Executive VP
Production, Purchasing and Performance

OLIVIER ANDRIÈS
Chief Executive Officer of Safran and Director

KATE PHILIPPS
Executive VP
Communications

Executive Committee members

18
MEMBERS

△ Cross-business functions
▲ Company CEOs

FRÉDÉRIC VERGER
Executive VP
Chief Digital and Chief Information Officer

KARINE STAMENS
Corporate Secretary and Chair of the Ethics and Compliance Committee

ALEXANDRE ZIEGLER
Executive VP
International and Public Affairs

JEAN-PAUL ALARY
CEO Safran Aircraft Engines

STÉPHANE CUEILLE
CEO Safran Electrical & Power

VICTORIA FOY
CEO Safran Seats

VINCENT CARO
CEO Safran Nacelles

CÉDRIC GOUBET
CEO Safran Landing Systems

FRANCK SAUDO
CEO Safran Helicopter Engines

MARTIN SION
CEO Safran Electronics & Defense

JORGE ORTEGA
CEO Safran Cabin

SÉBASTIEN WEBER
CEO Safran Aerosystems

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

Corporate officer compensation policies

In the interests of Safran and its stakeholders, the compensation policies must be competitive in order to attract, motivate and retain the best profiles and talent (which may come from within or outside the Group) for key positions.

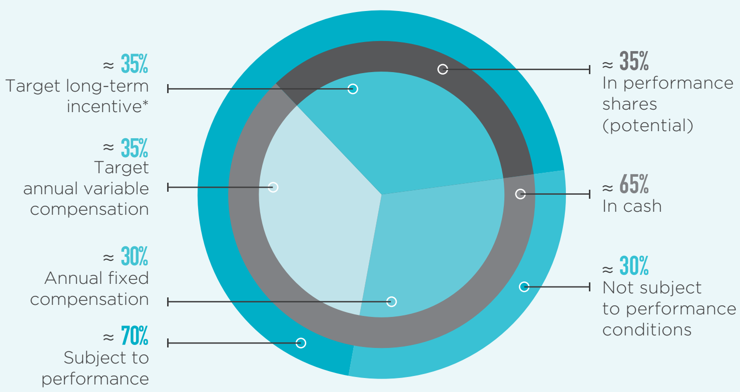
Chairman of the Board of Directors' compensation policy and structure

In line with his position as a non-executive Director and the specific duties conferred on him, the Chairman receives fixed compensation. He does not receive any variable compensation or compensation under a long-term incentive plan. He does not receive any compensation in his capacity as a Director (formerly "attendance fees"). The Chairman is covered by the supplementary pension schemes and personal risk insurance plan implemented by the Group.

Chief Executive Officer's compensation policy and structure

The structure of the Chief Executive Officer's compensation package comprises fixed compensation, annual variable compensation, and performance shares awarded under a long-term incentive (LTI) plan. The Chief Executive Officer is covered by the supplementary pension schemes and personal risk insurance plan implemented by the Group. The underlying aim is to closely align the Chief Executive Officer's interests with those of the Group and its shareholders, by achieving a balance between short- and long-term performance, as assessed by the Board. Compensation subject to performance conditions accounts for the largest percentage of the overall compensation package.

Chief Executive Officer's recurring compensation structure



** Value at grant date in accordance with IFRS.*

PAY RATIO

In France, pay ratios between the level of compensation of Safran's corporate officers (Chairman and Chief Executive Officer) and the average compensation of Safran's employees in 2022 were 8.3 and 48.8 respectively.

CLIMATE ISSUES INCLUDED IN COMPENSATION POLICIES

Take-up of climate matters among senior executives is also fostered by including climate objectives in compensation policies.

Annual variable compensation for the Chief Executive Officer and members of the Executive Committee includes and is partly conditional upon the achievement of objectives on the implementation of the climate strategy. From 2022, LTI performance share plans for all beneficiaries also include a non-financial performance condition on the implementation of the climate strategy.

2023 compensation policy for the Chief Executive Officer

The compensation policy for the Chief Executive Officer proposed by the Board for 2023 comprises the same compensation components as in 2022.

FIXED COMPENSATION

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

ANNUAL VARIABLE COMPENSATION

The Chief Executive Officer's annual variable compensation is contingent on achieving economic (ROI, FCF and WC)[1] and individual, financial and non-financial, quantitative and qualitative performance objectives, consistent with the Group's overall business.

Specific targets on CSR[1]/climate issues for 2023 are as follows:

- safety: frequency rate of lost-time accidents maintained at the same level, amid the ramp-up in business;
- diversity & gender equality: objectives linked to increasing the number of women among senior executives and within the Group Executive Committee and companies' management committees – Implementation of the inclusion/diversity roadmap;
- HR: initiatives to develop Safran talent and executives over the long term;
- climate – low-carbon:
  - ensuring the rise in maturity of the energy management system, with the aim of all sites achieving Silver status (analysis of the main sources of consumption and energy performance, robust energy saving action plan),
  - implementing the Energy Sobriety Plan in Europe,
  - taking ongoing steps to achieve the action plan to reduce CO_2 emissions by 30% by 2025 (compared to 2018), with 75% of the actions completed, the remaining 25% on track, and sufficient margins identified to deal with contingencies,
  - establishing an action plan for each key company to achieve a 50% reduction in emissions by 2030 (compared to 2018) and integrating financing of the plans into the Group's medium-term plan,
  - mobilizing the main suppliers to increase their maturity on decarbonization, with the objective of conducting a carbon assessment for the 400 main suppliers.

LONG-TERM INCENTIVE PLAN – PERFORMANCE SHARES

This mechanism is particularly well adapted to the Chief Executive Officer position given the level of direct contribution expected from him to the Group's long-term performance. This system helps promote the alignment of management's interests with those of the Company and shareholders.

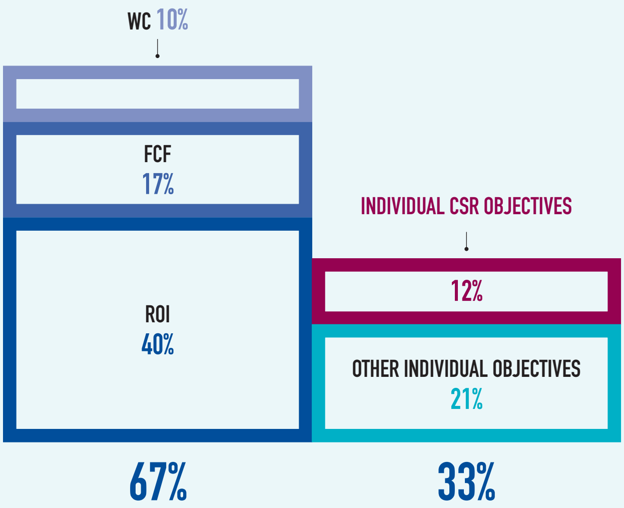
Performance share grants are:

- made across the Group's senior managers, high potential employees and key contributors;
- conditional on the achievement of demanding internal (financial and economic performance and, since 2022, non-financial performance) and external (TSR) performance conditions, measured over three years.

By way of illustration, the non-financial performance conditions for 2023 will cover objectives on:

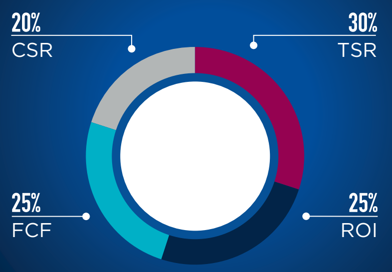
- environmental and climate issues: reduction of CO_2 emissions;
- gender equality: percentage of women senior executives within the Group;
- safety: reduction in lost-time accident frequency.

Objectives in the Chief Executive Officer's variable compensation[1] (in 2023)



Reference: annual budget.

Chief Executive Officer's LTI performance criteria[1]



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

(1) TSR: Total Shareholder Return, corresponding to dividends plus the change in the share price.
ROI: recurring operating income.
FCF: free cash flow.
WC: working capital.
CSR: non-financial criteria – corporate social responsibility.

Key performance indicators

Key non-financial performance indicators presented based on the four pillars of the CSR strategy

DECARBONIZE AERONAUTICS	2021	2022	2025 OBJECTIVE
Scope 3 (product use): R&T investment focused on environmental efficiency. Choose technologies (engines and equipment) contributing to ultra-efficient aircraft for 2035, targeting carbon neutrality for 2050, with 100% sustainable fuels	75%	81%	75% in 2025
Scope 3 emissions (product use) (in g CO_2/seat kilometer) *Change in Scope 3 emissions (product use) compared with 2018*	5.1 -13%	4.5 -24%	-42.5% by 2035 *(vs. 2018*), i.e., an average of 2.5% per year*
Scope 1 and 2 emissions, market-based method (t CO_2eq.) *Change in Scope 1 and 2 emissions compared with 2018*	403,113 -30.3%	403,730 -30.2%	-30% by 2025 *(vs. 2018)* -50% by 2030 *(vs. 2018)*
Facilities achieving the five zero targets roadmap			100% by 2025
2021: zero non-recycled paper	100%**	100%**	
2022: zero machines or equipment running unnecessarily	N/A	50%***	
2023: zero single-use plastic cups or dishes	N/A	N/A	
2024: zero foodservice offers without local and seasonal products	N/A	N/A	
2025: zero non-eco-friendly green spaces	N/A	N/A	

* Scope 3 emissions (product use): 5.9 g CO_2/seat kilometer in 2018.
** At end-2021 and end-2022, supply contracts for white and/or color paper in France and Belgium included recycled paper only.
*** At December 31, 2022, more than one-third of the Group's sites had identified 17,000 machines and equipment that should be labeled to indicate how to turn them off. Approximately half had the correct labeling.

BE AN EXEMPLARY EMPLOYER	2021	2022	2025 OBJECTIVE
Number of training hours per employee per year (excluding employees on long-term absence)	21	25	26
Frequency of lost-time work-related accidents (number of accidents per million hours worked)	2.1	2.1	2
Proportion of employees worldwide benefiting from a minimum level of health cover (medical, optical and dental)	79%	77%**	100%
% of women among senior executives*	15.1%	17%	22%

* Members of the Executive Committee and employees are classified into four categories ("bands") based on their level of responsibility. Responsibilities increase from category 4 to category 1. This classification is linked to the Willis Towers Watson Global Grading System (GGS) method.
** The 2022 indicator has been calculated based on a larger scope.

EMBODY RESPONSIBLE INDUSTRY	2021	2022	2025 OBJECTIVE
Proportion of senior executives and exposed and affected people trained in anticorruption*	89%	77%**	100%
Proportion of purchases made from suppliers that have signed Safran's responsible purchasing guidelines or that have equivalent guidelines of their own	32.4%	59.3%	80%
Proportion of facilities classified as "Gold" based on Safran's HSE standards	33%	41%	100%
Waste recovery ratio	70.2%	69.2%	> 2019 ratio (68.3%)

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

AFFIRM OUR COMMITMENT TO CITIZENSHIP	2021	2022	2025 OBJECTIVE
Number of new PhD students	47	80	> 63
Percentage of facilities with more than 100 employees running at least one social or professional integration initiative	45.3%	76%	100%

Key financial performance indicators

	2021	2022	2023 OBJECTIVE
Organic growth in adjusted revenue	-5.4%	+15.8%	Adjusted revenue: at least €23 billion
Adjusted recurring operating margin	11.8%	12.6%	Recurring operating income: approx. €3 billion
Adjusted ROI to FCF conversion	93%	111%	Free cash flow: at least €2.5 billion
Dividends *Payout ratio*	€0.50/share 28%	€1.35/share 40%*	

* Of restated adjusted net profit (excluding the contribution from the French government in the form of short-time working, the contribution of employees in 2022 (*abondement*), and the impairment of Aircraft Interiors goodwill).

Key governance indicators

	2021	2022
Average attendance rate at Board meetings	98%	94%
% of Chief Executive Officer compensation subject to performance conditions	approx. 70%	approx. 70%
% of independent Directors on the Board of Directors after the Y+1 AGM	69.2%	66.7%*
% of women on the Board of Directors after the Y+1 AGM	46.15%	41.7%*

* Assuming adoption of the resolutions at the Annual General Meeting of May 25, 2023.

Long-term credit rating: strong balance sheet

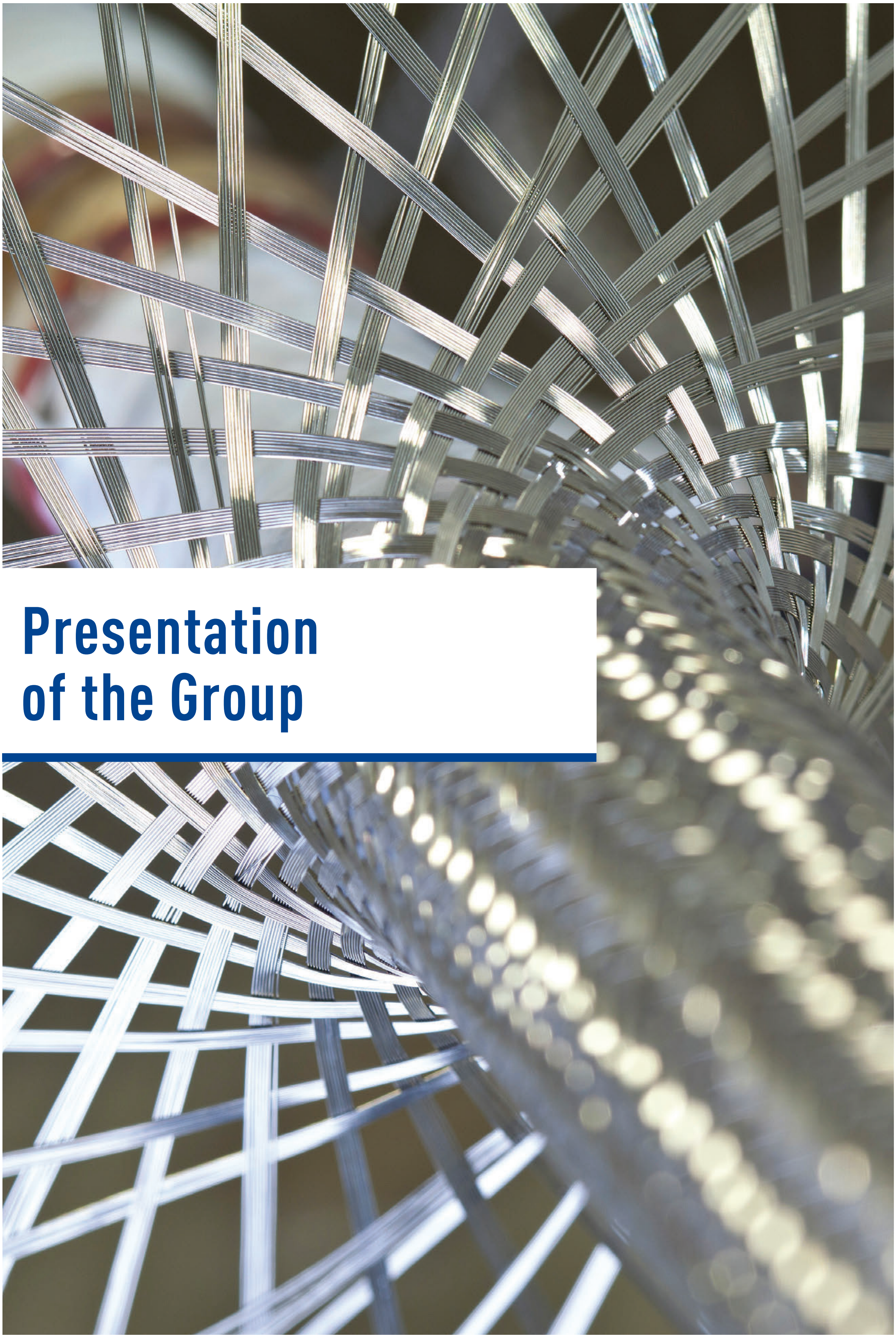
A- with stable outlook (S&P)

Non-financial ratings: a recognized CSR performance

		Safran	Peer comparison	
MSCI	Rating from "CCC" to "AAA" ("AAA" being the highest).	**A**	**Above the average** of 33 companies in the A&D sector	*October 2022*
SUSTAINALYTICS	Rating evaluating ESG risk level, with the lowest rating corresponding to the best non-financial performance.	**23.2** Medium risk	3rd out of 100 companies in the A&D sector	*December 2022*
MOODY'S ANALYTICS	Rating from 0 (lowest) to 100 (highest).	**64/100** Advanced level	1st out of 47 companies in the Aerospace sector	*June 2022*
CDP DISCLOSURE INSIGHT ACTION	Understanding of environmental challenges for the company. Rating from "D" to "A" (A being the highest).	**A-**	Among the **top 20%** of companies in the Transport OEMs (Original Equipment Manufacturer)-EPM (Engine Parts Manufacturer) sector	*March 2023*

INTEGRATED REPORT

1 Presentation of the Group



Protective overbraiding of an aerospace harness

1 Presentation of the Group

1.1 SAFRAN OVERVIEW

1.1.1 History

Key dates in the Group's history

Safran was created on May 11, 2005 from the merger of Snecma and Sagem, and is the world's oldest aircraft engine manufacturer.

1905 Louis and Laurent Seguin found the Société des Moteurs Gnome in the Paris suburb of Gennevilliers. In just a few short years, their Gnome rotary engines become the standard for planes around the world.

1912 Louis Verdet founds the engines company Le Rhône. Within two years, Le Rhône becomes Gnome's main competitor and is taken over by its rival to form Société des Moteurs Gnome & Rhône. After the First World War, Gnome & Rhône becomes one of the world's leading manufacturers of aircraft engines.

1924 Marcel Môme creates Société d'Applications Générales d'Électricité et de Mécanique (Sagem), whose main business is to supply power to telephone exchanges. A few years later, Sagem diversifies its business to include the manufacture of cameras, projectors and artillery equipment. It also sets up the first ever analog telephone network. Sagem creates Société d'Application Téléphonique, which in 1960 becomes Société Anonyme de Télécommunications (SAT). This company goes on to design the world's first infrared guidance system for air-to-air missiles.

1945 After the Second World War, the company Gnome & Rhône is nationalized and renamed Snecma (for Société Nationale d'Étude et de Construction de Moteurs d'Aviation). It groups together the majority of French aircraft engine manufacturers launched since the beginning of the century (Renault, Lorraine, Régnier, etc.).

1968 Hispano-Suiza, specializing in power transmission for the engines of civil and military aircraft and helicopters, joins Snecma. A few years later, it teams up with Messier to create Messier-Hispano-Bugatti (MHB) and consolidate all products relating to landing systems.

1974 Snecma becomes a civil aircraft engine manufacturer through a cooperation agreement with General Electric Aircraft Engines (United States) for manufacture of the CFM56® ("CF" for General Electric's commercial engine line and "M56" for Snecma's fifty-sixth project). This engine currently represents the world's largest civil aircraft engine fleet[1].

1993 Sagem purchases Morpho, a specialist in fingerprint-based biometric recognition systems.

1997 Snecma takes full control of Société Européenne de Propulsion (SEP) and enters the space propulsion market (Ariane launcher).

2000 Aircraft wiring specialist Labinal joins Snecma. Labinal helicopter engine manufacturer subsidiary Turbomeca also joins Snecma, to continue a technology success story that started in 1938 with company founder Joseph Szydlowski. Today, the company is the world's premier manufacturer of turbine engines for helicopters[2], under the name Safran Helicopter Engines.

2002 Hurel-Dubois merges its businesses with the aircraft engine nacelle business of Hispano-Suiza to become Hurel–Hispano. Three years later the company is renamed Aircelle. It is currently one of the key participants in the aircraft engine nacelle market, under the name Safran Nacelles.

2005 Safran is formed from the merger of Snecma and Sagem.

2008 Safran extends its partnership with General Electric (GE) in the fields of aerospace propulsion and nacelles through to 2040.

2010 Labinal completes its acquisition of Harvard Custom Manufacturing, an American company based in Salisbury (Maryland).

2011 Safran acquires SME (formerly SNPE Matériaux Énergétiques), to be merged with Snecma Propulsion Solide in 2012 to form Herakles.

2012 In optronics, Safran and Thales form the 50-50 joint venture Optrolead. The two companies also buy out the Areva stake to obtain 50% each of Sofradir and transfer their infrared businesses to this company.

2013 Safran acquires the electrical systems business of Goodrich (Goodrich Electrical Power Systems – GEPS) (United States). The Group also acquires the 50% interest of Rolls-Royce (United Kingdom) in their joint RTM322 helicopter engine program, to strengthen its position on the strategic heavy-lift helicopters segment.

2014 Safran brings all the Group's electrical systems operations together into a single unit to form a leading world player in aircraft electrical systems: Labinal Power Systems. Safran also acquires the aerospace power distribution management solutions and integrated cockpit solutions businesses of Eaton Aerospace (United States).

2015 Hispano-Suiza and Rolls-Royce (United Kingdom) found Aero Gearbox International, a joint venture specializing in design, development, production and aftersales for accessory drive trains (ADTs).

(1) Source: Cirium Fleets Analyzer.
(2) Ranking criterion: percentage of new gas turbine helicopters delivered in 2022 powered by Safran engines – Source: Safran.

2016 Safran brings all its companies together under the same banner and includes “Safran” in the corporate name of its subsidiaries. Safran and Airbus Group SE finalize the merger of their launch vehicle businesses in a 50-50 joint venture, Airbus Safran Launchers (later renamed ArianeGroup), to support the onset of the Ariane 6 project and provide Europe with a new family of competitive, versatile and high-performance launch vehicles. Safran becomes the sole shareholder in Technofan, later renamed Safran Ventilation Systems.

2017 Safran completes the disposal of its detection businesses to Smiths Group (United Kingdom) and of its identity and security businesses to Advent International (United States), owner of Oberthur Technologies.

2018 Safran takes control of Zodiac Aerospace. The acquisition of the flight control actuators, cockpit equipment and special products businesses of Rockwell Collins (United States) strengthens the Group’s positions in electric actuators and flight controls.

2019 Safran reorganizes the operational management of its equipment businesses to step up synergies in connection with integration of the Zodiac Aerospace Aerosystems and Aircraft Interiors businesses.

2020 With the aviation sector hard hit by the prolonged Covid-19 crisis, Safran implements an adaptation plan enabling the Group to meet its cost reduction objectives without compromising its technological roadmap.

2021 GE and Safran extend their 50-50 partnership in CFM International through to 2050 and launch RISE (Revolutionary Innovation for Sustainable Engines), a technology development program that lays the foundations for developing a future engine that reduces fuel consumption and CO_2 emissions by 20% compared to the latest-generation LEAP engine and is 100% compatible with sustainable fuels or hydrogen. Safran Aircraft Engines and Albany International (United States) extend their strategic cooperation on advanced composite materials through to 2046. Safran Aircraft Engines and MTU Aero Engines (Germany) create the EUMET joint venture to develop the engine for the next-generation European fighter aircraft (NGF).

2022 The Group acquires Orolia and Syrlinks to strengthen its positions in the space industry and in resilient PNT[1] solutions. Airbus, Safran and Tikehau Ace Capital sign an agreement with the mining and metallurgical group Eramet to acquire its subsidiary Aubert & Duval, a strategic supplier of industry-critical parts and materials. Safran and MBDA acquire a majority holding in CILAS, a French specialist in military lasers. Exclusive negotiations begin with Thales to acquire its aeronautical electrical systems business. Safran sells its businesses specializing in emergency arresting systems and in safety control systems and parachute release and launch platforms.

1.1.2 Organization and position of the issuer in the Group

Organization

Safran is an industrial group within which each subsidiary directly manages the operational side of its business activity and takes responsibility for the internal control system to be implemented in accordance with Group procedures and internal rules.

The organizational structure is based on:

- Safran, the parent company and issuer, responsible for the Group’s strategic management, organization and development;
- companies handling specific business lines, under strategies determined by the parent company’s Board of Directors. Executive Management of the parent company ensures that the strategic orientations defined for each business line are implemented and complied with at the operational level.

Tier-one entities (shown in section 1.1.3) are responsible for overseeing the subsidiaries with which they have operational ties.

Role of the issuer within the Group

Safran is listed in compartment A of the Euronext Paris Eurolist and is eligible for deferred settlement (see Euronext notice 2005-1865 of May 11, 2005).

As the Group’s parent company, Safran performs the following functions for the Group companies:

- it holds and manages shares in the Group subsidiaries;
- it steers and develops the Group, determining: Group strategy, including climate strategy; research and technology (R&T) policy; sales policy; legal and financial policy; human resources policy; personnel training, retraining and skills matching by Safran University; communications; and oversight of operations;
- it provides:
  - support services on legal, taxation and financial matters, and in particular:
    - centralized cash pooling to govern the terms and conditions of advances and investments between Safran and each Group company,
    - foreign currency management policy to reduce uncertainty factors and protect the economic performance of operating subsidiaries from random foreign currency fluctuations (mainly US dollars),
    - tax consolidation, in jurisdictions such as France where Safran is liable for the entire income tax charge, additional income tax contributions and the minimal tax charge due by the tax group comprising itself and its tax-consolidated subsidiaries,
  - services through Shared Services Centers (SSCs) in the following areas: payroll administration and management, recruitment, non-production purchases, materials purchases, IT, and some transaction accounting (customers, suppliers and fixed assets).

(1) Positioning, Navigation and Timing.

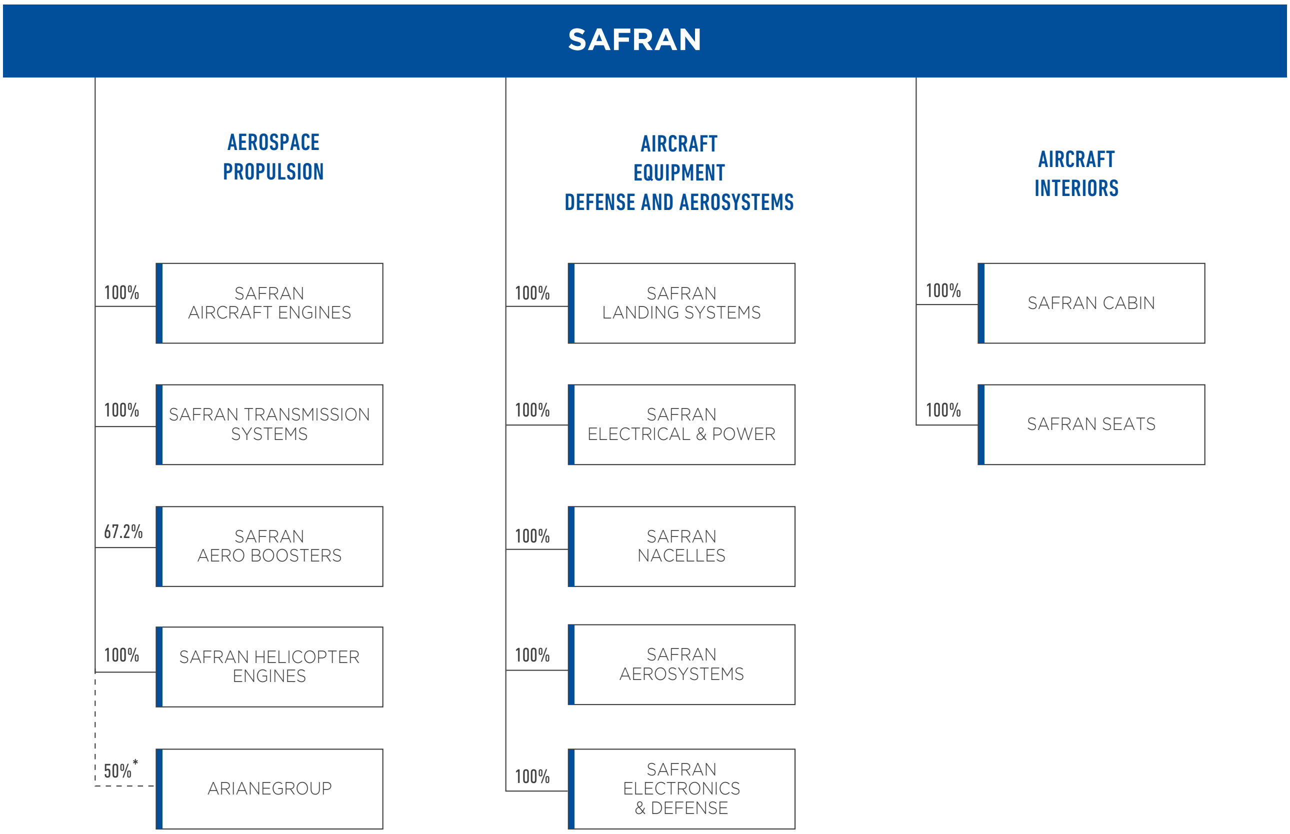
Financial flows between the issuer and Group companies

Safran receives dividends paid by its subsidiaries in compliance with applicable regulations (see section 3.3, Note 4.3).

It receives payment for services provided to Group companies, and invoices them for services provided through the SSCs (see section 3.3, Note 4.1).

1.1.3 Simplified operational organization chart

Safran, the issuer, is the parent company of the Group. The simplified organization chart[1] at December 31, 2022 is as follows:



** 50-50 joint venture with Airbus.*

The list of consolidated companies is presented in section 3.1, Note 40.

(1) *Operational tier-one entities.*

1.1.4 Main Group companies by business sector

Safran today covers three main markets: Aerospace Propulsion, Aircraft Equipment and Defense, and Aircraft Interiors.

Aerospace Propulsion

Safran Aircraft Engines

Engines for civil and military aircraft. Capabilities covering the entire product cycle, from design, development and production though to support, services, maintenance and repair.

Safran Transmission Systems

High-performance power transmission systems for civil and military airplane and helicopter engines: propeller and accessory gearboxes. Capabilities covering the entire product cycle, from design and production to maintenance, repair and overhaul (MRO). Mechanical components for airplane and helicopter propulsion systems.

Safran Aero Boosters

Low-pressure compressors and lubrication equipment for aircraft engines. Test cells and equipment for engine testing. Regulation valves for space engines.

Safran Helicopter Engines

Engines for aircraft (chiefly civil, semi-public and military helicopters), auxiliary power units (APUs), starting systems for civil and military aircraft, and propulsion systems for missiles, target drones and unmanned aerial vehicles (UAVs). Maintenance, repair and overhaul (MRO), and support and related services.

ArianeGroup

Joint venture with Airbus: design, development and production of space launchers and civil and military space applications for institutional, commercial and industrial customers.

Aircraft Equipment, Defense and Aerosystems

Safran Landing Systems

Aircraft landing, braking and taxiing systems. Related control and monitoring systems. Capabilities covering the entire product cycle, from design and production to maintenance, repair and overhaul (MRO).

Safran Electrical & Power

Electrical power systems for the aerospace market, covering all onboard electrical functions (power generation, distribution and conversion, wiring, components, load management). Electric engine systems and hybridization of propulsion systems. Engineering solutions.

Safran Nacelles

Aircraft nacelles for all civil aviation market segments: commercial aircraft of more than 100 seats, regional and business jets. Capabilities covering the entire product cycle, from design and production to maintenance, repair and overhaul (MRO).

Safran Aerosystems

Systems for aircraft and helicopters: safety, evacuation and flotation systems, oxygen systems, fuel management and distribution systems, and fluid management systems. Capabilities covering the entire product cycle, from design and production to maintenance, repair and overhaul (MRO).

Safran Electronics & Defense

Equipment and systems for observation, decision-making and guidance for civil and defense markets: optronics, high–performance optics, RF systems, avionics, navigation, electronics, electromechanics, electric propulsion, critical software and drones. Customer support for all land, sea, air and space applications.

Aircraft Interiors

Safran Cabin

Cabin interiors for regional, medium-haul, long-haul, business and military aircraft. Integrated cabins, overhead bins, galleys, onboard service equipment, lavatories, crew rest areas and cargo containers. Environment control and ventilation systems, water and waste management systems, lighting and cabin electronics management systems, and engineering services for cabin interior refits for commercial and private aircraft. Capabilities covering the entire product cycle, from design and production to maintenance, repair and overhaul (MRO).

Safran Seats

Passenger seats for economy, premium economy, business and first class, technical seats for flight-deck and cabin crew, helicopter seats. Capabilities covering the entire product cycle, from design and production to maintenance, repair and overhaul (MRO).

1.2 GROUP BUSINESSES

Russo-Ukrainian conflict

Safran has been keeping a close watch on the situation since the start of the conflict in February 2022, in order to ensure the safety of its employees and assess the consequences on its operations, customers, partners and suppliers. Since the international sanctions decided against Russia apply to aerospace activities and products, Safran suspended all exports and services to Russia, and discontinued operations at its industrial joint ventures in Russia (see section 4.3.1.1). Commercial activities in Russia included the supply of engines and equipment for many programs, namely the Sukhoi Superjet 100 and Irkut MC-21 planes and Kamov Ka-62 and Ka-226T helicopter programs, along with services for SaM146 engines, which power around 120 Superjet 100 aircraft, and CFM engines, which power around 500 A320 and Boeing 737 aircraft operated by Russian airlines.

For ArianeGroup, which is accounted for by Safran under the equity method, Roscosmos[1] decided to suspend Soyuz rocket launches operated by Starsem[2].

The company is not present in Ukraine and does not have any direct exposure to the country.

1.2.1 Aerospace Propulsion

Safran designs, develops, produces and markets, independently or collaboratively, propulsion and mechanical power transmission systems for commercial aircraft, military transport, training and combat aircraft, civil and military helicopters, satellites and drones. This segment also includes maintenance, repair and overhaul (MRO) activities and the sale of spare parts.

AIRCRAFT ENGINES

- Civil aircraft engines
  - Business jets
  - Regional jets
  - Short- to medium-haul aircraft
  - Long-haul aircraft
- Military aircraft engines
  - Fighters
  - Training and support aircraft
  - Patrol, tanker and transport aircraft

HELICOPTER TURBINES AND AUXILIARY POWER UNITS

- Turbine engines for helicopters
  - Light helicopters
  - Medium-weight helicopters
  - Heavy-lift helicopters
- Auxiliary power units

MECHANICAL POWER TRANSMISSION SYSTEMS

- Civil aircraft
- Military aircraft
- Helicopters

LAUNCH VEHICLES – ARIANEGROUP

- Civil space industry
- Military industry

At the end of 2022, a total of 25,260 Safran employees were contributing to the development of this business.

(1) Russian space agency.
(2) Joint venture owned 35% by ArianeGroup, 15% by Arianespace, 25% by Roscosmos and 25% by the Russian National Research and Production Center Progress (RKTs-Progress) (Russia).

1.2.1.1 Aircraft engines

Civil aircraft engines

Key characteristics of the business sector

The civil aviation sector comprises four main segments:

- business jets powered by engines each delivering between 1,700 and 20,000 pounds of thrust;
- regional jets (36 to 100 seats) powered by engines each delivering between 8,000 and 18,000 pounds of thrust;
- short- and medium-haul aircraft (100 to more than 200 seats) powered by engines each delivering between 18,500 and 50,000 pounds of thrust;
- long-haul aircraft (more than 200 seats) powered by engines each delivering over 50,000 pounds of thrust.

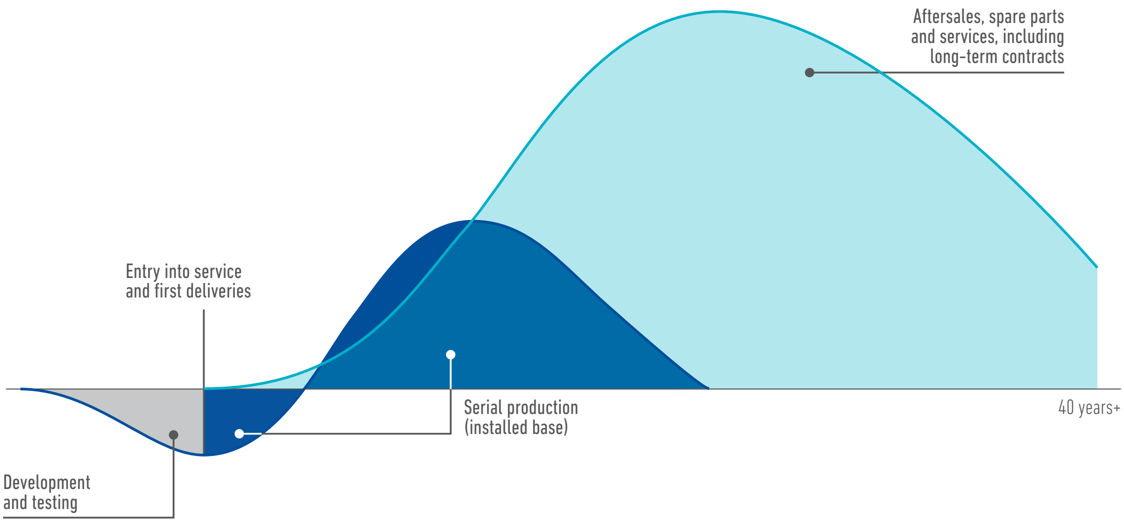
There were around 30,000 commercial aircraft (turboprops, regional jets, and short-, medium- and long-haul aircraft) in service or in storage(1) at the end of 2022. Some 38,200 commercial aircraft will be manufactured over the next 20 years(2) in response to the expected increase in this market over this period, and the need to replace aircraft that will be scrapped or dismantled.

At the end of 2022(2), there were around 22,500 business jets in service worldwide(2). To meet expected demand in this market, some 7,500 aircraft of this type will be delivered over the next 10 years(2).

In response to airframers' requirements for specific engines for each of these business sectors, engine manufacturers invest in civil engine programs comprising two types of activity:

- original equipment, involving the sale of engines installed on new aircraft;
- aftermarket, comprising the sale of spare parts and service contracts entered into on a case-by-case or long-term basis with operators and approved maintenance centers.

ECONOMIC LIFE CYCLE OF AN AIRCRAFT ENGINE PROGRAM(3)



These programs may span more than 40 years and have several phases. A significant portion of revenue generated by these programs comes from aftersales services.

Addressing operators' expectations in this market, there is a growing tendency to offer long-term rate-per-flight-hour service contracts. This improves visibility for customers and offers engine manufacturers a better guarantee of revenues and a smoother cash profile throughout the engine life cycle.

There are four major engine manufacturers in the sector that can act as prime contractors: GE Aerospace, Rolls-Royce, Pratt & Whitney (United States) and Safran.

In the industry, the US dollar is used almost exclusively as the transaction currency.

(1) At end-2022, around 5,700 commercial aircraft were in storage – Source: Safran.
(2) Source: Safran.
(3) For illustrative purposes only.

Alliances and partnerships

Because of the very substantial investment involved in new engine programs, Safran often works in partnership with other engine manufacturers.

Partnerships may take the form of joint ventures, such as CFM International, a 50-50 joint venture with GE to develop engines for short- to medium-haul aircraft. The partnership has been extended through to 2050.

They can also be based on contractual risk-and-revenue-sharing agreements, under which Safran receives a share of revenue for the final delivered product, corresponding to its share in the program. For example, this kind of arrangement applies on high-thrust engine programs such as CF6, GE90, GEnx, GP7200 and GE9X.

Group products and programs

The Group's operations in the civil aircraft engines segment mainly involve Safran Aircraft Engines and Safran Aero Boosters.

Low-thrust engines for civil aircraft

This engine family powers regional jets and business jets.

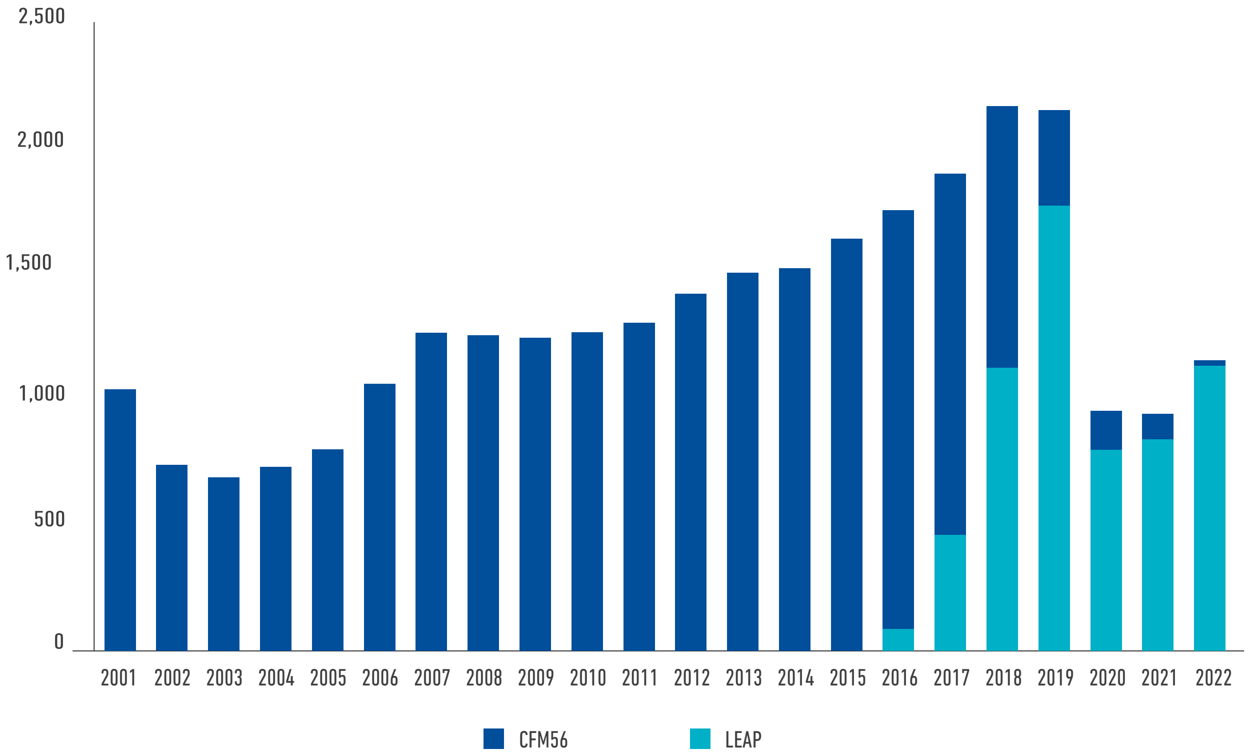
The Group operates in this engine range through the participation of Safran Aero Boosters in the following GE programs:

- CF34-10 (Embraer 190 and COMAC ARJ21 regional jets);
- Passport (Bombardier Global 7500 and Global 8000 business jets).

At the start of the conflict in Ukraine, Safran complied with international sanctions by suspending all exports and services to Russia, including those for the SaM146 low-power civil aircraft engine, the sole engine for the 87- to 98-seat Sukhoi Superjet 100 aircraft made by the Russian aircraft manufacturer Irkut Corporation, part of the Russian consortium United Aircraft Corporation (see section 1.2 of this Universal Registration Document). It also suspended the operations of Powerjet, a manufacturing joint venture set up for the program with the Russian partner UEC Saturn. In July 2022, the type certification for the SaM146 engine was suspended by the European Aviation Safety Agency (EASA).

Mid-thrust engines for civil aircraft

NUMBER OF PRODUCTION-STANDARD CFM56 AND LEAP ENGINES MANUFACTURED[1]



In 2022, the CFM56 and LEAP engine programs (including spare parts, maintenance and repair sales) generated 58% of Safran's Aerospace Propulsion revenue. These engines are developed under equitable joint cooperation agreements by CFM International, a 50-50 joint venture between Safran and GE.

(1) *Source: Safran.*

The CFM56 program proved highly successful with airline companies, as seen in the steady rise in the volume of engines delivered over the past 40 years. The CFM56 stands today as the world's best-selling engine[1], with more than 33,800 units delivered and an in-operation base[2] of more than 31,800 engines (including around 23,000 CFM56-5B/7B)[1].

Competition to power the Airbus range comes from the V2500 engine made by the IAE consortium (Pratt & Whitney, MTU Aero Engines in Germany and Japanese Aero Engines Corp in Japan).

The current generation of the Boeing 737 NG, like the previous version (Classic), is powered solely by CFM56 engines.

The CFM56/LEAP transition is under way. The LEAP engine achieves a 15% reduction in fuel consumption and CO_2 emissions compared with the latest generation of CFM56 engines. The new engine will also significantly reduce nitrogen oxide emissions and noise levels, with no compromise on the reliability or competitive cost of ownership of CFM56.

The LEAP engine has so far been selected for use on three aircraft:

- the LEAP-1A version, as one of the two engine options for the Airbus A320neo (new engine option), the other being the PurePower PW1000G developed by Pratt & Whitney;
- the LEAP-1B, on the Boeing 737 MAX;
- the LEAP-1C version, as the sole Western source for the propulsion system (engine plus nacelle) on China-based COMAC's C919 aircraft.

At the end of 2022, orders for the hugely innovative LEAP engine totaled around 10,000 units (net cumulative orders and commitments), confirming CFM International as leader in the market for 100+ seater aircraft and building on the successful performance of the LEAP-1A engine in 2016 and the LEAP-1B in 2017. In 2022, 1,136 LEAP engines were delivered, bringing total deliveries to more than 6,100 since the onset of the program. During the year, CAAC[3] granted its type certificate for the new C919 single-aisle aircraft powered by the LEAP-1C, and COMAC delivered the first production C919 aircraft to the Chinese airline China Eastern.

High-thrust engines for civil aircraft

The Group operates in this engine range as a risk-and-revenue-sharing partner of GE. Participation rates vary between 7% and 24% across several engine programs in serial production, including the CF6 powering the A330 (19.4%) and the Boeing 767 (10%), and the GE90 powering the Boeing 777 (23.7% for the -115 version currently in production). Safran is a partner on the GEnx engine program: 7.7% for the 1B version powering the Boeing 787 long-haul aircraft and 7.3% for the 2B version powering the Boeing 747-8. Safran also partners with GE, at 11.2%, on the program for the forthcoming GE9X engine, the sole source for Boeing's new 777X long-haul aircraft, which will come into service in 2025. Under its cooperative arrangements with the Engine Alliance consortium partners (GE and Pratt & Whitney), Safran has a 17.5% stake in the GP7200 engine that powers the A380, a program generating revenue solely through spare parts and repairs today.

Spare parts and services for civil aircraft engines

Aftermarket operations primarily involve the sale of spare parts and the provision of maintenance, repair and overhaul (MRO) services.

As previously mentioned (see section 1.2 of this Universal Registration Document), in accordance with international sanctions against Russia, Safran has suspended all sales of spare parts, the provision of maintenance, repair and overhaul (MRO) services, and all forms of technical assistance for the SaM146, the sole engine powering the Sukhoi Superjet 100 aircraft.

In general, CFM56 engines are removed for inspection and servicing in a maintenance workshop three to five times during their service life. CFM56 engine aftermarket revenues are mainly generated from the sale of spare parts used during engine overhauls.

In response to aftermarket expectations, a high proportion of service contracts for the new-generation LEAP engine are long-term rate per-hour-flight service contracts, which provide airlines with long-term visibility on their engine maintenance expenses.

On other civil aircraft engine programs, including those for high-thrust engines in which Safran holds a minority stake alongside GE or Engine Alliance, the Group also benefits from revenue from spare parts and service contracts sales.

Military aircraft engines

Key characteristics of the business sector

The military aviation sector comprises three main segments:

- fighters;
- training and support aircraft;
- patrol, tanker and transport aircraft.

The military aircraft engine and related services market is dependent on the budgets of customer air forces. The military market is also influenced by national sovereignty and diplomatic considerations.

Engine type and performance varies considerably with the segment: jet engines with a high thrust-to-weight ratio for fighters, and jet engines or turboprops closer to those found in civil aircraft for training and patrol aircraft.

As in the civil aviation sector, military aircraft engine programs break down into three phases. The first phase is the engine development and qualification phase. It is followed by the production phase, which involves equipping the newly manufactured aircraft. The third phase is the longest and involves the aftermarket, which comprises the sale of spare parts, maintenance and repair activities, plus other customer services through to the end of the engine service life.

(1) Source: Safran.
(2) Engines in operation equals engines delivered (including engines in storage) less engines dismantled or scrapped.
(3) Civil Aviation Administration of China.

Alliances and partnerships between engine manufacturers can be formed to bring together the best technological and commercial assets, share the risks involved in development, and meet the needs of international programs.

Most engine manufacturers address both civil and military aircraft markets, which makes for technical and industrial synergies across the two activities.

There are four main Western players on the fighter engines market: Pratt & Whitney, GE, Rolls-Royce and Safran. The main European players are Safran (with the Atar engine powering Super-Étendard jets and the Mirage III, 5 and F1 family, the M53-P2 powering the Mirage 2000 and the M88 powering the Rafale), Rolls-Royce (whose Pegasus engine powers the Harrier), and the European Turbo-Union consortium(1) (for the RB199 engine powering the Tornado fighter). The European Eurojet consortium(2) develops the EJ200 engine that powers the Eurofighter Typhoon.

The choice of engines in the training and support aircraft sector in the West extends mainly to those made by Safran (the Adour, in cooperation with Rolls-Royce and the Larzac in partnership with MTU and Rolls-Royce Deutschland), Pratt & Whitney (PW500 and PW300) and Honeywell (United States) (TFE731 and F124 engine families).

In the engine segment for military tanker, transport and patrol aircraft, the fleet is primarily made up of the T56 and AE2100 turboprops developed by Rolls-Royce North America. Safran is involved in the program for the TP400 engine powering the A400M European military transport aircraft, with a 32.2% stake in the Europrop International GmbH (EPI) consortium, which also includes Rolls-Royce, Industria de Turbo Propulsores (ITP) and MTU Aero Engines. The Tyne engine, developed by Rolls-Royce, is made under license by Tyne Consortium (Safran 52%, MTU Aero Engines 28% and Rolls-Royce 20%).

Group products and programs

Safran's operations in the military aircraft engines segment mainly involve Safran Aircraft Engines and Safran Helicopter Engines. Other Group companies, such as Safran Aero Boosters, Safran Electronics & Defense, Safran Transmission Systems, Safran Nacelles and Safran Aerosystems, are also involved in the military aircraft engine sector, through the production of components.

Fighter engines

Historically tied to Dassault Aviation, Safran's operations in this segment mainly involve the following programs:

- the M88 engine (7.5 metric tons of thrust), which powers the Rafale. At the end of 2022, there were more than 600 of these engines in service with five customers;
- the M53-P2 engine (9.5 metric tons of thrust), which powers all versions of the Mirage 2000. There are around 550 of these engines in service with eight customers;
- the Atar engine (5 to 7.1 metric tons of thrust), which powers the Super-Étendard jets and the Mirage III, 5 and F1 family, still in service with several air forces across the world. Since 2017, Mirage F1 aircraft powered by this engine have also been selected as adversary planes(3) provided by private companies for training US Air Force pilots.

Safran Aircraft Engines and its partners MTU Aero Engines and ITP Aero are working on propulsion for the Next Generation Fighter for the Future Combat Air System (FCAS) launched in 2017 and led by the French, German and Spanish governments. This new-generation twin-engine aircraft, developed by Dassault Aviation and Airbus, will be coming into service with the air forces of these three countries around 2040, phasing out the Rafale and the Eurofighter.

In December 2022, the program reached a milestone with notification from the French, German and Spanish governments on funding for the next R&T phase (Phase 1B), covering further development and maturation for the advanced technologies required for demonstrator flights, along with consolidation of project architectures, with flight demonstrations scheduled in forthcoming phases by 2028-2029.

Training and support aircraft engines

Activity in this segment is based on the following programs:

- the Adour engine, which delivers thrust of 3.7 metric tons (with afterburner) or 2.9 metric tons (without afterburner). Made in cooperation with Rolls-Royce, it powers support and attack aircraft such as the Jaguar aircraft produced by Dassault Aviation and BAE Systems (United Kingdom), as well as training aircraft such as the Hawk produced by BAE Systems and the Goshawk T-45A produced by Boeing. There are currently some 950 Adour engines in service;
- the Larzac engine (1.4 metric tons of thrust), which powers Dassault Aviation's twin-engined Alpha Jet training aircraft. More than 1,000 of these engines have been sold in the last 50 years, with around 400 still in service. This engine program also benefits from use of the Alpha Jet as adversary plane with several air forces.

Patrol, tanker and transport aircraft engines

Activity in this segment is based on the following programs:

- the CFM56 engine powering:
  - military versions of the Boeing 707 (CFM56-2),
  - the KC135 tanker aircraft (CFM56-2),
  - the C-40 transport aircraft, a military version of the Boeing 737 NG (CFM56-7 engine),
  - the P-8 Poseidon Multimission Maritime Aircraft (MMA) maritime patrol and anti-submarine warfare aircraft,
  - the Airborne Early Warning & Control (AEW&C) aircraft;
- the 4,550 kW Tyne engine that powers Atlantique 2 maritime patrol aircraft (program generating revenue solely through spare parts and repairs today);
- the TP400 turboprop engine, the world's most powerful unit currently in production (8,203 kW, i.e., 11,000 hp), powering the Airbus A400M European military transport aircraft, with 527 engines in service.

(1) The Turbo-Union consortium comprises Rolls-Royce, MTU Aero Engines (Germany) and Avio (Italy).
(2) The Eurojet consortium comprises Rolls-Royce, MTU Aero Engines, Avio and Industria de Turbo Propulsores (ITP) (Spain).
(3) Planes acting as an opposing force in military wargames.

Spare parts and services for military aircraft engines

Aftermarket operations for military aircraft involve sales in three categories: new spare parts, maintenance and repair for engines and parts, and user support services. Safran thus offers customers contracts ranging from the simple sale of spare parts through to comprehensive services on operational fleet upkeep. These activities are directly linked to the aircraft availability needs of governments using military aircraft. Because of the extreme operating conditions involved, military aircraft engines are usually serviced before they reach 1,000 hours in flight. One of Safran's constant development objectives is to lengthen the interval between servicing visits. Two programs account for the bulk of these military aircraft service operations today: Mirage 2000 (M53 engine) and Rafale (M88 engine). The Group also continues to provide services for older aircraft fleets, to meet the needs expressed by customers.

1.2.1.2 Helicopter turbines and auxiliary power units

As previously mentioned (see section 1.2 of this Universal Registration Document), Safran has suspended all exports and services to Russia, including those for Safran helicopter engines, or on programs with a Russian partner (Russian Helicopters), for the Kamov Ka-226T and Ka-62 helicopters, powered by Safran Arrius 2G1 and Ardiden 3G engines respectively.

Key characteristics of the business sector

The helicopter turbine engine market is characterized by significant diversity in applications and end-users. With the exception of armed forces and certain specific civil applications, current helicopter fleets are small in size.

Some 52,000 helicopters were in service worldwide[(1)] at the end of 2022. To meet growing demand and replace helicopters scheduled for dismantling or retirement, around 30,000 helicopters are expected to be delivered[(1)] over the next 20 years.

Helicopter engine size is determined mainly by airframe weight and mission type. Helicopters may have one, two or sometimes three engines.

The Group serves:

- government and semi-public applications: medical and emergency services, police and border control;
- civil applications: airborne work (spraying, construction, etc.), private transport and tourism, offshore oil;
- military applications: transportation, attack and ground support, maritime patrol.

This diversity, coupled with the fact that engines are tightly integrated into the helicopter airframe, gives rise to a wide variety of engines and related versions.

The helicopter turbine engine market, like the civil aviation market, has two components:

- sale of turbine engines to helicopter manufacturers for installation in new airframes (original equipment);
- aftermarket activities based on spare part, maintenance and repair contracts with operators, requiring a major global customer support network with local reach, given the large number of users and the helicopter's limited radius of action.

The profile of a helicopter turbine engine program is extremely similar to that of a civil aircraft engine program as presented earlier in this section.

The airframe/engine pairing is often unique and at the origin of a new model. However, some helicopter manufacturers make multiple engine sizes (offering a choice between two engines). This can also be seen where a helicopter is adapted for a specific purpose, thereby reintroducing competition to a given program.

There are fewer partnerships between engine manufacturers than in the civil aviation engine sector. The main partnership is MTRI (MTU Aero Engines, Safran Helicopter Engines, Rolls-Royce and Industria de Turbo Propulsores [ITP]), on the 1,450-shp[(2)] MTR390-E engine powering the Tiger. The growth of the helicopter market in emerging economies has also led Safran to develop other types of partnerships with consortiums of helicopter manufacturers claiming a role in the propulsion sector. This is the case with Hindustan Aeronautics Ltd. (HAL) in India and AVIC in China, which are becoming both customers and partners.

The majority of major Western aircraft manufacturing groups are also present in the helicopter turbine engine market: Safran, GE, Pratt & Whitney Canada, Rolls-Royce and Honeywell. Safran ranks number one in the sector, with a market share of 36%[(3)].

Safran has also developed a range of auxiliary power units (APUs), based on turbine technology and featuring innovations developed through substantial technological investment and strategic partnerships.

Group products and programs

Most of Safran's helicopter engines are modular turbine units adaptable to civil and military helicopters. Modularity makes for more efficient maintenance programs. Safran helicopter engines are designed with a large additional power potential (up to 15%), which means they address a broad application spectrum. Through Safran Helicopter Engines, Safran covers all of the helicopter engine categories described below.

Auxiliary power units are non-propulsive systems that generate energy on an aircraft for powering onboard systems, on the ground in particular. Safran fields a range of auxiliary power units through Safran Power Units.

(1) Source: Safran.
(2) Shaft horsepower.
(3) Percentage of new gas turbine helicopters delivered in 2022 powered by Safran engines – Source: Safran.

Turbine engines for light helicopters

For single-engine helicopters from 2 to 3 metric tons and twin-engine helicopters from 4 to 6 metric tons, Safran offers two engine families: Arrius (450 to 750 shp) and Arriel (650 to more than 1,000 shp).

Arrius engines and their derivatives power many civil helicopters, including Airbus Helicopters (H120, H135) and Bell in the United States (Bell 505 Jet Ranger X), along with military versions of Italian helicopter manufacturer Leonardo's A109 LUH (Light Utility Helicopter).

Arriel engines and their derivatives power Airbus Helicopters (H125, H130, H145, H155, AS365 N3+) and their military versions (UH-72A, UH-72B, H145M, AS565MBe, etc.), and AVIC (AC311A, AC312E), Sikorsky (S-76 C++) and Leonardo (AW09) helicopters. These engines have also been selected by Korea Aerospace Industries (KAI) to power its forthcoming LCH (Light Civil Helicopter) and LAH (Light Armed Helicopter).

Turbine engines for medium-weight helicopters

For helicopters from 4 to 6 metric tons, with 1,100 to 1,300 shp, the Arrano engine offers helicopter operators 15% lower fuel consumption than the previous generation of engines in service today, enhanced performance (range and payload) and a smaller environmental footprint. Arrano is the sole engine for the Airbus Helicopters twin-engine H160 helicopter (6 metric tons), and its military version, the H160M Guépard. Entry into service is set for 2027.

For helicopters from 5 to 7 metric tons, Safran is present in the military market for combat helicopters, with the MTR390 (1,250 to 1,450 shp), developed jointly with Rolls-Royce and MTU Aero Engines, that powers Airbus Helicopters' military attack helicopter, Tiger, and the TM333 (900 to 1,100 shp) that powers Hindustan Aeronautics Ltd's Dhruv (India). A special development contract has been signed with Spain for a more powerful version of the MTR390 for the Tiger.

For helicopters from 5 to 8 metric tons, Safran's Ardiden range of engines covers power ratings from 1,400 to 2,000 shp. The Ardiden 1H1/Shakti powers the twin-engine Dhruv and Prachanda light combat helicopters (LCHs) from Indian helicopter manufacturer Hindustan Aeronautics Ltd (HAL). The Ardiden 1U variant powers HAL's light utility helicopters (LUHs). The Ardiden 3C/WZ16 engine, developed by Safran with Harbin Dongan Engine and Hunan Aerospace Propulsion Research Institute (HAPRI), both members of the AECC consortium[(1)], power the Chinese AC352 helicopter, itself a product of a joint project between Airbus Helicopters and Chinese airframer HAIG, an AVIC subsidiary.

Turbine engines for heavy-lift helicopters

In the heavy-lift helicopters market, Makila turbine engines from 1,800 to 2,100 shp are used on helicopters including the H225/225M in the Airbus Helicopters Super Puma family.

The RTM322 turbine engine, which develops 2,100 to 2,600 shp, powers the NHIndustries NH90 helicopter and the Leonardo AW101 Merlin helicopter and Apache UK fighter helicopter.

The new range of high-power Aneto engines features advanced technologies developed under the Group's research work. This engine range, to include models with power ratings from 2,500 to more than 3,000 shp, has the advantage of offering 25% more power than existing units. The first model, the 2,500-shp Aneto-1K, was selected by Leonardo to power its twin-engine AW189K, scheduled to enter into service in 2023, and its military version AW149.

Spare parts and services for helicopter turbine engines

Following the example of its civil aviation activities, Safran has developed an international structure able to provide customers with local access to technical and sales support for their turbine engines, along with spare parts and services. Local coverage is provided through a worldwide network of repair centers (performing thorough maintenance) and service centers.

Auxiliary power units

The auxiliary power units developed by Safran meet the demanding requirements of the world's leading aircraft and helicopter manufacturers. Safran supplies a large fleet of civil and military aircraft and helicopters, including Leonardo's M-346, Dassault Aviation's Rafale, BAE Systems' Hawk, NHIndustries' NH90, Airbus Helicopters' H225M and Leonardo's AW189. Bombardier's Global 7500 and Dassault Aviation's Falcon 6X business jets are also fitted with Safran auxiliary power units.

Through its R&T work on fuel cells, Safran Power Units contributes to the development of electric power generation solutions emitting zero CO_2.

1.2.1.3 Mechanical power transmission systems

Key characteristics of the business sector

The main applications covered by the power transmission systems market are:

- accessory drive trains (ADTs), which supply the mechanical energy needed for engine and aircraft equipment;
- propeller gearboxes (PGBs) and reduction gearboxes (RGBs), which transfer power to the turboprop propellers or the high-bypass-ratio turbofan;
- main transmission gearboxes (MGBs), which transfer power to the helicopter blades.

The main participants in this market are the engine and helicopter manufacturers themselves, along with aerospace equipment suppliers such as Collins Aerospace (Raytheon Technologies Group – United States), Honeywell Aerospace, Avio Aero (Italy) and Triumph (United States).

Group products and programs

Safran's operations in the mechanical power transmission sector involve Safran Transmission Systems and the Aero Gearbox International (AGI) joint venture.

Safran designs, manufactures, markets and provides maintenance services for a wide range of mechanical power transmission systems for civil and military aircraft engines and helicopters. Recognized technical expertise in this field is harnessed to develop applications for the world's leading airframers.

(1) Aero Engine Corporation of China.

AGI, a 50-50 joint venture formed by Safran and Rolls-Royce in 2015, specializes in the design, development, production and in-service support of power transmission systems for Rolls-Royce aircraft engines. It has exclusive coverage of the civil aircraft applications of the UK-based engine manufacturer (business jets and commercial aircraft). The accessory drive trains developed and manufactured by AGI are for the Trent 7000 (Airbus 330neo), Pearl 15 (Bombardier Global Express 5500 & 6500), Pearl 700 (Gulfstream G700 & G800) and Pearl 10X (Dassault Aviation Falcon 10X) engines.

AGI is also contributing to the development of a new power transmission gearbox for Rolls-Royce's UltraFan demonstrator, which is expected to be the largest engine in the world.

1.2.1.4 Launch vehicles

As previously mentioned (see section 1.2 of this Universal Registration Document), the Russian space agency (Roscosmos) has announced its decision to suspend its cooperation with the European Space Agency (ESA)[1] for Soyuz rocket launches operated by Starsem[2], both from the Guiana Space Center and from Russian cosmodromes (Baikonur and Vostochny). ArianeGroup has suspended all exports and services to Russia and has discontinued the operations of its joint ventures with Russian partners (Starsem and Eurockot).

Key characteristics of the business sector

This business sector comprises three main segments:

- the civil space industry, with launch vehicles for placing satellites in orbit;
- military applications, with tactical, ballistic and hypersonic missiles;
- products, equipment and services: a largely commercial segment covering institutional customers, satellite manufacturers and the launch vehicle industry.

In the first two segments, development and engineering programs tend to follow long cycles under finance by institutional budgets. European Space Agency (ESA) budgets are for civil space activities in Europe, while French defense budgets are for strategic operations.

In the civil space industry, competition is quite intense. The main competitors of Arianespace (a subsidiary of ArianeGroup, itself a 50-50 joint venture with Airbus) in the market for commercial launch services are the US company SpaceX, with its reusable Falcon 9 launch vehicle and Falcon Heavy version, and, to a lesser extent, the American Atlas V launch vehicle marketed by United Launch Alliance. Competition will be intensifying in the medium-term, with a number of new launch vehicles currently under development. This highlights the relevance of the forthcoming Ariane 6 launch vehicle, set to be introduced by ArianeGroup in 2023. These projects are run by other players, in the United States (e.g., New Glenn from Blue Origin, Vulcan Centaur from United Launch Alliance, Neutron from Rocket Lab and Terran R from Relativity Space), India (LVM 3 – Launch Vehicle Mark-3), China (Long March 5) and Japan (H3).

New players, specialized in light payload launches, could increase the competitive pressure in this market segment, such as in Europe with the development of micro-launchers in Germany (Rocket Factory Augsburg's RFA One and ISAR Aerospace's Spectrum) and in the United Kingdom (Orbex's Prime), or with MaiaSpace, an ArianeGroup subsidiary that is building a European reusable mini-launch vehicle, with the first flight expected in 2026.

The military launch vehicle segment covers tactical, ballistic and hypersonic missiles:

- tactical missiles appear in all battlefield situations. They use various types of propulsion systems (solid propellant, turbojet and ramjet). Safran primarily covers the solid–propellant propulsion sector, through its stake in Roxel (50-50 joint venture with MBDA), and the turbojet propulsion sector, through Safran Power Units. Other main players in the sector of solid-propellant engines for tactical missiles are Nammo (Norway), Bayern Chemie (Germany), Avio (Italy), Aerojet Rocketdyne/L3Harris Technologies (United States), Northrop Grumman (United States), Rocketsan (Turkey), Rafael (Israel) and Denel (South Africa);
- ballistic missiles are an essential component of national nuclear deterrent forces for countries possessing this capability. In Western Europe, France is the only country to develop its own ballistic missiles powered by solid-propellant engines. The main players in the ballistic missile segment are ArianeGroup in Europe and Lockheed Martin and Boeing in the United States;
- hypersonic missiles, currently in development, extend military capabilities. The main players are Russia, China and the US. In France, the V-MAX (*Véhicule Manœuvrant eXpérimental*, or experimental maneuvering vehicle) demonstration program is the result of cooperation between ArianeGroup and ONERA[3] on behalf of the French Directorate General of Weapons Procurement (DGA).

The third segment comprises products, equipment and services for civil and military launch vehicles, satellites, space surveillance, production of critical infrastructures (remediation units, destruction of First World War munitions, etc.), and production of parts for the aerospace industry.

Group products and programs

Safran covers the civil and military launch vehicle sector through ArianeGroup, its joint venture with Airbus. ArianeGroup is the product of the joint ambition of Safran and Airbus to drive the European space industry to unrivaled heights, in a context of mounting international competition. It merges both partners' businesses and expertise in civil and military launch vehicles into a single, coherent entity.

Safran covers the sector of propulsion systems for tactical missiles and targets through Roxel and Safran Power Units.

(1) *European Space Agency.*
(2) *Joint venture owned 35% by ArianeGroup, 15% by Arianespace, 25% by Roscosmos and 25% by the Russian National Research and Production Center Progress (RKTs-Progress) (Russia).*
(3) Office national d'études et de recherches aérospatiales *(French National Aerospace Research Office).*

Civil space industry

ArianeGroup is prime contractor for the Ariane 5 launch vehicles developed by ESA, which involves coordinating an industrial network of more than 600 companies in 12 European countries. It manages the whole of the industrial chain, which covers plant and equipment, engine manufacture, and integration of the launch vehicle at the Guiana Space Center. ArianeGroup is also prime contractor on the program for the forthcoming Ariane 6 launch vehicles, the first flight of which is expected in late 2023. ArianeGroup also contributes to solid propulsion for the Vega program, marketed through its subsidiary Arianespace, a world leader in launch services.

Tactical missile propulsion

Safran covers the sector of solid-propellant engines for tactical missiles through Roxel, which develops and manufactures a large range of solid-propellant engines for tactical missiles of international renown (Milan, Mistral MdCN[1], MICA[2], AASM Hammer™[3], Exocet, Aster, Meteor, etc.). Neither ArianeGroup nor Safran is responsible for the provision of explosive charges for these tactical missiles.

Through Safran Power Units, the Group is a leading global player[4] in jet engines for military applications (missiles and targets). Safran makes engines for missiles including the SCALP and RBS-15, and for the US targets MQM-107 for the US Air Force. In 2021, Safran also became involved in the British and French joint FC/ASW program[5], working in 50-50 partnership with Rolls-Royce to develop the engine for the next generation of tactical missiles.

Ballistic missiles

In the military market, ArianeGroup is industrial prime contractor on the missiles program for France's fourth-generation ocean-going strategic nuclear force (M51), and its incremental development. Neither ArianeGroup nor Safran is responsible for the provision of nuclear heads for these ballistic missiles.

Following the M51.1 version, which came into operation in 2010, followed by the M51.2 in 2016, preparation for flight qualification of the new M51.3 continued in 2022, with successful firing on the upper-stage qualification bench. The incremental development program is running to schedule and will allow for the M51 missile to be adapted to the geopolitical context of the coming years.

ArianeGroup also develops technologies for forthcoming high-performance propulsion systems (modular propulsion, DACS[6], etc.) under national and international production and R&T contracts.

Hypersonic missiles

ArianeGroup is a key player in hypersonic weapons (at speeds above Mach 5), developing the V-MAX (for *Véhicule Manœuvrant eXpérimental*) hypersonic glider demonstrator for the French Armed Forces.

Products, equipment and services

ArianeGroup currently sells products, equipment and services in more than 50 countries, and is the supplier to the main satellite manufacturers, for products including propulsion systems and antenna reflectors.

Through its worldwide GEOTracker network, ArianeGroup also meets the needs expressed by civil and military customers for services involving the detection and surveillance of space objects.

Through its Pyroalliance subsidiary, ArianeGroup provides pyrotechnic equipment on a broad range of missiles and launch vehicles (Ariane and Vega).

ArianeGroup's Sodern subsidiary fields cutting-edge expertise in space instrumentation, optics and neutronics for civil and military applications.

ArianeGroup's Nuclétudes subsidiary provides prime expertise in tests and engineering on ruggedization, for the protection of electronic systems and mechanical structures in harsh radiative and electromagnetic environments.

In 2022, ArianeGroup sold its 63% stake in French laser specialist CILAS (Compagnie industrielle des lasers), to Safran and MBDA. The sale was carried out through a specially created joint company, HMS Laser, owned equally by Safran Electronics & Defense and MBDA.

Harnessing its experience in liquid hydrogen for launch vehicle propulsion, ArianeGroup works with Safran to develop technological solutions addressing the particular challenges of liquid hydrogen, for use both by its aviation transportation customers and in heavy and long-distance transportation.

(1) Missile de croisière naval *(naval cruise missile).*
(2) Missile d'interception, de combat et d'autodéfense *(interception, combat and self-defense missile).*
(3) Armement air-sol modulaire *(modular air-to-ground weapon).*
(4) *Source: Safran.*
(5) *Future Cruise and Anti-Ship Weapon.*
(6) *Divert and Attitude Control System.*

1.2.2 Aircraft Equipment, Defense and Aerosystems

Safran's Aircraft Equipment, Defense and Aerosystems business operates in five main sectors:

LANDING AND BRAKING SYSTEMS
- Landing gear
- Wheels and brakes
- Landing and braking control systems

ENGINE SYSTEMS AND EQUIPMENT
- Nacelles and thrust reversers
- Services for nacelles and thrust reversers

ELECTRICAL SYSTEMS AND ENGINEERING
- Electric propulsion, generation and distribution systems
- Electrical interconnection systems (wiring)
- Electrical components
- Engineering

AEROSYSTEMS
- Safety and protection systems
- Integrated management and control systems for fluids and fuel

ELECTRONICS AND DEFENSE
- Avionics
- Defense
- Space

Safran holds front-line positions in all these fields. At the end of 2022, a total of 39,637 Safran employees were contributing to the development of this business.

1.2.2.1 Landing and braking systems

Safran is a preferred partner of airframers, holding technological expertise across a large number of sectors and capable of offering a comprehensive range of products and services. Safran is notably the sole comprehensive "ATA 32" supplier (landing gear + brakes + systems).

This business comprises three main product lines: landing gear, wheels and brakes, and landing and braking systems. Safran has combined these operations within Safran Landing Systems.

Landing gear

Key characteristics of the business sector

The market for commercial aircraft landing gear is mainly shared by Safran, Collins Aerospace, Liebherr (Germany), Héroux-Devtek (Canada) and a handful of niche players positioned in specific market segments (business jets, helicopters, drones, etc.). Technology requirements are high, as landing gear must bear extreme loads during maneuvers on the ground: it must be light, compact and robust, while being fully adapted to and optimized for the aircraft's profile. The business model includes a long development period – which starts with the initial aircraft development phase – limited production volumes and regular service flows. Technological challenges include the use of new materials to improve the resistance and mass of parts, new, more eco-friendly production processes (including the elimination of chrome) and enhanced acoustics.

Group products and programs

Safran addresses the landing gear segment through Safran Landing Systems, which holds more than half the market[(1)] for landing gear for commercial aircraft carrying more than 100 passengers.

Safran designs, manufactures and provides aftersales services for landing gear for civil and military planes and helicopters of all sizes. It also handles integrated systems if requested by the customer, and provides the technical assistance, spare parts and repair services needed for its equipment.

Safran is the world number one[(2)] in landing gear, equipping a fleet of some 28,600 aircraft. The Group supplies the world's major airframers (including Airbus, Boeing, Bombardier and Dassault Aviation) and military and civil operators. Among the main commercial aircraft programs are the main Airbus platforms (A300, A310, A320, A321XLR, A330, A340, A350 and A380) and the Boeing 787.

(1) *Source: Safran.*
(2) *Ranking criteria: market share – Source: Safran.*

Safran also has a strong presence in military applications, where it equips the A400M, Rafale, Eurofighter Typhoon, F18 and V22 planes and helicopters from Airbus Helicopters, as well as in the business and regional jets (ATR, Bombardier and Dassault Aviation) markets.

Wheels and brakes

Key characteristics of the business sector

The present-day wheels and brakes market for commercial aircraft with 100 or more seats splits into two segments: aircraft with steel brakes (first-generation brakes), which in 2022 accounted for some 15%[1] of commercial aircraft of 100 or more seats, and aircraft with carbon brakes, invented by Safran, which accounted for around 85%[1]. The market for carbon brakes has developed rapidly since the 1980s, with the gradual shift from steel to carbon brakes. The wheels and brakes market is currently shared among four major global participants: Safran, Collins Aerospace, Honeywell and Parker Meggitt (United Kingdom).

Group products and programs

Safran designs and manufactures wheels and carbon brakes for aircraft, and provides related aftersales services. It also provides electronic and electrohydraulic systems for aircraft braking, tire/brake/landing gear monitoring and landing gear steering systems.

Safran is a leading player in wheels and brakes, particularly for civil applications (on the A320ceo, A320neo, A330, A330neo, A340, A350, Boeing 737 NG, Boeing 737 MAX, Boeing 767, Boeing 777 and Boeing 787) and the military sector (on the A400M, Rafale, KC-135 refueler and C-17 and C-390 transport aircraft).

With close to 11,600 aircraft fitted with Safran wheels and carbon brakes, the Group equips 56%[1] of civil aircraft with over 100 seats and fitted with carbon brakes. Prospective revenue is substantial here, since it correlates directly with the size and lifespan of the fleet in service (specifically, the number of landings made by aircraft fitted with these systems).

Landing and braking control systems

Key characteristics of the business sector

This market includes braking systems, orientation systems, landing gear and door extension/retraction systems, and monitoring systems. The main participants are Safran, Collins Aerospace, Crane Aerospace & Electronics (United States), Meggitt and Liebherr.

Group products and programs

Safran addresses the landing and braking control systems segment primarily through Safran Landing Systems, with customers including: Airbus, for all its civil aircraft programs and the A400M military program; Airbus Helicopters for Dauphin and Super Puma aircraft; Boeing for its 777, 747 and 787; Embraer for its C-390 military program; Gulfstream (United States) for its G650, G700 and G800 programs; and Dassault Aviation for its Falcon civil (900, 2000, 7X and 10X) and Mirage and Rafale military programs.

In landing and braking electronic control systems, Safran's position is buoyed by its technological advance and expertise in complex hydraulic and electrical systems, and by its ability to offer customers a comprehensive offering encompassing landing gear, wheels and brakes, and their electronic control systems.

Services for landing gear, wheels and brakes and related systems

Safran provides maintenance services for its own products, and for competitor products on commercial aircraft with more than 100 seats, and, alone or in partnership, for regional jets and business jets.

To provide maintenance services for landing gear and landing and braking systems, Safran has developed international repair centers in Mexico, the United Kingdom, France, Singapore, the United States and China. Some of these repair centers are managed as joint ventures with partners such as Singapore Airlines Engineering Company, China Eastern Airlines and Dassault Falcon Jet.

1.2.2.2 Engine systems and equipment

As previously mentioned (see section 1.2 of this Universal Registration Document), Safran has suspended all exports and services to Russia, including those concerning nacelles for the SaM146 low-power civil engines powering the Sukhoi Superjet 100 aircraft, and those concerning its manufacturing joint venture (Powerjet).

Nacelles and thrust reversers

Key characteristics of the business sector

The nacelle serves as the interface between the engine and the aircraft. This complex structure is critical to the aircraft's performance, fulfilling multiple functions under harsh conditions (extreme temperatures, dimensional constraints), and must be kept as light as possible. The nacelle protects the engine and channels its airflow. It contributes to aircraft braking during the landing phase (thrust reversers) and helps reduce the aircraft's noise. It must also ensure ready access to the engine for maintenance. It usually comprises an air inlet, a fairing, a thrust reverser and a nozzle (exhaust system). The thrust reverser, which reverses the engine's airflow to help brake the aircraft, represents more than half the value of the nacelle.

Today's market for aircraft engine nacelles splits into two main segments, addressed by:

- nacelle component manufacturers;
- nacelle integrators such as Safran, capable of supplying engine manufacturers and airframers with complete nacelles, and providing aftermarket services throughout the nacelle's life cycle. Nacelle research requires specific technical expertise in areas such as achieving acoustic, aerodynamic, thermal and mechanical performance through the intensive use of composite material and titanium technologies. Aftermarket operations require additional industrial and technical resources to provide the best possible service to airlines.

Safran's main competitor on the integrated nacelles market is Collins Aerospace.

(1) *Source: Safran.*

Group products and programs

Safran designs, manufactures and provides aftersales support for aircraft engine nacelles through Safran Nacelles. On this market, the Group ranks second worldwide, with a market share approaching 25%[1].

In the segment of nacelles for commercial aircraft with more than 100 seats, Safran enjoys a long-standing position as a manufacturer of complete nacelle systems and large thrust reversers for the Airbus A320ceo, A320neo[2], A330, A330neo and A380 platforms. Safran also developed the COMAC C919 nacelle, through Nexcelle, a joint venture with Middle River Aerostructure Systems (MRAS)[3]. Boeing selected Safran to supply titanium nozzles for the 777X. Safran also supplies nacelles for regional jets (Embraer 170) and is a leading supplier of nacelles for top-end business jets (Gulfstream, Bombardier, Dassault Aviation, Cessna in the United States and Embraer), with a market share of more than 30%[1].

Services for nacelles and thrust reversers

Safran offers its customers closely tailored solutions through its NacelleLife™ range of nacelle maintenance services. NacelleLife™ provides operators with maintenance services closely matched to their specific requirements, from preparation for entry into service and major maintenance visits, through to removal from or return to service. This range of services is designed to help airlines maximize aircraft availability while minimizing maintenance costs. Each customer determines the technical assistance services and replacement solutions required on the basis of their actual needs, be this in response to unexpected events or for scheduling servicing operations. NacelleLife™ solutions generate revenues from sales of parts, maintenance programs, spares and related services. NacelleLife™ also draws on innovative solutions such as predictive maintenance.

1.2.2.3 Electrical systems and engineering

The shift toward more electric aircraft systems is a major and irreversible structural change undertaken by airframers to increase safety, reduce greenhouse gas emissions, optimize weight and volume, lower costs and simplify aircraft manufacture, assembly and maintenance[4].

Three recent market trends afford Safran scope for development:

- the **"more electric" aircraft**, as most of the hydraulic and pneumatic systems found in present-day aircraft are phased out by electrical systems. This change calls for a significant increase in the power ratings of onboard electricity generation and distribution systems, along with extremely high-quality requirements for electrical signals;
- **electric hybridization**, with combustion engines or gas turbines backed by electric motors to reduce the aircraft's carbon footprint;
- **new aircraft projects**, for short-distance passenger or freight transportation, to ease urban mobility, or for general aviation electrification. These platforms will use hybrid or all-electric propulsion, opening a fresh market for the engines and electric power management systems in which Safran has developed expert capabilities.

Safran has bolstered its legitimacy in electrical systems through substantial internal efforts in research and technology plus external growth operations. Safran Electrical & Power brings together all of Safran's electrical systems operations under a single dedicated unit made up of:

- electrical interconnection systems;
- electrical components;
- onboard electrical energy (generation and distribution);
- power electronics;
- battery power management systems;
- maintenance and repair of electrical equipment;
- electric motors;
- engineering, design and production services, especially for electrical systems.

Electric propulsion, generation and distribution systems

At the start of the conflict in Ukraine in February 2022, Safran suspended all operations concerning the Irkut MC-21 program, in accordance with international sanctions (see section 1.2 of this Universal Registration Document).

Key characteristics of the business sector

The electrical systems market mostly covers power generation and distribution functions. This market is currently commanded by major participants including Safran, Collins Aerospace, GE, Honeywell and Transdigm (United States). Only Collins Aerospace and Safran field a comprehensive offering spanning main and backup power generation, conversion, and primary and secondary distribution.

The power electronics market is more recent, arising directly from developments in electrically powered aircraft functions (electric thrust reversers, electric brakes, electric load control, etc.). Power electronics also covers conversion (DC-AC) or starting functions. Aside from Safran, Collins Aerospace, GE, Transdigm, Crane (United States) and Honeywell also hold competencies in this field.

(1) Source: Safran.
(2) The A320neo nacelle for the LEAP-1A engine was developed jointly with Middle River Aerostructure System (MRAS) as majority partner.
(3) MRAS is a company of the Singapore-based group ST Engineering.
(4) See section 1.4.1.2, "Electric technologies and new power configurations".

With recent developments, onboard electrical systems are also extending to propulsion functions. With electric hybridization, a conventional engine can work together with an electric motor, the two relaying each other or running in tandem depending on flight phase or mission requirements. As well as bringing down aircraft fuel consumption, electric hybridization also improves the operability of a conventional engine, relieved of duty at low speeds, for example. In general aviation, all-electric propulsion could be an option for some types of VTOL[(1)] light aircraft. The main players on these new electric propulsion and hybridization markets are Safran, GE, Rolls-Royce, Collins Aerospace and Honeywell, along with a number of startups, such as magniX (United States), Evolito (United Kingdom), MAGIcALL (United States) and Joby Aviation (United States).

Group products and programs

Safran covers the electric propulsion, generation and distribution systems sector through Safran Electrical & Power.

Safran stands as a world leader in primary electrical power distribution, equipping the majority of recent civil aviation programs, including Airbus A220, A320ceo, A320neo and A350, Boeing 787, Bombardier Global 7500, Embraer E-Jet E2 and Dassault Aviation Falcon 6X.

Safran offers a wide range of variable frequency generators addressing program needs on civil aircraft (Airbus A380 through the joint venture Aerolec[(2)], Bombardier Global Express), military aircraft (Airbus A400M, Lockheed C-130J Super Hercules, Boeing F15), and helicopters (Bell 525, Sikorsky CH-53, Boeing CH-47, Chinook). Many aircraft are fitted with Safran DC engine starter generators, APUs[(3)] and backup power systems (Ram Air Turbine [RAT]).

Safran has also developed a range of electric motors and generators. Known respectively as ENGINeUS and GENeUS, these products offer superior performance and high output, thanks to the integration of power electronics, which increases power density. They are especially well placed to meet customers' needs in hybrid and electric propulsion solutions on new markets.

Examples of Safran's capacity for innovation in power electronics include Electrical Thrust Reverser Actuation System (ETRAS), the world's first electric control system for nacelles, developed on the A380, and Electrical Braking Actuation Controller (EBAC), on the Boeing 787. These major technological advances, along with Safran's engine and electrical wiring expertise, enable the Group to offer airframers innovative electrical aircraft systems for their forthcoming programs.

Electrical interconnection systems (wiring)

Key characteristics of the business sector

The Group is a leading worldwide supplier[(4)] in this market. Electrical interconnection systems mainly comprise electrical harnesses, for power and data transmission, and primary and secondary electrical distribution cabinets.

Much of the aircraft wiring market is still in the hands of airframers' internal departments. Safran's main rivals on the aircraft wiring market are GKN (United Kingdom) and Latécoère.

Group products and programs

Safran's operations in the wiring and electrical interconnection system segment involve Safran Electrical & Power.

Safran's customers in this field include the main airframers and helicopter manufacturers. For customers including Airbus, Boeing, Dassault Aviation and COMAC, Safran provides electrical and layout design work, as well as harness production and installation support services. If requested, as on upgrade programs, Safran can take on the planning and onboard installation stages. This can – as with major programs such as the A350 – extend to an end-to-end service covering engineering, manufacture and installation support. Safran also takes charge of fitting electric bays, enclosures and cabinets for commercial aircraft (Airbus A320) and helicopters (including Airbus Helicopters H160, Boeing CH47 and NHIndustries NH90).

Safran supplies the wiring harnesses mounted on the CFM56 and LEAP engines, on the landing gear of commercial aircraft (A220, A320ceo, A320neo, A330, A350, Boeing 737, Boeing 787, Embraer E-Jet) and business jets (Gulfstream G500 & G600, Bombardier Global 7500, and Dassault Aviation Falcon 7X), and on missiles (AASM Hammer).

Electrical components

Key characteristics of the business sector

Customers on the electrical connections market judge suppliers largely by their ability to produce complete systems and subassemblies, which are often required to withstand harsh environments such as high temperatures. A determining factor is the capacity for offering customers expertise across all the components integrated in these systems and subassemblies.

Competencies in this field are chiefly found with Safran, Glenair (United States), 3P – Produits Plastiques Performants, Transdigm, Amphenol (United States), Federal Mogul (United States), TE Connectivity (United States) and Hellermann Tyton (United Kingdom).

Group products and programs

Through its Safran Electrical Components subsidiary, Safran has expertise in design, production and aftersales support for electrical interconnection components, power contacts and fluid transfer components and subassemblies. Safran's components and subassemblies address the defense, automotive and industry sectors, as well as aviation.

(1) Vertical Take-Off and Landing aircraft.
(2) Joint venture owned 60% by Safran Electrical & Power and 40% by Thales.
(3) Auxiliary power unit.
(4) Ranking criteria: revenue – Source: Safran.

Engineering

Key characteristics of the business sector

The engineering market is dependent on major development programs, some of which have reached completion (Airbus A350 and Boeing 787). This means that major airframers and aircraft equipment manufacturers experience less need for prime engineering expertise.

Engineering services providers must be able to accompany their customers on an international market, to offer offshore capabilities (with a pool of engineers located in lower-cost countries such as India), to take responsibility for completing engineering work, to support process improvement and to develop and retain skills.

The Group's main competitors are leading French full-service engineering groups such as Alten, Capgemini Engineering, Akkodis, and French niche aviation engineering suppliers including Expleo and Aeroconseil.

Group products and programs

Safran is present in the engineering market through Safran Engineering Services. In Europe, North America, Asia and North Africa, Safran provides engineering services primarily on the aviation market (for airframers and equipment manufacturers), but also on the automotive and rail markets, where the Group offers expertise in electrical systems.

Safran Engineering Services' expertise in six broad areas (electrical engineering, mechanical engineering, systems engineering, software development, production release support and customer/publication technical support) is used by various Group companies, chief among which rank Safran Electrical & Power, Safran Aircraft Engines and Safran Electronics & Defense. Services are also provided to major aerospace customers (Airbus, Boeing, Dassault Aviation, ArianeGroup) and land transport companies (Alstom).

Safran Engineering Services also works toward fulfilling Group ambitions by providing expertise in digitalization, project management, additive manufacturing, industrialization and supply chain management.

1.2.2.4 Aerosystems

Key characteristics of the business sector

Safran Aerosystems designs, certifies and manufactures high-technology equipment and systems for in-flight and on-ground safety, fuel management, and onboard fluid management and control, in aircraft and helicopters.

Most equipment and systems are specified and selected by the airframer[(1)] at the onset of each new aircraft program. They are covered by airworthiness type certification granted by authorities such as the European Union Aviation Safety Agency (EASA) in Europe or the Federal Aviation Administration (FAA) in the United States. This entails substantial investments at the onset of a program, offset by regular original equipment and spare parts revenues throughout the program lifespan. Some systems, however, such as life vests, are selected by operators[(2)].

Safran's main competitors in these businesses in France and abroad include: Collins Aerospace, EAM Worldwide (United States), DART Aerospace (United States), Honeywell, Parker Hannifin Corporation (United States), Eaton Corporation (United States), Woodward (United States) and Senior Aerospace SSP (United States).

Group products and programs

Safran designs and manufactures high-technology solutions to enhance aircraft performance and improve aircraft and passenger safety in-flight and on the ground. These systems equip most commercial aircraft (from Airbus, Boeing, Embraer, Irkut and COMAC) and business jet programs (from Dassault, Gulfstream, Bombardier, Cessna and Daher), as well as most helicopter platforms (from Airbus Helicopters, Leonardo, Bell, Sikorsky, Mil and Kazan Helicopters). They are also featured on several French and European military programs (Dassault, Airbus, Leonardo, Saab, etc.).

Safety and protection systems

Safran's expertise in safety and protection systems extends to emergency evacuation systems for civil and military aircraft (slides, life vests and life rafts), inflatable safety products for helicopters (safety floats, life vests and life rafts), oxygen systems and masks for the cockpit and passenger deck, and protection equipment for military and space missions (survival suits, vests, anti-G pants, oxygen masks, etc.).

Safran holds world-leading[(3)] positions in most of these fields. Aware of the crucial importance of ensuring safety for aircraft passengers, crew and pilots, Safran offers its customers engineering, production, technical support and aftersales capabilities tailored to their requirements and constraints, worldwide.

Integrated management and control systems for fluids and fuel

Safran offers customers prime expertise in the management of the various fluids needed for aircraft operation (pneumatic and hydraulic fuel circuits, etc.).

Safran is one of the world's leading designers and manufacturers of hydraulic components and equipment (servo-valves, pressure switches, etc.), articulated high-pressure, high-temperature pipe systems, and engine equipment (air valves, servo-actuators, etc.).

Fuel control, in flight and on the ground, is an important factor in the safety and efficiency of aviation operations. Safran fields expert know-how in the design, certification and manufacture of aircraft fuel systems, a specialty in which it has forged a very strong position by developing lightweight, flexible fuel tanks using its own specific mixes and doped fabrics. These tanks, which have both anti-crash and auto-obstructing capabilities when used for military missions, enhance aircraft on-board safety. Safran thus stands as a major player in this field, offering fuel management, circulation, gaging and tank inerting systems.

(1) Supplier Furnished Equipment (SFE): equipment specified and purchased by the airframer, which offers operators one or more configurations from catalog.
(2) Buyer Furnished Equipment (BFE): equipment specified and purchased by the operator. For new equipment, fitting is usually delegated to the airframer.
(3) Ranking criteria: revenue – Source: Safran.

Spare parts and services activities

Safran operates an international network specializing in aftersales for customers' aerospace systems. This spares and services business primarily involves the sale of spare parts and the provision of maintenance, repair and overhaul (MRO) services.

1.2.2.5 Electronics and defense

Safran is one of the world's leading providers of observation, decision-making and guidance solutions on major civil aviation, defense and space programs. These sectors are covered primarily through Safran Electrical & Power. Safran fields prime expertise in optronics, navigation, avionics, electronics, RF systems, electromagnetic actuators and critical software to offer armed forces and civil customers optimally cost-effective solutions for land, sea, air and space applications.

Avionics

Key characteristics of the business sector

Two key characteristics of this sector are the rapid pace of change in the electronics technologies used, and the lengthy and costly processes involved in equipment airworthiness certification, which entail a need for long-term customer relations. To succeed in this field, Safran addresses new civil and military markets with breakthrough products and services building on tried and tested dual-use solutions.

Safran equips all types of aerospace platforms: commercial, regional, business and military aviation, helicopters, drones, launch vehicles and satellites. Its systems and equipment chiefly address applications in flight control, from the cockpit through to the cylinders that actuate the aircraft's aerodynamic surfaces.

Safran's customers here include airline companies and the leading aircraft and helicopter manufacturers, including Airbus, Airbus Helicopters, Boeing, Dassault Aviation, Gulfstream, Hindustan Aeronautics Ltd., Embraer, Bell, Leonardo and COMAC.

Its main competitors in France and abroad include: Collins Aerospace, Honeywell, Thales, BAE Systems, Teledyne Technologies, Liebherr and Korry Electronics (United States).

Group products and programs

The innovative systems developed by Safran in avionics, electronics and critical software contribute to pilot comfort and efficiency, trajectory control, flight safety, navigation precision and aircraft performance. Safran is involved in the largest aircraft programs, including NH90 (NHIndustries), Caracal and H160 (Airbus Helicopters), A400M, A320neo and A350 (Airbus), Rafale and Falcon (Dassault Aviation) and Boeing 737 NG, Boeing 737 MAX, Boeing 777X and Boeing 787.

Electromechanical actuation systems

The acquisition of the Collins Aerospace Electro Mechanical Systems and Cockpit Controls businesses broadened the Group's portfolio in flight controls and piloting controls. It makes Safran the world's leading provider[(1)] of HSTA (horizontal stabilizer trim system) electromechanical actuation systems, equipping more than 20 civil and military programs.

Safran develops electromechanical flight control solutions for all types of aviation applications (planes, helicopters, drones, etc.), meeting the strictest criteria on reliability and safety. From sensors through to actuators, the Safran solutions stand out for their efficacy and accommodate new, more electric, architectures.

Safran also provides electromagnetic actuator systems for other applications, such as thrust reversers, seats, and door opening and closing mechanisms.

Data management

Safran data management solutions, including flight-data recording systems and automatic end-of-flight data transfer systems, appear on many civil aircraft from ATR, Embraer, Boeing and Airbus, and on many helicopters, through an upgrade authorized by a Supplemental Type Certificate[(2)].

Cassiopée™ is an all-in-one flight data decoding and analysis solution developed by Safran. Around a third of the worldwide commercial aviation fleet is monitored by Cassiopée™ flight data analysis systems. Safran supports more than 300 airline companies, business jet operators and helicopter operators in customized data decoding and analysis. Its Cassiopée™ offering provides precious decision–making support to increase flight safety and optimize operating and maintenance costs.

Under Airbus prime contractorship, Safran also provides the secure gateway between the cockpit and the cabin information system for the A350.

Electronics and critical software

Given the strategic importance of onboard electronics and critical software today, Safran vertically integrates these technologies through Safran Electronics & Defense.

Safran Electronics & Defense provides all Group companies with world-leading electronic equipment and critical software. It develops, produces, and maintains certified embedded computers for numerous systems, particularly in aviation (engines, thrust reversers, landing gear, braking systems and flight control systems). With its partners, it has woven strong, balanced links through FADEC International (joint venture with BAE Systems) and FADEC Alliance (joint venture between GE and FADEC International) on engine regulation for CFM International (CFM56, LEAP) and GE (GEnx, GE9X, Catalyst) engines.

(1) *Ranking criteria: revenue – Source: Safran.*
(2) *Document issued by the air safety authorities allowing modification to an aircraft such as the addition of new aircraft equipment.*

Electronic equipment

Safran Electronics & Defense specializes in increasingly integrated electronic systems for critical and harsh environments (extreme temperatures, vibration, etc.). It designs, produces and supports onboard computers used in engine, flight, braking and landing gear control systems. Safran designs and installs electronic control systems for electromechanical actuators and for Safran Electrical & Power power converters[1]. Safran holds prime expertise in the production of electronic circuit boards and complex computers.

Onboard critical software

Safran Electronics & Defense develops the complex critical software used in Group onboard systems. Critical software is software that plays a crucial role in flight safety and must therefore comply with extremely demanding certification standards, as regards dependability in harsh environments.

Safran teams use modern software platforms to handle software specification, architecture, coding, verification, quality assurance, configuration management and certification.

Aerospace navigation and sensors

Inertial navigation is a good example of dual-use technology. Though technological needs and markets are primarily military, inertial navigation also addresses commercial aviation applications, in Attitude and Heading System (AHRS) and navigation systems, all using Safran inertial sensors. The latest navigation system for civil and military aviation applications is SkyNaute, a highly compact and highly efficient integrated inertial navigation system operational in all circumstances and hybridized with provision of Position, Navigation and Timing (PNT) data from navigation satellites. With its three HRG Crystal™[2] hemispherical resonator gyroscopes and three micro-electromechanical MEMS[3] accelerometers, SkyNaute uses proven, mature technologies and offers low operating costs.

Cockpit solutions

Safran offers a range of cockpit solutions for ensuring flight safety and efficient, comfortable piloting on helicopters and commercial, military and business aircraft:

- piloting controls: active sidesticks, yokes, throttle controls, pedals, etc.;
- secondary control levers: shutter controls, air brakes, landing gears, etc.;
- control panels: from components and retro-lit buttons to integrated panels such as the upper panel.

Safran cockpit solutions provide efficient service day-in, day–out on many civil aircraft and helicopters.

Safran is also actively involved in work on cockpit digitalization projects.

Exterior lighting and wiper systems

During all flight and ground phases, exterior aircraft lighting is an important safety factor, both in-flight and for ground crews. Safran develops a full range of LED-based exterior lighting solutions for all types of aircraft.

Safran is world number one in complete wiper and washer systems[4], developing equipment adapted to the specifics of each aircraft or helicopter to ensure pilots have an optimum field of vision under all weather conditions.

Optronic and avionic solutions are combined to give excellent capabilities for observing the immediate surroundings and for use in the most demanding missions: intelligence, surveillance, targeting, protection, intervention, and search & rescue.

Support and services for aerospace customers

Safran's customer support in avionics extends to high value–added services, including repairs, equipment delivery and technical support. Customer satisfaction is sustained through constant improvements in turnaround time (TAT), up to industry benchmark level, to ensure the best competitive performance in equipment availability. Given its highly varied worldwide avionics customer base, Safran may localize support services for closer contact with the customer. Customer support performance is a key issue, providing a long-term revenue source throughout the life cycle of an avionics product and developing customer loyalty, thereby influencing customer choices on new programs.

At its repair centers in France, the United States and Singapore, Safran Electronics & Defense performs maintenance of its own onboard computers along with systems from other Group and third-party manufacturers. It also maintains and repairs computers and electronic boards for many airline companies and air forces worldwide.

Defense

Key characteristics of the business sector

France's strategic autonomy in defense calls for a world-class technological and industrial base. Safran plays an instrumental role in enabling self-reliance for its customers, meeting a broad spectrum of military tactical and strategic needs, for observation, decision-support and guidance on land, sea and air.

Its main customers and partners in this sector are governments (ministries or armed or paramilitary forces) and industrial groups such as Thales, Airbus, KNDS[5], BAE Systems, MBDA, ArianeGroup, Leonardo, Saab AB (Sweden), Dassault Aviation, Naval Group, General Dynamics Land Systems (United States) and John Cockerill (Belgium).

Safran's main competitors in these businesses in France and abroad include: Thales, Hensoldt (Germany), Exail Technologies, BAE Systems, Leonardo, Elbit Systems (Israel), L-3 Wescam (Canada), FLIR Systems (United States) and Northrop Grumman (United States).

(1) See section 1.2.2.3, "Electrical systems and engineering".
(2) The HRG Crystal gyroscope, a major innovation patented by Safran, is the highest-performance system of its kind on the market. Using this sensor, with its straightforward mechanism and proven technology, Safran develops new ultra-reliable and extremely compact inertial systems capable of addressing a very wide performance range for civil and military applications in space, air, land and sea environments.
(3) Micro Electro Mechanical Systems.
(4) Ranking criterion: revenue and market share – Source: Safran.
(5) KMW+Nexter Defense Systems.

Group products and programs

Safran covers the real-time sensor-to-shooter operational chain with embedded intelligence solutions for all land, sea and aerospace settings, enhancing the operational performance of units in the field with support in surveillance, tactical support, information, navigation, orientation, observation, detection, fire direction and protection.

Optronics and sights

Portable optronic equipment

Safran is one of the world's leading manufacturers of portable optronic equipment. It offers a full range of hardware and systems for observation, surveillance, detection, pointing, identification and target designation, for use under day or night conditions. Its multi-purpose night-vision imagers, such as the JIM COMPACT™ multifunction infrared binoculars, along with the products of its subsidiaries Vectronix in Switzerland and Optics 1 in the United States, are widely used in overseas operations by French and allied forces and are considered a global market benchmark.

Onboard systems

Safran equipment provides protection for land combat vehicles (tanks, infantry combat vehicles and light vehicles). Stabilized sighting is a key factor in ambulant firing capability under day or night conditions, from target identification to engagement. Safran equips close to 10,000 land vehicles in France and other countries (Leclerc, Challenger 2, PT91M, Jaguar, VBCI, LAV, etc.) with its range of land vehicle sights, which includes PASEO.

In airborne optronics, Safran participates in major combat helicopter programs, such as Tiger, NH90, Cougar, Panther and Caracal. The STRIX and OSIRIS sighting systems meet requirements on exceptionally demanding operational conditions and guarantee the performance of the weapons systems. EuroflirTM gyrostabilized electro-optical systems provide valuable service in long-range observation and target location. They feature on new airborne intelligence systems including the Patroller drone, the Medium Altitude Long Endurance Remotely Piloted Aircraft System (MALE RPAS) drone, the Airbus Helicopters H160M Guépard and H225M Caracal, the Diamond-42 twin-engine aircraft (in cooperation with DCI) and the T-C350 aerostat from A-NSE.

In the naval field, Safran offers a full range of optronic surveillance, fire direction and self-protection systems for surface vessels, and has recognized expertise in optronic masts and periscopes for conventional (SSK[1]) and nuclear (SSN[2] and SSBN[3]) submarines. Safran contributes to many platforms, including the Charles-de-Gaulle aircraft carrier, the ANZAC, FREMM and Horizon frigates, the Scorpène, Agosta, Barracuda and SNLE submarines manufactured by Naval Group, the Gotland class (type A19) and Blekinge class (type A26) submarines from the Swedish Saab Kockums and the KSS-III submarines from the Korean Daewoo Shipbuilding and Marine Engineering (DSME).

Lasers

In 2022, Safran and MBDA jointly acquired the 63% stake formerly held by ArianeGroup in Compagnie Industrielle des Lasers (CILAS), a French specialist in military lasers. The acquisition was carried out through a specially created joint company, HMS Laser, owned equally by Safran Electronics & Defense and MBDA.

Founded in 1966, CILAS develops, designs, produces and sells laser equipment and optical solutions for military and civil applications.

Soldier modernization

Safran harnesses experience from the FELIN[4] program on soldier modernization in the French armed forces to offer innovative and modular solutions, such as the NeoFelis system, addressing the needs of various armed and security forces in France and further afield. It builds on this know-how to offer capacity kits focused on the key infantry combat functions of command, observation, protection and engagement.

Safran is also pushing ahead with innovation and R&T in areas such as mobility aids, with development of the exoskeleton, a wearable biomechanical and electronic structure that provides powered assistance to body movements. These technologies hold considerable potential in the military, civil security and industry sectors.

Parachutes and protection

Safran is a world leader[5] in parachute and protection equipment in military (troop and cargo) and space missions.

Navigation and sensors for defense applications

Inertial navigation analyses motion using acceleration sensors (accelerometers) and rotation sensors (gyroscopes) to provide an estimation of vehicle position, speed and attitude (for aircraft, launch vehicles, ships, submarines and land vehicles), without the need for external reference points other than the point of departure. This avoids dependence, for example, on a satellite navigation system such as GPS.

Safran is number three worldwide and European number one[6] in military inertial navigation, with more than 70 years' expertise in the key underlying technologies (mechanical, thermal, laser, fiber optics, resonant structures, MEMS, etc.).

It offers a wide range of inertial and stabilization systems covering all performance classes. This equipment offers reliability, precision and robustness, for dependable operation in the toughest environments. Safran's HRG Crystal gyroscope is the highest-performance system[5] of its kind on the market. Using this sensor, with its straightforward mechanism and proven technology, Safran develops new extremely compact inertial systems for civil and military applications in space, air, land and sea environments. The Group equips the submarines and missiles of the French deterrent force.

(1) *Sub-surface kerosene.*
(2) *Sub-surface nuclear.*
(3) *Sub-surface ballistic nuclear.*
(4) Fantassin à équipements et liaisons intégrés *(infantrymen with integrated equipment and links).*
(5) *Source: Safran.*
(6) *Ranking criteria: revenue – Source: Yole – 2020 report "High End Inertial Sensors for Defense, Aerospace and Industrial Applications".*

To offer the market a consistent and comprehensive set of Positioning, Navigation, Timing (PNT) technologies, Safran took a step further in its strategy by grouping its subsidiaries Colibrys (Switzerland) and Sensonor (Norway, acquired in 2021) under a single entity: Safran Sensing Technologies. Safran also finalized the acquisition of French company Orolia in 2022.

Through these acquisitions, Safran strengthened its position as the European leader[1] in inertial navigation systems. Orolia's technologies include atomic clocks, time servers, simulation and resilience equipment for altered Global Navigation Satellite System (GNSS) signals as well as emergency locator beacons for aircraft and military applications. These make Orolia a highly complementary part of Safran's inertial navigation business. With its acquisition of Syrlinks, a company specializing in radiocommunications and radionavigation, primarily for the space sector and PNT, Safran also consolidated its position as an original equipment manufacturer delivering sovereign space solutions.

Seekers and guidance systems

Safran couples know-how in optronics and inertial systems to offer infrared seekers for the main missiles used by the French army, including Mistral, MICA IR and MMP[2], as well as the French-British light anti-ship missile Sea Venom/ANL[3].

The AASM Hammer is a high-precision air-to-ground guidance kit that can be used in all conditions, day or night. It is currently in service on Rafale fighters belonging to the French air force and navy as well as in other international air forces. It comes in several versions and harnesses Safran expertise in many areas, including infrared and image processing technology, inertial components with hemispherical resonator gyro (HRG) and laser guidance. It has proved highly effective in many overseas operations.

Drones and autonomous vehicles

Safran is active in drone systems through its expertise in critical function chains, namely navigation and flight control, image chain and data transmission. Safran tactical drone systems have been used in day- and night-time operations for 25 years now.

The French Directorate General of Weapons Procurement (DGA) selected Safran's Patroller as the French army's tactical drone system.

Working with innovative SMEs and civil-sector institutions, Safran has also developed an autonomous off-road demonstration vehicle, the eTracer, designed for logistics, convoy, perimeter protection, intelligence and reconnaissance missions.

Customer support

Safran's customer support includes high value-added services, including repairs, equipment delivery, technical support and training. They all strive toward the same goal: ensuring that equipment is in full working order at all times, a strategy primarily reflected in Global Support Package contracts.

Space

Key characteristics of the business sector

Proficiency in space technologies and space resource exploration are matters of major political, economic, industrial and cultural importance. Space exploration missions are increasing worldwide, with a growing number of private operators, satellite constellations, defense activities, in-orbit services, etc.

Accordingly, Safran is now extending its offerings beyond its long-standing space agency (ESA, NASA, etc.) and system integrator (Thales Alenia Space, ArianeGroup, Airbus Defence and Space, etc.) customers to players in the "New Space" market, such as Blue Origin, SpaceX and Virgin Orbit (United Kingdom). The Group now offers both specific exclusive solutions and a range of standard products with the attendant comprehensive services to all of its customers.

Some of Safran Data Systems' telemetry activities are aimed at niche civil and defense markets, which are on the rise, especially in North America and Asia. Telemetry applications are primarily intended for use during the test, certification, calibration and maintenance campaigns run by test centers, missile manufacturers and manufacturers of aircraft, helicopters, and civil or military drones. Safran's main competitors here are US-based: Curtiss-Wright in onboard telemetrics and Viasat in space communication.

Through its Safran Reosc subsidiary, Safran is a leading world player in the design, manufacture and integration of high–performance optical systems in astronomy, space, large–scale high-power laser and semiconductor industry applications. Given that these systems address highly demanding applications (in scientific research in particular), customers demand the best available technologies with specifications at maximum reachable levels worldwide. Contracts here are usually for a few units, prototypes, or small production runs. Main customers for Safran Reosc high-performance optical systems are the European Southern Observatory (ESO) in astronomy, major prime contractors and space agencies, institutes and major international scientific programs. Depending on the application, Safran's main competitors are Thales, Hensoldt, AMOS (Belgium), Coherent (United States) and L3Harris Technologies (United States).

Safran Spacecraft Propulsion addresses all the world's satellite manufacturers (civil and military) with a comprehensive range of electric motors and propulsion subsystems for satellites and space probes. Besides Safran, the main players on the commercial low-power (500 W to 1,000 W) plasma propulsion market are Ad Astra Rocket Company (United States), Rafael (Israel), Thales Alena Space (Germany) and Busek (United States). Besides Safran, the main players on the commercial high-power (> 1,000 W) plasma propulsion market are Busek (United States) and Aerojet Rocketdyne/ L3Harris Technologies (United States).

(1) *Ranking criteria: revenue – Source: Safran.*
(2) Missile moyenne portée *(medium-range missile).*
(3) Anti-navire léger *(light anti-ship missile).*

Group products and programs

In today's fast-changing space industry, Safran asserts its position as a key global high-technology equipment supplier, independent from space prime contractors.

On January 1, 2022, Safran Electronics & Defense's new Space Division brought together more than 1,100 Safran employees working on space activities worldwide.

Safran holds prime expertise and coordination capabilities in many space technologies: critical equipment designed, manufactured and maintained by Safran enables agencies, governments, integrators and New Space customers to build and operate complex systems to push back the limits of space exploration, strengthen national self-reliance and protect the planet.

In 2022, Safran stepped up its operations in space satellite positioning, aircraft locator and distress beacons, and military applications, with the acquisition of:

- Syrlinks, which specializes in radiocommunications and geolocation, mainly for space applications, and Positioning, Navigation and Timing (PNT);
- Captronic Systems (India), an expert in telemetry control communications and connectivity with satellites.

Data systems

With Safran Data Systems, the Group is a leading world player in the design and production of modular radio frequency systems for satellite and probe control, as well as for telemetry in launch vehicles and observation sensors. Safran provides a full suite of flight test equipment and solutions, from data acquisition to processing. The Group also offers a wide range of data monitoring recorders and servers for pilot missions and C4ISR (Command, Control, Communications, Computers, Intelligence, Surveillance, Reconnaissance).

In addition, Safran provides equipment and solutions, such as Space Situational Awareness (SSA) systems, for satellite ground stations. More recently, Safran has developed new antenna solutions specifically optimized for satellite constellations. The WeTrack™ service developed and marketed by Safran is a worldwide network of RF sensors for monitoring geostationary satellites and detecting their maneuvers.

High-performance optics

Through Safran Reosc, Safran holds world-class expertise from initial design through to production and integration in all the competencies required in providing customers with the highest-performance precision optical and opto-mechanical equipment, including thin glass petals for adaptive mirrors. Recent achievements include telescope mirrors for high–resolution observation of the earth and space.

Capabilities and services cover: opto-mechanical and thin–film engineering; machining and weight-optimization for glass and vitroceramic substrates; precision polishing for materials including glass, ceramics and silicon carbide; optic metrology for surface shape and structure at nanometric precision and extremely low asperity; thin-film optical deposition; and clean-room equipment assembly.

Space vehicle propulsion systems

Plasma propulsion is the preferred solution for satellite and space probe orbit raising and attitude and orbit control. This technology, also referred to as Hall-effect or stationary plasma propulsion, has a considerable advantage over traditional chemical propulsion systems as regards take-off mass. Safran is developing its business in this field through Safran Spacecraft Propulsion.

In an increasingly competitive market, Safran adapts its offering to new strategies for placing satellites in orbit, and to customer demands on costs and availability. The Group has been developing, integrating, testing and marketing plasma thrusters and plasma propulsion systems with power ratings from 500 W to 20 kW for more than 30 years.

They can be found on the telecommunication platforms Eurostar 3000 EOR (Airbus Defence and Space), Alphabus (Thales Alenia Space and Airbus Defence and Space) and Electra (OHB – Orbitale Hochtechnologie Bremen, Germany). Safran plasma thrusters have also been selected for the Maxar Technologies telecommunication platforms (United States), the Astranis commercial platform (United States), the Boeing commercial platforms, the Empresa ARgentina de soluciones SATelitales (ARSAT) commercial platform (Argentina), the European Galileo program platforms built by Airbus Defence & Space and Thales Alenia Space, and under the European Space Agency (ESA) Neosat program on the Airbus Defence and Space Eurostar Neo and the Thales Alenia Space Spacebus Neo platforms.

1.2.3 Aircraft Interiors

The Aircraft Interiors business breaks down into two key sectors:

CABINS

- Cabin interiors for commercial, regional and business aircraft
- Cabins for VIP aircraft
- Water and waste management systems
- Ventilation and environment control systems
- In-flight entertainment and satellite connectivity solutions

SEATS

- Passenger seats
- Technical seats
- Helicopter seats

Aircraft Interiors covers cabin furnishings equipment, in-flight entertainment systems and flight-deck liners, as well as seats. At the end of 2022, a total of 15,171 Safran employees were contributing to the development of this business.

Operators see aircraft interior design as a factor in market differentiation and a marker of service level. They therefore demand high standards in both the appearance and the quality of aircraft cabin equipment.

Whereas most aircraft systems are usually specified by the airframer[(1)], interior furnishings for commercial aircraft are also specified by operators[(2)]. In addressing these needs, equipment suppliers also ensure that their products comply with the requirements set by civil aviation authorities such as the European Aviation Safety Agency (EASA) in Europe or the Federal Aviation Administration (FAA) in the United States.

1.2.3.1 Cabins

Cabin interiors for commercial, regional and business aircraft

Key characteristics of the business sector

The aircraft interiors market covers a large proportion of what passengers see and use in the aircraft: partitions, overhead bins, cabin class dividers, closets, lavatories, galley and catering equipment (galleys, galley inserts, trolleys), rest areas, containers and cabin liner panels. This market is driven by the cabin interior policies of operators (airline and leasing companies) and maintenance centers.

This market is dominated by a few world players, including airframers themselves, as with Boeing Interiors Responsibility Center (United States) and aircraft equipment manufacturers such as Safran, AVIC Cabin Systems (China), Diehl (Germany), Collins Aerospace, JAMCO (Japan) and Bucher (Switzerland). Safran and Collins Aerospace are the two main players covering the full spectrum of products and services expected by airframers and operators.

Group products and programs

Safran is a world leader in cabin interiors for commercial and business aircraft, through Safran Cabin. It also supplies complete cabin liners to major aircraft manufacturers, including Airbus, Bombardier, COMAC and Embraer.

Safran designs, certifies and manufactures everything needed for fitting and retrofitting cabin equipment and furnishings. Its expertise extends to high-technology molding, advanced composite material structures (such as pre-impregnated composite fibers, honeycomb composites, preformed composites and carbon composites), and cabin liner panels. Safran also offers customers a range of catering and cargo inserts (galleys, galley inserts, lightweight cargo containers, trolleys, etc.).

In the business jets sector, Safran supplies complete interiors for the Honda HA-420 HondaJet (Japan), the Bombardier Challenger 650 and the Bombardier Global 5000, 6000, 7500 and 8000. Safran's cabin interiors for these aircraft combine complex wood inserts and veneers, high-gloss paint finishes and luxury leather linings. Safran also offers galley inserts for these aircraft.

In the regional jets sector, Safran also produces complete cabin interiors meeting the needs of operators flying Embraer (E-Jet and E-Jet E2), MHI (CRJ) and Airbus (A220) planes.

(1) Supplier Furnished Equipment (SFE): equipment specified and purchased by the airframer, which offers operators one or more configurations from catalog.

(2) Buyer Furnished Equipment (BFE): equipment specified and purchased by the operator. For new equipment, fitting is usually delegated to the airframer.

Safran provides cabin interior equipment for short- and medium-haul aircraft: Boeing 737 NG and Boeing 737 MAX (high-security cockpit doors, galleys and galley inserts). Safran's cabin interior teams also support the Airbus short- and medium-haul program, A320neo, providing galleys, galley inserts, trolleys, cabin class dividers (partitions), closets and SpaceFlex equipment that combines galleys and lavatory units, enabling airline companies to increase the number of passenger seats. On COMAC's single-aisle C919, Safran supplies equipment including galleys, lavatory units and secure cockpit doors.

In long-haul aircraft, Safran provides lavatory units, galleys and overhead bins on the Airbus A330neo, as well as the A330ceo. For the A350XWB aircraft, Safran supplies equipment such as galley inserts, bars, electric galley waste disposal units (GWDUs), lavatory units, cabin class partitions and secure cockpit doors. Safran provided cabin furnishings on the A380 program. On the Boeing 787 and 777, Safran supplies galleys, galley inserts and cabin liners.

Safran Cabin also offers airline companies and freight operators robust and innovative cargo equipment, such as pallets and unit load devices (ULDs) for the lower and main deck. Safran has signed a memorandum of understanding (MOU) on sale of its cargo and catering activities, set for the third quarter of 2023.

Cabins for VIP aircraft

The market for short- and long-haul VIP and HOS (Head of State) aircraft is a highly specialized market with low volumes (5 to 20 aircraft per year worldwide) and custom-designed cabins.

Safran, through Greenpoint Technologies, is one of the world's leading players in this market, the main competitors in which are AMAC Aerospace (Switzerland), Lufthansa Technik (Germany), Jet Aviation (Switzerland) and Comlux (Switzerland).

Spare parts and services for cabin interiors

Safran provides maintenance and retrofit support for aircraft cabin interiors through a number of sites certified by civil aviation authorities such as FAA and EASA. Customers also have access to several authorized Group locations offering rapid fitting and repair, giving Safran the capability to upgrade and reconfigure any aircraft interior in accordance with operator requirements and applicable regulations.

Group products and programs

Through Greenpoint Technologies, Safran provides custom cabin interiors for single-aisle and long-haul aircraft for use by corporations, governments and individuals. Services range from minor interior modifications to turnkey solutions spanning design, manufacture, certification and fitting.

Water and waste management systems

Key characteristics of the business sector

Water and waste management systems are an integral part of aircraft development programs. Safran's main competitors in this sector are Collins Aerospace and Diehl, which, like Safran, offer complete systems. A few niche players, such as Franke Aquarotter (Germany) and Adams Rite Aerospace of the Transdigm group (United States), specialize in specific components such as valves and water heaters.

Group products and programs

Through Safran Cabin, the Group is one of the world's leading players in integrated water and waste management systems on aircraft, fielding expertise in development, certification, and production and aftersales support. Its solutions enjoy wide market recognition for innovation and extreme reliability.

Safran has developed cutting-edge technologies such as tanks in composite material, ultraviolet sterilization of drinking water, low-pressure pipes in composite material and a range of ultrasound level sensors. It offers drinking water management and distribution systems for different types of aircraft (commercial, business and military). The Group developed the first chemical lavatories and was one of the pioneers in vacuum-flush lavatories on planes. Its capabilities in this sector today extend to integrated waste and water management and drinking water distribution systems.

Ventilation and environment control systems

Key characteristics of the business sector

Air conditioning systems vary with market segment:

- in commercial and some business aircraft, they are powered by the auxiliary power unit (APU), meaning cabin air is constantly refreshed with air from outside;
- in aircraft without an APU, such as small private aircraft and helicopters, air conditioning systems use closed-loop circulation.

The main players in the commercial aircraft air conditioning market are Collins Aerospace, Honeywell and Liebherr, which offer integrated systems covering air conditioning, bleed air and de-icing systems. There are several key players in other market segments, including Enviro Systems (United States), Secan (France), Fimac (Italy) and Air Comm (United States).

Group products and programs

For airframer and system builder customers, Safran is present in the APU-equipped aircraft segment through Safran Ventilation Systems, which designs, qualifies, produces and markets ventilation equipment (low-pressure valves, flaps, fans, electrical and mechanical, filters, etc.) for cooling the cabin and avionics systems on commercial, business and military aircraft. Safran also provides a specific brake cooling system for all Airbus airframes.

A world leader in ventilation equipment for civil aviation, Safran Ventilation Systems has a presence with all major aircraft manufacturers. Safran also provides maintenance services directly to operators through a network of repair centers in Europe, the United States and Asia.

In-flight entertainment and satellite connectivity solutions

Key characteristics of the business sector

With air passenger volumes on the rise, and intensifying market competition, in-flight entertainment (IFE) on commercial aircraft is becoming an increasingly important customer appeal factor for airline companies. Through Safran Passenger Innovations, Safran has developed entertainment and connectivity systems that enhance aircraft passengers' well–being on board. The programs on this kind of fit-out usually have short development cycles, and Safran stands out from the competition in this segment due to its ability to offer complete systems.

Safran's main competitors in this market are Panasonic (Japan) and Thales.

Group products and programs

Safran's innovative RAVE™ (Reliable, Affordable and Very Easy) solution for commercial aircraft is an independent in-flight entertainment (IFE) and connectivity system with media content integrated in the seat screen, which simplifies the onboard network and provides passengers access to on-demand high-availability audio and video. As well as offering passengers a content and activities catalog, Safran's RAVE system also includes a connectivity solution, with a WiFi connection for broadband internet access. RAVE also offers lightweight screens with low electricity consumption, benefiting from a partnership with a major player in consumer electronics offering the latest technological advances in this field. With its uncomplicated design, RAVE also offers simplified maintenance and low cost of ownership.

At year-end, Safran had more than 80 customer programs in its portfolio for RAVE systems, either in service or pending. These include Lufthansa (Germany), Air France, All Nippon Airways (Japan), Virgin Atlantic (UK), China Southern Airlines (China), Etihad (United Arab Emirates) and Qatar Airways (Qatar).

1.2.3.2 Seats

Aircraft seats

Key characteristics of the business sector

Aircraft seats have to meet demanding requirements in terms of appearance and quality, because airline companies consider them an important brand image factor enabling them to stand out from the competition in terms of service quality. The equipment supplier adapts seats to the specific needs expressed by each individual airline company, which means production runs tend to be smaller and diversity wider. To reduce aircraft fuel consumption, seat weight is a determining factor.

This market is determined by growth in the air transportation market and by airline companies' cabin interior policies.

In addition to Safran, the other major players in aircraft seats are Collins Aerospace and Recaro (Germany).

Group products and programs

Through Safran Seats, Safran is one of the world leaders in aircraft seats, with over one million seats installed on commercial aircraft flown by more than 150 airlines[1]. Safran has a 28% market share[1] in aircraft seats.

Safran expertise covers the whole seat manufacturing chain, from design and certification through to assembly. This expertise is applied to offer customers a full range of innovative and customized seats combining ergonomics, comfort, aesthetics and cabin space optimization, in terms of passenger and storage capacity, etc.

Passenger seats (Economy, Premium Economy, Business and First Class)

Safran offers its customers a full range of passenger seats for fitting on a wide range of aircraft. The seats address specific airline company needs on passenger comfort and satisfaction, and what can be tight operating constraints on efficiency optimization.

With its wide range of seats and ability to offer made-to-measure solutions, Safran meets the needs of individual airline companies of all business models and aircraft user profiles (low-cost through to five-star, regional operators, etc.).

Economy Class

Consistent with each airline company's sales strategy and flight duration requirements, Economy Class seats are designed to offer a good trade-off across comfort, density and operating costs, which are the most relevant criteria in this segment.

Safran's seats offering here ranges from straightforward, lightweight, efficient non-reclining solutions through to more sophisticated and more spacious solutions with additional comfort features (such as articulated headrests, and more comfortable cushions), reclining mechanisms, integrated screens and features for electronic devices (such as power sockets and tablet or smartphone supports).

For Economy Class seats, the pitch between seat rows is usually from 28 to 32 inches (around 71 to 81 cm). Safran's most recent seats in this segment are the Z110 and Z200 for short- and medium-haul flights and the Z400 for long-haul flights.

(1) Source: Safran.

Premium Economy Class

Premium Economy Class seats offer comfort and spacing mid-way between Economy and Business Class. They are larger, and the pitch between rows is greater than in Economy Class, offering passengers close to 40% more personal space. They can recline by about 10 degrees more than in Economy Class, and can accommodate a larger screen. Seats in this class can take the form of either reclining armchairs or fixed shells, possibly with electric controls.

The pitch between seat rows in Premium Economy Class is usually from 38 to 40 inches (around 96 cm to just over one meter). The Z535i is Safran's flagship product in this segment, and received new orders for the version unveiled at the Aircraft Interiors Expo(1) in Hamburg.

Business Class

Seats in Business Class offer passengers upmarket comfort, space and equipment. Passengers enjoy individual suites with direct aisle access and flat beds, offering in-flight comfort (e.g., doors) and equipment (wide-screen television, sophisticated lighting systems, soundproofing, temperature control, etc.). Business Class seats require many different components (shells, consoles, etc.), and most include electrical controls.

This market segment holds a strategic challenge for airline companies, which compete to attract and keep passengers holding the highest profitability prospects. The strong emphasis on market differentiation between airline companies drives high demand for customization.

For business class seats, airline companies select from among the variety of possible configurations the solutions that are the most consistent with their market objectives. Therefore, Safran's Optima Business Class seat focuses on onboard density, whereas seats such as Versa focus on living space.

Safran unveiled two new seats at the 2022 Aircraft Interiors Expo in Hamburg, Germany:

- with its innovative feature set, the Vue seat, specifically designed for single-aisle aircraft operating on long-haul routes, offers passengers travel experience and comfort comparable to that on a wide-body aircraft;
- the new generation of Unity premium business-class seats for long-haul twin-aisle wide-body aircraft. This spacious seat offers a high degree of privacy, with all the comfort of a spacious, fully flat bed, doors and direct aisle access for all passengers. It incorporates the latest technologies, including Euphony(2), a high-end wireless system for acoustic comfort, co-developed by Safran and the French company Devialet.

First Class

First Class seats offer unique, top-of-the-line services combining very high quality with advanced technological solutions.

Volumes are very low in this segment, since only twenty or so airline companies operate in this segment, offering just a few seats on each plane. Since this is a high-visibility segment as regards an airline company's corporate identity, customers usually require a unique presentation enabling them to stand out from their competitors.

Technical seats

Safran's expertise in technical seats for flight-deck and cockpit personnel covers all the features, technologies and materials needed for developing products that combine safety, quality and innovation.

Helicopter seats

Safran products meet the specific needs of the highly demanding market for seats for vertical take-off aircraft, integrating functions such as an energy absorption system for enhanced pilot and passenger safety along with innovative seat actuator systems and comfort functions.

Spare parts and services for seats

Safran provides worldwide sales and technical support throughout the service life of its seat products, meeting customer demand even in the most critical situations.

Safran services also extend to cabin retrofits. Given the service life of aircraft seats (five to fifteen years), cabins will need retrofitting two or three times during the aircraft's career. As well as supplying the new seats, Safran also provides the expertise needed for certification of the new cabin configurations.

Safran also offers solutions meeting specific operator needs in personnel training, flight-per-hour support, reliability and maintenance analysis, annual orders and advance stocks.

(1) Held annually in Hamburg (Germany), the Aircraft Interiors Expo (AIX) is a leading trade show for aircraft interiors.
(2) The two loudspeakers in the Safran Euphony system, on either side of the headrest, adapt in real-time to the audio content and the ambient cabin noise, without disturbing other passengers.

1.3 COMPETITIVE POSITION

Safran covers international high-technology markets in aerospace and defense.

In all these fields, Safran faces competition on both global and niche markets.

The Group operates in the strictest observance of all applicable rules on competitive business practice in all of its host countries, complying with all specific measures applicable to each market (see section 4.3.1.3).

To mobilize sufficient resources and share the industrial risks involved in innovative and costly programs, participants in the aviation industry can form partnerships capable of developing new technologies, products and services. Accordingly, it is not unusual to find otherwise rival companies joining forces on certain aviation programs.

1.4 RESEARCH AND DEVELOPMENT

Safran is a high-technology group that offers high-value-added products and services. Technology and reliability requirements are high, consistent with the highly critical nature of the applications concerned. To meet these requirements, Safran harnesses highly specialized advanced expertise in many fields: mechanics, metals, composite materials, fuel and propulsion systems, aerodynamics, combustion, thermodynamics, electrics, electronics, sensors, signal processing, digital technologies, modeling and simulation. Research and technology (R&T) comprises all studies, research and technological demonstrations needed to develop expertise for a given product at the lowest possible risk and cost and within the shortest possible timeframe.

Further downstream, research and development (R&D) corresponds to product design, prototype manufacture, development tests and certification tests showing that the product meets customer specifications and applicable regulations.

The Innovation Department spans R&T and R&D to nurture the emergence of new developments using innovative concepts and help Group companies identify, produce and validate proof-of-concept demonstrators, thereby shortening development lead times to meet time-to-market targets.

Around 17% of Group employees are involved in R&D activities. Safran's R&T and innovation projects are guided by forward-looking considerations, and the substantial budgets they draw are in line with the Group's current or targeted positions in its markets. Research, technology, innovation and development are fundamental to the implementation of the Group's strategy, reflecting the importance attached to preparing for the future and developing new products and programs.

Under Safran's R&T policy, each company in the Group determines its own research program and concentrates on its own objectives. In tandem, the Group is constantly working to develop technology synergies.

The national recovery plan for the aerospace industry, together with the France 2030 investment plan, are enabling the Group to sustain its R&T effort in its priority areas, with the aim of stepping up preparations for "green, digital and connected aircraft". Under the French plans, the aim is to bring a carbon-free aircraft into service by 2035 – and ultimately to achieve net zero emissions in air transportation by 2050. Technological options must therefore be clarified by 2025.

R&T operations are guided by roadmaps charting the strategic challenges faced by Group companies (see section 1.4.1): competitive positioning sought at different timeframes, along with the corresponding technological demonstrations and fulfillment levers in terms of external partnerships and internal synergies. The roadmaps are analyzed on an annual basis by Group experts, who issue recommendations accordingly.

Safran Tech is the Group's R&T center, located at the Saclay high-tech cluster, France's largest science and technology campus, near Paris. The center's 500 or so employees are split into four units, covering energy & propulsion, materials & processes, electrical & electronic systems, and digital sciences & technologies. Safran Tech also runs platforms specially equipped for developing next-generation materials and processes: Safran Composites, Safran Ceramics, Safran Advanced Turbine Airfoils and Safran Additive Manufacturing Campus on a new site opened in 2022 in Le Haillan, near Bordeaux (France).

The Safran Tech center highlights the Group's resolve to intensify and pool R&T endeavors on major technological breakthroughs. Safran Tech opens a new dimension, with an emphasis on open innovation. Universities, public organizations, industrial partners and innovative startups work with Safran Tech teams in joint laboratories or on shared platforms, forming a creative, connected, top-level scientific campus open to the outside world.

1.4.1 Major technological focuses

1.4.1.1 Aircraft engine technologies and new propulsion configurations

Reducing the carbon footprint of flying is a major priority for the aviation industry. In 2021, through the Air Transport Action Group (ATAG)[1], air transport industry players set the highly ambitious objective of net zero CO_2 emissions by 2050. Instead of aiming to halve the sector's net CO_2 emissions by 2050 with respect to 2005, the aviation industry is now targeting net zero CO_2 emissions, in line with the European goal set out in the European Green Deal. If this objective is to be reached, action on several fronts is needed: fleet renewal with new-generation aircraft and incremental enhancements; improvements in air traffic management and operations; breakthrough technologies; and alternatives to kerosene, along with reductions in other nuisances (noise, NOx, particles). Safran is addressing these challenges and developing the means needed for fulfilling its ambitions (see section 5.3.2).

Safran is a leading driver of change in the industry – due to its position in many aircraft-system segments, including energy systems – and demonstrated its commitment by dedicating around 75% of its self-funded R&T budget in 2022 to improving the environmental impact of air transportation. Its work chiefly concerns propulsion, electrification, lightweight equipment and sustainable fuels. Safran's roadmap specifies contribution to a technological breakthrough in the form of an aircraft that consumes 30% less fuel compared to today's most efficient engines by 2035, to achieve carbon neutrality by 2050.

Specifically, Safran and GE launched the ambitious CFM RISE (Revolutionary Innovation for Sustainable Engines) technology development program in 2021. The technologies developed in the RISE program lay the foundations for the next-generation CFM engines that could be on the market by the mid-2030s. The program goals include reducing fuel consumption and CO_2 emissions by more than 20% compared to today's most efficient engines, as well as ensuring 100% compatibility with alternative energy sources such as sustainable aviation fuels and hydrogen, which are more environmentally friendly.

Concluding a summit convened by the French Minister of Transport in early 2022, 42 countries (including the 27 European Union countries, the United States, Canada and the United Kingdom) and close to 150 players in the aviation sector, including Safran, signed the first joint international declaration supporting the aviation industry's goal of net zero CO_2 emissions by 2050. This declaration takes up the commitments of the European Commission's Green Deal, focusing on working with manufacturers both to define the principles and actions to be taken, and to create an ecosystem of players sharing this common objective.

In 2022, Safran also launched the Explore H_2 program with the support of Safran Corporate Ventures, to spot and support startups and forge cooperation for its hydrogen-related R&T and innovation projects. The first group of selected startups will focus on four areas: hydrogen flow control in propulsion systems, hydrogen state and temperature control, real-time systems monitoring, and aviation fuel cells.

Architecture and performance

The Group's roadmap for the aircraft propulsion systems of the future incorporates three technology stages:

- the first stage is the LEAP turbofan engine, with a very high bypass ratio. For those modules under the responsibility of Safran Aircraft Engines in CFM International, this stage covers advanced technologies such as a highly innovative lightweight fan made from composite materials and a high–efficiency low-pressure turbine. The LEAP engine, which came into commercial operation in 2016, brings major improvements in line with the ACARE 2020[2] objective, particularly in terms of fuel consumption. It has been selected by Airbus for its A320neo, by Boeing for its 737MAX and by COMAC for its C919. R&T work is in progress on long-term continuous improvement in engine performance;
- the second stage is more ambitiously innovative, calling for breakthroughs in engine architecture, through the exploration of developments such as the open rotor concept and faired architectures with very high bypass ratios. At the 2022 Farnborough Airshow, CFM International and Airbus announced their collaboration to flight-test CFM's breakthrough open-fan engine architecture on an Airbus A380, from the Airbus flight test center in Toulouse. This flight-test campaign, which aims to accelerate maturity and development of advanced propulsion technologies, will take place in the second half of this decade;
- the third stage seeks to introduce low-carbon energy sources. Demonstrations have already been performed with biofuels in a mix with current fuel. Other scenarios under examination concern synthetic fuels derived from decarbonated hydrogen and propulsion concepts using liquid hydrogen directly.

  In connection with the national recovery plan for the aerospace industry, work has been going ahead since 2020 on the technological developments required by these engine concepts and new energy initiatives. Demonstration phases will be going ahead under the European Partnership on Clean Aviation under the Horizon Europe program[3].

  In 2021, Safran and TotalEnergies formed a partnership targeting 100% use of sustainable aviation fuel (SAF) in aircraft engines. Projects here have included flight tests of an A319neo with a LEAP-1A engine (VOLCAN project with Airbus and ONERA).

(1) *A non-profit organization representing all players in the aviation industry.*
(2) *Advisory Council for Aeronautics Research in Europe.*
(3) *Horizon Europe is the European Union's framework program on research and innovation (R&I) for the period 2021-2027.*

Safran also cooperates with scientific and academic institutions on groundwork in future aircraft propulsion configurations. Partners here include ONERA, Cranfield University in the United Kingdom, and the Georgia Institute of Technology (Georgia Tech) in the United States.

Helicopter turbine engines are subject to similar imperatives requiring reductions in fuel consumption and environmental impacts. Through its subsidiary Safran Helicopter Engines, Safran has undertaken ambitious technology programs to address future market needs. A number of technologies developed under the TECH800 program have been adopted on the Arrano engine, selected by Airbus Helicopters as the sole source for its new H160. The Group's technological progress strategy is backed by work in close liaison with all its customers to come up with innovative new engine integration developments such as hybrid power architecture concepts in drive systems.

Scenarios considering the emergence of hybrid or even fully electric propulsion are studied for smaller aircraft, "commuters" or vertical take-off and landing aircraft (VTOL) associated with new uses over short distances and in urban areas. Evaluations and simulations are also being carried out to examine how propulsion hybridization might contribute to developments in groundbreaking propulsion configurations for short- and medium-haul aircraft.

Materials and processes

The need to lighten planes, helicopters and their equipment has led to increased use of composite materials and additive manufacturing. Safran engines and equipment (whether nacelles, landing gear or brakes) are characterized by heavy mechanical loads and a more difficult environment than for other aircraft sections such as airframes. Safran develops its composite materials solutions through the resources and expertise in organic matrix composites fielded at the Safran Composites Center (part of Safran Tech). Safran Ceramics, the Group's center of competence for these technologies, provides core expertise in thermostructural composites for aircraft engines, a major technological challenge addressed by substantial research efforts. This research, along with work on new metal alloys, and on high-performance coatings compliant with European REACh[(1)] regulations, is coordinated by the Materials and Processes Department. The platform for developing new monocrystalline casting techniques with engine applications opened in 2019.

Safran gives priority importance to stepping up materials research using data analysis and digital physics. The application of statistical learning in mechanics opens up new possibilities in the understanding of mechanisms and for ultra-fast simulations of the properties of materials usage. With this in mind, Safran founded the BIGMECA chair in 2019 with the Mines ParisTech engineering school, which is reaping the fullest possible benefit from combined academic and industrial approaches. In 2021, Safran also signed a framework partnership agreement on research and training with the École Centrale de Lyon. This new agreement aims to enhance student training and organize research in the fields of aeroacoustics, aerodynamics, structural dynamics and tribology.

Safran Seats develops its technological lead in materials (plastics, composites, metals, fabrics, etc.) and implementation processes. One important innovation focus in recent years is on additive manufacturing. This brings new openings for the design of products that are safer, more comfortable, easier to use, easier to make, easier to operate, more reliable and lighter in weight, which also means more efficient in terms of energy consumption.

1.4.1.2 Electric technologies and new power configurations

The move continues toward increased use of electrical energy for aircraft systems and actuators. The movement, which started with the A380 and Boeing 787 programs, will be a defining characteristic of the next generation of short- and medium-haul aircraft. The ultimate aim is overall aircraft energy optimization, covering energy production and energy consumption, for both propulsive and non-propulsive functions. The breadth of its aircraft engine and equipment expertise allows Safran to explore a huge spectrum of solutions for making tomorrow's aircraft more competitive, in terms of performance, functionality and cost of ownership.

Expertise in aircraft electrical systems is rolled out through Safran Electrical & Power and Safran Aerosystems, giving the Group some of the best technologies in electricity generation, conversion, distribution and transmission, thereby enabling it to adopt a whole-system approach to aircraft electricals.

Optimization involves investigation into all forms of electricity generation, from mechanical engine motion to auxiliary power units (APUs) in hybrid solutions combining turbines, fuel cells and batteries. This work involves several companies: Safran Electrical & Power, Safran Power Units, Safran Aircraft Engines and Safran Helicopter Engines. One of the units of the Safran Tech innovation center focuses on developing simulation systems for evaluating advanced global energy and propulsive architectures.

Safran is involved in several technology programs alongside airframers in a European or French context. Cooperation on these programs takes various forms:

- academic cooperation, with 15 or so CNRS[(2)] laboratories and major research organizations such as ONERA and the Saint-Exupéry Research Institute;
- industrial partnerships, such as with Alstom (France) and Électricité de France (France), both of which are recognized as technology leaders in their sectors.

(1) *Registration, Evaluation and Authorisation of Chemicals.*
(2) Centre national de la recherche scientifique *(French National Center for Scientific Research).*

1.4.1.3 Digital technologies and digital transformation

Industry 4.0

Design, production, maintenance and service tools and resources benefit from Safran's investments in digital solutions such as augmented reality, robotics, imaging, artificial intelligence and data use. These new applications significantly improve operational performance in terms of the cycle, cost and quality of high-tech products developed, manufactured and rolled out by the Group. Digital solutions also meet the demands of the Group's customers, partners and suppliers wishing to develop collaborative co-design strategies and optimize their supply chain and maintenance operations.

Automatic imaging solutions (based on machine learning) developed by Safran Tech to inspect complex parts are already used in the Group's plants. For example, non-destructive testing assisted by artificial intelligence software has been used on woven composite fan blades for the LEAP engine.

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. Certification has already been obtained for parts including fuel injector nozzles and combustor swirlers for helicopter engines produced via selective laser melting, whereby an assembly of 15 components can be replaced by a single part. The Safran Additive Manufacturing unit has the resources to define different additive manufacturing processes for metallic materials. These resources, along with the specific program organization set up at Safran, help accelerate the development of these processes for future use in serial production and repairs.

Safran has decided to centralize all its additive manufacturing capabilities at a new Safran Additive Manufacturing Campus. All the Group's operations in research, industrialization and production of additive manufacturing components are housed at the new site in Le Haillan, near Bordeaux (France), where more than a hundred engineers, PhD students, technicians and other employees work to ensure optimally efficient rollout across all relevant products.

Data processing

Innovation efforts are called for to address the growing role played by services in the Group's operations. Techniques used to diagnose and forecast the condition of aircraft and helicopter equipment and systems bring value for Safran product users, as regards both operational considerations (optimization of maintenance) and fleet management support (evaluation of residual value). To address this need, Safran is developing its Monitoring Services system for managing fleet equipment operating data.

Big data extraction techniques offer promising development opportunities. Here, the Safran Analytics teams at the Safran Tech site will be stepping up rollout of more agile services, better oriented to value creation for aircraft operators. Safran Analytics has designed and rolled out its own big data platforms to facilitate the Group-wide implementation of data analytics solutions. One of the first services implemented on analytics environments consists in rendering aircraft trajectory data. This allows Group companies to gain a better understanding of how Safran products are used by customers, and thereby improve their performance.

Electronics, digital platforms and critical software

Given that onboard electronics technologies for harsh environments are a central feature of many Group products, Safran Electronics & Defense runs ambitious projects on controller architectures featuring more efficient processors, and on component packaging capable of withstanding the higher temperature environments of future aircraft systems (see section 1.2.2.5). In systems engineering, Safran is working on process harmonization: a modern software development workshop has been set up for Group-wide rollout.

1.4.1.4 Navigation and autonomy technologies

Air, land, sea, satellite and weapons navigation markets are constantly evolving and expanding. Operational and economic gains are sought by integrating mobile platforms into cooperative groups, by increasing autonomy, and by ensuring land-onboard continuum via secure links. Quests such as these prove to be powerful drivers of renewed demand and technological development. Safran is actively preparing the shift to autonomous systems for civil and defense applications based on technologies developed in optronic sensors, inertial navigation, critical onboard electronic systems and image processing and analysis. In 2022, Safran stepped up its operations in space satellite positioning, aircraft locator and distress beacons, and military applications, with the acquisition of Orolia, a specialist in Positioning, Navigation and Timing (PNT) technologies and equipment, and Syrlinks, a company specializing in radiocommunications and geolocation, mainly for space applications and PNT. Specific research focuses on robust and reliable artificial intelligence for autonomous functions, working closely with the scientific community.

Safran's approach relies strongly on breakthrough HRG[1] technology, whose characteristics make it possible to design and produce world-leading navigation equipment and weapons at competitive costs. Through its subsidiary Safran Electronics & Defense and the Safran Tech sensors unit, the Group continues with the development of MEMS[2] technology accelerometers and gyrometers for portable geolocation applications. With its prime expertise in high-integrity navigation systems, Safran Electronics & Defense leads the field in drone navigation.

(1) Hemispherical resonator gyro.
(2) Micro Electro Mechanical Systems.

Safran harnesses advanced optronics and ICT[1] to develop innovations that will help the Group offer enhanced operational efficacy to armies, navies and air forces. Optronics needs range from imagers operating in one or more wavelength bands through to full image processing systems handling monitoring, detection, identification, fire control and self-protection. Integrated battlefield perception and soldier support solutions are developed using systems that couple infrared sensor and light intensification technologies with other functions such as geolocation and data analysis.

For infrared sensors, the Safran Group uses technologies from Lynred, its joint venture with Thales, resulting from the merger of Sofradir, French specialists in infrared cameras, and its subsidiary Ulis, specialists in microbolometers. Interchange of infrared sensor technologies between the two partners enables Lynred to offer one of the world's largest product ranges in this field. To extend its technological sources to other types of sensor and their integration in intelligent systems, Safran is working in partnership with Valeo on autonomous vehicle technologies.

The use of sensors and artificial intelligence in an integrated system resulted in eTracer, an autonomous vehicle demonstrator for military applications which can transport infantry equipment on the ground and navigate autonomously. The demonstrator helped Safran win the FURIOUS (FUturs systèmes Robotiques Innovants en tant qu'OUtilS) contract put out for tender by the French Directorate General of Weapons Procurement (DGA). The science and technology program aims to develop innovative robotic systems for mounted and dismounted combatants and covers autonomous vehicles, small land robots and a drone, laying the groundwork for autonomous and collaborative combat systems under the Scorpion modernization program. Proficiency in technologies merging navigation and environment perception data also enables the development of piloting assistance applications for all types of aircraft.

1.4.1.5 Designing the cabin of tomorrow

Through system integration and optimization, the aircraft cabin of the future will offer passengers increased comfort and an enhanced traveling experience. Safran innovations in aircraft cabins, developed at its Safran Cabin Innovation (SCI) design studio in Huntington Beach (California, United States), go beyond the classic measures on reducing the cost and weight of aircraft equipment. Through Safran Cabin Innovation, the Group offers its customers opportunities for improving sales (by adding seats capable of generating revenue or providing new services), offering an improved passenger experience (with a more spacious and comfortable cabin, new features, etc.), and creating or enhancing brand image (through distinctive service, design and products).

Safran also develops innovative solutions for automating ground operations (bunkering and cabin preparation) prior to take-off and in flight prior to landing. Other capabilities offered by connected equipment include monitoring and cost reduction.

1.4.2 Technical and scientific partnerships

In implementing its R&T strategy, Safran draws on partnerships providing it with scientific and technological expertise. Safran thereby meets the two prerequisites for success: it identifies known and latent market needs through customer contact, and it adopts an open approach to what is an increasingly complex and multidisciplinary scientific and technological environment.

In 2009, Safran created a scientific council, currently chaired by Professor Mathias Fink, which brings together eight leading international scientists with expertise in all the key scientific disciplines underlying Group businesses. This council meets every three months and issues recommendations on the structure and quality of the scientific partnerships.

For the first R&T levels, Safran has developed a network of scientific partners in France in the university and applied research sectors. Safran implements framework agreements with ONERA, CEA[2] and CNRS, which offer access to the best in French scientific research. The Group has long-term partnerships with many research and higher education organizations, some of whose laboratories form valuable external research hubs. These partnerships also help Safran recruit leading talents: Safran finances work on around 200 training-through-research (CIFRE) courses, runs several international thematic networks on key issues in aerodynamics, combustion, noise reduction, mechanics, digital technology, etc., and backs around 10 ANR[3] industrial research chairs plus two scientific sponsorship chairs. In 2020, Safran helped to found the TOPAZE industrial chair in nickel-based superalloys for aircraft engines, and the OPALE joint laboratory research chair with CEMEF-Mines ParisTech and Institut P', working on the optimization of mechanical properties by microstructure controlling. With the IRCER Institute of Ceramics Research in Limoges, Safran also contributed to setting up the PROTHEIS joint laboratory working on dry coating deposition processes. In 2020, a new research framework agreement was signed with the Centrale Supelec school, a Safran partner in research areas including combustion, systems engineering and automation. Safran was actively involved in the foundation of three IRT centers[4]. It is also a major participant in several competitiveness hubs, including Aerospace Valley and ASTech.

(1) *Information and Communication Technologies.*
(2) Commissariat à l'énergie atomique et aux énergies alternatives *(French Atomic Energy Commission).*
(3) Agence nationale de la recherche *(French National Research Agency).*
(4) Instituts de recherche technologique *(technology research institutes formed under France's PIA Investments for the Future Program).*

Safran plays an active role in European Union bodies and programs. Since 2008, Safran has been involved in establishing the Clean Sky Joint Technology Initiative, bringing together the leading players in aviation R&D along with the European Commission in a demonstration program on airframes, engines and systems. Since 2018, Safran has been working on setting up the European Partnership on Clean Aviation, and successfully coordinated its hydrogen pillar. The Clean Aviation program was officially launched in December 2021, taking over from Clean Sky 2, which is set to end in 2024.

Safran is a founding member of the Clean Aviation program, which runs from 2021 to 2027. It also sits on the program's Governing Board as representative of European engine manufacturers. The program's Technical Committee is in charge of technical roadmaps and the SRIA(1), under the chairmanship of the European Commission; vice-chairmanship of this Committee is a two-year term of office for founding members in turn, starting with Safran. The Clean Aviation program, which aims to help reduce the environmental footprint of the aviation industry by stepping up the development of climate-neutral aircraft technologies, is aligned with Safran's environmental strategy. Safran participates in research work carried out by the Clean Aviation program, which spans three main areas:

- ultra-efficient short-medium-range (SMR) aircraft;
- hybrid-electric regional (HER) aircraft;
- disruptive technologies to enable hydrogen-powered aircraft (HPA).

The intellectual property related to this cooperative work is defined contractually at the beginning of projects between partners. The general principle is that the intellectual property belongs to the partners who performed or co-financed the work, and, at the very least, Safran receives rights of use in its own field.

1.4.3 Innovation and intellectual property

Innovation is at the heart of Safran's strategy. The competitiveness of its products is largely based on the successful integration of technological innovation or adjustments, providing the customer with industry-leading performances. Safran's ability to produce breakthrough technological innovations is amply demonstrated across a huge breadth of sectors, such as electric taxiing, composite fan blades and hemispheric resonator gyros (HRGs). A proof-of-concept approach involving close liaison across Group companies affords an efficient and high-performance organizational structure for managing innovation, typified by the high-potential projects run by the Innovation Department. Safran also develops cooperative innovation with its suppliers and with startups working with the Group. The capacity to identify then implement efficient cooperative operations with outside partners helps Safran integrate best practices in order to offer innovative and mature solutions within short lead times.

The development of technical expertise is also key to preparing for the technological challenges of tomorrow. A process has been set up to determine companies' expertise needs Group-wide and thereby plan ahead for renewals and training of new experts.

Intellectual property is a fundamental component of Safran's asset portfolio. The development and protection of intellectual property is increasingly important given the growing trends toward market globalization and intensifying competition. Intellectual property responds to operational imperatives by strengthening and securing Safran's positions. The creative and innovative ability of teams, and the special attention given to protecting intellectual property, are demonstrated by the number of patents filed in 2022. During the year, more than 1,200 initial patent requests were filed worldwide, making the Group the leading French patent applicant with INPI, the French patents office(2). At the end of 2022, Safran's patent portfolio included more than 50,000 intellectual property rights around the world, protecting over 14,000 inventions.

In addition to patent protection, because of Safran's international reach and extensive partnership involvement, the Group gives great importance to ensuring close control over technology transfers and defining precise policy on the matter.

Some transfers are essential for market access reasons. Technologies for transfer, which do not belong to Safran's core technology portfolio, must be clearly identified, accurately valued, and covered by carefully structured long-term partnership arrangements. Under no circumstances may such partnerships restrict the Group's capacity for technological differentiation in the future.

(1) Strategic Research and Innovation Agenda.
(2) First in INPI ranking, March 2023 (for patents filed in France in 2022).

1.4.4 Safran Corporate Ventures and relations with innovative companies

Safran Corporate Ventures is a Safran subsidiary responsible for financing innovative companies that have developed breakthrough technologies or business models that may be applicable to the aerospace and defense industries. In line with the Group's strategy on innovation and transformation, Safran Corporate Ventures seeks primarily to support, alongside other investors, innovative startups in the following fields:

- decarbonization of the aviation industry (electrification and hybridization, alternative fuels [SAF] and hydrogen);
- Industry 4.0 (non-destructive testing, augmented reality, Internet of Things for industry, robotics/cobotics, additive manufacturing and cybersecurity in industry);
- New Space (new propulsion systems for satellites, Space Situational Awareness, with solutions for detecting and tracking debris in orbit);
- onboard components (critical onboard electronics, onboard software, connectivity, onboard energy, thermal management, electric hybridization and cybersecurity);
- new and advanced materials (nanotechnologies, surface treatment processes, composites, ceramics, and advanced manufacturing and non-destructive testing processes);
- new services and business models (data analytics, on–demand aviation, new maintenance modes, co-design and collaborative engineering);
- passenger experience and connected cabins;
- new markets and platforms (civil drones, non-conventional vertical take-off and landing aircraft [VTOL] and new transportation modes).

Safran Corporate Ventures goes beyond financing to offer valuable development support to innovative and agile startups, working in close liaison with teams Group-wide:

- access to an international network of leading experts in Safran's areas of business;
- commercial and industrial exposure to Safran companies worldwide;
- implementation of commercial and development agreements with Safran entities.

Since its creation in 2015, under its initial aggregate amount of €80 million, Safran Corporate Ventures has invested in 16 tech companies, 12 of which are still in its portfolio. In 2022, Safran Corporate Ventures made three new investments:

- Ineratec, a German startup offering technologies for the development and production of carbon-neutral synthetic fuels that could replace fossil fuels. This investment was made in collaboration with ENGIE New Ventures (France), HTGF (Germany), MPC Capital (Germany), Extantia (Germany), Planet A (Germany) and FO Holding (Germany);
- Cranfield Aerospace Solutions (CAeS), a leading name in design and development of new aircraft concepts, modification of existing aircraft, and integration of advanced technologies. This investment was made jointly with the UK investment company HydrogenOne;
- Sintermat, a French startup whose innovative powder metallurgy process, spark plasma sintering (SPS), brings on board capabilities for producing unique material combinations from metallic, composite and natural powders, to a shorter manufacturing cycle and at competitive cost. This investment was made alongside the UI Investissement[1], Carvest[2] and Definvest[3] funds.

Safran Corporate Ventures has stepped up support for its portfolio companies by participating in the refinancing of Outsight, Cailabs and Skyfive. Through its Open Innovation activity, Safran Corporate Ventures also participated in the formation of some 30 partnerships and demonstrators between Group companies and young innovative companies, without taking an equity stake.

Diota, a French start-up developing augmented reality and virtual reality software solutions for industry, in which Safran Corporate Ventures had invested in 2016, was acquired by Dassault Systèmes[4] in 2022.

(1) UI Investment, a fund specializing in unlisted French startups, SMEs and mid-sized companies, is owned 85% by the management team and 15% by three historical partners (Crédit Agricole, Caisse d'Epargne and Michelin).
(2) Carvest, or Crédit Agricole Régions Investissement, is a venture capital company, subsidiary of 11 Crédit Agricole regional banks.
(3) Definvest is a French government investment fund for strategic defense companies.
(4) Dassault Systèmes is a software company, which specializes in 3D design, 3D digital mock-up and product lifecycle management solutions.

1.4.5 Research and development expenditure

Total R&D, including R&D sold to customers, reached €1,540 million in 2022, compared with €1,430 million in 2021.

Self-funded R&D expenditure before tax credits was up 10.3% to €1,019 million, including:

- development expenditure of €548 million (€532 million in 2021);
- self-funded Research & Technology (R&T) expenditure of €471 million (€392 million in 2021). Efforts are mainly being directed towards decarbonization through RISE, a technology program that lays the foundations for developing a future engine that is 20% more fuel-efficient than the latest-generation LEAP engine, and 100% compatible with sustainable fuels.

(in € millions)	2021	2022	Year-on-year change
Total R&D	**1,430**	**1,540**	**+110**
R&D sold to customers	(506)	(521)	-15
R&D expenditure	**924**	**1,019**	**+95**
as a % of revenue	*6.1%*	*5.4%*	*-0.7 pts*
Research tax credit	(160)	(151)	+9
R&D expenditure after research tax credit	**764**	**868**	**+104**
Gross capitalized R&D	(311)	(278)	+33
Amortization and impairment of R&D expenditure	225	236	+11
Impact on recurring operating income	**678**	**826**	**+148**
as a % of revenue	*4.4%*	*4.3%*	*-0.1 pts*

The impact on recurring operating income of expensed R&D was €826 million, down 0.1 margin points compared to 2021, with lower capitalized R&D and higher amortization and impairment of R&D programs. It was 4.3% of sales, consistent with the mid-term target of 4.5% on average for 2021-2025.

1.5 INDUSTRIAL INVESTMENTS

1.5.1 Industrial policy and digital transformation

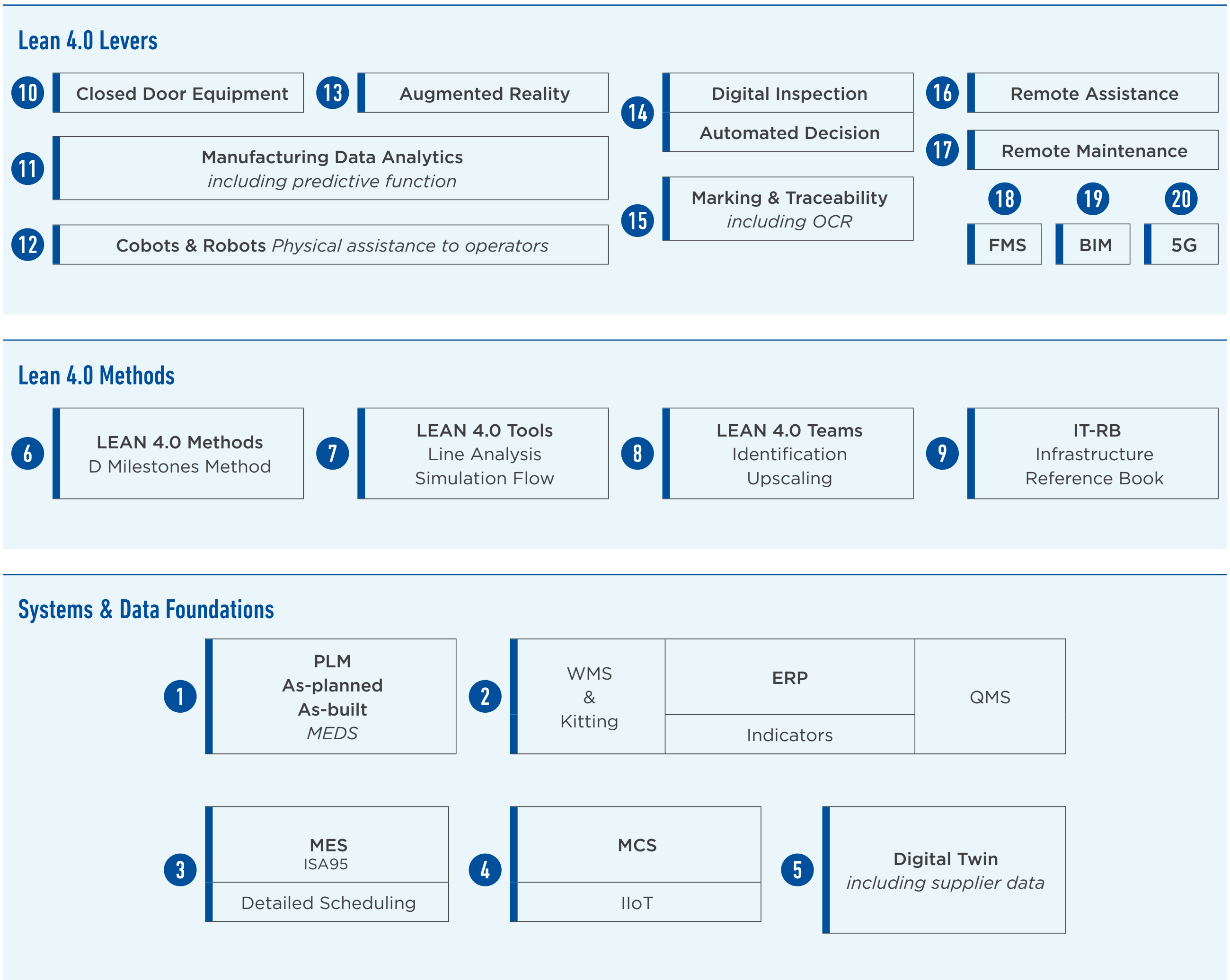
Safran is an established industry reference and a major participant in its core businesses of aerospace and defense.

This demand for performance and innovation, which is central to the success of Safran's products and services worldwide, is also present at the level of the Group's plants. Working with Safran's Industrial Management Department, Group companies focus their investments and organization on adapting production sites, preparing for tomorrow's industrial challenges, and developing competitive advantages: expertise in new production technologies, supply chain upgrades, and upskilling.

Through its constant drive for innovation and excellence, Safran stands as one of Europe's leading groups in the concrete implementation of technologies and processes driving the digital transformation of industry. In early 2021, Executive Management launched an ambitious digital transformation plan that is being implemented through a 4.0 strategy with four streams: Development 4.0, Manufacturing 4.0, Customer Support, Sales & Services 4.0 and Employee Workplace 4.0, all drawing on a cross-functional Data 4.0 approach. The 4.0 strategy is spearheaded by a central team that provides a shared vision, assistance, methodology and standards, with support from corresponding teams in each of the Group's companies. The Manufacturing 4.0 digital transformation framework spans three broad areas covering 20 specific fields:

- foundations – operational systems behind digital continuity (PLM, ERP, MES, etc.)(1);
- Lean 4.0 – which defines how to identify systems and levers for improving performance on each production line;
- digital levers – warehouse and shop floor digital solutions (cobots, augmented reality, data analysis for production, digital inspection and decision support, 5G, etc.)(2).

(1) *Product Lifecycle Management – Manufacturing Engineering Data System; Enterprise Resource Planning; Manufacturing Execution System; Manufacturing Control System.*
(2) *Computerized Maintenance Management System; Fifth-generation wireless communication solution.*



A scope study identified 93 priority sites with 616 "new" production lines (component manufacturing and assembly) and 109 maintenance, repair and overhaul (MRO) production lines. In 2022, Safran companies launched more than 100 Lean Diagnostic 4.0 projects, and identified more than 170 levers. Diagnostic 4.0 will continue in 2023, along with effective implementation of the transformation levers identified. The levers used in the first wave of diagnostics are simulation and flow control tools, physical assistance solutions for operators (cobots), connectivity of resources for control by data, and augmented reality to assist in assembly and inspection. Alongside the diagnostics, in 2022 expert networks worked on increasing the maturity of the solutions identified, to accelerate rollout.

Within foundations, several Group companies launched ERP upgrades to optimize the efficiency of their internal resources and the management of their supply chains. Domain 2 ERP will be completed in 2023 by Supply Chain 4.0 opportunities[(1)], which include data analysis solutions to optimize internal and external flows for global supply chain visibility. A total of 28 plants use the MES solution for zero paper and exemplary traceability, and 36 additional plants are scheduled for this under the MTP[(2)]. A total of 21 sites use the MCS platform for collecting and using production data, and 30 additional sites are scheduled to join the platform under the MTP.

Cybersecurity, a crucial aspect of protection for production resources and data, is based, among other things, on the segregation and filtering of industrial networks, intrusion detection probes dedicated to industrial systems, specific partner access, and tools for increasing protection.

With regard to change management, an analysis of training needs has been carried out in the Employee Workplace 4.0 flow, in collaboration with Safran University and CampusFab[(3)]. To support the change management process, the Digital Academy was launched in June 2022.

Safran Additive Manufacturing Campus, the new Group entity dedicated to additive manufacturing, benefits from the full spectrum of Safran's advances in technology and industrial expertise:

- the Le Haillan campus is fully operational. It was inaugurated on October 7, 2022 in a ceremony attended by the French Minister Delegate for Industry, Roland Lescure. A further investment stage for 3D laser printers went ahead in response to the innovation requirements of new-generation Safran products such as the RISE engine program. Specifically, a machine has been ordered for high-productivity manufacture of larger parts;

(1) *Supply Chain 4.0: digitalization tools for planning, procurement and logistics.*
(2) *Medium-Term Plan: multi-year forecast plan.*
(3) *The Industrial and Technological Training Center (or "CampusFab"), located in Bondoufle near Paris, aims to support the digital transformation of industry in France and develop participants' skills.*

- the building was eco-designed for minimum carbon emissions and the smallest possible ecological footprint for its activities. It features a highly efficient waste filtration system, and a heat recovery system to reduce direct energy consumption. There are no fossil-fuel boilers on the site;
- the industrial systems, such as 3D laser printers, are connected to an MCS that collects all key parameters for all activities in a common database. To start with, statistical control analysis is carried out. Under current R&T programs, it will be followed by steering and in-process control algorithms. Eventually, acceptance for the parts produced will be on the basis of process parameter compliance, as validated by these algorithms, rather than costly non-destructive testing at the end of the production line.

Safran's steadfast commitment to innovation and excellence is also apparent in its supply chain transformation endeavor. Control over physical flows of parts and subassemblies is a key factor in working towards Safran's commitments on increased customer satisfaction and manage inventory levels and work-in-progress. In 2022, 60 supply chain improvement projects were launched across all Group companies. The ramp-up approach has been continued to mobilize all internal and external players on the increased production rates requested by our main airframer customers. Safran is also continuing the rollout of AirSupply (BoostAeroSpace's AirSupply, a supplier collaboration application), with almost 700 suppliers.

Safran launched two major supply chain decarbonization initiatives in 2022:

- in July 2022, Safran organized an event to mobilize its main suppliers (accounting for most of the CO_2 emissions from the Group's purchases) on committing to an emissions reduction trajectory compatible with the Paris Agreement goal of keeping global warming to well below 2°C and preferably to 1.5°C. The 400 suppliers contributing the most to Safran's supply chain carbon footprint were invited to a supplier event dedicated to reducing CO_2 emissions in the value chain. The Group shared its expectations of its suppliers: measuring their carbon footprint, committing to a reduction target, implementing action plans, and reporting on progress made. A supplier maturity assessment was also conducted;
- the levers driving the decarbonization of the Group's logistics activities were also identified. The primary lever in the current action plan concerns a modal shift from air to sea transport for certain internal flows within the Group or to its customers.

1.5.2 Main industrial investments

Safran's industrial investments totaled €498 million in 2022.

These investments are intended to prepare the Group for:

- expected growth in business;
- the industrial upgrades needed for performance improvements;
- new programs.

Geographic area *(in € millions)*	2021	2022
France	267	337
Europe (excluding France)	31	34
Americas	46	75
Asia and Oceania	27	34
Africa and Middle East	16	18
TOTAL	**387**	**498**

The main industrial investment projects launched or continued in 2022 concerned:

- construction of a new LEAP engine maintenance facility in Hyderabad (India);
- expansion of the LEAP engine parts repair shop in Queretaro (Mexico), for Safran Aircraft Engines;
- startup of a compressor blades plant in Marchin (Belgium), for Safran Aero Boosters;
- new pre-serial industrial development center for gearboxes in Colombes, for Safran Transmission Systems;
- new nacelle integration site in Tianjin (China), for Safran Nacelles;
- refurbishment of buildings at the Gloucester site (United Kingdom), for Safran Landing Systems;
- extension to the Soignolles-en-Brie mechanical engineering site, for Safran Aerosystems;
- development of production lines for new electric motors, and consolidation of activities in Créteil, for Safran Electrical & Power;
- two new production facilities, in Plzen (Czech Republic), and Chihuahua (Mexico), for Safran Cabin.

Other projects include:

- new electron beam physical vapor deposition (EBPVD) facility for turbine blades in Châtellerault;
- development of military engine testing capabilities at Villaroche;
- adaptation of air test stand in Istres;
- new large-diameter ingestion-retention bench in Villaroche;

- acquisition of a linear friction welding machine for one-piece bladed disks in Corbeil, for Safran Aircraft Engines;
- Safran Seats ERP and PLM projects, and Safran Landing Systems MCS project[(1)];
- setup of IT capabilities in Mumbai and Hyderabad (India), and a Cyber Campus at La Défense in Paris;
- installation of electric vehicle charging stations in parking lots in France;
- asbestos abatement and roofing renovation at the Châtellerault plant, for Safran Aircraft Engines.

1.6 SITES AND PRODUCTION PLANTS

Safran's headquarters are located in Paris, France.

The table below lists the Group's sites by main type of site activity, at December 31, 2022.

Figures and locations shown correspond to consolidated companies, as defined in section 3.1, Note 40 of this Universal Registration Document.

	Main activities at Safran sites				Occupancy	
Safran Group sites at December 31, 2022	**R&D/production**	**Service/ maintenance**	**Commercial/ administrative**	**Total sites[(1)]**	**Owner[(2)]**	**Tenant**
Safran Aircraft Engines	14	12	3	29	12	17
Safran Helicopter Engines	7	9	-	16	7	9
Safran Ceramics	5	-	1	6	1	5
Safran Aero Boosters	2	-	-	2	1	1
Safran Landing Systems	10	11	1	22	13	9
Safran Electrical & Power	32	8	3	43	9	34
Safran Passenger Solutions	1	-	1	2	-	2
Safran Transmission Systems	2	-	-	2	2	-
Safran Nacelles	6	2	-	8	6	2
Safran Electronics & Defense	41	2	7	50	16	34
Safran Aerosystems	13	8	1	22	12	10
Safran Cabin	30	4	5	39	3	36
Safran Seats	7	2	1	10	3	7
Safran Additive Manufacturing Campus	1	-	-	1	1	-
Safran	2	-	9	11	4	7
Other	1	-	4	5	-	5
TOTAL	**174**	**58**	**36**	**268**	**90**	**178**

(1) Each site corresponds to a legal entity, covering one or more sites that may be used for tertiary, production, services or maintenance purposes.
(2) Including two sites under finance leases.

The Group historically owns its major and strategic production sites, and tends toward rental of its other sites.

The bulk of Group R&D work is carried out at its main production sites. For this reason, the table shows "R&D" and "production" in the same column.

Because of the diversity of Safran's operations, the notion of "production capacity" does not apply.

There were eight major real estate operations in 2022:

- inauguration of Safran's Cyber Campus, the new French center of excellence in cybersecurity, in Puteaux (La Défense district);
- inauguration of Safran Electrical & Power center of excellence in electrical engineering, in Créteil;
- inauguration of Safran's center of excellence for additive manufacturing, in Le Haillan, near Bordeaux (France);
- inauguration of Safran's Paul-Louis Weiller Malakoff site, in Malakoff;
- inauguration of three industrial sites in India:
  - Safran Aircraft Engines and Safran Electrical & Power, in Hyderabad,
  - Safran HAL Aircraft Engines, in Bangalore;
- official announcement of a new Safran Aircraft Engines MRO center[(2)] in Hyderabad (India), for 2025.

(1) Product Lifecycle Management – Manufacturing Engineering Data System; Enterprise Resource Planning; Manufacturing Control System.
(2) Maintenance, repair and overhaul.

Environmental factors liable to influence the Group's use of its property, plant and equipment are presented in section 5.3. Safran has drafted Health, Safety and Environment (HSE) guidelines that enable it to assess the compliance of its property, plant and equipment, and its operations, with HSE regulations. It also regularly conducts self-assessments and audits.

1.7 SAFRAN PERFORMANCE AND QUALITY POLICY

Safran has an ambitious quality policy targeting three main goals:

- safety and reliability of our products and services;
- customer satisfaction;
- continuous progress in performance.

This policy involves a permanent drive on innovation, continuous improvement and risk control. It is based on Group-wide methods and tools derived from shared experience and best practices across all Group companies.

Safran is pushing ahead with its One Safran initiative, launched more than seven years ago with the purposes of developing Group-wide take-up of a common corporate management system and performance indicators and deploying operational excellence, in order to ensure product quality and reliability. The initiative involves building on best practices and extending them throughout the Group.

A major step forward was taken in 2018 with the adoption of the Develop process, to run alongside the program-steering system in operation for several years now.

The Develop process brought improvements in areas such as development preparatory stages, system architecture, product industrialization, and regular reviews run by recognized independent experts in specific projects. A development program is punctuated by nine Master Engineering Reviews covering all aspects of the process (design, production release, and preparation for support and services). This system includes the requirements of the aerospace industry's authoritative AS/EN 9145 Advanced Product Quality Planning standard.

Global program management also extends to suppliers, whether working on a build-to-specification basis (meaning they design their products themselves) or a build-to-print basis (meaning they manufacture to Safran specifications or external standards).

Safran's suppliers undergo a rigorous selection and approval process. Decisions to award new supply or development contracts are taken collectively by a Supplier Selection Committee spanning industrial, quality and purchasing functions. Suppliers are regularly audited and monitored by some 500 supplier quality assurance managers, responsible for ensuring day-to-day quality of all products purchased. The supplier quality assurance managers are backed by a team of nearly 250 supplier performance managers, who measure suppliers' quality and delivery-time performance and ensure progress plans are properly implemented.

The rules that Safran applies to its suppliers are laid down in its general purchasing conditions, in the general quality requirements set out in the SAFe ("SAFran exigences", French for requirements) document, and in product-specific documents. SAFe includes international quality standards, to further standardization throughout the aerospace supply chain. It expresses Advanced Product Quality Planning (APQP) requirements, specifies rules on prevention and remediation of quality deviations, and ensures suppliers' personnel are familiar with Safran's ethics whistle-blowing system (safran@alertethic.com). SAFe also includes Safran's responsible purchasing guidelines.

Safran companies are certified to AS/EN 9100. Certifications are managed on the IAQG[1] public database (OASIS)[2], so that certification status is accessible to all order givers. All scheduled AS/EN 9100 audits went ahead in 2022, and results were satisfactory. A total of 83 companies (including Safran-controlled subsidiaries) are certified to AS/EN 9100. Some companies also hold additional approvals for their repair station (AS/EN 9110) and distribution center (AS/EN 9120) businesses.

Certification involves phase-in of Group-wide One Safran processes. Safran also sits on the working groups or management bodies of international aerospace industry quality bodies (IAQG, Nadcap[3]), making active contributions to forthcoming updates of existing quality standards and release of new standards on emerging aerospace industry matters (through ASD[4]), in liaison with civil aviation authorities. All these activities help to harmonize the aerospace industry supply chain, to strengthen safety culture and to improve product quality.

Safran also operates a Safety Management System to preemptively identify risks liable to jeopardize the safety of its products, and to take remedial action, before they can have a negative impact on its customers or business. It is accordingly committed to developing proactive response capability across all fields. To this end, each of the Group's companies undertakes to hold and maintain product certificates and approvals issued by the relevant authorities for its design, production and maintenance operations. All these actions contribute to upholding a solid climate of trust between Safran, its customers and authorities.

Each of the Group's companies also runs its own action plans, tailored to its own particular business context, on improving product quality and safety. This priority measure applies at all levels, from Group executive management to in-the-field teams.

(1) International Aerospace Quality Group.
(2) Online Aerospace Supplier Information System: portal for information on aerospace quality management certifications, auditors and audit results.
(3) National Aerospace and Defense Contractors Accreditation Program.
(4) Aerospace and Defence Industries Association of Europe.

Safran runs operational excellence workshops, drawing upon standards defined for the whole Group, with the aim of engaging teams in rapid–action progress plans over a period of up to 16 weeks. The workshop objectives are consistent with the operational needs in each particular sector, on improvements in quality, productivity, customer service rates, repair cycles for MRO[(1)] operations, or significant optimizations in program management, development, supply chain, etc. In 2022, more than 600 workshops were launched and 480 completed. More than 95% of these workshops brought performance improvements of at least 10% on key indicators corresponding to the operational needs of each sector. More than 30,000 employees, across all company sectors, have taken part in at least one of the workshops. In industrial production, more than 220 workshops were conducted in 2022, and some teams have already run up to six in their specific sectors.

To ensure One Safran is firmly anchored in Group practices and culture, a One Safran training school has been opened at Safran University, providing everyone with a chance to learn the One Safran standards and use them effectively, thereby helping to strengthen customer confidence in the Group. A specific curriculum has been developed to give senior management a solid understanding of how these standards fit in with everyday practices, as a structured approach to improving overall performance in the operations they manage, for the benefit of their clients. This training addresses all managers worldwide, in Europe, America and Asia, and several sessions were conducted in 2022.

Performance improvement endeavors continued through 2022, with ongoing expressions of confidence in and appreciation of Safran teams' customer relations, attention and response times. Regular contact between Safran quality teams and major airframers has been set up to afford a more global vision of performance and joint action plans, in addition to the operational vision existing between individual Group companies and their customers.

The Safran+ progress initiative launched in 2008, enhanced with the arrival of One Safran, continued through 2022, concentrating on key performance improvement focuses throughout the Group. To embed this improvement, Safran+ defines key areas for progress, sets targets and suggests possible methods. Safran+ is based on a solid network with centralized organization, and deployed within all of the Group's entities. This network facilitates the implementation of improvement initiatives, either created by the Group and applicable to all of its companies, or created by the companies themselves initially for their own internal use, then standing as best practices for broader take-up elsewhere in the Group. These initiatives may involve either continuous improvement or disruptive projects put forward and coordinated by the Group.

Quality performance and policy draw on a deep-rooted Lean Sigma[(2)] culture and on networks of quality, progress and business-line teams working together to fulfill the Group-wide quality vision: "to be the customer's preferred supplier".

Safran+ encompasses a number of permanent and cross–functional initiatives:

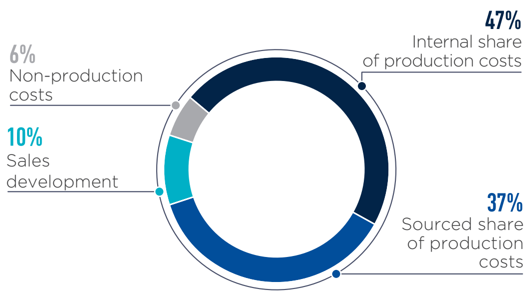
- participative innovation initiatives enabling employees in all sectors to put forward ideas for improving their companies' performance. More than 167,000 employee ideas were taken up across the Group in 2022;
- Lean Sigma, with Green Belts, Black Belts and Master Black Belts driving the Group's transformation through a structured and standardized project management approach;
- QRQC[(3)], initially developed across technical and industrial fields in all Group companies, and now being phased in across support functions as well.

Most projects target at least one of the following objectives:

- increase in customer satisfaction;
- operational and economic improvement;
- efficacy of the company's operational processes;
- development of employees' skills and understanding;
- support from the continuous improvement teams for the Safran Group's major transformation challenges in digital technology, sustainable development and corporate social responsibility.

The managers of the companies concerned report regularly on Safran+ progress to Group Executive Management at annual field reviews.

The savings achieved by the Safran+ initiative in 2022 break down as follows:



(1) Maintenance, repair and overhaul.
(2) Lean Sigma combines Lean (with tight matching to needs expressed by the customer) and Six-Sigma (methodology for controlling process variability).
(3) Quick Response Quality Control is a management method based on everyday performance monitoring and rapid, robust problem-solving at appropriate management levels.

2 Review of operations in 2022 and outlook for 2023

CFM56 engine

2 Review of operations in 2022 and outlook for 2023

2.1 COMMENTS ON THE GROUP'S PERFORMANCE IN 2022 BASED ON ADJUSTED DATA AND OUTLOOK FOR 2023

2.1.1 Reconciliation of consolidated data with adjusted data

Foreword

To reflect the Group's actual economic performance and enable it to be monitored and benchmarked against competitors, Safran prepares an adjusted income statement in addition to its consolidated financial statements.

Readers are reminded that Safran:

- is the result of the May 11, 2005 merger of Sagem and Snecma, accounted for in accordance with IFRS 3, "Business Combinations" in its consolidated financial statements;
- recognizes, as of July 1, 2005, all changes in the fair value of its foreign currency derivatives in "Financial income (loss)", in accordance with the provisions of IFRS 9 applicable to transactions not qualifying for hedge accounting (see section 3.1, Note 3.e, "Accounting policies").

Accordingly, Safran's consolidated income statement has been adjusted for the impact of:

- purchase price allocations with respect to business combinations. Since 2005, this restatement concerns the amortization charged against intangible assets relating to aircraft programs remeasured 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;
- 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, i.e., including the costs of the hedging strategy,
  - all mark-to-market changes on instruments hedging future cash flows are neutralized.

The resulting changes in deferred tax have also been adjusted.

Reconciliation of the consolidated income statement with the adjusted income statement

The impact of these adjustments on 2022 income statement items is as follows:

		Currency hedges		Business combinations		
(in € millions)	2022 consolidated data	Remeasurement of revenue[1]	Deferred hedging gain/loss[2]	Amortization of intangible assets from Sagem-Snecma merger[3]	PPA impacts – other business combinations[4]	2022 adjusted data
Revenue	**19,523**	**(488)**	**-**	**-**	**-**	**19,035**
Other recurring operating income and expenses	(17,103)	10	3	38	328	(16,724)
Share in profit from joint ventures	73	-	-	-	24	97
Recurring operating income	**2,493**	**(478)**	**3**	**38**	**352**	**2,408**
Other non-recurring operating income and expenses	(450)	-	-	-	-	(450)
Profit from operations	**2,043**	**(478)**	**3**	**38**	**352**	**1,958**
Cost of net debt	(56)	-	-	-	-	(56)
Foreign exchange gain/loss	(5,072)	478	4,499	-	-	(95)
Other financial income and expense	(35)	-	-	-	-	(35)
Financial income (loss)	**(5,163)**	**478**	**4,499**	**-**	**-**	**(186)**
Income tax benefit (expense)	694	-	(1,163)	(10)	(78)	(557)
Profit (loss) for the period	**(2,426)**	**-**	**3,339**	**28**	**274**	**1,215**
Profit for the period attributable to non-controlling interests	**(33)**	**-**	**(4)**	**-**	**-**	**(37)**
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT	**(2,459)**	**-**	**3,335**	**28**	**274**	**1,178**

Readers are reminded that only the consolidated financial statements set out in section 3.1 of this Universal Registration Document are audited by the Group's Statutory Auditors. The consolidated financial statements include the revenue and operating profit indicators set out in the adjusted data in section 3.1, Note 6, "Segment information".

Adjusted financial data other than the data provided in section 3.1, Note 6, "Segment information" are subject to the verification procedures applicable to all of the information provided in this Universal Registration Document.

Reconciliation of profit from operations with EBITDA

The reconciliation of profit from operations with EBITDA is as follows:

		Currency hedges		Business combinations		
(in € millions)	2022 consolidated data	Remeasurement of revenue[1]	Deferred hedging gain/loss[2]	Amortization of intangible assets from Sagem-Snecma merger[3]	PPA impacts – other business combinations[4]	2022 adjusted data
Profit from operations	**2,043**	**(478)**	**3**	**38**	**352**	**1,958**
Net recurring charge to depreciation, amortization, impairment and provisions	1,426	-	(3)	(38)	(322)	1,063
Net non-recurring charge to depreciation, amortization, impairment and provisions	477	-	-	-	-	477
EBITDA	**3,946**	**(478)**	**-**	**-**	**30**	**3,498**

(1) Remeasurement of foreign-currency denominated revenue net of purchases (by currency) at the hedged rate (including premiums on unwound options) through the reclassification of changes in the fair value of instruments hedging cash flows recognized in profit or loss for the period.
(2) Changes in the fair value of instruments hedging future cash flows that will be recognized in profit or loss in future periods (a positive €4,499 million excluding tax), and the impact of taking into account hedges when measuring provisions for losses on completion (a positive €3 million at December 31, 2022).
(3) Cancellation of amortization/impairment of intangible assets relating to the remeasurement of aircraft programs resulting from the application of IFRS 3 to the Sagem-Snecma merger.
(4) Cancellation of the impact of remeasuring assets at the time of the Zodiac Aerospace acquisition for €276 million excluding deferred tax and cancellation of amortization/impairment of assets identified during other business combinations.

The impact of these adjustments in 2021 was as follows:

(in € millions)	2021 consolidated data	Currency hedges: Remeasurement of revenue[1]	Currency hedges: Deferred hedging gain/loss[2]	Business combinations: Amortization of intangible assets from Sagem-Snecma merger[3]	Business combinations: PPA impacts – other business combinations[4]	2021 adjusted data
Revenue	**15,133**	**124**	**-**	**-**	**-**	**15,257**
Other recurring operating income and expenses	(13,904)	12	5	39	327	(13,521)
Share in profit from joint ventures	40	-	-	-	29	69
Recurring operating income	**1,269**	**136**	**5**	**39**	**356**	**1,805**
Other non-recurring operating income and expenses	(405)	-	-	-	-	(405)
Profit from operations	**864**	**136**	**5**	**39**	**356**	**1,400**
Cost of net debt	(85)	-	-	-	-	(85)
Foreign exchange gain/loss	(497)	(136)	528	-	-	(105)
Other financial income and expense	(14)	-	-	-	-	(14)
Financial income (loss)	**(596)**	**(136)**	**528**	**-**	**-**	**(204)**
Income tax benefit (expense)	(200)	-	(138)	(11)	(63)	(412)
Profit (loss) for the period	**68**	**-**	**395**	**28**	**293**	**784**
Profit for the period attributable to non-controlling interests	**(25)**	**-**	**1**	**-**	**-**	**(24)**
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT	**43**	**-**	**396**	**28**	**293**	**760**

Reconciliation of profit from operations with EBITDA

The reconciliation of profit from operations with EBITDA is as follows:

(in € millions)	2021 consolidated data	Currency hedges: Remeasurement of revenue[1]	Currency hedges: Deferred hedging gain/loss[2]	Business combinations: Amortization of intangible assets from Sagem-Snecma merger[3]	Business combinations: PPA impacts – other business combinations[4]	2021 adjusted data
Profit from operations	**864**	**136**	**5**	**39**	**356**	**1,400**
Net recurring charge to depreciation, amortization, impairment and provisions	1,431	-	(5)	(39)	(327)	1,060
Net non-recurring charge to depreciation, amortization, impairment and provisions	276	-	-	-	-	276
EBITDA	**2,571**	**136**	**-**	**-**	**29**	**2,736**

(1) Remeasurement of foreign-currency denominated revenue net of purchases (by currency) at the hedged rate (including premiums on unwound options) through the reclassification of changes in the fair value of instruments hedging cash flows recognized in profit or loss for the period.

(2) Changes in the fair value of instruments hedging future cash flows that will be recognized in profit or loss in future periods (a positive €528 million excluding tax), and the impact of taking into account hedges when measuring provisions for losses on completion (a positive €5 million at December 31, 2021).

(3) Cancellation of amortization/impairment of intangible assets relating to the remeasurement of aircraft programs resulting from the application of IFRS 3 to the Sagem-Snecma merger.

(4) Cancellation of the impact of remeasuring assets at the time of the Zodiac Aerospace acquisition for €291 million excluding deferred tax and cancellation of amortization/impairment of assets identified during other business combinations.

2.1.2 Overview of the Group's performance in 2022

Adjusted income statement

(in € millions)	2021 adjusted data	2022 adjusted data
REVENUE	**15,257**	**19,035**
Other income	373	440
INCOME FROM OPERATIONS	**15,630**	**19,475**
Change in inventories of finished goods and work-in-progress	(199)	1,210
Capitalized production	372	382
Raw materials and consumables used	(7,990)	(11,719)
Personnel costs	(4,916)	(5,787)
Taxes	(257)	(290)
Depreciation, amortization and increase in provisions, net of use	(1,137)	(811)
Asset impairment	77	(252)
Other recurring operating income and expenses	156	103
Share in profit from joint ventures	69	97
RECURRING OPERATING INCOME	**1,805**	**2,408**
Other non-recurring operating income and expenses	(405)	(450)
PROFIT FROM OPERATIONS	**1,400**	**1,958**
Cost of net debt	(85)	(56)
Foreign exchange gain (loss)	(105)	(95)
Other financial income and expense	(14)	(35)
FINANCIAL INCOME (LOSS)	**(204)**	**(186)**
PROFIT BEFORE TAX	**1,196**	**1,772**
Income tax expense	(412)	(557)
PROFIT FOR THE PERIOD	**784**	**1,215**
Attributable to:		
■ owners of the parent	760	1,178
■ non-controlling interests	24	37
Earnings per share attributable to owners of the parent *(in €)*		
Basic earnings per share	1.78[(1)]	2.76[(2)]
Diluted earnings per share	1.73[(3)]	2.68[(4)]

(1) Based on the weighted average number of shares of 426,650,425 at December 31, 2021.
(2) Based on the weighted average number of shares of 426,680,657 at December 31, 2022.
(3) Based on the weighted average number of shares after dilution of 440,087,029 at December 31, 2021.
(4) Based on the weighted average number of shares after dilution of 440,159,929 at December 31, 2022.

Review of operations

Adjusted revenue

The global narrowbody capacity increased throughout the year in all geographies except China. In 2022, narrowbody ASK were at 82% (on average) of 2019, with Q4-22 at 86% of Q4-19.

2022 revenue amounted to €19,035 million, up 24.8% compared to 2021, 15.8% organic. Change in scope was €(9) million[(1)]. Currency impact of €1,382 million reflects a positive translation impact of USD revenues, with an average €/$ spot rate of 1.05 in 2022 (1.18 in 2021). €/$ hedge rate was at 1.15 (1.16 in 2021). Q4-22 sales increased by 21.1% at €5,626 million (11.8% organic) compared to Q4-21.

(in € millions)	FY 2021	FY 2022	% change	% change in scope	% change currency	% change organic
Propulsion	7,439	9,506	27.8%	-	9.5%	18.3%
Equipment & Defense	6,325	7,535	19.1%	0.7%	7.8%	10.6%
Aircraft Interiors	1,475	1,978	34.1%	(3.7)%	12.7%	25.1%
Holding company & Others	18	16	(11.1)%	N/A	N/A	(11.1)%
TOTAL GROUP	**15,257**	**19,035**	**24.8%**	**(0.1)%**	**9.1%**	**15.8%**

On an organic basis, 2022 revenue increased by 15.8%:

- Propulsion increased by 18.3% driven by a solid civil aftermarket activity (+29.3% in USD) highlighting strong spare parts sales for CFM56 and high thrust engines. Service activities for civil engines posted modest growth in the year. OE revenue was supported by higher deliveries with combined shipments of CFM engines reaching 1,196 units (1,136 LEAP and 60 CFM56), compared with 952 in 2021. Military engine activities recorded a slight growth in services but were down due to lower M88 deliveries. Helicopter turbines registered a lower OE activity and stable services (supply chain issues offset by higher pricing and support-by-the-hour contracts).

  Q4-22 sales increased by 10.0% mainly due to higher civil engine deliveries. Civil aftermarket revenue was up 4.3% compared to Q4-21 (as a reminder +53% in Q1, +41% in Q2 and +36% in Q3);
- Equipment & Defense was up 10.6% driven by aftermarket services across all activities. OE sales were up mainly thanks to nacelles (A330neo and LEAP-1A powered A320neo) and to a lesser extent safety systems (evacuation slides for A320neo) as well as fuel and fluid systems.

  Electronics & Defense revenue registered a slight increase with growing avionic activities (FADEC for LEAP and inertial navigation systems), higher deliveries of JIM binoculars but lower deliveries of guidance systems. The widebody market remained low during the first part of the year, notably on the 787 program impacting wiring, power and landing gear activities.

  Q4-22 sales increased by 12.0% compared to Q4-21 with strength in nacelles, Aerosystems and Electronic & Defense activities. MRO activities for landing gear activities were slightly impacted by supply chain constraints at the end of the year;
- Aircraft Interiors revenue recorded a solid 25.1% growth primarily driven by services for all activities. OE Cabin (toilets for A320neo, A350, 737 MAX and galleys) and Passenger Innovation (IFE) activities performed well during the year. Seats OE activities were impacted by lower volumes on business class seats.

  Q4-22 sales increased by 21.2% compared to Q4-21 thanks to Cabin and Passenger Innovation activities both in OE and services.

(1) Divestment of EVAC in June 2021, Safran Ventilation Systems Oklahoma (Enviro Systems) in November 2021, Pioneer Aerospace in April 2022 and Arresting Systems in June 2022. Acquisition of Orolia in July 2022.

Adjusted recurring operating income

2022 recurring operating income[1] reached €2,408 million, +33.4% compared to 2021 (+28.0% organic) mainly driven by service activities for Propulsion and Equipment & Defense. It includes scope changes of €4 million and a currency impact of €94 million. The Group registered an increase of profit-sharing[2] as well as a higher R&D impact in P&L. The operating margin stood at 12.6% of sales compared with 11.8% in the year ago period.

(in € millions)	FY 2021	FY 2022
Adjusted recurring operating income	**1,805**	**2,408**
% of revenue	11.8%	12.6%
Total one-off items	**(405)**	**(450)**
Capital gain (loss) on asset disposal	71	63
Impairment reversal (charge)	(309)	(503)
Other infrequent & material non-operational items	(167)	(10)
ADJUSTED PROFIT FROM OPERATIONS	**1,400**	**1,958**
% of revenue	9.2%	10.3%

On an organic basis, recurring operating income improved by 28.0%:

- Propulsion recurring operating income was up by 23.1% due to a strong civil aftermarket activity which was driven by higher spare parts sales for CFM56 and high thrust engines. Military services also supported the positive trend seen in 2022. The CFM56/LEAP transition was a negative contribution with lower CFM56 deliveries and higher LEAP deliveries at negative margin. M88 OE deliveries as well as helicopter turbine activities had a negative impact compared to 2021;
- Equipment & Defense recurring operating income increased by 25.1% driven by growth in services notably landing gear, carbon brakes, aerosystems and nacelles. OE nacelles had a positive contribution thanks to A330neo and A320neo programs. Electronics & Defense was flat with higher avionics and optronics activities compensating lower guiding and navigation systems;
- Aircraft Interiors posted a recurring operating loss of €(140) million, an improvement of €48 million in organic from 2021. Cabin activities reached breakeven in Q4-22 thanks to a strong growth in services and to a lesser extent to OE deliveries. Seats reported a positive contribution from services but a loss from OE activities. Seats is facing supply chain issues and cost-overruns in engineering and production. Strong efforts are deployed to stem these losses going forward.

Adjusted financial income (loss)

The Group reported an adjusted financial loss of €186 million in 2022, compared to a loss of €204 million in 2021. The adjusted financial loss for the year reflects:

- the €56 million cost of debt (€85 million in 2021);
- the €95 million foreign exchange loss (€105 million foreign exchange loss in 2021), which includes:
  - a non-cash expense of €55 million on provisions carried in US dollars resulting from the impact of fluctuations in the EUR/USD exchange rate between the start of the year (USD 1.13 to €1 at December 31, 2021) and the end of the year (USD 1.07 to €1 at December 31, 2022) on the opening amount of the provision (non-cash expense of €75 million in 2021),
  - other financial income and expenses representing a net expense of €35 million in 2022 (net expense of €14 million in 2021).

Adjusted net income

In 2022, non-cash one-off items were €(450) million including an impairment charges for several programs of which €(105) million related to Russia as well as €(319) million of goodwill impairment in Aircraft Interiors and a capital gain on disposals of €63 million.

Adjusted net income – Group share was €1,178 million in 2022 (basic EPS of €2.76 and diluted EPS of €2.68) compared with €760 million in 2021 (basic EPS of €1.78 and diluted EPS of €1.73).

It includes:

- Net adjusted financial expense of €(186) million, including €(56) million of cost of debt, €(95) million exchange revaluation of positions in the balance sheet and €(48) million impairment of financial assets in Russia (notably non–consolidated investments);
- An adjusted tax expense of €(557) million (31.4% apparent tax rate).

(1) *Operating income before capital gains or losses on disposals/impact of changes of control, impairment charges, transaction and integration costs and other items.*
(2) *The over-performance recorded in 2022 allowed an increase in the optional profit-sharing ("Intéressement") paid to French employees.*

2.1.3 Adjusted key figures by business

Summary of adjusted key figures by business

(in € millions)	Aerospace Propulsion		Aircraft Equipment, Defense and Aerosystems		Aircraft Interiors		Holding company and other		Total	
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
Revenue	7,439	9,506	6,325	7,535	1,475	1,978	18	16	15,257	19,035
Recurring operating income (loss)	1,342	1,710	650	874	(167)	(140)	(20)	(36)	1,805	2,408
Profit (loss) from operations	1,032	1,566	564	914	(184)	(486)	(12)	(36)	1,400	1,958
Free cash flow(1)	1,331	2,448	692	607	(181)	(483)	(162)	94	1,680	2,666
Acquisitions of property, plant and equipment(2)	175	239	163	190	5	31	43	38	387	498
Self-funded R&D	397	457	379	425	148	137	N/A	N/A	924	1,019
Headcount(3)	23,865	25,260	36,847	39,637	13,703	15,171	2,350	3,208	76,765	83,276

(1) Free cash flow is equal to cash flow from operating activities less changes in working capital and acquisitions of property, plant and equipment and intangible assets.
(2) Net of proceeds from disposals.
(3) Headcount at December 31.

2.1.3.1 Propulsion

Adjusted key figures

(in € millions)	2021	2022	Year-on-year change
Revenue	7,439	9,506	+28%
Recurring operating income	1,342	1,710	+27%
Profit from operations	1,032	1,566	+52%
Free cash flow	1,331	2,448	+84%
Acquisitions of property, plant and equipment	175	239	+37%
Research and development			
Self-funded R&D	(397)	(457)	+15%
% of revenue	*5.3%*	*4.8%*	*-0.5 pts*
Research tax credit	61	57	-7%
Self-funded R&D after research tax credit	(336)	(400)	+19%
Capitalized expenditure	105	92	-12%
Amortization and impairment of R&D expenditure	(119)	(117)	-2%
Impact on profit from operations	(350)	(425)	+21%
% of revenue	*4.7%*	*4.5%*	*-0.2 pts*
Headcount	23,865	25,260	+6%

Aerospace Propulsion activities operate in three main sectors:

Business line	% of business line revenue 2021	2022
Civil aviation	64%	73%
Military aviation	20%	14%
Helicopter turbines (civil and military)	16%	13%

Commercial and industrial developments

Civil aviation

Low-thrust engines for civil aircraft (regional and business jets)

Silvercrest (9,000-12,000 pounds of thrust)

Safran continued to develop the Silvercrest engine during the year. After ground tests followed by altitude tests in a simulation chamber in 2021, Safran successfully completed the campaign testing the operability of the new high-pressure compressor on a flying testbed (a modified Gulfstream GII aircraft). An initial test campaign has begun for the engine's high-pressure core, including the new compressor.

The Silvercrest will incorporate leading-edge technology to offer highest-standard performance, in terms of fuel consumption, reliability and respect for the environment. This new-generation engine will also serve as a development platform for hybridization technologies, with the integration of a Safran electric generator engine in 2023.

SaM146 (13,500-17,800 pounds of thrust)

Since the outbreak of the conflict in Ukraine in February 2022, and to comply with international sanctions, Safran has suspended all exports and services to Russia. These includes exports and services associated with the SaM146 low-thrust civil engines, the sole power source on the Sukhoi Superjet 100 aircraft built by the Russian aircraft manufacturer Irkut Corporation, which is part of the Russian consortium United Aircraft Corporation (see section 1.2 of this Universal Registration Document). Safran has also suspended operations at its industrial joint venture (Powerjet) set up for this program with a Russian partner (UEC Saturn). In all, six propulsion systems were delivered before sanctions were introduced. In July 2022, the type certificate of the SaM146 engine was suspended by the European Aviation Safety Agency (EASA).

Passport (13,000-18,000 pounds of thrust)

Through Safran Aero Boosters, Safran has a 7.4% share in Passport, the GE engine program for the long-range (7,400 nautical miles, or 13,700 km) Bombardier Global 7500 business jet. This engine is certified to carry up to 50% sustainable aviation fuel (SAF). During the year, 59 subassemblies were delivered for Passport engines (74 in 2021).

In 2022, a test campaign on a Passport engine powered entirely with SAF was successfully conducted on a test bench at GE Aviation's Peebles test site in the United States.

Bombardier announced the launch of its new Passport-powered Global 8000 aircraft, with a range of 8,000 nautical miles (14,800 km), which the business jet manufacturer expects to come into service in 2025.

Mid-thrust engines for civil aircraft (short- to medium-haul aircraft)

CFM56 – LEAP

LEAP-1A is competing with Pratt & Whitney's PurePower PW1100G for the A320neo program. The LEAP-1B model was chosen as the sole engine for the Boeing 737 MAX. The LEAP-1C model is the sole Western source for the propulsion system (engine plus nacelle) on the Chinese COMAC C919 aircraft, which obtained CAAC[1] type certification in 2022.

Despite an unsettled economic and geopolitical environment that disrupted the supply chain, Safran increased its deliveries of mid-thrust engines for civil aircraft in 2022. A total of 1,196 CFM56 and LEAP engines were delivered during the year (compared to 952 CFM56 and LEAP engines delivered in 2021).

In particular:

- a total of 60 CFM56 engines were delivered in 2022 (compared to 107 engines delivered in 2021). CFM International has delivered more than 33,800 CFM56 engines since the program began. There is still a pipeline of CFM56 engines to be delivered over the next few years, both to power the military version of the Boeing 737 (P8–Poseidon) and to provide the spare engines needed to support the in-service fleet;
- thanks to the ramp-up in production, 1,136 LEAP engines were delivered during the year in coordination with airframers and airlines (845 LEAP engines delivered in 2021).

At December 31, 2022, there was a backlog of approximately 10,000 orders (net cumulative orders and commitments) for the three A320neo, Boeing 737 MAX and C919 programs.

LEAP engines	2021	2022	Year-on-year change
Engines delivered	(845)	(1,136)	+34%
Orders received	1,457	1,515	+4%
Orders canceled	(512)	(152)	-70%
BACKLOG	**9,714**	**9,941**	**+2%**

On February 14, 2023, Air India and CFM International signed an agreement for the largest LEAP order in history. Air India's firm order for 800 LEAP engines includes 420 LEAP-1A engines, 380 LEAP-1B engines, plus spares. Air India also signed a CFM service agreement.

(1) *Civil Aviation Administration of China.*

Spare part activities and service agreements

Amidst a recovery in domestic air traffic in 2022 and despite volatility in China, sales of spare parts and service agreements for civil engines increased 29.3% during the year (in USD), driven in particular by the sale of CFM56 spare parts.

New service agreements for LEAP engines were signed, including with airline companies Jet2 (United Kingdom) and Qatar Airways. Partnerships for LEAP engine maintenance and services were also signed with Air-France KLM and Delta Air Lines (United States). These agreements offer LEAP engine customers a wide range of bespoke aftersales services adapted to their particular business model and to fleet size and/or condition.

Decarbonization of aeronautics

Safran is pursuing an ambitious policy of transitioning to carbon-neutral aviation by 2050.

Since 2021, Safran has been involved in RISE (Revolutionary Innovation for Sustainable Engines), a technology development program that lays the foundations for developing a future engine that reduces fuel consumption and CO_2 emissions by 20% compared to the latest-generation LEAP engine and is 100% compatible with sustainable fuels or hydrogen. The program also leverages technologies such as composite fan blades, ceramic matrix composites, electric hybridization and additive manufacturing.

Industrial operations

Safran inaugurated several new industrial facilities in India during the year:

- in Hyderabad, Safran opened a new 15,000 sq.m. plant specializing in the production of rotating parts for LEAP engines. This plant will support the ramp-up in LEAP production and should eventually employ 275 people. During the inauguration, Safran announced that a maintenance, repair and overhaul (MRO) facility with capacity for 250 to 300 LEAP engine shop visits per year would be set up nearby. The maintenance facility is expected to be operational in 2025;
- in Bangalore, a new Safran HAL Aircraft Engines[1] plant was also inaugurated, specializing in the manufacture of complex duct systems, mainly for the LEAP engine. Located near Bangalore airport, this 11,000 sq.m. site employs about 150 people.

Having operated in India for the past 65 years, these new plants confirm the Group's commitment to long-term development in the country.

In 2022, Safran also announced plans to open a new plant manufacturing compressor blades for aircraft engines in Marchin (Belgium). This 10,000 sq.m. center of excellence will incorporate Safran's best industrial technologies to meet the highest global standards. Featuring automation, highly qualified personnel and the most advanced digital technologies, the plant will produce more than 2,000 blades and vanes a day, with innovative, autonomous real-time quality control at every critical stage of production. It should be operational in 2025 and will employ around 100 people.

High-thrust engines for civil aircraft (long-haul aircraft)

In line with expected production rates, in particular the slowdown in Boeing 787 and Boeing 747 production, 181 engines were delivered in 2022, compared with 235 a year earlier.

GE90

GE90 volumes increased sharply, as the entry into service of the Boeing 777X was pushed back to 2025. Safran delivered 49 compressor modules during the year, compared with 37 in 2021.

Safran has a stake of 23.7% in this GE program, which currently enjoys a sole-source position on the Boeing 777 (fitted with the latest-generation GE90-115 engines with 115,000 pounds of thrust).

GE9X

GE's high-thrust GE9X engine was chosen by Boeing as the sole source for its new long-haul Boeing 777X aircraft, slated to enter into service in 2025. Throughout the year, Safran continued to work on improving the currently certified configuration of the engine fan casing and on the production of the new exhaust casing configuration.

Safran has a stake of 11.2% in this program through Safran Aircraft Engines and Safran Aero Boosters. Safran Aircraft Engines is responsible for the design and production of several critical parts of the engine (composite fan blades, fan casing and exhaust casing). The low-pressure compressor and the fan disk are made by Safran Aero Boosters.

GEnx

Owing to the slowdown in production of the Boeing 747-8 and Boeing 787, Safran delivered 66 modules in 2022, 55 fewer than in 2021. Safran is a partner on the two GEnx engine programs, with a 7.7% interest in the GEnx-1B version powering the long-haul Boeing 787 and a 7.3% interest in the GEnx-2B version powering the Boeing 747-8.

The last Boeing 747 aircraft left the assembly line at the end of 2022, marking the end of Safran's GEnx-2B original equipment program. This engine will continue to generate revenue through spare parts.

CF6 family

In 2021, Safran assembled the last CF6 engine powering the Airbus A330 at its Villaroche plant (Seine-et-Marne, France), marking the end of this original equipment program for the Group. Assembly of this engine is continuing at GE in the United States for the version powering the Boeing 767. In all, 50 engines for the CF6 family were delivered in 2022, compared to 60 in 2021.

Safran, whose stake in this program ranges from 10% to 19.4% depending on the CF6 engine version, continues to participate in production and aftersales activities for this engine.

LM6000 turbines (related to CF6 engines) and LM9000 turbines (related to GE90 engines)

A total of 16 LM6000 and LM9000 gas turbines were delivered in 2022, compared to 17 in 2021. Safran is involved in the LM6000 program, both in production and aftersales support, with a stake ranging from 4.4% to 15.9% depending on the turbine version. Safran supplies the high-pressure compressor and associated spare parts for the LM9000 program.

(1) 50-50 joint venture between Safran Aircraft Engines and Hindustan Aeronautics Limited.

Service agreements

New agreements for GE90 and GP7200 engines were signed, extended, renegotiated or renewed in 2022 by LATAM (Chile), Emirates (United Arab Emirates), Air India (India), Ethiopian Airlines (Ethiopia), EVA Air (Taiwan) and Turkish Airlines (Turkey).

In its role as partner, Safran contributes to the service agreements negotiated and signed by GE and Engine Alliance with the relevant operators for the high-thrust GE90 and GP7200 engines powering the Boeing 777 and the A380, respectively. Safran provides maintenance and repair services for the GE90's high- and low-pressure compressors, as well as for the GP7200's high-pressure compressor. The Group leverages its expertise, industrial capabilities and global network to offer operators continuous support and a comprehensive range of engine module maintenance services through support-by-the-hour or time-and-materials contracts.

Military aviation

M88

A total of 51 engines were delivered for the Rafale fighter jet in 2022 (64 engines in 2021). The in-service global engine fleet passed the one-million operating hours mark during the year[(1)]. This major milestone illustrates the operational excellence of this engine.

Safran is continuing the preliminary work authorized by the French Ministry of the Armed Forces in 2017 for the future F4 standard. Technological advances proposed by Safran and selected by the French government notably include a new M88 control unit with enhanced processing capacity and improved maintenance features (surveillance, recording, trouble-shooting and predictive maintenance) for the maintenance system and computerized maintenance management system.

In 2022, the United Arab Emirates' order for 80 Rafale fighter jets came into effect. Indonesia ordered six Rafale aircraft, and Greece supplemented its initial order of 18 Rafale with six additional new aircraft.

Spare parts and services for military aircraft engines

In July 2022, Safran, the French Aircraft Maintenance Commission (DMAé) and the French Ministry of the Armed Forces' Industrial Aviation Department (SIAé) inaugurated the three-way organization in charge of managing support for M88 engines.

For Safran, this marks the start of the 10-year BOLERO contract awarded in 2021 to provide operational maintenance services for the engines powering the French Armed Forces' Rafale aircraft. This contract is designed to optimize maintenance of the M88 engines as part of efforts to simplify the French government's contract management.

M53

In acquiring and commissioning more modern fighter aircraft such as the Rafale, Qatar has shown its willingness to part with its fleet of 12 Mirage 2000s. Several buyout options have been announced for the Mirage 2000 fleet by other countries, and Safran is working with the potential future buyers to prepare for the fleet's return to service.

TP400

A total of 37 engines were delivered in 2022 (compared to 30 in 2021). At the end of the year, orders and purchase commitments covered 215 engines for the A400M aircraft from Airbus Defence & Space. The in-service fleet logged nearly 116,000 flying hours in 2022.

Tyne

In 2022, the French Air and Space Force retired the last C-160 Transall transport aircraft fitted with Tyne Mk 22 engines, after 59 years of serving France in all theaters of operation.

However, around 20 Atlantique 2 aircraft used in French naval aviation and powered by Tyne Mk 21 engines should remain in service until 2035-2040. In December 2022, the French Aircraft Maintenance Commission DMAé) awarded Safran Aircraft Engines a new maintenance contract (MCO). This contract, featuring an availability commitment, covers all services (fleet management, logistics, technical support, MRO, training, etc.) required for the support and maintenance of Tyne engines until the Atlantique 2 is withdrawn from service.

Engine option for the New Generation Fighter (NGF) jet

The Future Combat Air System (FCAS) is a joint European program to develop a new-generation combat air system, combining a New Generation Fighter (NGF) aircraft by 2040 with a wide array of interconnected and interoperable elements such as drones, and based on artificial intelligence.

The engine for the future aircraft will be developed under cooperation agreements by EUMET GmbH (European Military Engine Team), a 50-50 joint venture between Safran and MTU Aero Engines created in 2021. Safran has overall responsibility for the design and integration of the engine, combustion chamber, high-pressure turbine and afterburner. MTU Aero Engines is taking the lead in engine services and is responsible for the low- and high-pressure compressors. ITP Aero is involved as lead partner in the development of the low-pressure turbine and the nozzle.

In December 2022, the program reached a major milestone with notification from the French, German and Spanish governments on funding for the next R&T phase (Phase 1B), covering further development and maturation for the advanced technologies required for demonstrator flights, along with consolidation of project architectures, with flight demonstrations scheduled in forthcoming phases by 2028-2029.

Helicopter turbines and auxiliary power units

Due to an unsettled economic and geopolitical environment in 2022 particularly impacting supply chains, Safran Helicopter Engines delivered 508 helicopter engines during the year compared to 574 in 2021.

(1) M88 engine operating hours including taxiing time.

Light helicopters

Safran's engine solutions for light helicopters reported further commercial success during the year. In particular:

- South Korea selected the Bell 505 single-engine helicopter powered by the Safran Arrius 2R engine as the new training aircraft for its armed forces. The contract provides for the production and delivery of up to 40 units by 2025;
- Jordan selected 10 Bell 505 helicopters which will be used by the Royal Jordanian Air Force (RJAF) to train its military pilots;
- Brazil chose single-engine H125 helicopters powered by Safran's Arriel 2D engine to boost the training capacity of its armed forces. The final assembly of the 27 new H125 helicopters will be carried out in Brazil;
- the Royal Moroccan Air Force ordered twin-engine H135 helicopters powered by Safran Arrius 2B2 engines to train pilots for a wide range of highly skilled missions, including search and rescue;
- the Swiss Air Rescue Service (REGA) ordered 21 twin–engine Airbus H145 helicopters powered by Safran Arriel 2E engines.

In 2022, Safran Helicopter Engines celebrated the production of its 15,000th Arriel and 505th Arrius 2R engines at its Bordes plant (Pyrénées-Atlantiques, France).

In early 2023, Leonardo also selected the Safran Arriel 2K engine to power its new single-engine AW09 light helicopter.

Medium-weight helicopters

Several medium-weight helicopters powered by Safran entered into service in 2022.

Selected in 2016 by Airbus Helicopters, the Safran Arrano 1A engine is the sole source for the new six-ton twin-engine H160 helicopter, as well as its military version, the H160M Guépard. In 2022, the first H160 aircraft, powered by Safran engines, entered service in Japan with the Japanese operator All Nippon Helicopter, while the first ACH160, the VIP version of the H160, was delivered to Brazil.

During the year, the French Navy took delivery of its first H160 aircraft, powered by Safran engines, making it the first armed forces in the world to have a search and rescue version of this helicopter. To equip the French Armed Forces, a first firm order for 30 aircraft out of a total of 169 H160M helicopters was also notified by the French Directorate General of Weapons Procurement (DGA) during the year. The H160M Guépard is expected to come into service in 2027.

In 2022, the Indian Air Force (IAF) announced the entry into service of its first four Prachanda light combat helicopters (LCH). These aircraft, made by Hindustan Aeronautics (HAL), are powered by two Shakti engines, the Indian version of the Safran Ardiden 1H1 engine.

2022 also saw the Civil Aviation Administration of China (CAAC) deliver type certification to HAIG (Harbin Aircraft Industry Group, an AVIC[1] company), for its AC352 helicopter. The AC352 is powered by two Ardiden 3C engines (known as WZ16 in China), developed by Safran in cooperation with Harbin Dongan Engine and the Hunan Aerospace Propulsion Research Institute (HAPRI), both part of the AECC[2] consortium. The Ardiden 3C was certified by European Aviation Safety Agency (EASA) in Europe in 2018, and by CAAC in China in 2019. This milestone has paved the way for flight tests to qualify the first configurations and mission equipment associated with the aircraft's expected entry into service in 2024.

Heavy-lift helicopters

The first contract for the sale of the AW189K helicopter powered by Safran Aneto-1K engines was signed in 2022 by helicopter manufacturer Leonardo. This new Safran engine option not only delivers improved performance capabilities in hot and/or high conditions, but also provides the helicopter with 25% extra thrust. Entry into service is set for 2023.

Helicopter turbine engine services

Safran's aftermarket services for helicopters continued to enjoy good momentum, notching up several successes:

- the French Aircraft Maintenance Commission (DMAé) and Safran Helicopter Engines renewed the maintenance contract (MCO) for the French government's 1,600 helicopter engines for a further 10 years. Known as Saturne (advanced turbine support for the French State), this contract ensures the availability and MRO[3] of the engines powering the helicopters of the French Army Light Aviation (ALAT), the French Air and Space Force, the French Navy, the French Civil Defense, the French Gendarmerie, the French Customs and the DGA[4] Flight Test Centre;
- the US Army renewed a contract with Safran to support the 900 Arriel engines powering its fleet of Airbus UH-72 Lakota helicopters, which are used for initial pilot training;
- the Royal New Zealand Air Force signed a new long-term contract with Safran, which will provide maintenance, repair and overhaul (MRO) services for 21 RTM322 engines powering NH90 helicopters;
- Thai Aviation Industries (Thailand) and Safran signed a contract to support 12 Arrius and 24 Makila engines respectively powering the H135 and H225M helicopters in service with the Royal Thai Air Force. These Safran engines will be covered by a Safran Global Support Package (GSP), which guarantees continued availability of the fleet;
- operators All Nippon Helicopter (ANH), The Helicopter and Jet Company (Saudi Arabia), Yellowhead Helicopters (Canada) and Gading Kasturi (Malaysia) also signed support-by-the-hour (SBH®) contracts with Safran.

(1) Aviation Industry Corporation of China.
(2) Aero Engine Corporation of China.
(3) Maintenance, repair and overhaul.
(4) French Directorate General of Weapons Procurement.

Based on a secure web portal and a global network of technical and sales representatives, the digital service EngineLife® provides operators of Safran's helicopter engines with assistance throughout the life of their engine. In 2022, the range of EngineLife® digital services was expanded with the launch of two new interfaces:

- My Engine Dashboard provides Safran engine operators with an interactive dashboard featuring all the information available on the EngineLife portal for each engine;
- Logbook Viewer makes available the various documents associated with a Safran helicopter engine (such as the engine logbook or the module registration form) in digital format.

The quality of services provided by the Group to operators of Safran-powered helicopters was recognized during the year by US magazine *Vertical* in its survey ranking helicopter and engine manufacturers on the quality of their products and support. Safran Helicopter Engines was named "Top Engine Manufacturer" for the second time in its history.

Helicopter decarbonization

Safran aims to be at the forefront of the decarbonization push in the helicopter industry, targeting a 50% reduction in CO_2 emissions from its new helicopter engines by 2030. To achieve this, the Group's strategy is based not only on the development of more energy-efficient and hybrid engines, but also on the use of SAF[(1)].

All Safran helicopter engines are already certified to operate with blends containing up to 50% SAF. The Group is currently working to certify engines running on 100% SAF, while evaluating the operational impact of using these fuels. Progress in this regard in 2022 included:

- the first flight of an Airbus Helicopters H225 aircraft with both of its Safran Makila 2 engines running on 100% SAF. This was the first time a helicopter had flown with its propulsion system powered entirely by SAF. It follows a first test in 2021, during which an H225 flew with one of its two engines powered by 100% SAF;
- signature of a partnership with Bell Textron, Inc. to evaluate the use of SAF on the Bell 505 helicopter and its Arrius 2R engine. One model of this helicopter began its first flight tests at the Bell Training Academy in Fort Worth (United States). An evaluation of SAF on the Bell 505 was also conducted in Singapore, in partnership with the oil company Neste (Finland) and the operator Jet Aviation (Switzerland);
- start of the cooperation with ÖAMTC Air Rescue (Austria), during which one of the operator's helicopters flew with 30%-50% SAF. Ultimately, ÖAMTC Air Rescue will work with Safran to look at increasing the proportion of SAF in its fleet of Arrius 2B2-powered helicopters to 100%;
- a long-term evaluation in partnership with Airbus on the use of SAF in the Arriel 2E engines powering the Airbus H145 helicopters of the medical transport operator ADAC Luftrettung (Germany), as well as with the German Aerospace Center (DLR[(2)]) and BP;
- the first flight in Japan of an Airbus H215 helicopter powered by Safran Makila 1A1 engines running on "SUSTEO 10", a fuel containing 10% SAF derived from algae and cooking oil.

New mobility concepts, hybrid propulsion system

Unveiled at the Paris Air Show in 2019, EcoPulse™ is a distributed hybrid-propulsion demonstrator designed by Safran, Daher and Airbus. Kickstarted by the French Civil Aviation Research Council (CORAC) with support from the French Directorate General for Civil Aviation (DGAC), the project aims to develop technologies that will improve the environmental efficiency of aircraft and meet the future needs of the air travel industry. EcoPulse™, which is based on Daher's single-engine TBM light aircraft, features Safran's distributed hybrid propulsion system. In 2022, Safran carried out ground-based endurance tests that validated both the potential of the 45 kW ENGINeUS™ 45 electric thrusters, the operation of the bi-position propeller actuators, and the performance of the tether system. EcoPulse™ is slated to complete its first flight in 2023.

Industrial operations

During the year, Safran and Hindustan Aeronautics Limited (HAL) laid the foundation stone for the Helicopter Engines MRO Pvt Limited (HE-MRO) joint venture, a maintenance facility to be located in Sattari, near Goa (India). Safran and Hindustan Aeronautics Limited (HAL) also signed a Memorandum of Understanding (MoU) to explore new opportunities for cooperation in civil and military engines, in line with the Indian government's strategy to achieve self-sufficiency in defense and MRO[(3)] technologies. The facility, which will be operational by the end of 2023, will provide the Indian Armed Forces with the capability to support 50 TM333[(4)] and Shakti[(5)] engines per year, with an annual maintenance capacity of 150 engines.

Auxiliary power units

During the year, Safran delivered its 100th SPU300 auxiliary power unit (APU), specifically designed for the Bombardier Global 7500 business jet.

Mechanical power transmission systems

In 2022, series production and deliveries of power transmission systems for civil and military aircraft picked up pace, with a ramp-up on the civil LEAP (CFM engines powering the Airbus A320neo and Boeing 737 MAX), Pearl 15 and Pearl 700 (Rolls Royce engines powering the Bombardier Global Express 6500 and Gulfstream G700 business jets) programs, as well as on the Rafale M88 military engine program. Volumes delivered under the Trent XWB program (Rolls Royce engines powering the Airbus A350 aircraft) held firm. Spare parts and repair activities (MRO) began to pick up again during the year.

(1) *Sustainable aviation fuel.*
(2) Deutsches Zentrum für Luft- und Raumfahrt.
(3) *Maintenance, repair and overhaul.*
(4) *Turbomeca Artouste for the Cheetah (Lama) and Chetak (Alouette III) light helicopters.*
(5) *Ardiden 1H1 engine for HAL Dhruv medium-lift helicopters.*

Safran secured the supply chain for its mechanical transmission systems throughout the year, in order to keep pace with increased production rates in an unsettled economic and geopolitical environment.

2022 also saw the successful completion of the Preliminary Design Review (PDR) technical milestone of the reduction gearbox (RGB) for CFM International's upcoming Open Fan RISE engine demonstrator program in partnership with Avio Aero. Work on hybrid electric propulsion also continued. In 2022, Safran also launched a project to develop an industrial center for the manufacture of power transmission prototypes for future generations of propulsion systems.

Launch vehicles

Owned equally by Safran and Airbus, ArianeGroup brings together each company's activities and expertise in commercial and military launchers under a single entity. Through its subsidiary Arianespace, ArianeGroup offers a comprehensive range of launch services with its Ariane and Vega launchers.

Ariane, Vega and Soyuz civil launchers

ArianeGroup is prime contractor for Ariane European space launchers and also contributes to the Vega[1] launcher. Arianespace, its 74%-owned subsidiary, takes charge of the marketing and operation of three launch vehicles (Ariane, Vega and Soyuz) from the Space Center in French Guiana.

Arianespace completed five of the six successful launches[2] from the Kourou Space Center in French Guiana, and orbited 40 satellites. Arianespace also had a record year in terms of order intake, with a total of eight Vega-C missions and 19 Ariane 64 launches contracted.

Ariane

During the year, the European heavy launcher Ariane 5 successfully completed three launches, demonstrating its excellent reliability. On December 13, 2022, it successfully placed three major satellites into geostationary orbit in a multiple launch: a new-generation meteorological satellite for EUMETSAT[3] and a pair of communications satellites for the US operator Intelsat.

In 2022, Arianespace reported a number of major commercial wins for its future Ariane 6 heavy launcher:

- at the International Space Symposium in Colorado Springs (United States), Arianespace and Amazon announced that they had signed an unprecedented contract for 18 Ariane 6 launches (in the Ariane 64 heavy-lift version) to orbit satellites of the Project Kuiper constellation[4] from the Guiana Space Center. This is the largest launch service contract ever signed by Arianespace in its 42-year history;
- a contract was signed with US operator Intelsat to launch two new geostationary satellites using the heavy-lift Ariane 64.

The Ariane 6 development program also continued throughout the year: in October, the first hot-fire tests of the rocket's re-ignitable upper stage took place at the German Aerospace Center (DLR[5]) in Lampoldshausen (Germany). ArianeGroup still expects the inaugural flight of the new European Ariane 6 launcher to take place in late 2023.

Vega

On July 13, a Vega-C launch vehicle completed its inaugural flight, successfully placing into orbit its main payload, the Laser Relativity Satellite-2 (LARES-2), a scientific satellite developed by the Italian Space Agency (ASI) and six CubeSats[6] built by European universities and research organizations. This new version of the launcher is based on a P120C first stage, shared with the solid boosters of the future Ariane 6 launcher. This successful flight of a P120C booster is an important technical milestone in the run-up to Ariane 6's first lift-off in 2023. The failure of Vega-C's second mission was not attributable to the P120C booster but to a fault in the nozzle throat of the second stage.

In 2022, Arianespace signed a contract with the European Commission to use Vega-C, an upgraded and more powerful version of the Vega launcher, to launch six Sentinel satellites for Copernicus, the European Union's Earth Observation program. Arianespace has also signed two other contracts with ESA[7] for launch services with Vega-C.

Soyuz

As mentioned earlier (see section 1.2 of this Universal Registration Document), the Russian space agency (Roscosmos) announced its decision to suspend its cooperation with ESA for Soyuz rocket launches operated by Starsem[8], both from the Guiana Space Center and from the Baikonur and Vostochny Russian cosmodromes. ArianeGroup has suspended all exports and services to Russia and has halted the activities of its joint ventures with Russian partners (Starsem and Eurockot).

Of the 10 Soyuz launches initially planned for 2022, only one was completed on February 10, 2022 from the Guiana Space Center. This launch successfully placed 34 communication satellites into orbit for the operator OneWeb[9]. Since the outbreak of the Russo-Ukrainian conflict on February 24, 2022, no Soyuz flight has been completed for Arianespace.

(1) Vettore Europeo di Generazione Avanzata*, or the Advanced Generation European Vector – for which Avio (Italy) is prime contractor – is a lightweight launcher designed to carry small payloads (1.5 metric tons) into low orbit.*
(2) *The sixth launch was part of the VEGA-C development contract and was operated by ESA.*
(3) *European Organization for the Exploitation of Meteorological Satellites.*
(4) *This constellation, which will be made up of 3,256 satellites, aims to provide high-speed broadband across the globe before 2030.*
(5) Deutsches Zentrum für Luft- und Raumfahrt.
(6) *CubeSats are very small satellites with a mass of between 1 kg and 10 kg.*
(7) *European Space Agency.*
(8) *Joint venture owned by ArianeGroup (35%), Arianespace (15%), Roscosmos (25%) and Russia's National Research and Production Center, Progress (RKTs-Progress) (25%).*
(9) *OneWeb is owned by Indian telecoms operator Barthi, the UK government, French satellite operator Eutelsat and Japan's SoftBank. Its aim is to provide global access to broadband internet through a constellation of 650 satellites.*

Innovation

As part of its preparations for the future, ArianeGroup was selected by the European Commission to lead two major projects as part of the Horizon Europe program[1]:

- the ENLIGHTEN project (European iNitiative for Low cost, Innovative & Green High Thrust Engine) concerns the future reusable, very low-cost engine demonstrators under the Prometheus program;
- the SALTO (reuSable strAtegic space Launcher Technologies & Operations) project concerns tests to be conducted in 2024 at the ESRANGE Space Center in Sweden for the vertical landing of Themis, the prototype reusable launcher stage developed by ArianeGroup.

Together, Prometheus and Themis will contribute to the production of Maia, a new reusable mini-launch vehicle developed by MaiaSpace[2]. The first launch of the new mini–launch vehicle is expected by MaiaSpace in 2026.

Military industry

Regarding the naval component of France's nuclear deterrent, preparations for the test flight of the new M51.3 strategic missile are continuing, with the successful completion of all qualification bench firings of the upper stages.

ArianeGroup's work continued apace during 2022 after its selection by the French Directorate General of Weapons Procurement (DGA) in 2019 for the development of the V-MAX (*Véhicule Manœuvrant eXpérimental*) hypersonic glider demonstrator.

Through GEOTracker, its worldwide network of optical stations, ArianeGroup continued to be a key player in space surveillance, notably for the French Joint Space Command, and in the export market. In response to the growing number of space objects (satellites and debris) and efforts by several countries to militarize space, ArianeGroup's GEOTracker can provide permanent coverage of the entire geostationary arc and other strategic orbits.

As part of the European Defense Industrial Development Program (EDIDP), ArianeGroup continued its work coordinating the SAURON project, which aims to develop innovative sensors for characterizing and identifying satellites in orbit.

At the Farnborough Air Show, Safran Power Units, Rolls-Royce and MBDA signed an Assessment Phase contract for the development of a new engine family for the future subsonic FC/ASW program[3]. This first assessment phase will be followed by a development and industrialization phase.

Products, equipment and services

Harnessing its experience in liquid hydrogen for launch vehicle propulsion, ArianeGroup works with Safran to develop technological solutions addressing the particular challenges of liquid hydrogen storage, notably for use by its aviation transportation customers. In this regard, ArianeGroup signed a contract with Airbus in 2022 to develop refueling infrastructure for the future ZEROe aircraft demonstrator, which will use hydrogen as its main energy source.

2.1.3.2 Aircraft Equipment, Defense and Aerosystems

Adjusted key figures

(in € millions)	2021	2022	Year-on-year change
Revenue	6,325	7,535	+19%
Recurring operating income	650	874	+34%
Profit from operations	564	914	+62%
Free cash flow	692	607	-12%
Acquisitions of property, plant and equipment	163	190	+17%
Research and development			
Self-funded R&D	(379)	(425)	+12%
% of revenue	*6.0%*	*5.6%*	*-0.4 pts*
Research tax credit	93	87	-6%
Self-funded R&D after research tax credit	(286)	(338)	+18%
Capitalized expenditure	127	126	-1%
Amortization and impairment of R&D expenditure	(89)	(86)	-3%
Impact on profit from operations	(248)	(298)	+20%
% of revenue	*3.9%*	*4.0%*	*+0.1 pts*
Headcount	36,847	39,637	+8%

(1) Horizon Europe is the European Union's €95 billion framework program on research and innovation (R&I) for the period 2021-2027.
(2) An ArianeGroup subsidiary created in 2021.
(3) Future Cruise and Anti-Ship Weapon.

Commercial and industrial developments

Landing and aircraft systems

Landing gear

In 2022, buoyed by the rally in the air transport industry, Safran delivered 910 landing gear units across all programs (compared with 870 in 2021).

2022 saw the inaugural flights of the first test aircraft of the Airbus A321XLR (Xtra Long Range) from the European airframer's site near Hamburg (Germany). These new aircraft are equipped with Safran nose and main landing gear, as well as the Group's steering, braking and monitoring systems.

Safran was also awarded a contract from Lockheed Martin to provide the design, development and qualification of a landing gear structure for a future aircraft. This new structure will include a clean sheet design of the nose and main landing gear.

Finally, Safran and airframer ATR announced the development of a service analyzing hard landings(1), which should enable aircraft to be quickly returned to service in the event of a hard landing. This service, known as "Smart Lander", combines ATR's knowledge of its aircraft with Safran's expertise in landing gear data analysis.

Wheels and brakes

The recovery in air traffic and the ramp-up in airframer production boosted the Group's wheels and brakes business. New contracts were signed in 2022 to fit nearly 700 aircraft with Safran carbon brakes.

A partnership was notably signed with American Airlines to upgrade its fleet of Boeing 737 NGs with Safran carbon brakes, replacing the current steel brakes. In all, this partnership covers more than 300 aircraft in service.

At the end of the year, with almost 11,600 aircraft equipped with Safran carbon brakes, the Group is the market leader(2) for the Airbus A320 (ceo and neo) and the Boeing 787 and Boeing 737 (NG and MAX).

Landing and braking control systems

Safran is a preferred partner of airframers for the development and supply of full systems for ATA 32(3) landing and braking functions.

2022 saw good momentum in development activities with Airbus on the A320 and A350 programs and with Dassault Aviation on the Falcon 10X program. For the latter, the first examples of the new-generation Safran computer were delivered to Dassault Aviation for the start of its bench tests.

Safran also continued its flight test campaigns for the PresSense wireless electronic pressure sensor developed in collaboration with Michelin.

Services for landing gear, wheels and brakes and related systems

In 2022, Safran signed landing system maintenance and repair contracts with ATSG (United States), Canada Jetlines, Wizz Air (Hungary), Volaris (Mexico), Frontier Airlines (United States), ITA Airways (Italy), Philippines Airlines (Philippines), CEBU Airlines (Philippines), Etihad Airways (United Arab Emirates), Flynas (Saudi Arabia) and AJW Group (United Kingdom).

Safran also partnered with Aircraft Accessories and Components Company (AACC), a Saudi Arabian Military Industries (SAMI) subsidiary. This partnership will allow AACC to significantly expand its maintenance, repair and overhaul (MRO) capabilities in the Gulf region and to offer landing gear overhaul services for commercial aircraft and military helicopters in Saudi Arabia.

Industrial operations

Safran inaugurated ExceLAB, its new test laboratory for landing and braking systems in Vélizy-Villacoublay, near Paris. ExceLAB provides complete testing and research capability for the hydraulic, electric and hybrid systems used on all of Safran's current and future aerospace programs. This new laboratory enhances the Group's testing and qualification capabilities for new landing and braking system concepts.

Engine systems and equipment

Nacelles and thrust reversers

In response to the ramp-up in airframer production, and despite an unsettled economic and geopolitical environment impacting the supply chain, Safran adapted its nacelle production capabilities to provide the support and services expected by airlines. In 2022, Safran notably provided:

- 588 nacelles for the A320neo and 52 nacelles for the A330neo, respectively 12 and 32 more than in 2021;
- 516 nacelles for business and regional aircraft, 124 more than in 2021.

A number of decisive advances were also made in 2022:

- the 200th nacelle was delivered for an Airbus A330neo aircraft, setting a new milestone for this very large engine component for which Safran has full responsibility, from design to integration and in-service support;
- the COMAC C919 was certified, marking the end of development and the start of a ramp-up in series production for Safran nacelles.

Development work continued during the year on the complete nacelle systems for the new Gulfstream G700 and G800 business jets powered by the Rolls-Royce Pearl 700 turbofan engine.

(1) A hard landing occurs when an aircraft touches down with greater speed and vertical force than a normal landing. The consequences of hard landings can vary from mild passenger discomfort to structural damage to the aircraft and fatalities.
(2) Ranking criteria: market share – Source: Safran.
(3) The Air Transport Association of America (ATA) categorizes aircraft systems into chapters.

The Group's efforts were also recognized by two awards from US airline Republic Airways: one in recognition of excellence in aftersales support and AOG[1] support, and one for outstanding service by the Customer Support Director and Field Service Engineer. These awards acknowledge the professionalism and commitment of Safran teams.

Finally, several service agreements for nacelle maintenance were signed with Spring Airlines (China), Azul (Brazil), Avianca (Colombia), Viva Air Colombia (Colombia), Air Greenland (Greenland), Play (Iceland) and Saudi Arabia (Saudi Arabia).

Industrial operations

In 2022, Safran inaugurated the extension of its aircraft nacelles production site in Casablanca (Morocco). This extension of nearly 6,000 sq.m. is dedicated to the production of the high-end Gulfstream G700 and G800 business aircraft nacelles. An industrial development plan for the site is also in place, with a view to increasing nacelle production rates. Safran has invested 115 million dirhams (€11 million) in the site, which integrates the highest standards in the aerospace industry. A new solar power facility was also inaugurated at this site during the year, with 3,000 photovoltaic panels and a capacity of 1.7 mW. This pioneering facility will enable the Safran plant to cover 20% of its annual electricity consumption, and also reduce its CO_2 emissions. Safran plans to boost the production capacity of the facility by 1,800 additional panels in 2023, eventually covering one-third of the plant's energy needs.

Safran announced the start of operations at its new nacelle maintenance, repair and overhaul (MRO) station. Located in Suzhou (China), this new 5,200 sq.m. facility has been certified by the Chinese (CAAC) and European (EASA) aviation authorities to perform nacelle and thrust reverser repairs on the Airbus A330ceo (powered by Rolls-Royce Trent 700 engines), A320neo (powered by LEAP-1A engines) and COMAC C919 (powered by LEAP-1C engines) fleets. Safran is also preparing to open a new nacelles integration center in Tianjin (China) to support the A320neo program and the Airbus Final Assembly Line (FAL).

Safran Nacelles' new industrial plan, which streamlines its activities, simplifies flows between Group sites and reduces its carbon footprint without impacting deliveries, was also recognized at the Safran Innovation Awards. Created in 2005, this annual Group-wide competition rewards projects carried out by employees to make Safran more competitive and efficient.

Electrical systems and engineering

Electric propulsion, generation and distribution systems

During the year, both Safran ENGINeUS™ electric motors and Safran GENeUSGRID™ energy management systems were selected by several aircraft manufacturers:

- Aura Aero (France) selected the Safran ENGINeUS™ electric motor with a power rating of more than 100 kW and the GENeUSGRID™ distribution and protection system for its INTEGRAL E aircraft, the electric version of its two–seater training aircraft. Safran signed a Memorandum of Understanding (MoU) with Aura Aero to work with the aircraft manufacturer on the electrical architecture studies for the 19-passenger ERA electric regional aircraft. Aura Aero expects INTEGRAL E to take to the skies in 2023 and ERA in 2024;
- Diamond Aircraft (Austria) selected the Safran ENGINeUS™ electric motor to power its upcoming eDA40 all-electric two-seat trainer aircraft. This Safran engine, which includes control systems, will provide the future aircraft with a maximum take-off power of 130 kW. The Austrian airframer expects the eD40 to be certified in 2023;
- US aircraft manufacturer Piper Aircraft and Canadian high–tech company CAE selected the 130 kW Safran ENGINeUS™ electric motor for their upcoming Piper Archer® piston aircraft electrical conversion kit. This conversion kit will allow future pilots to train on electric aircraft while reducing carbon emissions and noise levels;
- aircraft manufacturer VoltAero (France) selected the Safran ENGINeUS™ electric motor to power its Cassio 330 five-seater electric-hybrid aircraft prototype;
- China's TCab Tech selected Safran to supply the six ENGINeUS™ electric motors that will power its all-electric eVTOL[2]. Known as the E20, this future five-seater eVTOL will be used for passenger transport.

In 2022, Safran and US-based Electric Power Systems (EP Systems), a leader in high-performance battery solutions, signed a Memorandum of Understanding (MoU) for industrial, technical and commercial cooperation on electric propulsion for aircraft. With this partnership, Safran and EP Systems strengthen their ability to bring to market a range of high value-added solutions for aircraft electrical systems.

Lastly, at the end of December 2022, Safran signed an agreement with Thales to acquire its aeronautical electrical systems business. Present in power generation and electric motors for the civil and military aeronautics sector, the acquisition of Thales' business will enable Safran to further its efforts nationally in the electrical aeronautics market. The transaction is expected to be finalized in 2023.

Electrical wiring interconnection systems (EWIS)

The Group clocked up a number of commercial wins during the year:

- the electrical wiring contracts for the Boeing P8, Boeing 737 MAX, Boeing 767 Freighter, Boeing 777 and Boeing 777-X programs were extended. The Boeing 787 and Boeing 767-2C programs remain under contract with Safran;
- Safran was selected by Dassault Aviation to manufacture a significant portion of the electrical harnesses for the future Falcon 10X business jet. The wiring for the four test aircraft should be manufactured in 2023, and series–produced wiring should begin leaving the assembly line in 2024;
- a contract was signed for the supply of electrical cables for Airbus Defense & Space's OneSat satellite platforms, with the first electrical equipment slated for delivery in 2023. This is the first time Safran's electrical wiring has been selected for satellites.

(1) Aircraft On Ground.
(2) Vertical Take-Off and Landing aircraft.

Electrical components

As in 2021, Safran continued to restructure its electrical components business (Safran Electrical Components), and took steps to improve competitiveness and control costs, in particular by streamlining its industrial footprint. R&T efforts have been focused on innovative technologies that are in line with the Group's roadmap (notably high-power connectors for the electrification of aircraft propulsion, high-temperature elastomers, and electromagnetic protection for harnesses).

Electrical systems maintenance services

During the year, Safran and AJW Group (United Kingdom) signed an exclusive five-year contract for the maintenance of electrical power generators, electrical contactors and ventilation systems equipment. The contract covers more than 350 Airbus A320 and A330 aircraft belonging to AJW Group customers.

Safran will support around 50 auxiliary power units (APUs) and more than 100 ventilation systems per year under this contract. Safran Electrical & Power will repair the APUs as well as all electrical contactors, while Safran Ventilation Systems will maintain the ventilation systems (avionics fans, valves, brake cooling fans).

Industrial operations

Safran inaugurated its new center of excellence for electrical engineering in Créteil (Val-de-Marne, France). This 6,400 sq.m. site brings together the design offices, test benches, and program coordination and support functions, which were previously handled by several different sites. The new center accommodates approximately 430 employees.

Aerosystems

In 2022, Safran Aerosystems underwent major changes, including the absorption and effective merger of its six French legal entities. These changes enabled Safran Aerosystems to sign an agreement with the French trade unions on the organization of working hours and profit-sharing.

Safety and protection systems

Emergency evacuation systems

In 2022, the Chinese COMAC C919 transport aircraft received its type certification from the Chinese aviation authorities (CAAC). Safran Aerosystems participated in the final stages of the certification campaign by running additional deployment tests in extreme low-temperature and headwind conditions.

Oxygen systems

Safran Aerosystems outfits the Chinese COMAC C919 transport aircraft with emergency systems to be used by passengers in the event of an decrease in cabin pressure during a flight until the pilot can descend to a safe altitude. These systems include an individual mask and a passenger service unit comprising masks, an opening mechanism and a chemical oxygen distribution system.

During the year, Safran Aerosystems was awarded a long-term export contract to supply oxygen systems for a fighter plane. A total of 85 aircraft will be outfitted by 2027. This contract also includes the supply of spare parts.

Emergency arresting systems

In January 2022, Safran signed an agreement with Curtiss-Wright (United States) to sell the assets of its "emergency ground arresting systems for military aircraft" business in France and the United States. The transaction was subject to the usual regulatory approvals and was completed at end-June 2022.

Integrated management and control systems for fluids and fuel

In 2022, the Fluid & Fuel Systems division put in place a new organization based on industrial centers of excellence (*centres d'excellence industriels* – CEI). The various production sites in France and Morocco are now focused solely on industrial production, while support functions (procurement, sales, etc.) are attached to the division. This organization aims to improve operational efficiency, and ultimately customer satisfaction.

Throughout the year, in response to the shortage of electronic components and certain key materials (titanium, inconel[1], etc.) which is affecting the smooth running of programs and production activities (e.g., onboard computers and fuel gauges), Safran implemented a specific action plan to pool purchases between its various entities and limit the number of missing components affecting delivery performance. Amid customer ramp-ups, Safran Aerosystems also set up specific recruitment initiatives at sites with labor shortages, in particular training courses at its internal academies in collaboration with various organizations, including the French employment agency (*Pôle Emploi*).

Avionics

Electromechanical actuation systems

During the year, Safran was selected by US helicopter manufacturer Bell Avionics USA to supply the Directional Gradient and Sensor Assembly (DGSA) yaw trim system[2] for the Valor V-280[3] next-generation tilt-rotor aircraft, part of the US Army's Future Long-Range Assault Aircraft (FLRAA) program. This program is designed to provide a transport aircraft capable of replacing the Sikorsky UH-60 Black Hawk maneuvering helicopters.

Safran's backup flight control computer, comprising Backup Power Supply (BPS) and Backup Control Module (BCM) equipment, has successfully passed the CFAR[4] with Airbus for all aircraft in the A320neo family. The equipment is expected to enter service in 2023 and 2026 on the A321 XLR and A320neo family, respectively.

Safran Electronics & Defense was selected to supply the actuation system for Safran Seats' Cirrus, a new long-haul Business Class seat on a Boeing 777-300 operated by a European airline, helping to provide the highest level of passenger comfort.

(1) High-temperature and corrosion-resistant alloy based on nickel, chromium and iron.
(2) A trim is an electro-mechanical system that maintains a control surface in a position that allows the aircraft to be balanced.
(3) The Bell V-280 Valor is a tilt-rotor aircraft with two turboprop engines and a V-tail.
(4) Certification first article review.

Data management

At Heli Expo 2022 in Dallas, Safran unveiled Helicom V3, a new-generation flight data acquisition unit for helicopters, paving the way for the digital chain of the future. Helicom V3 analyzes helicopter flight data, enabling operators to improve their operations, flight safety and helicopter availability while reducing maintenance costs.

In 2022, United Airlines chose Safran to supply flight data acquisition units(1) for its entire Airbus A321neo fleet.

The ADLU(2) system on the A320neo aircraft is now certified for entry into service, expected in 2023.

Electronics and critical software

In 2022, the Group began implementing the BOLERO contract for M88 engine maintenance. The contract between Safran Aircraft Engines and the French Aircraft Maintenance Commission (DMAé) of the French Ministry of the Armed Forces aims to improve both engine availability and the availability of the Rafale fighter jet. Safran acts as subcontractor under the BOLERO contract, which runs until 2030. It includes the installation of test facilities, repair services for FADEC(3) computers, the supply of new computers and the associated technical support. The contract will adapt to the fleet's increasing age and modifications linked to new Rafale deliveries.

Through its joint venture FADEC Alliance(4), Safran was selected to supply the FADEPC(5), which will power the 120 GE Catalyst engines for the 60 MALE UAVs in the Eurodrone program.

In 2022, FADEC Alliance was selected to design and develop the electronic control system architecture for CFM International's Revolutionary Innovation for Sustainable Engines (RISE) demonstration program. Development work will take place at BAE Systems' Endicott site in New York (United States), and at Safran's Massy site.

Aviation navigation and sensors

Safran finalized the acquisition of the French companies Orolia and Syrlinks in 2022, offering the market a cohesive, differentiating and comprehensive set of Positioning, Navigation and Timing (PNT) technologies.

Through these two acquisitions, Safran strengthened its position as the European leader(6) in inertial navigation systems. Orolia's technologies include atomic clocks, time servers, simulation and resilience equipment for altered GNSS(7) signals as well as emergency locator beacons for commercial aviation and military applications. These make Orolia a highly complementary part of Safran's inertial navigation business. With its acquisition of Syrlinks, a company specializing in radiocommunications and radionavigation, primarily for the space sector, and geolocation, Safran also consolidated its position as an original equipment manufacturer delivering sovereign space solutions.

During the year, Orolia – recently integrated into the Group – supplied Becker Avionics of Germany with a GSG-8 advanced GNSS simulator based on its Skydel Simulation Engine, plus advanced jamming and spoofing simulation options. On the strength of this development, Orolia is now able to provide aviation customers such as Becker Avionics with a dedicated simulation solution specially designed and manufactured to pass the most demanding certifications.

In 2022, the new version of Safran's Aircraft Piloting Inertial Reference System New Generation (APIRS NG) received European Technical Standard Order (ETSO) certification from the European Aviation Safety Agency (EASA), enabling it to enter into service. The APIRS system is fitted on Airbus Helicopters' H175, H225, H145, H160, and H135.

Airbus Helicopters selected Safran's SkyNaute inertial navigation system to equip its future H160M Guépard helicopters, as part of the Light Armed Helicopter (LAH) program. This contract follows the order from the French Ministry of the Armed Forces for 169 H160M Guépard helicopters at the end of December 2021. Based on the disruptive HRG Crystal™(8) technology patented by Safran, the SkyNaute system guarantees a high level of performance, even in the absence or interference of GNSS signals, and will enable H160M crews to carry out their military operations in the most challenging theaters of operations.

Cockpit solutions

IDD Aerospace, a US subsidiary of Safran Electronics & Defense specializing in cockpit equipment, received an order from Boeing Military in 2022 to design and manufacture two new military lightplates.

(1) Flight data acquisition units record and track a massive amount of data related to the operation of the aircraft, which are essential for flight safety and can also be used to optimize maintenance and fuel consumption of aircraft in operation.
(2) Airborne Data Loading Unit is a secure solution for updating aircraft data systems.
(3) Full Authority Digital Engine Control is an engine control unit.
(4) FADEC Alliance is a joint venture between FADEC International (a Safran Electronics & Defense and BAE Systems joint venture) and GE.
(5) Full Authority Digital Engine and Propeller Control is a digital control system that automatically optimizes fuel flow, speed and propeller pitch for maximum efficiency even in harsh weather conditions.
(6) Ranking criteria: revenue – Source: Safran.
(7) Global Navigation Satellite System.
(8) The HRG Crystal gyroscope, a major innovation patented by Safran, is the highest-performance system of its kind on the market. Using this sensor, with its straightforward mechanism and proven technology, Safran develops new ultra-reliable and extremely compact inertial systems capable of addressing a very wide performance range for civil and military applications in space, air, land and sea environments.

Defense

Optronics and sights

Land: sights

Safran was selected under the French and Belgian "CaMo" (Motorized Capacity) agreement to supply PASEO sights for the Belgian army's future Jaguars[(1)]. Safran's PASEO sights will be part of the protection system for these land combat vehicles.

Air: optronic pods

In connection with the mid-life upgrade of the Tiger attack helicopter, Safran was awarded a contract by the Organization for Joint Armament Cooperation (OCCAR)[(2)] to supply 85 EuroflirTM 510 optronic sights. These gyrostabilized optronic systems, successors to the Strix, will equip the MkIII Tigers of the French and Spanish armies. The EuroflirTM 510, installed above the cockpit, is a key piece of equipment in the Tiger MkIII's weapon system, providing its crew with unrivaled observation performance, even in poor visibility conditions, in order to identify threats, day or night.

Safran and Airbus Helicopters signed a contract for the supply of 129 Euroflir 410M and D optronic pods for the Light Armed Helicopter (LAH) program, and 10 Euroflir 410S optronic pods for the French Gendarmerie's H160 program. Deliveries will take place from 2026 to 2036.

Maritime

In early 2022, new contracts were signed with Daewoo Shipbuilding & Marine Engineering (DSME) for the supply of spare optronic masts for in-service South Korean Armed Forces submarines and for the future *Dosan Ahn Changho*–class submarine currently under construction. The *Dosan Ahn Changho*-class of conventional attack submarines of the South Korean Navy represents the final phase of the attack submarine program, seeking to build 27 submarines in three phases between 1994 and 2029.

During the year, Safran launched VIGY4, a new optronic sight for surface ships. VIGY4 is a compact, gyrostabilized, multi–sensor observation system with a Short Wave Infrared (SWIR) channel for seeing through mist and fog. The system can be coupled with a sector surveillance module and is also designed to control light- and medium-caliber weapons. Safran is a long-standing player in the naval sector, and currently equips 50 navies worldwide and more than 1,000 ships (merchant vessels, naval surface ships and submarines) with optronic, inertial and electronic warfare systems designed and manufactured in France.

Raytheon awarded Safran the first phase of a contract to upgrade the optronic masts on six Royal Australian Navy Collins-class conventional submarines that entered service between 1996 and 2003. The full contract is expected to be awarded before the end of first-half 2023.

Portable optronics

Safran Optics 1 received an order from the US Army for 2,000 Enhanced Clip-On Thermal Imager (ECOTI) systems[(3)] in February 2022, followed in September by a new order for more than 5,000 additional systems. Easily mounted on night vision devices, the thermal sensors and high-performance optics of Safran's ECOTI system provide armed forces with state-of-the-art long-wave infrared capability.

In response to the geopolitical environment, the French Directorate General of Weapons Procurement (DGA) awarded Safran an emergency contract for its JIM Compact and JIM LR multifunctional binoculars and accessories. The equipment was able to be delivered to France in just two weeks.

During the Eurosatory World Land and Airland Defence and Security exhibition, NSPA[(4)] and Safran signed an agreement to build a maintenance facility comprising a dedicated test bench for JIM Compact multifunctional binoculars. Located at NSPA's headquarters in Capellen (Luxembourg), this facility will provide the nations involved (Belgium, France, Luxembourg, Denmark, Greece, the Netherlands and Norway) with fast turn-around maintenance as well as long-term life cycle savings.

Safran was selected by the Polish Armed Forces to supply 40 Digital Observation Station New Generation (DOS NG) systems. DOS NG is an objective acquisition system comprising multifunctional infrared binoculars (JIM COMPACT or LR), an optical direct path binocular (Vector 21 or 23) and a Sterna north finder. This system extracts and transmits to a Battle Management System (BMS) the coordinates of a target located several kilometers away with a TLE1 accuracy (error lower than 6 m on the target location).

The United Kingdom ordered 224 JIM Compact infrared binoculars for its sniper and intelligence units, for delivery in 2023. Safran Vectronix was selected to supply Sweden with 150 JIM Compact binoculars with accessories for the Long-Range Multifunctional Thermal Imaging System (LMTIS) program for Swedish snipers and land and amphibious combat units. Safran Electronics & Defense Australasia signed a contract with NIOA to supply 142 JIM Compact binoculars for the Land 159 Lethality Systems project designed to fit out the Australian Defence Force. These new orders bring the number of JIM Compact binoculars delivered or ordered by Western countries over the past year to over 3,000.

Lasers

In 2022, Safran and MBDA completed the acquisition of ArianeGroup's 63% majority stake in Compagnie Industrielle des Lasers (CILAS), a French company specialized in lasers for military applications. This acquisition was carried out through HMS Laser, a joint company created for this purpose owned equally by Safran Electronics & Defense and MBDA.

Founded in 1966, CILAS develops, designs, produces and sells laser equipment and optical solutions for military and civilian applications.

(1) Jaguar is a new-generation six-wheel drive reconnaissance and combat armored vehicle designed for urban or mountainous environments.
(2) The Organization for Joint Armament Cooperation (OCCAR) is a European intergovernmental organization designed to facilitate cooperation on major weapons programs.
(3) ECOTIs are part of the night vision enhancement and visual augmentation systems for soldiers on the ground developed by Safran Optics 1 as part of the Squad Binocular Night Vision Goggle (SBNVG) program with the US Marine Corps.
(4) NATO Support and Procurement Agency.

Parachutes and protection

In 2022, the Group strengthened its position among the world's leading manufacturers of parachute systems and protective equipment for military and space missions. The Safran parachute kit for the French Special Operation Forces and Paratroopers (SMTCOPS) program, including the harness bag and reserve canopy, received authorization for use (QAC121 certification) from the French Civil Aviation Authority (DGAC). Featuring the Safran PHANTOM 400® canopy, the SMTCOPS parachute system is the only parachute in the world to be certified at 29,500 ft (10,000 m). An order was placed by the French Directorate General of Weapons Procurement (DGA) for 145 SMTCOPS for the French Army, with deliveries scheduled for 2022 and 2023.

During the year, the Group also sold its US subsidiary Pioneer Aerospace Corporation, which specializes in safety control systems and parachute release and launch platforms.

Navigation and sensors for defense applications

Safran was chosen by Naval Group to supply the navigation system for the French Navy's third-generation submarine, the SNLE.

A total of 350 high-performance land units were ordered in 2022 for land vehicles and artillery platforms. Safran offers the armed forces high-precision navigation systems, including Sigma 30, Epsilon tactical units and Geonyx™, the latest high-precision inertial navigation and pointing system with extreme shock resistance.

Seekers and guidance systems

Seekers

MDBA, a European leader in missile and missile system design, placed an order with Safran Electronics & Defense for a number of seekers for Mistral 3, Mica and AKERON-LP (formerly MHT) anti-aircraft missiles.

SLPRM[1]

The French Directorate General of Weapons Procurement (DGA) awarded Safran and Dassault Aviation a new contract to develop the Rafale mission preparation system. This contract is set to replace Safran's SLPRM system and Dassault Aviation's SIPREMIR/OPERA. Safran Electronics & Defense is the prime contractor for this program.

Drones

Patroller UAV systems

During the year, Safran finalized the risk mitigation study for the Patroller tactical drone system (TDS), with laser-guided rockets. The work was financed by the French Directorate General of Weapons Procurement (DGA).

A new flight test program for the drone was completed in Finland. These flights enabled Safran to enter a new phase, with all documentation required for certification provided to the DGA.

Type certification for the TDS was granted by the DGA on February 15, 2023. The TDS will be authorized to fly in segregated airspace, without population density overflight constraints. Following qualification, which is expected in 2023, it will be ready for use by the French army.

Innovation

The French Directorate General of Weapons Procurement (DGA) awarded Safran a new "optional tranche" contract under FURIOUS, a science and technology program that aims to develop innovative robotic systems for mounted and dismounted combatants. The optional tranche aims to optimize the architecture successfully tested in the first tranches, and make the autonomous functions developed more robust in more complex and even unstable environments. Safran Electronics & Defense was able to demonstrate the relevance and credibility of its solutions for the autonomous operation of land (robotics) and air (dronics) platforms, through concrete projects such as FURIOUS or its equivalent financed by the European Defence Fund's iMugs projects.

Space

In 2022, Safran stepped up its operations in space satellite positioning, aircraft locator and distress beacons, and military applications, with the acquisition of:

- Syrlinks, which specializes in radiocommunications and geolocation, mainly for space applications, and Positioning, Navigation and Timing (PNT);
- Captronic Systems (India), an expert in telemetry control communications and connectivity with satellites.

Data systems

Onboard data acquisition units

After using VS1500 mission recorders on the T6-B/C[2] new-generation military training aircraft, the US-based Textron group renewed its confidence in Safran by ordering 20 VS1510 mission recorders for its AT-6 platform (military version of the aircraft), with the first units to be delivered in Thailand. The recorders offer significant acquisition and video and mission data storage capabilities.

The Indian aviation company HAL (Hindustan Aeronautics Limited) also placed an order during the year for 103 mission recorders for the new version of its light combat aircraft LCA Tejas MK1a.

Safran acquired India's Captronic Systems during the year to expand its expertise in telemetry control communications and satellite connectivity. For the past 20 years, Captronic Systems has developed unique expertise in studying, developing and supplying automated test equipment for aerodefense, space and automotive applications. With a team of more than 100 engineers based in India, the company is renowned for its skills in system engineering, radio frequency, digital signal processing, instrumentation and testing.

(1) *The SLPRM Local Mission Planning and Debriefing System (*Système local de préparation et de restitution de mission*) is used by all aircraft of the French Air Force, and in particular serves as the operating system for Rafale fighter jets in all configurations. Its main functions concern the design of flight and attack plans, mission analysis, information on the tactical situation (flight corridors, position of threats, position of troops on the ground, etc.) and on the 2D and 3D geographical environment (terrain profiles, weather, etc.), and initialization of the parameters of the weapons and electronic systems (weapons, electronic warfare, radio, IFF [Identification Friend or Foe], MIDS [Multifunctional Information Distribution System], etc.).*

(2) *The Beechcraft T-6 Texan II is a single-engine aircraft developed by Beechcraft Corporation in the 1990s. The aircraft is powered by a Pratt & Whitney Canada PT6A-68 turboprop engine.*

Telemetry solutions

In 2022, as part of efforts to increase in its resources to meet the needs of high-velocity missile testing, the Missile Testing department of the French Directorate General of Weapons Procurement (DGA-EM) ordered a naval station based on the SPARTE-773 antenna for missile tracking and telemetry data reception. This large "high gain" antenna with gyrostabilizers can cover distances of several hundred kilometers and will be followed by an order for two further similar units by mid-2023.

The Israeli government renewed its confidence in Safran with a major order for new-generation flight test Range Telemetry Receivers (RTRs), plus Radio Signal Recorders (RSRs) and Ground Modular Data Recorders (GMDRs). This equipment, which complements the reception chain, will be installed in a test center to finalize the development of the Arrow 3 system, the critical component in Israel's anti-missile protection system.

Safran was selected by the Indian Space Research Organization (ISRO) for the manned spaceflight program, and delivered more than 90 Cortex CRT command and control modems (C2) for the equipment intended for:

- testing and integration of the means of communication on board the capsule;
- all telemetry receiving stations of the manned flights.

In partnership with CNES and Airbus Defence and Space and as part of the TELEO[(1)] project, Safran delivered the first digital modems dedicated to Earth-to-Space optical communications, the Cortex Lasercom. Thanks to its unmatched performance, this equipment will be used in several cooperative projects between Safran, Airbus and CNES, and will equip Safran's future Optical Ground Stations (OGS). These OGS will allow communication with all satellites carrying laser communication capabilities with the Earth. Safran also announced that it had signed a contract with South Korea's Contec to supply an Optical Ground Station (OGS) carrying the Cortex Lasercom modem, to be installed in Western Australia in 2023. Safran will deliver a turnkey Optical Ground Station (OGS), including a mount offering optimal coverage, a rotating dome and a complete pointing, acquisition and tracking system.

WeTrack – satellite surveillance

During the year, Safran Data Systems took a large order from the French Space Command[(2)], a first for space surveillance in the Asia-Pacific region. This order for WeWatch space surveillance services rounds out the WeTrack solutions to verify, in real time, the spectrum usage in the various frequency bands concerned. Starting in 2023, the Asia-Pacific region will be equipped with Safran's unique, world-first technology for monitoring objects in different orbits, designed to ensure an orderly use of space.

High-performance optics

Astronomy

In 2022, Safran Reosc delivered two new thin shells to the Italian company ADS International, manufacturer of the M4 adaptive mirror for the Extremely Large Telescope[(3)]. Safran has now delivered 10 of the 12 segments ordered by the European Southern Observatory (ESO).

Spatial optics

In early 2022, Safran was selected to design and produce the primary Optical Ground Support Equipment (OGSE) for the Space Test Center operated by the German company IABG (*Industrieanlagen-Betriebsgesellschaft*). Composed of two off-axis collimator mirror assemblies[(4)] and two flat mirror assemblies, this equipment will perform high-precision optimal measurements in a stringently controlled micro–vibration, thermal-vacuum and cleanliness environment.

Space vehicle propulsion systems

In early 2022, the PPS®5000 plasma thruster was selected by Thales Alenia Space and Airbus Defence & Space to equip the second-generation satellites of the European Galileo constellation. The first orbit of these satellites is slated to begin in 2024.

Owing to the Russo-Ukrainian conflict, numerous sanctions were declared against Russia by US and European governments, some of which apply to plasma engines.

Since Safran has plasma engines that can replace some of the plasma engines concerned, the Group was selected to replace:

- in Europe, Russian-made engines, notably on Thales Alenia Space's Spacebus Neo platform and the OneSat and Eurostar Neo platforms operated by Airbus Defense and Space;
- outside Europe, engines for the ARSAT (Argentina) and Maxar Technologies (United States) platforms. The Group also strengthened its position with the main satellite platform manufacturers, receiving additional orders from Boeing.

To keep pace with this new demand, the Group must double production of its PPS®5000 plasma engines over the next 18 months and have an annual delivery capability of 50 engines by 2024.

The French military satellite Syracuse 4A successfully completed its final orbit by Safran PPS®5000 Hall-effect thrusters during the year. With the Hotbird 13F and 13G satellites for Eutelsat (France) placed into geostationary transfer orbit and the first two satellites in the O3b mPOWER constellation launched for SES (Luxembourg), the PPS®5000 thrusters will be used to transfer these satellites to their final orbits in 2023.

(1) The TELEO earth-satellite laser optical communication demonstrator will be able to establish very high-capacity analog optical link communications that are highly resistant to interference.

(2) The French Space Command (CDE) is a joint service of the French Army falling under the authority of Air and Space Force's Chief of Staff.

(3) Located at Cerro Armazones (3,060 m above sea level) in the north of Chile, the Extremely Large Telescope (ELT) is a giant telescope currently being built under the supervision of the European Southern Observatory (ESO). With its 39 m-diameter primary mirror, the ELT will be the largest and most powerful optical telescope in the world. It is expected to come into service – "first light" – in 2025.

(4) The collimator is an optical system for generating a beam of parallel light rays from a source to illuminate a specific object.

2.1.3.3 Aircraft Interiors

Adjusted key figures

(in € millions)	2021	2022	Year-on-year change
Revenue	1,475	1,978	+34%
Recurring operating income (loss)	(167)	(140)	-16%
Profit (loss) from operations	(184)	(486)	+164%
Free cash flow	(181)	(483)	+167%
Acquisitions of property, plant and equipment	5	31	N/A
Research and development			
Self-funded R&D	(148)	(137)	-7%
% of revenue	*10.0%*	*6.9%*	*-3.1 pts*
Research tax credit	6	7	+17%
Self-funded R&D after research tax credit	(142)	(130)	-8%
Capitalized expenditure	79	60	-24%
Amortization and impairment of R&D expenditure	(17)	(33)	+94%
Impact on profit from operations	(80)	(103)	+29%
% of revenue	*5.4%*	*5.2%*	*-0.2 pts*
Headcount	13,703	15,171	+11%

Commercial and industrial developments

Cabins

Cabin interiors for commercial, regional and business aircraft

The Group reported a number of commercial wins in 2022:

- US-based 777 Partners placed a firm order to equip 60 Boeing 737 MAX aircraft with Safran galleys. This order comes with an option to equip 80 additional aircraft;
- China's Minsheng Commercial Aviation also placed a firm order for Safran galleys on 11 Boeing 737 MAX aircraft.

Deliveries for these programs will begin in mid-2023 and continue through 2027. Thanks to these new commercial wins, the Group continues to have a 100% market share for galley units on Boeing 737 MAX aircraft operated in standard configuration by leasing companies.

The Group's efforts in terms of freight equipment were also recognized by Airbus during the year. Safran picked up a Crystal Cabin Award(1) in the Health and Safety category for its fire-resistant container capable of containing fires generated by lithium-ion batteries. Designed with high–temperature resistant panels and a door made of high-impact resistant materials, the Safran fire-resistant container withstands a fire caused by lithium products for six hours, i.e., the maximum time an aircraft can take to get back to an airport.

Safran signed a Memorandum of Understanding (MoU) for the sale of its cargo and catering activities, which is expected to be finalized in 2023.

Cabins for VIP aircraft

In 2022, Group company Greenpoint Technologies won the Private Jet Concept Award in the International Yacht and Aviation Awards(2) for its Boeing BBJ MAX 8 cabin interior design. Known as Retreat, the cabin interior offers VIP passengers a calm and modern atmosphere designed to encourage relaxation, including opaque glass walls in the master suite, internally lit terrariums and oversized, outboard-facing OLED(3) monitors displaying curated videos of the destination of views from external high-definition (HD) cameras. The cabin ceiling features a panel system with a high-gloss metallic finish reminiscent of a river meandering throughout the interior.

(1) Held annually in Hamburg (Germany), the Crystal Cabin Award is the international award for excellence in aircraft interior innovation.
(2) The annual International Yacht and Aviation Awards focus on design in the yachting and aviation industries.
(3) Organic Light-Emitting Diode.

Water and waste management systems

The water and wastewater management system on the COMAC C919 was qualified during the year and the first systems to be installed on series-produced aircraft were also delivered.

Ventilation and environment control systems

At the MRO Americas show in Dallas, Safran also signed a contract with AJ Walter Group, a leading independent supplier of components, MRO and supply chain services to repair Safran equipment on Airbus A320 and A330 aircraft.

In-flight entertainment and satellite connectivity solutions

In 2022, Safran announced the launch of RAVE OS, a new software platform for its RAVE[1] in-flight entertainment system. RAVE OS offers a user interface with features such as pinch-to-zoom, picture-in-picture (PIP) and multitasking capabilities, creating a passenger experience comparable to that of the latest consumer technology products. RAVE OS has the ability to run third-party applications and play 4K content, and provides an immersive experience with full cabin Bluetooth audio. This software platform is available on all Airbus and Boeing platforms, including Fly Dubai's Boeing 737 (Dubai), All Nippon Airways' (ANA) 787-9 (Japan), STARLUX's A330 and A321, and Virgin Atlantic's A350.

Safran was also selected by Italian airline ITA Airways to provide RAVE wireless entertainment and connectivity systems on more than a dozen Airbus A320neo aircraft, and RAVE Centric systems for nine Airbus A321neo and 17 Airbus A330neo aircraft.

Seats

Economy and Premium Economy Class passenger seats

In 2022, Safran received new orders from various airline companies:

- in Europe, an airline signed an order for Safran Z110i Economy Class seats on 100 Boeing 737 MAX aircraft as part of an original equipment contract;
- in India, a new airline ordered Z200 Economy Class seats for its 52 Boeing 737 MAX aircraft;
- in Asia, an airline selected Safran Z110i Economy Class seats on 25 Boeing 737 MAX aircraft as part of an original equipment contract;
- in the Middle East, Safran was chosen by two companies as supplier: its Z400 Economy Class seats were selected by one supplier as original equipment on 50 A350 aircraft, and by the other company as original equipment on 15 A321 aircraft.

Business and First Class passenger seats

In 2022, 1,704 Business Class seats were delivered versus 2,097 in 2021.

Safran unveiled Unity, its new Premium Business Class seat for wide-body aircraft, at the Aircraft Interiors Exhibition in Hamburg (Germany). These new-generation seats should enter service in 2023. Unity seats can incorporate all the latest technologies, such as Euphony, a wireless system promoting acoustic comfort jointly developed by Safran and France's Devialet. This system consists of two audio speakers on each side of the seat's headrest, which can adapt in real time to the audio content and ambient noise of the cabin without disturbing the other passengers on board. The Euphony system, which is expected to enter service in 2023, will be available on all Safran Business Class and First Class seats.

During the year, the Group scored a number of commercial wins in Business Class seats:

- in the Middle East, an airline chose Safran Business Class as part of a refresh for its Airbus A380, as well as highly customized Business Class seats as original equipment on its Airbus A350;
- another Middle Eastern airline selected Safran's new Unity seat for its 39 new wide-body aircraft;
- in Asia, two airlines chose Safran Business Class seats: one selected the Z600 seat for 25 Boeing 737 MAX aircraft, while the other opted for Unity;
- in Europe, an airline ordered Cirrus Business Class seats for 12 Boeing 777 aircraft.

Air New Zealand also unveiled its all-new cabin interiors, including its latest Premier Business Class seats, designed and manufactured by Safran Seats. These will enter service in 2024 and modernize the airline's current fleet of Boeing 787-9.

(1) RAVE (Reliable, Affordable and Very Easy) is an independent IFE system with media content integrated in the seat screen, which simplifies the onboard network and provides passengers access to on-demand audio and video.

2.1.4 Full-year 2023 outlook

Safran expects to achieve for full-year 2023 (at current perimeter, adjusted data, €/$ spot rate of 1.05 and hedge rate of 1.13):

- Revenue of at least €23.0 billion;
- Recurring operating income of c.€.3.0 billion;
- Free Cash Flow of at least €2.5bn, subject to payment schedule of some advance payments.

This outlook is based notably, but not exclusively, on the following assumptions:

- No further disruption to the world economy;
- Air traffic: narrowbody ASK back to 2019 level in the course of 2023;
- LEAP engine deliveries: increase by c.50%;
- Civil aftermarket revenue: up in the low twenties (in USD).

The main risk factor remains the supply chain production capabilities.

2.1.5 Portfolio management

Throughout the year, the Group actively managed its business portfolio.

The Group divested several businesses:

- Pioneer Aerospace Corporation, safety control systems as well as parachute release and launch platforms: closed on April 15th, 2022;
- Safran Aerosystems Arresting Systems, military aircraft arresting systems: closed on June 30th, 2022.

Safran announced several bolt-on acquisitions:

- Orolia, Resilient Positioning, Navigation and Timing (PNT) solutions: closed on July 7th, 2022;
- Cilas (63% with MBDA), laser and optronics solutions: closed on November 2nd, 2022;
- Syrlinks, earth-space communications equipment: closed in November 4th, 2022.

2.1.6 Subsequent events

In 2023, Safran will continue to execute its targeted divestment program:

- Cargo and catering activities: agreement signed, closing expected in Q2-23.

Safran will also execute several bolt-on acquisitions:

- Aubert & Duval, the share purchase agreement was signed with Airbus and Tikehau Ace Capital on June 21st, 2022: closing expected in Q1-23;
- Thales Electrical Systems activities, electrical systems: closing expected in Q2-23.

2.2 COMMENTS ON THE CONSOLIDATED FINANCIAL STATEMENTS

2.2.1 Consolidated income statement

The simplified consolidated income statement for the year ended December 31, 2022 presented below was taken directly from the consolidated financial statements included in section 3.1.

(in € millions)	2021	2022	Year-on-year change
Revenue	**15,133**	**19,523**	**+29.0%**
Other recurring operating income and expenses	(13,904)	(17,103)	
Share in profit from joint ventures	40	73	
Recurring operating income	**1,269**	**2,493**	**+96.45%**
Other non-recurring operating income and expenses	(405)	(450)	
Profit from operations	**864**	**2,043**	**+136.5%**
Financial income (loss)	(596)	(5,163)	
Income tax benefit (expense)	(200)	694	
Profit (loss) from continuing operations	**68**	**(2,426)**	
Profit for the period attributable to non-controlling interests	(25)	(33)	
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT	**43**	**(2,459)**	

Consolidated revenue

Consolidated revenue rose by 29.0% year-on-year to €19,523 million in 2022 from €15,133 million in 2021.

The difference between adjusted consolidated revenue and consolidated revenue is due to the exclusion of foreign currency derivatives from the adjusted figures (see section 2.1.1).

Year-on-year changes in revenue excluding the impact of adjusting items are analyzed above (see section 2.1.2).

Recurring operating income

Recurring operating income was €2,493 million in 2022 versus €1,269 million in 2021. The difference between recurring operating income and adjusted recurring operating income (see section 2.1.2), which came in at €2,408 million, reflects:

- amortization charged against intangible assets measured when allocating the purchase price for business combinations, representing €390 million;
- a €475 million positive impact resulting from foreign currency hedging transactions.

Changes in adjusted recurring operating income are analyzed above (see section 2.1.2).

Profit from operations

Profit from operations increased by 136.5% year-on-year to €2,043 million in 2022 from €864 million in 2021. Profit from operations includes recurring operating income of €2,493 million (€1,269 million in 2021) and other non–recurring items, representing an expense of €450 million (expense of €405 million in 2021).

Changes in adjusted profit from operations are analyzed above (see section 2.1.2).

Financial income (loss)

The Group reported a financial loss of €5,163 million in 2022 versus a financial loss of €596 million in 2021.

Two items account for the difference between consolidated and adjusted financial loss for 2022 (see section 2.1.2):

- the €4,499 million loss on foreign currency hedging instruments, reflecting changes in the fair value of these instruments attributable to operating cash flows that will be recognized in profit or loss in future periods;
- the fair value of the portfolio reflects the immediate liquidation value of the portfolio at the closing rate for the year (USD 1.07 to €1) compared with the average rate of the portfolio. The change in the fair value is theoretical for the Group, as currency hedges are unwound when future dollar inflows are received;
- the impact of foreign currency hedging on the portion of foreign currency denominated flows hedged by the Group, representing a negative €478 million impact in 2022. This foreign exchange loss reflects the loss on unwinding currency derivatives hedging operating cash flows recognized in profit or loss in the period. It represents the difference between the EUR/USD exchange rate guaranteed by the currency derivatives unwound in the period (USD 1.15 to €1) and the actual EUR/USD exchange rate observed during the period.

Income tax benefit (expense)

The Group reported an income tax benefit of €694 million in 2022, compared with an income tax expense of €200 million in 2021.

Consolidated profit (loss) for the period attributable to owners of the parent

This caption represented a loss of €2,459 million for 2022, compared with profit of €43 million for 2021.

Changes in adjusted profit are analyzed above (see section 2.1.2).

2.2.2 Simplified consolidated balance sheet

The simplified consolidated balance sheet at December 31, 2022 presented below was taken directly from the consolidated financial statements included in section 3.1.

(in € millions)	Dec. 31, 2021	Dec. 31, 2022
ASSETS		
Goodwill	5,068	4,994
Property, plant and equipment and intangible assets	12,925	12,509
Investments in equity-accounted companies	1,969	1,974
Other non-current assets	1,148	2,336
Derivatives (positive fair value)	728	558
Inventories and work-in-progress	5,063	6,408
Contract costs	552	664
Trade and other receivables	6,504	7,904
Contract assets	1,853	1,982
Other current assets	659	600
Cash and cash equivalents	5,247	6,687
Assets held for sale	-	212
TOTAL ASSETS	**41,716**	**46,828**
LIABILITIES		
Total equity	13,270	10,866
Provisions	2,856	2,567
Borrowings subject to specific conditions	327	302
Interest-bearing financial liabilities	6,814	6,655
Derivatives (negative fair value)	1,796	5,866
Other non-current liabilities	1,391	1,239
Trade and other payables	4,950	6,298
Contract liabilities	10,141	12,756
Other current liabilities	171	230
Liabilities held for sale	-	49
TOTAL EQUITY AND LIABILITIES	**41,716**	**46,828**

2.2.3 Change in consolidated net debt

The year-on-year change in the Group's net debt for 2021 and 2022 can be summarized as follows:

(in € millions)	2021	2022
Cash flow from operations	**2,186**	**2,816**
Change in working capital	250	729
Acquisitions of property, plant and equipment	(387)	(498)
Acquisitions of intangible assets	(53)	(98)
Capitalization of R&D expenditure	(316)	(283)
Free cash flow	**1,680**	**2,666**
Dividends paid	(188)	(225)
Divestments/acquisitions of securities and other	(244)	(883)
NET CHANGE IN CASH AND CASH EQUIVALENTS	**1,248**	**1,558**
Net cash (debt) at January 1	(2,792)	(1,544)
NET CASH (DEBT) AT DECEMBER 31	**(1,544)**	**14**

Cash flow from operations is calculated by taking profit or loss before tax and adjusting for income and expenses with no cash impact, for example net charges to depreciation, amortization and provisions, and changes in the fair value of financial instruments hedging future cash flows[1]. Cash flow from operations before changes in working capital increased by €630 million year-on-year, from €2,186 million in 2021 to €2,816 million in 2022.

Operations generated €2,666 million of free cash flow (111% of adjusted recurring operating income in 2022 compared to 93% in 2021).

Dividends paid in the year totaling €225 million include €12 million in dividends paid by foreign subsidiaries to their non-controlling shareholders.

The net cash position was €14 million at December 31, 2022, compared to a net debt position of €1,544 million at December 31, 2021.

At December 31, 2022, Safran had €6,687 million of cash and cash equivalents and €2,000 million of undrawn, confirmed facilities.

(1) *See section 3.1, "Consolidated statement of cash flows".*

2.3 COMMENTS ON THE PARENT COMPANY FINANCIAL STATEMENTS

2.3.1 Simplified income statement

Safran's simplified income statement for the year ended December 31, 2022 presented below was taken directly from the parent company financial statements included in section 3.3.

(in € millions)	2021	2022
Revenue	575	752
Other operating income and expenses	(648)	(835)
Loss from operations	(73)	(83)
Financial income	692	1,041
Non-recurring items	(3)	13
Income tax benefit	75	65
PROFIT FOR THE PERIOD	**691**	**1,036**

Revenue came in at €752 million in 2022 versus €575 million in 2021, and chiefly includes billings of general assistance services provided by the parent company to its subsidiaries, as well as specific amounts billed to certain subsidiaries (rent, employees, IT services) and miscellaneous services related to projects (research projects, for example) managed by the parent company on behalf of all of its subsidiaries.

Other operating income and expenses represented a net expense of €835 million in 2022 and a net expense of €648 million in 2021.

Safran reported a loss from operations of €83 million in 2022 and €73 million in 2021.

It reported financial income of €1,041 million in 2022 and €692 million in 2021.

Financial income includes dividends received from subsidiaries totaling €1,380 million, compared to €1,090 million in 2021.

It also includes:

- impairment of financial assets (net expense of €333 million in 2022 compared with €319 million in 2021);
- interest and similar expenses (net expense of €1 million in 2022 compared with €6 million in 2021);
- a negative foreign exchange difference of €14 million in 2022 compared with €1 million in 2021.

Safran reported non-recurring income of €13 million in 2022, versus a non-recurring expense of €3 million in 2021.

Income tax represented a benefit of €66 million under the Group's tax consolidation regime in 2022 (€47 million in the previous year). A net charge to the provision for the transfer of the tax saving relating to the French tax group from Safran to its loss-making subsidiaries was recognized in Safran's financial statements in an amount of €1 million in 2022 (net reversal of €27 million in 2021).

On account of the above, profit for the period came in at €1,036 million, compared to €691 million in 2021.

2.3.2 Simplified balance sheet

Safran's simplified balance sheet at December 31, 2022 presented below was taken directly from the parent company financial statements included in section 3.3.

(in € millions)	Dec. 31, 2021	Dec. 31, 2022
ASSETS		
Non-current assets	18,144	18,224
Cash equivalents and marketable securities	4,869	7,585
Other current assets	4,764	4,764
TOTAL ASSETS	**27,777**	**30,573**
LIABILITIES		
Equity	12,222	13,045
Provisions	495	548
Borrowings	5,871	5,733
Other payables	9,189	11,247
TOTAL EQUITY AND LIABILITIES	**27,777**	**30,573**

Changes in equity in 2022 reflect profit for the period totaling €1,036 million and dividends paid in 2022 for a total of €213 million.

Changes in borrowings include a new bank loan taken out with the European Investment Bank and the repayment of commercial paper (see section 3.3, Note 3.9 and section 7.2.3.2).

2.3.3 Other information

Supplier and customer payment periods

Pursuant to Article D.441-4 of the French Commercial Code (*Code de commerce*), the table below shows outstanding invoices due and past due at the end of the reporting period:

	Article D.441-I.-1: Invoices received but not settled at December 31, 2022						Article D.441-I.-2: Invoices issued but not settled at December 31, 2022					
	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	More than 90 days	Total (1 or more days)	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	More than 90 days	Total (1 or more days)
(A) BREAKDOWN OF PAST DUE PAYMENTS												
Number of invoices concerned	-					71	-					177
Total amount of invoices concerned including VAT *(€)*	-	439,671	(83,941)	(43,895)	42,795	354,630	-	(4,840,728)	262,073	5,760,041	732,189	1,913,574
% total purchases in 2022 including VAT	-	0.06%	(0.01)%	(0.01)%	0.01%	0.05%						
% revenue in 2022 including VAT							-	(0.54)%	0.03%	0.64%	0.08%	0.21%
(B) INVOICES EXCLUDED FROM (A) RELATING TO DISPUTED OR UNRECOGNIZED PAYABLES AND RECEIVABLES												
Number of invoices excluded						192						-
Total amount of invoices excluded *(€)*						3,102,520						-
(C) REFERENCE PAYMENT TERMS USED (CONTRACTUAL OR STATUTORY TERMS PURSUANT TO ARTICLE L.441-6 OR L.443-1 OF THE FRENCH COMMERCIAL CODE)												
Reference payment terms used to calculate past due payments	☒ Contractual terms: contractual terms ☐ Statutory terms: (specify)						☒ Contractual terms: contractual terms ☐ Statutory terms: (specify)					

Non-deductible expenses

Non-deductible expenses (Article 223 *quater* and Article 39-4 of the French Tax Code [*Code général des impôts*]) amounted to €0.4 million in 2022 (€0.3 million in 2021) and relate to the non-deductible portion of vehicle lease payments and depreciation.

Dividends

Dividends that have not been claimed within five years are time-barred and paid over to the French State in accordance with the applicable legislation.

Future dividends will depend on Safran's ability to generate profits, its financial position and any other factors deemed relevant by the Company's corporate governance bodies.

Safran calculates its dividend payout basis using restated profit, which takes into account exceptional non-recurring items that Safran considers should not be included in calculating dividends. In 2022, adjusted profit attributable to owners of the parent was restated to take into account the support received from the French government in the form of short-time working (as in both 2020 and 2021), as well as the contribution of employees (*abondement*) and, exceptionally, the non-cash impairment of Aircraft Interiors goodwill. Accordingly, the dividend payout ratio for 2022 (paid out in 2023) is 40% of restated adjusted profit, i.e., an effective payout ratio of 49% of non-restated adjusted profit.

Details of previous dividend payments are included in the proposed appropriation of profit for 2022 and the five-year financial summary of the Company below.

Proposed appropriation of 2022 profit

The Board of Directors recommends appropriating profit for 2022 as follows:

Profit for 2022	€1,036,303,514.57
Retained earnings(1)	€4,602,315,165.39
Profit available for distribution	€5,638,618,679.96
Appropriation:	
Dividend	€576,782,059.50
Retained earnings	€5,061,836,620.46

(1) *Including €158,401.00 corresponding to the 2021 dividend due on shares held in treasury at the dividend payment date.*

The dividends paid for the past three years were as follows:

Year	Number of shares carrying dividend rights(1)	Net dividend per share	Total payout
2021	427,242,440	€0.50	€213,621,220.00
2020	427,235,939	€0.43	€183,711,453.77
2019	-	-	-

(1) *Total number of shares carrying dividend rights less the number of Safran shares held in treasury at the dividend payment date.*

Five-year financial summary of the Company

(in €)	2018	2019	2020	2021	2022
Capital at December 31					
Share capital	87,153,590.20	85,446,831	85,446,831	85,448,488	85,449,194
Number of ordinary shares outstanding	435,767,951	427,234,155	427,235,939	427,242,440	427,245,970
Financial results					
Profit before tax, statutory employee profit-sharing, depreciation, amortization and provisions	1,621,981,388	1,382,153,454	1,539,743,815	947,109,173	1,382,965,024
Income tax expense	(211,350,763)	(551,456)	(58,580,049)	(47,345,934)	(65,841,779)
Statutory employee profit-sharing for the fiscal year	-	-	-	-	-
Profit after tax, statutory employee profit-sharing, depreciation, amortization and provisions	1,705,042,464	1,296,554,954	1,647,405,156	690,857,268	1,036,303,515
Dividend payment	793,097,671	-	183,711,454	213,621,220	576,782,059
Per share data					
Profit after tax, statutory employee profit-sharing, but before depreciation, amortization and provisions					
■ per ordinary share outstanding	4.21	3.24	3.74	2.33	3.39
Profit after tax, statutory employee profit-sharing, depreciation, amortization and provisions					
■ per ordinary share outstanding	3.91	3.03	3.86	1.62	2.43
Net dividend					
■ per ordinary share outstanding	1.82	-	0.43	0.50	1.35(1)
Employees					
Average number of employees during the fiscal year	1,774	1,813	1,785	1,689	1,820
Total payroll	173,747,142	160,175,869	139,299,866	146,032,966	160,478,281
Social security and other social welfare contributions	114,279,525(2)	137,669,709(3)	75,980,598(4)	77,113,451(5)	110,805,477(6)

(1) Subject to shareholder approval at the Annual General Meeting of May 25, 2023.
(2) Including €2.3 million in contributions paid to the insurer that manages the defined benefit pension plan.
(3) Including €4.5 million in contributions paid to the insurer that manages the defined benefit pension plan.
(4) Including €5.3 million in contributions paid to the insurer that manages the defined benefit pension plan.
(5) Including €1.1 million in contributions paid to the insurer that manages the defined benefit pension plan.
(6) Including €5.0 million in contributions paid to the insurer that manages the defined benefit pension plan.

3 Financial statements

Airbus A320 carbon brake

3 Financial statements

FOREWORD

In accordance with Article 19 of Regulation (EU) No. 2017/1129 of the European Parliament and of the Council, the following information is incorporated by reference in this Universal Registration Document:

- The consolidated and parent company financial statements for the year ended December 31, 2020 and the corresponding audit reports as presented in sections 3.2 and 3.4 of the 2020 Universal Registration Document filed with the French financial markets authority (*Autorité des marchés financiers* – AMF) on March 31, 2021 under number D.21-0238; the consolidated financial statements were prepared in accordance with IFRS as adopted by the European Union.
- The consolidated and parent company financial statements for the year ended December 31, 2021 and the corresponding audit reports as presented in sections 3.2 and 3.4 of the 2021 Universal Registration Document filed with the AMF on March 31, 2022 under number D.22-0217; the consolidated financial statements were prepared in accordance with IFRS as adopted by the European Union.

Those sections of the 2020 and 2021 Universal Registration Documents that are not incorporated by reference in this document are either considered no longer pertinent for investors or are dealt with in another section of the 2022 Universal Registration Document.

3.1 GROUP CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2022

Consolidated income statement

(in € millions)	Note	2021	2022
Revenue	**7**	**15,133**	**19,523**
Other income	8	373	440
Income from operations		**15,506**	**19,963**
Change in inventories of finished goods and work-in-progress		(199)	1,204
Capitalized production		372	382
Raw materials and consumables used	8	(7,999)	(11,724)
Personnel costs	8	(4,919)	(5,792)
Taxes		(257)	(290)
Depreciation, amortization and increase in provisions, net of use	8	(1,509)	(1,174)
Asset impairment	8	78	(252)
Other recurring operating income and expenses	8	156	103
Share in profit from joint ventures	17	40	73
Recurring operating income		**1,269**	**2,493**
Other non-recurring operating income and expenses	8	(405)	(450)
Profit from operations		**864**	**2,043**
Cost of net debt		(85)	(56)
Foreign exchange gain (loss)		(497)	(5,072)
Other financial income and expense		(14)	(35)
Financial income (loss)	**9**	**(596)**	**(5,163)**
Profit (loss) before tax		**268**	**(3,120)**
Income tax benefit (expense)	10	(200)	694
Profit (loss) for the period		68	(2,426)
Attributable to:			
▪ owners of the parent		43	(2,459)
▪ non-controlling interests		25	33
Earnings per share attributable to owners of the parent *(in €)*	**11**		
Basic earnings (loss) per share		0.10	(5.76)
Diluted earnings (loss) per share		0.10	(5.76)

Consolidated statement of comprehensive income

(in € millions)	Note	2021	2022
Profit (loss) for the period		**68**	**(2,426)**
Other comprehensive income			
Items to be reclassified to profit		505	345
Translation adjustments		470	299
Remeasurement of hedging instruments		11	25
Income tax related to components of other comprehensive income to be reclassified to profit		(5)	(7)
Share in other comprehensive income of equity-accounted companies to be reclassified to profit (net of tax)	17	29	28
Items not to be reclassified to profit		131	146
Actuarial gains and losses on post-employment benefits	26.c	154	144
Income tax related to components of other comprehensive income not to be reclassified to profit		(38)	(37)
Share in other comprehensive income of equity-accounted companies not to be reclassified to profit (net of tax)		15	39
Other comprehensive income for the period		**636**	**491**
TOTAL COMPREHENSIVE INCOME (EXPENSE) FOR THE PERIOD		**704**	**(1,935)**
Attributable to:			
■ owners of the parent		670	(1,973)
■ non-controlling interests		34	38

In 2022, other comprehensive income relating to translation adjustments includes:

- €299 million in translation gains (€467 million in translation gains in 2021) arising in the period on foreign operations;
- zero translation adjustments arising in the period on long-term financing granted to foreign subsidiaries (€3 million in translation gains in 2021). This financing meets the criteria for classification as a net investment in a foreign operation, and is treated in accordance with the applicable provisions of IAS 21.

In 2022, other comprehensive income resulting from the remeasurement of hedging instruments includes positive fair value adjustments totaling €25 million (positive fair value adjustments of €11 million in 2021) relating to cash flow hedges of interest payments on senior unsecured notes (i) as of the end of first-quarter 2019 and (ii) as of July 2020. The outstanding balance of the ongoing cash flow hedging reserve is a positive €23 million (see the consolidated statement of changes in shareholders' equity).

In accordance with the amended IAS 19, changes in actuarial gains and losses are shown in "Other comprehensive income" and are not subsequently reclassified to profit. In 2022, actuarial gains and losses on post-employment benefits represented gains of €144 million (gains of €154 million in 2021). The year-on-year change is due to changes in financial assumptions (see Note 26, "Post-employment benefits").

Other comprehensive income relating to equity-accounted companies (net of tax) includes (see Note 17, "Investments in equity-accounted companies"):

- €29 million in foreign exchange gains arising in the period on foreign joint ventures (€35 million in foreign exchange gains in 2021);
- a negative amount of €1 million relating to cash flow hedges of joint ventures (a negative amount of €6 million in 2021); and
- €39 million in actuarial gains on pension and similar obligations of joint ventures (€15 million in actuarial gains in 2021).

Consolidated balance sheet

ASSETS

(in € millions)	Note	Dec. 31, 2021	Dec. 31, 2022
Goodwill	12	5,068	4,994
Intangible assets	13	8,382	8,096
Property, plant and equipment	14	3,937	3,847
Right-of-use assets	15	606	566
Non-current financial assets	16	688	752
Investments in equity-accounted companies	17	1,969	1,974
Non-current derivatives (positive fair value)	32	23	18
Deferred tax assets	10	449	1,576
Other non-current financial assets		11	8
Non-current assets		**21,133**	**21,831**
Current financial assets	16	104	242
Current derivatives (positive fair value)	32	705	540
Inventories and work-in-progress	18	5,063	6,408
Contract costs	19	552	664
Trade and other receivables	20	6,504	7,904
Contract assets	21	1,853	1,982
Tax assets	10	555	358
Cash and cash equivalents	22	5,247	6,687
Current assets		**20,583**	**24,785**
Assets held for sale	**33**	**-**	**212**
TOTAL ASSETS		**41,716**	**46,828**

EQUITY AND LIABILITIES

(in € millions)	Note	Dec. 31, 2021	Dec. 31, 2022
Share capital	24	85	85
Consolidated reserves and retained earnings	24	12,713	12,785
Profit (loss) for the period		43	(2,459)
Equity attributable to owners of the parent		**12,841**	**10,411**
Non-controlling interests		**429**	**455**
Total equity		**13,270**	**10,866**
Provisions	25	1,798	1,549
Borrowings subject to specific conditions	27	327	302
Non-current interest-bearing financial liabilities	28	5,094	5,378
Non-current derivatives (negative fair value)	32	8	18
Deferred tax liabilities	10	1,275	1,164
Other non-current financial liabilities	30	116	75
Non-current liabilities		**8,618**	**8,486**
Provisions	25	1,058	1,018
Current interest-bearing financial liabilities	28	1,720	1,277
Trade and other payables	29	4,950	6,298
Contract liabilities	21	10,141	12,756
Tax liabilities	10	109	105
Current derivatives (negative fair value)	32	1,788	5,848
Other current financial liabilities	30	62	125
Current liabilities		**19,828**	**27,427**
Liabilities held for sale	**33**	**-**	**49**
TOTAL EQUITY AND LIABILITIES		**41,716**	**46,828**

Consolidated statement of changes in shareholders' equity

(in € millions)	Share capital	Additional paid-in capital	Treasury shares	Remeasurement of hedging instruments	Translation adjustments	Consolidated reserves and retained earnings	Actuarial gains and losses on post-employment benefits	Profit (loss) for the period	Other	Equity attributable to owners of the parent	Non-controlling interests	Total
AT DECEMBER 31, 2020	**85**	**4,688**	**(36)**	**(13)**	**(158)**	**7,735**	**(571)**	**352**	**307**	**12,389**	**401**	**12,790**
Comprehensive income (expense) for the period	-	-	-	11	499	(6)	170	43	(47)[a]	670	34	704
Acquisitions/disposals of treasury shares	-	-	(14)	-	-	(42)	-	-	-	(56)	-	(56)
Dividends	-	-	-	-	-	(183)	-	-	-	(183)	(5)	(188)
2021-2028 OCEANEs	-	-	-	-	-	29	-	-	-	29	-	29
Repurchase of 2023 OCEANEs	-	-	-	-	-	(50)	-	-	-	(50)	-	(50)
Other movements, including appropriation of profit	-	-	-	-	-	352	-	(352)	42	42	(1)	41
AT DECEMBER 31, 2021	**85**	**4,688**	**(50)**	**(2)**	**341**	**7,835**	**(401)**	**43**	**302**	**12,841**	**429**	**13,270**
Comprehensive income (expense) for the period	-	-	-	25	327	(1)	193	(2,459)	(58)[a]	(1,973)	38	(1,935)
Acquisitions/disposals of treasury shares	-	-	(260)	-	-	(6)	-	-	-	(266)	-	(266)
Dividends	-	-	-	-	-	(213)	-	-	-	(213)	(12)	(225)
2021-2028 OCEANEs	-	-	-	-	-	-	-	-	-	-	-	-
Repurchase of 2023 OCEANEs	-	-	-	-	-	-	-	-	-	-	-	-
Other movements, including appropriation of profit	-	-	-	-	-	43	-	(43)	22	22	-	22
AT DECEMBER 31, 2022	**85**	**4,688**	**(310)**	**23**	**668**	**7,658**	**(208)**	**(2,459)**	**266**	**10,411**	**455**	**10,866**

(a) The comprehensive expense of €58 million for 2022 (attributable to owners of the parent) comprises a negative tax impact on actuarial gains and losses of €51 million and a negative tax impact on foreign exchange differences of €7 million (negative impacts of €42 million and €5 million in 2021, respectively).

Consolidated statement of cash flows

(in € millions)	Note	2021	2022
I. CASH FLOW FROM OPERATING ACTIVITIES			
Profit (loss) attributable to owners of the parent		43	(2,459)
Depreciation, amortization, impairment and provisions(1)		1,642	1,615
Share in profit/loss from equity-accounted companies (net of dividends received)	17	702	11
Change in fair value of currency and interest rate derivatives(2)	32	538	4,207
Capital gains and losses on asset disposals		(57)	289
Profit attributable to non-controlling interests		25	33
Other(3)		(707)	(880)
Cash flow from operations, before change in working capital		2,186	2,816
Change in inventories and work-in-progress		296	(1,545)
Change in operating receivables and payables		(53)	(81)
Change in contract costs		(43)	(118)
Change in contract assets and liabilities		131	2,451
Change in other receivables and payables		(81)	22
Change in working capital		250	729
TOTAL I		**2,436**	**3,545**
II. CASH FLOW USED IN INVESTING ACTIVITIES			
Capitalization of R&D expenditure(4)	13	(316)	(283)
Payments for the purchase of intangible assets, net(5)		(53)	(98)
Payments for the purchase of property, plant and equipment, net(6)		(387)	(498)
Payments for the acquisition of investments or businesses, net		(33)	(490)
Proceeds arising from the sale of investments or businesses, net		263	248
Proceeds (payments) arising from the sale (acquisition) of investments and loans, net(7)		(212)	(167)
Other movements		-	-
TOTAL II		**(738)**	**(1,288)**
III. CASH FLOW USED IN FINANCING ACTIVITIES			
Change in share capital – owners of the parent		1	-
Change in share capital – non-controlling interests		-	-
Acquisitions and disposals of treasury shares	24.b	(73)	(270)
Repayment of borrowings and long-term debt(8)	28	(1,367)	(654)
Increase in borrowings(9)	28	2,146	510
Change in repayable advances	27	(12)	(17)
Change in short-term borrowings	28	(775)	(159)
Dividends and interim dividends paid to owners of the parent	24.e	(183)	(213)
Dividends paid to non-controlling interests		(5)	(12)
TOTAL III		**(268)**	**(815)**
EFFECT OF CHANGES IN FOREIGN EXCHANGE RATES — **TOTAL IV**		**70**	**(2)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**I+II+III+IV**	**1,500**	**1,440**
Cash and cash equivalents at beginning of period		3,747	5,247
Cash and cash equivalents at end of period	22	5,247	6,687
Net increase (decrease) in cash and cash equivalents		1,500	1,440

(1) Including in 2022: depreciation and amortization for €1,373 million (€1,380 million in 2021), impairment charges for €411 million (€91 million in 2021) and provision reversals for €169 million (provision charges for €171 million in 2021).

(2) Including in 2022: a positive €4,225 million arising on currency derivatives (a positive €533 million in 2021) (see Note 32, "Management of market risks and derivatives").

(3) Including in 2022: cancellation of deferred tax income arising on changes in the fair value of currency derivatives for a negative €1,163 million (a negative €138 million in 2021), cancellation of tax expense for €469 million (€338 million in 2021), €233 million in taxes paid (€302 million in 2021), €87 million in interest paid (€79 million in 2021), and €38 million in interest received (€14 million in 2021).

(4) Including in 2022: capitalized interest of €5 million (€5 million in 2021).

(5) Including in 2022: €103 million in disbursements for acquisitions of intangible assets (€173 million in 2021), €2 million in proceeds from disposals (€14 million in 2021), changes in amounts payable on acquisitions of non-current assets representing a positive €5 million (a positive €112 million in 2021), and changes in amounts receivable on disposals of non-current assets representing a negative €2 million (a negative €6 million in 2021).

(6) Including in 2022: €547 million in disbursements for acquisitions of property, plant and equipment (€443 million in 2021), changes in amounts payable on acquisitions of non-current assets representing a positive €7 million (a positive €1 million in 2021), €38 million in proceeds from disposals (€55 million in 2021), and changes in amounts receivable on disposals of non-current assets representing a positive €4 million (zero in 2021).

(7) Including in 2022: €100 million in investments that do not qualify as cash and cash equivalents (€200 million in 2021).

(8) Including in 2022: an outflow of €470 million relating to the redemption of tranche 2 of the USPP.

(9) Including in 2022: an inflow of €500 million relating to the drawdown of the EIB loan.

Notes to the Group consolidated financial statements

TABLE OF CONTENTS

Safran (2, boulevard du Général Martial-Valin – 75724 Paris Cedex 15, France) is a *société anonyme* (joint-stock corporation) incorporated in France and permanently listed on Compartment A of the Euronext Paris Eurolist market.

The consolidated financial statements reflect the accounting position of Safran SA and the subsidiaries that it controls, directly or indirectly and jointly or exclusively, as well as entities over which it exercises significant influence (the "Group").

The consolidated financial statements are drawn up in euros and all amounts are rounded to the nearest million unless otherwise stated.

The Board of Directors' meeting of February 16, 2023 adopted and authorized for issue the 2022 consolidated financial statements. The consolidated financial statements will be final once they have been approved by the Annual General Meeting.

NOTE 1 COMMENTS REGARDING 2022 EVENTS

2022 was marked by the war in Ukraine, high inflation (energy, raw materials, wages, transportation, etc.) and supply difficulties, as well as the ongoing pandemic.

However, the business upturn gained traction with each month and air traffic recovered in most regions of the world, with the exception of Asia. Aircraft manufacturers began ramping up production of short- to medium-haul aircraft again.

Given the uncertainties facing Safran and their day-to-day impact, the Group maintained its focus on operational excellence and paid particular attention to prices in a context of rising inflation.

The Group won a large number of orders for engines, equipment and seats and several support and service contracts.

a) Russo-Ukrainian conflict

The conflict in Ukraine, which began on February 24, 2022, impacted the Group's activities.

In compliance with the European, US and UK sanctions against Russia, Safran has suspended all exports and services to Russia and halted the operations of its joint ventures in the country and with its Russian partners until further notice.

The most impacted business operations are the following:

- the supply of engines, equipment and aftermarket services for the regional Sukhoi Superjet 100 program, the MC21 program and the Kamov 62 and Kamov 226 helicopter programs;
- service activities for CFM engines powering approximately 500 A320 and Boeing 737 aircraft operated by Russian airlines;
- Soyuz launches carried out by Arianespace and Starsem;
- leased engines fitted on aircraft in Russia or on Russian aircraft.

The suspension of all commercial exports (products and services) to Russia and the halt of all operations in the country represents a loss of business of approximately 2% of revenue.

The impacts of the Russo-Ukrainian crisis on the Group's businesses affect the whole income statement and balance sheet.

As mentioned in Note 8, "Breakdown of the other main components of profit from operations", non-recurring items, essentially impairment losses (including on equity-accounted companies), capital gains and losses on disposals of businesses, and transaction and restructuring costs, are unchanged from previous periods.

Assets and liabilities

In view of the Russo-Ukrainian conflict, the Group analyzed all its other property, plant and equipment and intangible assets (development expenditures, programs, etc.). Impairment tests were performed on all assets for which there could be an indication of a loss in value and certain intangible assets were written down by €68 million.

Safran analyzed its exposure to Russian programs and wrote down inventories by €18 million, trade receivables by €5 million, and provisions for supplier orders by €14 million.

Investments

Safran is indirectly exposed through its equity-accounted companies as follows:

- its partnership in the ArianeGroup joint venture:

  ArianeGroup has paid and received advance payments for the Soyuz program, for which Roscosmos has taken the decision to suspend rocket launches operated by Arianespace. Further to negotiations with customers regarding advances received, agreements were reached with the majority of them in second-half 2022;
- its partnership in Shannon Engine Support with Aercap:

  Leased CFM56 and LEAP engines are stranded in Russia. The Group's share in profit from Shannon Engine Support, included in 2022 recurring operating income, includes an asset write-down of €23 million.

Safran reviewed its other investments in companies operating in Russia and recognized in "Financial income (loss)":

- impairment of equity investments, for €34 million;
- impairment of loans to investments, for €14 million.

b) Inflation and rising energy prices

2022 was marked by a surge in inflation and tension in supply chains.

Inflationary pressure on costs (energy, raw materials, transportation, wages, etc.) was relatively contained, by passing on the increases to selling prices and controlling overhead costs.

To address supply problems, Safran sought to secure production ramp-ups by creating buffer stocks.

Safran accelerated its energy consumption reduction plan in response to soaring energy prices.

In addition, all employees were made aware of the need to take both individual and collective action to help achieve the reduction objectives.

c) Liquidity and financing

At December 31, 2022, consolidated cash and cash equivalents amounted to €6,687 million.

Leveraging its liquidity position and business resilience, the Group engaged in a financial rating process in 2021 and, on February 25, 2021, obtained its first long-term credit rating from Standard & Poor's, which assigned the Company a rating of BBB+ with a stable outlook.

On April 29, 2022, Standard & Poor's revised the outlook on the Company's BBB+ rating from stable to positive.

On December 2, 2022, Standard & Poor's raised the rating to A- with a stable outlook.

In addition, on October 28, 2022 Safran announced that it would buy back up to 9.4 million of its own shares (approximately 2.2% of its share capital) with a view to eliminating the potential dilution risk related to its convertible bonds ("OCEANEs") maturing in 2027. Under the program, Safran bought back nearly 2.4 million shares in November and December 2022 for a total of €275 million.

On January 13, 2023, Safran entered into an agreement with an investment services provider for the implementation of a follow-on buyback tranche to meet its obligations arising from the convertible bonds maturing in 2027. Under the terms of the agreement, Safran will buy back up to €650 million worth of ordinary shares from January 16, 2023 and no later than March 31, 2023.

NOTE 2 FINANCIAL IMPACTS OF CLIMATE CHANGE

Amid the uncertain economic environment in 2022, Safran was able to meet its objectives with regard to its environmental strategy.

During the year, Safran inaugurated two major sites working to decarbonize the aviation industry: the first, in Créteil, is dedicated to aircraft electrification, while the second, near Bordeaux, is the Group's center of excellence for additive manufacturing. Safran will maintain this momentum in 2023, with further investment in R&T to develop key technologies for carbon-free aviation.

In line with its core purpose (*raison d'être*), Safran has embarked upon a proactive program to reduce its carbon footprint, with ambitious goals set in 2022 for the various categories of emissions linked to its business:

- reducing emissions from its operations (Scopes 1 and 2) by 30% between 2018 and 2025, and by 50% between 2018 and 2030. These objectives are aligned with an emissions reduction trajectory that is compatible with a global warming scenario of 1.5°C by the end of the century;
- reducing emissions linked to the use of its products (Scope 3) by 42.5% per seat kilometer by 2035 compared to 2018;
- mobilizing its 400 main suppliers on meeting the commitments under the Paris Agreement to keep global warming to well below 2°C and preferably to 1.5°C.

The independent Science-Based Targets initiative (SBTi) has validated the greenhouse gas (GHG) emissions reduction targets set by Safran, showing they are aligned with the goals of the Paris Agreement adopted at COP21 in December 2015.

Climate change-related challenges are reflected in the Group's financial statements.

At the reporting date, the Group does not consider that its commitments in relation to the transition to a low-carbon economy have a material impact on its financial statements, with the exception of its R&T expenditure.

Measurement of assets

The air traffic growth assumptions used by management in the Group's medium-term business plan and strategy (3.1% growth in average annual revenue passenger kilometers [RPK] over the next 20 years) take into account the decarbonization trends observed in recent years (rising environmental concerns, especially in Europe, leading to regulatory initiatives that could slow down air traffic growth).

The 2.5% perpetual growth rate used to determine the terminal value of CGUs (see Note 12, "Goodwill") is therefore prudent with regard to the market assumptions used by the Group and consistent with the reference climate scenario of the International Energy Agency (IEA).

Property, plant and equipment – Investments

To meet decarbonization requirements, the Group is finalizing contracts to install solar power arrays at several French sites.

Some of the Group's foreign subsidiaries are already equipped with solar power arrays. In October 2022, Safran inaugurated a 3.8-megawatt solar power facility at its site in Suzhou, China. A 1.7-megawatt solar power facility was then inaugurated in Casablanca, Morocco in December 2022, covering more than 20% of the site's annual consumption and saving 2,000 metric tons of CO_2 per year.

In addition, Safran has introduced an internal carbon price for its investment projects in the form of a shadow price of USD 80/t CO_2, in order to swing decisions in favor of solutions including decarbonization initiatives. The price, which is used for the economic valuation of investments, does not give rise to any financial flows and has no impact on the financial statements.

Based on analysis, no changes to the useful lives of the main assets are required, as they are in line with the assumptions used in the medium-term business plan drawn up in the second half of 2022.

Liabilities and commitments received

On March 4, 2021, Safran signed a €500 million loan agreement with the European Investment Bank (EIB), which was drawn down in full on February 21, 2022 for ten years (maturing in February 2032). The loan is being used to finance some of the Group's research into innovative propulsion systems for the next generation of single-aisle commercial aircraft, marking a major step forward in Safran's roadmap towards achieving carbon-free air transportation by 2050.

In addition, on May 4, 2022 Safran set up a €2 billion revolving credit facility (RCF), available until May 2027. At December 31, 2022, the new line was undrawn. It includes two successive one-year extension options, which have not yet been exercised. The financial terms and conditions of the liquidity line are indexed to the achievement by the Group of two sustainable development criteria: CO_2 emissions (Scopes 1 and 2) and the proportion of women among senior executives. The new line replaces the €2.52 billion facility set up in December 2015, which was due to expire in December 2022 and was terminated in advance at the same time as the new line was set up.

Research and Technology

The R&T priorities set by Safran are fully in line with the priorities defined in the French recovery plan, which has set a goal of developing a low-carbon aircraft by 2035.

In July 2022, Safran and GE Aerospace entered into an agreement with Airbus to build a flight test demonstrator for CFM's open fan engine architecture. 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 15% more efficient than the CFM56, the previous generation engine), can run on 100% sustainable aviation fuels and is compatible with disruptive future hydrogen technologies.

Safran is also pursuing other R&T initiatives to reduce the environmental impact of other Group products, mainly by reducing their mass, electrifying onboard systems and adopting more carbon- or energy-efficient manufacturing processes. In particular, in 2022 Safran signed several agreements to equip electric and hybrid aircraft from CAE, VoltAero, Diamond Aircraft and Aura Aero with its ENGINeUS™ electric motors.

R&T costs are expensed on various lines of the income statement as and when they are incurred; subsidies are recognized within "Other income".

Gross R&T costs represented approximately €710 million in 2022, mainly invested in projects aiming to develop key technologies for carbon-free aviation.

Renewable energy supply contracts

Safran is working to supply renewable energy to its sites through power purchase agreements (PPAs). A single power purchase agreement with a minimum renewable energy rate covers all sites in Mexico. Work is underway to sign PPAs and virtual power purchase agreements (VPPAs) in other countries, particularly the United States.

European CO_2 quota trading system (EU ETS)

Only three of the Group's sites in France fall within the scope of the European Union Emissions Trading System (EU ETS). They represent annual greenhouse gas emissions of several tens of thousands of metric tons of CO_2. Therefore, the Group's exposure to the EU ETS is limited.

For the first time, Safran purchased carbon credits on the market for one of its French sites in 2022. Its two other sites still had sufficient free allowances. Safran is also working to reduce consumption at its sites and switch to renewable energy sources, which would further reduce the impact of the EU ETS on the Group.

NOTE 3 ACCOUNTING POLICIES

The consolidated financial statements of Safran and its subsidiaries have been prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) and adopted by the European Union at the date the consolidated financial statements were approved by the Board of Directors. They include standards approved by the IASB, namely IFRS, International Accounting Standards (IAS), and interpretations issued by the IFRS Interpretations Committee (IFRS IC) or its predecessor, the Standing Interpretations Committee (SIC).

Changes in accounting policies

New IFRS standards, amendments and interpretations effective as of January 1, 2022

- Amendments to IAS 16, "Property, Plant and Equipment" – Proceeds before Intended Use.
- Amendments to IAS 37, "Provisions, Contingent Liabilities and Contingent Assets" – Onerous Contracts – Cost of Fulfilling a Contract.
- Annual Improvements to IFRSs published in May 2020 (2018-2020 cycle).
- Amendments to IFRS 3, "Business Combinations" – Reference to the Conceptual Framework.

The standards, amendments and interpretations effective for reporting periods beginning on or after January 1, 2022 do not have a material impact on the Group's consolidated financial statements.

New published IFRS standards, amendments and interpretations early adopted by the Group as of January 1, 2022

None.

New published IFRS standards, amendments and interpretations not yet effective or not early adopted by the Group

- Amendments to IAS 1, "Presentation of Financial Statements" – Classification of Liabilities as Current or Non-current.
- Amendments to IAS 1, "Presentation of Financial Statements" and IFRS Practice Statement 2 – Disclosure of Accounting Policies.
- Amendments to IAS 1, "Presentation of Financial Statements" – Non-current Liabilities with Covenants.
- Amendments to IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors" – Definition of Accounting Estimates.
- Amendments to IAS 12, "Income Taxes" – Deferred Tax related to Assets and Liabilities arising from a Single Transaction.
- Amendments to IAS 28, "Investments in Associates and Joint Ventures" and IFRS 10, "Consolidated Financial Statements" – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.
- Amendments to IFRS 16, "Leases" – Covid-19-Related Rent Concessions beyond June 30, 2021.
- Amendments to IFRS 16, "Leases" – Lease Liability in a Sale and Leaseback.
- IFRS 17, "Insurance Contracts".

The amendments to IAS 1 (Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants), IAS 28/IFRS 10 and IFRS 16 have not yet been adopted by the European Union and cannot therefore be applied ahead of their effective date even where early adoption is permitted by the texts concerned. The other new standards, amendments and interpretations have not been early adopted by the Group.

Accounting policies

a) Basis of measurement used to prepare the consolidated financial statements

The consolidated financial statements are prepared on a historical cost basis except for certain assets and liabilities, as allowed by IFRS. The categories of assets and liabilities not measured at historical cost are disclosed in the sections below.

b) Consolidation

Basis of consolidation

Entities over which Safran directly or indirectly exercises permanent *de facto* or *de jure* control are fully consolidated when their contribution to certain consolidated indicators is material or when their business is strategic for the Group. These are entities over which the Group has the power to direct the relevant activities in order to earn returns and can affect those returns through its power over the investee. Power generally results from holding a majority of voting rights (including potential voting rights when these are substantive) or contractual rights.

Entities controlled jointly by Safran and another group, known as joint arrangements, are entities for which decisions about the relevant activities (approval of the budget, management appointments, etc.) require the unanimous consent of the parties sharing control. There are two types of joint arrangement:

- joint operations are entities where, based on the structure and legal form of the arrangement, the terms agreed by the parties in the contractual arrangement, or other facts and circumstances, the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Each partner accounts for the assets, liabilities, revenues and expenses relating to its involvement in a joint operation, unless the arrangement specifies otherwise;
- joint ventures are entities where the parties that have joint control of the arrangement have rights to the net assets of the arrangement only. Each partner recognizes its share in the net assets of the venture using the equity method.

Entities over which Safran exercises significant influence (associates) are accounted for under the equity method. Significant influence is presumed to exist when the Group holds at least 20% of the voting rights. However, significant influence must be demonstrated when the Group holds less than 20% of the voting rights. The fact that the Group is represented on its investee's management body (Board of Directors, etc.) indicates that it exercises significant influence over that investee.

A company effectively enters the scope of consolidation at the date on which sole or joint control is acquired or significant influence is exercised.

The removal of a company from the scope of consolidation is effective as of the date sole or joint control or significant influence is relinquished. If the loss of control occurs without any transfer of interest, for example due to dilution, the company's removal from the scope of consolidation is simultaneous with the event that triggers such loss of control or significant influence.

Non-controlling interests represent the portion of profit and net assets not held by owners of the parent, and are presented separately in the income statement, statement of comprehensive income and shareholders' equity.

IFRS 10 states that any changes in the percent interest in a fully consolidated company that do not result in the loss or acquisition of control are to be recognized in equity attributable to owners of the parent. This applies to acquisitions of additional shares in a subsidiary after control has been obtained in a previous acquisition or to sales of shares that do not result in a loss of control.

Sales of shares that result in a loss of control are to be recognized in profit or loss and the gain or loss on disposal is to be calculated on the entire ownership interest at the date of the transaction. Certain other items of comprehensive income attributable to majority shareholders will be reclassified to income. Any residual interest retained is to be remeasured at fair value through profit or loss when control is relinquished.

Acquisitions of shares that give the Group sole control over an entity will be recognized in accordance with the policies governing business combinations described in Note 3.c.

Intragroup transactions

All material transactions between fully consolidated companies are eliminated, as are internally generated Group profits.

When a fully consolidated company carries out a transaction (e.g., sale or transfer of an asset to a joint operation, joint venture or associate), any resulting gains or losses are recognized in the consolidated financial statements solely to the extent of the percentage interest held in the joint operation, joint venture or associate outside the Group.

However, when a fully consolidated company carries out a transaction (e.g., purchase of an asset) with one of its joint operations, joint ventures or associates, the Group's share of the gain or loss is only recognized in the consolidated financial statements when the fully consolidated entity resells that asset to a third party.

Such transactions are not eliminated when the joint operation acts solely as an intermediary (agent) or renders balanced services for the benefit of, or as a direct extension of, the businesses of its various shareholders.

c) Business combinations

The Group applies the revised IFRS 3.

Acquisition method

Business combinations are accounted for using the acquisition method at the date on which control is obtained:

- identifiable assets acquired and liabilities assumed are measured at their acquisition-date fair value;
- where applicable, non-controlling interests in the acquiree are measured either at fair value or at the Group's share in the acquiree's net identifiable assets (including fair value adjustments). This option is available for all business combinations based on a case-by-case analysis of each transaction;
- acquisition-related costs (transaction fees) must be recognized separately from the combination as expenses in the period in which they are incurred;
- any contingent consideration relating to business combinations (earn-out clauses) is measured at fair value at the acquisition date. After the acquisition date, any adjustments to the consideration are measured at fair value at the end of each reporting period. The cost of the combination, including where appropriate the estimated fair value of any contingent consideration, is finalized within the 12 months following the acquisition (measurement period). Any changes in the fair value of such consideration more than 12 months after the measurement period are recognized in profit or loss. Only items that should have been taken into account at the date of the combination but for which the acquirer did not hold all of the relevant information at that date can give rise to an adjustment in the purchase price consideration.

Any previously held interests in the acquiree are remeasured to fair value, with the resulting gain or loss recognized in profit or loss.

Goodwill

At the acquisition date, goodwill is measured as the difference between:

- the acquisition-date fair value of the consideration transferred, plus the amount of any non-controlling interest in the acquiree, measured based on the share in the net assets acquired (including fair value adjustments), or on the overall value of the acquiree; and
- the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed.

When goodwill arises on the acquisition of fully consolidated companies or interests in joint operations, it is carried under assets in the balance sheet under the heading "Goodwill". Negative goodwill is recorded immediately in profit or loss. However, goodwill arising on the acquisition of interests in joint ventures and associates is recorded on the line "Investments in equity-accounted companies", in accordance with IAS 28.

Goodwill may be adjusted within 12 months of the acquisition to take into account the definitive estimate of the fair value of the assets acquired and liabilities assumed. Only new information about facts and circumstances existing at the date of the combination can give rise to an adjustment against goodwill. Beyond this period, adjustments are recorded in profit or loss.

Goodwill arising as part of a business combination is allocated to cash-generating units (CGUs), as described in Note 3.m. Goodwill is not amortized but is tested for impairment at least annually and whenever there are events or circumstances indicating that it may be impaired, as described in Note 3.m. Impairment is taken to profit or loss and may not be reversed.

d) Discontinued operations and assets (or disposal groups) held for sale

A non-current asset or group of non-current assets and directly associated liabilities are classified as held for sale if their carrying amount is expected to be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset (or disposal group) must be available for immediate sale and its sale must be highly probable within a maximum period of one year. Non-current assets or disposal groups held for sale are measured at the lower of their carrying amount and fair value less costs to sell, and are presented on separate lines of the consolidated balance sheet.

In accordance with IFRS 5, a discontinued operation represents a separate major line of business or geographic area of operations for the Group that either has been disposed of, or is classified as held for sale. The income, expenses and cash flows attributable to the operations disposed of or held for sale are presented on separate lines of the consolidated financial statements for all periods presented. The assets and liabilities attributable to the operations disposed of or held for sale are presented on separate lines of the consolidated balance sheet for the last period presented only.

In accordance with IFRS 5, further to classification as discontinued operations or assets held for sale:

- the activities are measured at the lower of their carrying amount and their fair value less estimated costs to sell;
- depreciation/amortization of the non-current assets relating to the activities ceases;
- the non-current assets included in the discontinued operations are no longer tested for impairment;
- symmetrical positions on the balance sheet between continuing operations and discontinued operations continue to be eliminated.

e) Translation methods

The financial statements of subsidiaries with a different functional currency than that used by the Group are translated into euros as follows:

- assets and liabilities are translated at the year-end closing exchange rate, while income statement and cash flow items are translated at the average exchange rate for the year;
- translation gains and losses resulting from the difference between the closing exchange rate at the previous year-end and the closing exchange rate at the end of the current reporting period, and from the difference between the average and closing exchange rates for the period, are recorded in equity as translation adjustments.

On disposal of a foreign operation, cumulative foreign exchange differences are recognized in profit or loss as a component of the gain or loss on disposal. For any disposal, the foreign exchange differences recognized in profit or loss are determined based on direct consolidation of the foreign operation in the Group's financial statements.

f) Translation of foreign currency transactions and foreign currency derivatives

Transactions denominated in currencies other than the presentation currencies of Group entities are translated into euros at the exchange rate prevailing at the transaction date.

At the end of the reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the closing rate. Any resulting foreign exchange gains and losses are recognized in "Financial income (loss)" for the period, except for translation differences relating to a financial instrument designated as a net investment hedge, which are reported in other comprehensive income (see Note 3.w). Advances and downpayments paid or received, prepaid expenses and deferred income continue to be recorded on the balance sheet at the initial amount for which they were recognized.

Long-term monetary assets held by a Group entity on a foreign subsidiary for which settlement is neither planned nor likely to occur in the foreseeable future, represent an investment in a foreign operation. In accordance with IAS 21, "The Effects of Changes in Foreign Exchange Rates", foreign exchange differences arising on these items are recorded in other comprehensive income (OCI) up to the date on which the investment is sold, when they are recognized as part of the gain or loss on disposal. If the transaction does not qualify as a net investment in a foreign operation, the corresponding exchange differences are recognized in the income statement.

The Group uses currency derivatives to manage and hedge its exposure to fluctuations in exchange rates which can impact revenue net of foreign-currency denominated purchases. The Group's forex hedging strategy along with the forward currency contracts and options it uses are described in Note 32, "Management of market risks and derivatives".

Pursuant to IFRS 9, these foreign currency derivatives are recognized in the balance sheet at their fair value at the end of the reporting period. In view of the constraints resulting from applying IFRS 3 to the Sagem-Snecma business combination and the fact that most derivative instruments used by Safran do not qualify for hedge accounting under IFRS 9, the Group decided not to apply hedge accounting to any of its foreign currency derivatives. Accordingly, any changes in the fair value of these derivatives are recognized in "Financial income (loss)".

g) Income from operations

The main customer contract types identified within the Group are:

- sales of original equipment engines and spare engines, serial production equipment and spare parts;
- sales of installed base maintenance and support contracts;
- sales of time and materials service contracts;
- sales of contracts with multiple elements ("combined contracts");
- sales of studies.

The IFRS 15 revenue recognition rules applicable to each of these contract types are outlined below.

On rare occasions, the impact of a financing component will also be taken into account in recognizing revenue, when the component is significant relative to the contract transaction price.

Sales of original equipment engines and spare engines, serial production equipment and spare parts

For sales of engines, production equipment and spare parts, the performance obligation is generally defined for each individual product or service and not for a series of products and services.

Development work may be carried out prior to production and be wholly or partly financed by the customer.

Sales of development work primarily concern the Aircraft Equipment, Defense and Aerosystems and Aircraft Interiors sectors.

Development work financed by customers is generally inseparable from serial production and does not therefore represent a separate performance obligation. Accordingly, customer-financed development work will be recognized within contract liabilities in the balance sheet when the funding is received, and subsequently taken to "serial" revenue in full as and when the related products are delivered.

However, financed development work that represents a separate performance obligation is recognized in revenue upon completion of the performance obligation when control is transferred at a point in time, or on a percentage-of-completion basis (cost-to-cost method) if control is transferred over time.

Extended warranties granted in connection with sales of engines or production equipment represent a separate performance obligation when the warranty is an additional service that is not granted to all customers (unlike a standard warranty). In this case, a portion of the transaction price of the engines or production equipment is allocated to this warranty and recognized within contract liabilities.

The contract liability will be reversed against revenue as and when the warranty costs are incurred.

Revenue recognized for each engine, item of production equipment or spare part is net of any discounts granted in any form whatsoever, including guarantees resembling trade discounts (performance bonds, fuel consumption, etc.) and any products or services granted free of charge which do not represent separate performance obligations.

When products or services granted free of charge are transferred to customers before the revenue recognition date, they are recognized in the balance sheet within contract assets until the date revenue is recognized.

Revenue is recognized when control of each product is transferred, which is usually upon delivery (i.e., at a point in time).

Where there is a risk of the transaction being canceled or the receivable not being recovered at the inception of the contract, no revenue is recognized. When the risk no longer exists, revenue is recorded.

When a contract is onerous, the Group recognizes a loss on delivery commitments (see Note 3.s).

Downpayments from customers are included in contract liabilities when they are received and taken to revenue when the products to which they relate are delivered.

Sales of installed base maintenance and support contracts

Certain maintenance and support contracts require a fleet of engines or various equipment to be kept in flying condition. These contracts are billed based on the number of flight hours or landings for the engines/equipment concerned.

The different services provided under each such contract represent a single performance obligation since the services are related when the contracts are fulfilled.

Revenue is recognized if:

- the stage of contract completion can be measured reliably; and
- the costs incurred in respect of the contract and the costs to complete the contract can be measured reliably.

If control is transferred over time, revenue is recognized on a percentage-of-completion basis (cost-to-cost method).

If contract income cannot be measured reliably, revenue is only recognized to the extent of the contract costs incurred.

Forecast contract margins are reviewed on a regular basis. A provision is set aside for any losses on completion as soon as such losses are foreseeable (see Note 3.s).

Contract modifications do not generally result in the addition of separate goods or services to the original contract. Accordingly, the associated revenue adjustment at that date results in an immediate adjustment to profit or loss ("catch-up method").

Amounts billed to customers for which payment has generally been received but which have not yet been recognized in revenue, are included within contract liabilities (deferred income) at the end of the reporting period. In contrast, revenue which has been recognized but which has not yet been billed is recorded within contract assets in the balance sheet at the reporting date.

Sales of time and materials service contracts

These contracts may cover engines or production equipment and are generally entered into on a short-term basis.

They represent a single performance obligation.

Revenue generated on these contracts is recognized once the repair service has been provided (i.e., at a point in time).

Sales of contracts with multiple elements

Contracts with multiple elements are contracts that include the sale of specific development work as well as the sale of both goods and services.

The Group identifies separate performance obligations for each contract and determines the date on which control is transferred.

In general, for these contracts:

- the specific development work or customization assignments for a given contract and customer do not represent a separate performance obligation since the development and customization are inseparable from serial production. Costs associated with the development and installation are initially recognized in assets within contract costs if they are recoverable, and subsequently expensed over the contract term;
- financing received from the customer for the development work or customization assignment is recognized as revenue as and when the various performance obligations under the contract are satisfied;
- revenue generated on the serial production and service portion of the contract is recognized either on delivery of the goods, or on a percentage-of-completion basis (cost-to-cost method), depending on the nature of the performance obligation.

Sales of studies

These types of contract are found in all of the Group's business sectors. Generally speaking, each study represents a separate performance obligation since control of the development work is transferred to the customer, often through the transfer of intellectual property.

Revenue is recognized on a percentage-of-completion basis (cost-to-cost method) when control is transferred over time, or once the performance obligation has been satisfied if control is transferred at a point in time.

IFRS 15 may result in the recognition in the balance sheet of contract assets and liabilities and of contract costs:

- a contract asset denotes the Group's right to consideration in exchange for goods or services that it has transferred, when that right is conditioned on something other than the passage of time. Contract assets mainly include amounts relating to revenue recognized on a percentage-of-completion basis where Safran does not have the right to immediately bill the customer. A contract asset is written down, where appropriate, using the simplified impairment model set out in IFRS 9 (see Note 3.n);
- a contract liability denotes the Group's obligation to transfer goods or services to a customer for which it has received consideration in cash or in kind.

  Contract liabilities include advances and downpayments received, deferred income and concession liabilities;
- contract costs include costs to fulfill contracts that do not fall within the scope of other standards (IAS 16, IAS 38 and IAS 2 in particular) and costs to obtain contracts paid to third parties (commission, etc.).

h) Current and deferred tax

Tax expense (tax income) is the aggregate of current tax and deferred tax recorded in the income statement.

Current tax expense is the amount of income tax payable for a period, calculated in accordance with the rules established by the relevant tax authorities on the basis of taxable profit for the period. Current tax expense also includes any penalties recognized in respect of tax adjustments recorded in the period. The tax expense is recognized in profit or loss unless it relates to items recognized directly in equity, in which case the tax expense is recognized directly in equity.

Deferred tax assets and liabilities are calculated for each entity on temporary differences arising between the carrying amount of assets and liabilities and their corresponding tax base. The tax base depends on the tax regulations prevailing in the countries where the Group manages its activities. Tax losses and tax credits that can be carried forward are also taken into account.

Deferred tax assets are recognized in the balance sheet if it is likely that they will be recovered in subsequent years. The value of deferred tax assets is reviewed at the end of each annual reporting period.

Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset when tax is levied by the same tax authority and offsetting is permitted by the local tax authorities.

The liability method is applied and the impact of changes in tax rates is recognized in profit or loss for the period in which the corresponding tax law was enacted and the change in tax rate decided, unless the transactions concerned are recognized directly in equity.

Research tax credits in France, or any similar tax arrangements in other jurisdictions, are considered as operating subsidies related to research and development expenditures incurred during the period. Accordingly, they are classified under the heading "Other income" in the income statement, and not as a decrease in income tax expense. The recognition of all or part of research tax credits received in the year as revenue can be deferred over several periods provided the tax credits relate to development expenditures capitalized in the Group's consolidated financial statements.

i) Earnings per share

Basic earnings per share is calculated by dividing attributable profit by the weighted average number of ordinary shares issued and outstanding during the period, less the average number of ordinary shares purchased and held as treasury shares.

Diluted earnings per share is calculated by dividing attributable profit by the weighted average number of shares issued or to be issued at the end of the reporting period, excluding treasury shares and including the impact of all potentially dilutive ordinary shares, particularly those resulting from convertible bonds or an outstanding share buyback program. The dilutive impact of convertible bonds results from the shares that may be created if all bonds issued were to be converted. The dilutive impact of share buyback programs is calculated using the reverse treasury stock method which compares the closing share price with the average share price for the period concerned.

j) Intangible assets

Intangible assets are recognized on the balance sheet at fair value, historical cost or production cost, depending on the method of acquisition. Borrowing costs directly attributable to the acquisition, construction or production of an intangible asset are included in the cost of that asset when a significant period of time is needed to prepare the asset for its intended use or sale (generally more than 12 months). The initial amount recorded on the balance sheet is reduced by accumulated amortization and impairment losses, where appropriate.

Intangible assets acquired in a business combination

These assets are recognized at fair value at the date control was acquired and are amortized on a straight-line basis, as described below:

- intangible assets recognized at the time of the 2005 Sagem-Snecma merger and on the acquisition of Rolls Royce's stake in the RTM322 program and classified under "Aircraft programs" are accounted for by program (the fair value of each recognized aircraft program, covering several types of intangible asset such as technologies, backlogs and customer relations) and are amortized over the residual useful life of the programs, not to exceed 20 years;
- intangible assets acquired as part of a business combination carried out since the Group was established (also including technologies, customer relations and other intangible assets acquired) are amortized over the estimated useful life of each identified intangible asset (1 to 23 years).

Separately acquired intangible assets

Software is recognized at acquisition cost and amortized on a straight-line basis over its useful life (between one and five years).

Patents are capitalized at acquisition cost and amortized over their useful life, i.e., the shorter of the period of legal protection and their economic life.

Contributions paid to third parties in connection with aircraft programs (participation in certification costs, etc.) are considered as acquired intangible assets and are therefore capitalized unless the program proves unprofitable.

Research and development costs

Research and development costs are recognized as expenses in the period in which they are incurred. However, internally financed development expenditures are capitalized if the entity can demonstrate all of the following:

- the technical feasibility of completing the intangible asset and the intention and ability (availability of technical, financial and other resources) to complete the intangible asset and use or sell it;
- the probability that future economic benefits will flow from the asset;
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

In the Group's businesses, all criteria for capitalizing development expenditures are met when the decision to launch the development concerned is taken by management and program/project profitability as validated by relevant internal or external sources can be demonstrated. Development expenditures cannot be capitalized before this time.

Capitalization of development expenditures ceases as soon as the product to which the expenditures relate is brought into service or the criteria for capitalization are no longer met.

Capitalized development expenditures are stated at production cost and amortized primarily using the straight-line method as from the initial delivery of the product, over a useful life not exceeding 20 years. In some restricted cases within the Group, certain capitalized development expenditures are amortized based on production units.

Intangible assets are tested for impairment in accordance with the methods set out in Note 3.m.

k) Property, plant and equipment

Property, plant and equipment are recorded in the balance sheet at historical purchase cost or production cost less accumulated depreciation and impairment losses.

The main useful lives applied to calculate the depreciation schedule are as follows:

Buildings	15-40 years
Technical facilities	5-40 years
Equipment, tooling and other	5-15 years

Borrowing costs directly attributable to the acquisition, construction or production of an item of property, plant and equipment are included in the cost of that item when a significant period of time is needed to prepare the asset for its intended use or sale (generally more than 12 months).

Replacement and major overhaul costs are identified as components of property, plant and equipment. Other repair and maintenance costs are expensed as incurred.

Property, plant and equipment are tested for impairment in accordance with the methods set out in Note 3.m.

l) Leases

All property leases together with the Group's main leases of groups of assets (vehicles, handling equipment, etc.) are accounted for in accordance with IFRS 16.

At the commencement of the lease:

- a lease liability is recognized for the present value of the lease payments to be made over the estimated term of the lease (fixed payments, plus variable lease payments that depend on an index or rate plus amounts expected to be payable by the lessee under residual value guarantees plus the exercise price of a purchase or extension option if the lessee is reasonably certain to exercise that option plus payments of penalties for terminating the lease, unless these are unlikely);
- a right-of-use asset is recognized for the amount of the lease liability, plus the amount of any lease payments made at or before the commencement date, any initial direct costs incurred by the lessee (fees and commission) and an estimate of costs to be incurred in dismantling and removing the asset and/or restoring the site on which it is located or restoring the asset to the condition required by the lease.

A deferred tax asset is recognized based on the amount of the lease liability, while a deferred tax liability is recognized based on the carrying amount of the right-of-use asset.

The term of the lease is determined taking into account contractual provisions and provisions resulting from applicable laws and regulations.

A nine-year term was initially adopted for “3/6/9”-type commercial leases in France following the introduction of IFRS 16. In December 2019, the IFRIC issued an agenda decision stating that the term to be used to measure lease assets and liabilities had to reflect the period during which the lessee is reasonably certain to continue the lease. The Group analyzes its “3/6/9”-type commercial leases every year and, where necessary, adjusts the lease terms in line with the IFRIC decision. The impact was not material for the Group.

After initial recognition of the lease:

- the lease liability is measured at amortized cost using the effective interest rate, which is equal to the discount rate initially applied;
- the right-of-use asset is depreciated on a straight-line basis over the term of the lease or over the useful life of the underlying asset if the purchase option is reasonably certain to be exercised. Where appropriate, an impairment loss may be recognized against the right-of-use asset.

In the event of a change in future lease payments resulting from a change in an index or rate used to determine those payments, the lease liability is remeasured using the initial discount rate.

If the lease term is extended following the exercise of an extension option that was not initially taken into account, the lease liability is remeasured using a revised discount rate as determined at the date the option is exercised.

In such cases, the change in the amount of the lease liability is recognized against a matching change in the amount of the right-of-use asset.

In accordance with the practical expedients offered by the standard, the Group has chosen not to apply IFRS 16 to short-term leases or leases of low-value assets. Payments made under such leases are expensed over the term of the lease.

m) Impairment of non-current assets

Non-current assets, and particularly goodwill acquired in a business combination, are allocated to cash-generating units (CGUs)[1]. Two types of CGUs are defined within the Group:

- CGUs corresponding to programs, projects, or product families associated with specific assets: development expenditures, property, plant and equipment used in production;
- CGUs to which goodwill is allocated, corresponding to the business segments monitored by Group management and relating chiefly to the Group’s main subsidiaries.

In the event of a sale or restructuring of the Group’s internal operations which affects the composition of one or more of the CGUs to which goodwill has been allocated, the allocations are revised using a method based on relative value. This method takes the proportion represented by the business sold or transferred in the cash flows and terminal value of the original CGU at the date of sale or transfer.

Impairment tests are performed at least once a year (in the second half of the year) on assets with indefinite useful lives or on non-amortizable assets such as goodwill. Impairment tests are also carried out on amortizable/depreciable assets, where the amortization/depreciation period has not yet begun. Impairment testing is carried out whenever there is an indication of impairment irrespective of whether the assets are amortizable/depreciable.

At the end of each reporting period, the Group’s entities assess whether there are events or circumstances indicating that an asset may be impaired. Such events or circumstances notably include material adverse changes which, in the long term, impact the economic environment (commercial prospects, procurement sources, index or cost movements, changes linked to climate change, etc.) or the Group’s assumptions or objectives (medium-term business plan, profitability analyses, market share, backlog, regulations, disputes and litigation, etc.).

If such events or circumstances exist, the recoverable amount of the asset is estimated. If the carrying amount of the asset exceeds its recoverable amount, the asset is considered as impaired and its carrying amount is reduced to its recoverable amount by recognizing an impairment loss under “Profit from operations”.

Recoverable amount is defined as the higher of an asset’s or group of assets’ fair value less costs to sell and value in use. Value in use is the present value of expected future cash flows, determined using a benchmark discount rate that reflects the Group’s weighted average cost of capital (WACC), plus any risk premium where appropriate. This discount rate is a post-tax rate applied to post-tax cash flows, which gives the same result as that which would have been obtained by applying a pre-tax rate to pre-tax cash flows, as required by IAS 36.

Future cash flows are calculated differently depending on the assets tested:

(i) assets allocated to programs, projects or product families: expected future cash flows are projected over the life of the development programs or projects, capped at 40 years, and are discounted at the benchmark rate. Certain programs or projects are also subject to a specific risk premium. This long timeframe better reflects the characteristics of the Group’s operating cycles (aircraft and defense), where assets tend to have a long useful life and slow product development;

(1) *A CGU is the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.*

(ii) goodwill: expected future cash flows are calculated based on the medium-term business plans established for the next four years and estimated cash flows for years five to ten (or beyond year ten for certain activities with a longer development and production cycle), and are discounted at the benchmark rate. The value in use of the assets is the sum of the present value of these cash flows and the terminal value, calculated based on standardized flows representing long-term activities for years five to ten (or beyond year ten for certain activities), taking into account a perpetual growth rate.

Should a test on a CGU's assets indicate an impairment loss, the Group first establishes the recoverable amount of the assets considered separately. Any impairment loss is initially allocated to goodwill and then to the assets of the CGU *pro rata* to their carrying amount.

In the event of an identified loss in value, any impairment loss recognized against goodwill cannot be reversed. For other assets, indications of impairment are analyzed at the end of each subsequent reporting period, and if there are favorable changes in the estimates which led to the recognition of the impairment, the impairment loss is reversed through profit or loss.

n) Equity investments, loans and receivables

Equity investments in non-consolidated companies are classified at fair value through profit or loss, since:

- these assets by nature do not generate cash flows that are solely payments of principal and interest on the principal amount outstanding at the dates indicated; and
- the Group did not opt to classify these assets at fair value through equity (OCI) not to be reclassified to profit.

The fair value of listed investments corresponds to their market value. The fair value of unlisted investments corresponds to their cost, provided that this approximates their fair value. If this is not the case, an appropriate valuation technique is used.

Loans to non-consolidated companies are classified at amortized cost. They are written down using the general impairment approach set out in IFRS 9, under which any credit losses expected within the following 12 months are taken into account when initially measuring the loans. In the event of a significant subsequent increase in the loan's credit risk, impairment is calculated based on expected losses through to loan maturity (lifetime expected credit losses).

Trade receivables and contract assets are written down using the IFRS 9 simplified impairment approach, as they generally fall due in the short term. This approach involves calculating impairment at an amount equal to lifetime expected credit losses.

Changes in the credit risk associated with these assets are assessed on both an individual and collective basis.

On a collective assessment basis, the allowance for expected credit losses is calculated for amounts owed by all customers, except major customers deemed low risk or the government, for which no allowance is recognized on a collective basis.

This collective assessment is made for each region using an indicator based on the credit ratings of airline companies (i.e., official agency ratings or analyses available), since airlines represent the Group's main credit risk exposure.

On an individual assessment basis, an additional loss allowance is recognized if there has been a significant increase in the credit risk associated with a given customer in any sense whatsoever (payment default at maturity, insolvency proceedings, etc.), such that the amount owed by the customer is likely to be written off.

o) Inventories and work-in-progress

Inventories and work-in-progress are measured at the lower of cost determined using the weighted average cost formula, and net realizable value.

Cost is calculated based on normal production capacity and therefore excludes any idle capacity costs.

Net realizable value represents the estimated selling price less the costs required to complete the asset or make the sale.

Borrowing costs incurred during the production phase are included in the value of inventories when the eligibility conditions are met.

p) Cash and cash equivalents

Cash and cash equivalents include available funds, highly liquid short-term investments (three months or less) and term deposits with exit options exercisable at no penalty within less than three months that are readily convertible into known amounts of cash and subject to an insignificant risk of changes in value.

These assets are recognized at market value (fair value) or amortized cost, as appropriate. Assets carried at amortized cost are written down using the general impairment approach set out in IFRS 9.

Cash equivalents subject to usage restriction (e.g., pledges) are recorded under other financial assets for the duration of the restriction.

q) Treasury shares

All treasury shares held by the Group are deducted from consolidated equity based on their acquisition price, regardless of whether they were repurchased in connection with a liquidity agreement or under a share buyback program initiated by the Group. Gains and losses on the disposal of treasury shares are recorded directly in equity and do not impact profit or loss for the period.

For share buyback programs outstanding at the end of the reporting period, the firm obligation to repurchase shares is recognized in the form of a liability for the acquisition of shares, against a reduction in consolidated reserves. This liability, which is not included in calculations of the Group's net financial position, is cleared as and when the disbursements relating to the share buybacks are made.

r) Share-based payment

The Group grants various share-based payments to its employees, including free shares, long-term variable compensation in the form of performance shares and leveraged or unleveraged savings plans.

In accordance with IFRS 2, “Share-based Payment”, these arrangements are measured at fair value, taking into account any lock-up period for shares granted and less the present value of dividends not received by employees during the vesting period. The fair value of equity-settled instruments is determined at the grant date. The fair value of cash-settled instruments is revised up to the date of payment. For plans that are subject to performance conditions, the external conditions are included in the per-share fair value at the grant date and the internal conditions are reflected in the number of instruments.

These employee benefits represent personnel costs and are recognized on a straight-line basis over the vesting period, with an offsetting entry to consolidated reserves for equity-settled plans and to liabilities for cash-settled plans.

s) Provisions

The Group records provisions when it recognizes a present probable or potential (in the event of a business combination) legal or constructive obligation as a result of a past event for which an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of that obligation.

For taxes levied by public authorities, the liability is recognized at the date of the obligating event for each levy, such as that defined by applicable local regulations.

Provisions for losses on completion and losses arising on delivery commitments

A provision for losses on completion is recognized for contracts managed on a percentage-of-completion basis, and a provision for losses arising on delivery commitments is recognized for sales contracts, when:

- a contract (or combination of contracts), signed before the end of the reporting period, gives rise to obligations for the Group in the form of the delivery of goods, the provision of services or the payment of termination indemnities;
- the Group’s obligation and the expected economic benefits can be measured reliably;
- it is highly probable that the contract (or combination of contracts) will be onerous (the unavoidable costs of meeting the obligations under the contract [or combination of contracts] exceed the expected economic benefits).

Unavoidable costs for which a provision is recognized represent the lower of the net cost of executing the contract (i.e., the forecast loss on the contract) and the cost of failing to execute the contract (e.g., withdrawal costs in the event of early termination).

In the case of original equipment sales contracts, the expected economic benefits correspond to the contract cash flows associated with the highly probable cash flows from the spare part activities provided under the contracts.

The cash flows used in this analysis are discounted to take into account their spread over time.

Under onerous contracts, losses arising on delivery commitments are recognized primarily as a deduction from inventories and work-in-progress (for the completed portion of the contract and directly related to the contract or combination of contracts), and shown in provisions for work to be completed.

Provisions for financial guarantees on sales

As part of its civil engine sales campaigns, the Group grants two types of guarantees to its customers:

- financial guarantees, under which the Group provides a guarantee to the lending institutions that finance its customer;
- guarantees covering the value of assets, under which the Group grants the customer an option to return the aircraft at a given date for an agreed price.

These commitments are undertaken by the Group together with its partner General Electric, and form part of financing packages proposed by aircraft manufacturers to airline companies. They generally correspond to the share represented by Group engines in the financing of the aircraft.

Financial commitments are generally granted on signature of the sales agreement, but do not actually take effect until the customer so requests.

These guarantees generate risks. However, the total gross amount of the guarantees does not reflect the net risk to which the Group is exposed, as the commitments are counter-guaranteed by the value of the underlying assets, i.e., the aircraft pledged.

A provision is recognized in respect of these guarantees, reflecting events likely to generate a future outflow of resources for the Group.

Provisions for standard and operating warranties

These provisions are recorded to cover the Group’s share of probable future disbursements under standard and operating warranties. They are calculated as appropriate based on technical files or statistics, particularly with respect to the return of parts under warranty and the estimated cost of repairs.

Provisions for restructuring costs

These provisions are recognized when the plan has raised a valid expectation in third parties and has been announced before the end of the reporting period.

t) Post-employment benefits

In compliance with the laws and practices of each country in which it operates, the Group grants its employees post-employment benefits (pensions, termination payments, early retirement plans, etc.) as well as other long-term benefits including long-service awards, jubilee benefits and loyalty premiums.

For its basic plans and other defined contribution plans, the contribution paid in the period is recognized in expenses when due. No provision is recorded.

Provisions recognized for obligations under defined benefit plans are measured using the projected unit credit method. This determines, for each employee, the present value of the benefits to which the employee's current and past services will grant entitlement on retirement. The actuarial calculations include demographic (retirement date, employee turnover rate, etc.) and financial (discount rate, salary increase rate, etc.) assumptions, and are performed at the end of each reporting period for which accounts are published.

When plans are funded, the plan assets are placed with entities that are responsible for paying the benefits in the countries concerned. These assets are measured at fair value. Provisions are recorded to cover shortfalls in the fair value of plan assets compared with the present value of the Group's obligations.

An asset surplus is only recognized in the balance sheet when it represents future economic benefits effectively available to the Group.

In accordance with the revised IAS 19, changes in actuarial gains and losses arising on defined benefit plans are recognized in "Other comprehensive income" within equity and not subsequently reclassified to profit.

The Group distinguishes between operating components and financial components when presenting defined benefit expense:

- service cost for the period is shown in profit from operations, along with past service costs arising on the introduction of a new plan or curtailments or settlements of an existing plan, which are recognized immediately in this caption;
- the cost relating to unwinding the discount on the net pension liability (asset) is shown in financial income (loss).

u) Borrowings subject to specific conditions

The Group receives public financing in the form of repayable advances to develop aircraft and defense projects. Repayment of these advances is based on revenues from future sales of engines or equipment, and potentially from sales of spare parts.

Repayable advances are treated as sources of financing and are recognized in liabilities in the consolidated balance sheet under the heading "Borrowings subject to specific conditions".

At inception, they are measured at the amount of cash received or, when acquired, at the value of probable future cash flows discounted at market terms at the acquisition date. They are subsequently measured at amortized cost at the end of each reporting period, taking into account the most recent repayment estimations.

The present value of estimated repayments, based on management's best estimates, is regularly compared with the net carrying amount of repayable advances, defined as the sum of amounts received, plus any interest capitalized at the end of the reporting period, less repayments made. If as a result of this analysis the present value of estimated repayments is durably more or less than the carrying amount of the repayable advances over three consecutive years, that unrecognized portion of the present value of the advance which is higher or lower than the carrying amount is taken to profit or loss.

For certain contracts, the Group has to pay a fee based on replacement sales realized under the program once the advance has been fully repaid. This fee is not considered as repayment of an advance but as an operating expense.

v) Interest-bearing financial liabilities

On initial recognition, interest-bearing financial liabilities are measured at the fair value of the amount received, less any directly attributable transaction costs. Besides the specific conditions applicable to hedge accounting (see Note 3.w), interest-bearing financial liabilities are subsequently carried at amortized cost using the effective interest rate method.

w) Derivatives and hedge accounting

The Group uses derivative instruments to hedge potential risks arising from its operating and financial activities. These instruments are primarily used to hedge its exposure to the risk of fluctuations in exchange rates, and more marginally, to risks of changes in interest rates. The derivatives used can include forward currency contracts and currency options or interest rate swaps. The Group's market risk management policy is described in Note 32, "Management of market risks and derivatives".

Most derivatives are traded over-the-counter and no quoted prices are available. Consequently, they are measured using models commonly used by market participants to price such instruments (discounted cash flow method or option pricing models). Counterparty risk and proprietary credit risk are taken into account when measuring derivatives.

For a derivative or non-derivative hedging instrument to be eligible for hedge accounting, the hedging relationship must be formally designated and documented at inception and its effectiveness must be demonstrated throughout the life of the instrument using documented effectiveness tests.

The accounting principles applicable to foreign currency derivatives used to hedge foreign exchange risk are set out in Note 3.f.

Certain derivatives used to hedge interest rate risk on fixed-rate financial assets and liabilities may be designated as hedging instruments in a fair value hedging relationship. In this case, the borrowings hedged by the interest rate derivatives (mainly interest rate swaps) are adjusted to reflect the change in fair value attributable to the hedged risk. Changes in the fair value of hedged items are taken to profit or loss for the period and offset by symmetrical changes in the fair value of the interest rate swaps (effective portion).

x) Sale of receivables

The Group sells some of its trade receivables to financial institutions, generally within the scope of confirmed factoring facilities. The related assets may only be removed from the balance sheet if the rights to the future cash flows from the receivables are transferred, along with substantially all of the associated risks and rewards (payment default, late-payment risk, etc.).

y) Structure of the consolidated balance sheet

The Group is engaged in a variety of activities, most of which have long operating cycles. Consequently, assets and liabilities generally realized or unwound within the scope of the operating cycle (inventories and work-in-progress, receivables, advances and downpayments received from customers, trade and other payables, and foreign currency derivatives, etc.) are presented with no separation between current and non-current portions. However, other financial assets and liabilities as well as provisions are considered as current if they mature within 12 months of the end of the reporting period. All other financial assets, liabilities and provisions are considered non-current.

z) Recurring operating income

To make the Group's operating performance more transparent, it includes an intermediate operating indicator known as "Recurring operating income" in its reporting.

This sub-total includes the share of profit from joint ventures accounted for under the equity method, since all joint ventures are involved in businesses directly related to the Group's core activities.

This sub-total excludes income and expenses which are largely unpredictable because of their unusual, infrequent and/or material nature, such as:

- impairment losses recognized against goodwill, impairment losses or reversals of impairment losses recognized against intangible assets relating to programs, projects or product families as a result of an event that substantially alters the economic profitability of such programs, projects or product families (e.g., significant decrease in forecast volumes, difficulties encountered during the development phase, renegotiated sales agreements, changes in the production process, etc.), including for equity-accounted companies;
- capital gains and losses on disposals of operations;
- gains on remeasuring any previously held equity interests in the event of step acquisitions or transfers made to joint ventures;
- other unusual and/or material items not directly related to the Group's ordinary operations, in particular restructuring costs.

NOTE 4 MAIN SOURCES OF ESTIMATES

The preparation of consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) described above requires management to make certain estimates and assumptions that affect the reported amounts of consolidated assets, liabilities, income and expenses.

The assumptions used vary from one business to the next, but are considered reasonable and realistic in all cases. The resulting estimates are based on the Group's past experience and factor in the economic conditions prevailing at the end of the reporting period and any information available as of the date of preparation of the financial statements, in particular of a contractual or commercial nature.

Estimates and underlying assumptions are reviewed on an ongoing basis, and take into account the impacts of the health crisis and the Russo-Ukrainian conflict identified to date.

When unforeseen developments in events and circumstances occur, particularly as regards global economic trends and the Group's own business environment, actual results may differ from these estimates. In such cases, the assumptions and, where appropriate, the reported amounts of assets and liabilities concerned are adjusted accordingly.

The Group also tests its sensitivity to changes in the assumptions underlying its main estimates in order to analyze the impact of volatility and lack of visibility in the global economic environment and particularly in certain Group segments. These analyses are regularly reviewed by management.

The main accounting policies which require the use of estimates are described below.

a) Estimates relating to programs and contracts

The main material estimates used by the Group to prepare its financial statements relate to forecasts of future cash flows under programs and contracts (business plans). Forecast future total cash flows under programs and contracts represent management's best estimate of the rights and obligations expected to derive from the program or contract.

The assumptions applied and resulting estimates used for programs and contracts cover periods that are sometimes very long (up to several decades), and take into account the technological, commercial and contractual constraints as well as the impacts of the climate strategy of each such program and contract.

These estimates primarily draw on assumptions about the volumes, output and selling prices of products sold and associated production costs, including inflation assumptions. They also draw on exchange rates for foreign-currency denominated sales and purchases as well as normal risks and uncertainties in respect of forecast cost overruns and, for discounted future cash flows, the discount rate adopted for each program and contract.

The Group's volume assumptions are prepared internally for each market in which Group companies are present (e.g., commercial, business and military aviation; helicopters, etc.). For short-term estimates, these assumptions are based on available inputs (programs, orders, etc.), while external inputs (publications, airframer press releases, IATA announcements, market surveys, etc.) are used for estimates covering the medium to long term. The assumptions are regularly revised, particularly those used for short-term estimates, in order to reflect the latest developments in the Group's programs, and all assumptions used for medium- to long-term forecasts are validated by management at least once a year.

Cash flow forecasts, which may or may not be discounted, are used to determine the following:

- **impairment of non-current assets:** goodwill and assets allocated to programs (aircraft programs, development expenditures and property, plant and equipment used in production) are tested for impairment as described in Note 3.m. The recoverable amount of these assets is generally determined using cash flow forecasts;
- **capitalization of development expenditures:** the conditions for capitalizing development expenditures are set out in Note 3.j. Determining whether future economic benefits are expected to flow to the Group is instrumental in deciding whether project costs can be capitalized. This analysis is carried out based on future cash flow forecasts. The Group also uses estimates when determining the useful life of its projects;
- **profit (loss) on completion of contracts accounted for on a percentage-of-completion basis:** the Group accounts for contracts on a percentage-of-completion basis (cost-to-cost method). Under this method, revenue is recognized based on the percentage of work completed, calculated by reference to the costs incurred. This method requires an estimate of results on completion using future cash flow forecasts that take into account contractual indexes and commitments as well as other factors inherent to the contract based on historical and/or forecast data. This method also requires an estimate of the contract's stage of completion.

When the total costs that are necessary to cover the Group's risks and obligations under the contract are likely to exceed total contract revenue, the expected loss (i) is recognized within provisions for losses on completion or (ii) leads to the write-down of contract fulfillment costs (if any) and to the subsequent recognition of a provision for losses on completion for the remaining amount of the loss;

- **timing of revenue recognition:** the recognition of revenue under certain contracts is based on delivery volume assumptions. These assumptions therefore influence the timing of revenue recognition;
- **variable consideration:** the transaction price may be comprised of both a fixed amount and a variable amount. This variable amount may, in particular, depend on volume assumptions which therefore require the use of estimates;
- **losses arising on delivery commitments:** sales contracts (or combinations of contracts) may be onerous. For all sales contracts or combinations of contracts, the Group estimates the volume of goods to be delivered as well as spare parts and services directly related to the delivery commitment, which may be contractual or highly probable. Accordingly, the Group recognizes a provision for losses arising on delivery commitments when the combination of contracts is onerous and a loss is likely to be incurred. It uses estimates, notably as regards the volume of goods to be produced and delivered under the sales contracts or combinations of contracts, as well as the volume of directly-related spare parts and services, projected production costs and the expected economic benefits;
- **repayable advances:** the forecast repayment of advances received from public bodies is based on revenue from future sales of engines, equipment and spare parts, as appropriate. As a result, the forecasts are closely related to the business plans prepared by the operating divisions.

Any changes in estimates and assumptions underlying cash flow forecasts for programs and contracts could have a material impact on the Group's future earnings and/or the amounts reported in its balance sheet. Consequently, the sensitivity of key estimates and assumptions to such changes is systematically tested and the results of these tests reviewed by management on a regular basis.

b) Provisions

Provisions reflect management's best estimates using available information, past experience and, in some cases, estimates by independent experts.

When estimating provisions relating to the Group's contractual commitments on timeframes and technical specifications in connection with the development phase, the general stage of development of each of the Group's programs is taken into account, particularly as regards changes made to specifications during the development phase. Contractually defined liability limits are also taken into account.

Provisions for restructuring costs represent the best estimate of the costs at the end of the reporting period.

Contractual provisions relating to performance warranties given by the Group take into account factors such as the frequency and estimated cost of repairs. The value of these commitments may be based on a statistical assessment.

Provisions relating to financial guarantees given by the Group are based on the estimated value of the underlying assets, the probability that the customers concerned will default, and, where appropriate, the discount rate applied to cash flows.

The costs and penalties actually incurred or paid may differ significantly from these initial estimates when the obligations unwind, and this may have a material impact on the Group's future earnings.

At the date of this report, the Group has no information suggesting that these inputs are not appropriate taken as a whole.

c) Post-employment benefits

The Group uses statistical data and other forward-looking inputs to determine assets and liabilities relating to post-employment benefits. These inputs include actuarial assumptions such as the discount rate, salary increase rate, retirement age, and employee turnover and mortality. Actuarial calculations are performed by independent actuaries. At the date of preparation of the consolidated financial statements, the Group considers that the assumptions used to measure its commitments are appropriate and justified.

However, if circumstances or actuarial assumptions – especially the discount rate – prove significantly different from actual experience, the amount of post-employment liabilities shown in the balance sheet could change significantly, along with equity.

d) Trade receivables, contract assets and other receivables

The Group estimates any collection risks based on commercial information, prevailing economic trends, and information concerning the solvency of each customer, in order to determine any necessary write-downs on a case-by-case basis. These write-downs are in addition to any allowances recognized for expected losses, which are calculated on a collective basis for all customers except major customers deemed low risk and the government.

The specific nature of any receivables from government-backed entities is taken into account when determining bad debt risk for each receivable and therefore when estimating the amount of any impairment loss.

e) Allocation of the cost of business combinations

Business combinations are recorded using the acquisition (purchase) method. Identifiable assets acquired and liabilities and contingent liabilities assumed are measured at fair value at the date control is acquired.

One of the most important areas in which estimates are used in accounting for a business combination concerns the calculation of fair value and the underlying assumptions applied. The fair value of certain items acquired in a business combination can be measured reliably, for example property, plant and equipment using market prices. However, the fair value of other items such as intangible assets or contingent liabilities may prove more difficult to establish. These complex measurements are usually performed by independent experts based on a series of assumptions. These experts are generally required to estimate the impact of future events that are uncertain at the date of the combination.

f) Disputes and litigation

Certain Group subsidiaries may be party to regulatory, legal or arbitration proceedings which, because of their inherent uncertainty, could have a material impact on the Group's financial position (see Note 37, "Disputes and litigation").

The Group's management takes stock of any outstanding proceedings and monitors their progress on a regular basis. It also decides whether to book a provision or adjust the amount of any existing provision if events arise during the proceedings that require a reassessment of the risk involved. The Group consults legal experts both within and outside the Group in estimating the risk and determining the costs that may be incurred.

The decision to book a provision in respect of a given risk and the amount of any such provisions are based on an assessment of the risk associated with each individual case, management's estimate of the likelihood that an unfavorable decision will be issued in the proceedings in question, and the Group's ability to estimate the amount of the provision reliably.

NOTE 5 SCOPE OF CONSOLIDATION

Main changes in the scope of consolidation in 2022

a) Disposals

Disposal of Safran Arresting Systems (emergency ground arresting systems for military aircraft business)

On January 21, 2022, Safran signed an agreement with Curtiss-Wright to sell the assets of its "emergency ground arresting systems for military aircraft" business in France and the United States. The transaction was subject to the usual regulatory approvals and was completed on June 30, 2022.

Disposal of Pioneer Aerospace Corporation

On April 15, 2022, Safran sold its subsidiary Pioneer Aerospace Corporation, an aviation market player specialized in safety control systems and parachute release and launch platforms.

These two disposals represented a capital gain of €63 million, recognized in non-recurring operating income.

b) Acquisitions

Acquisition of Orolia

As part of the acquisition of Orolia from Eurazeo alongside the founders and management, a share sale agreement was signed on January 11, 2022.

The transaction was finalized on July 7, 2022 following the receipt of the necessary regulatory approvals.

Orolia is one of the world leaders in Resilient Positioning, Navigation and Timing (PNT) solutions which improve the reliability, performance and safety of critical civilian, military and space operations, including in harsh or altered Global Navigation Satellite System (GNSS) environments.

The purchase price amounted to approximately €400 million.

Orolia has been fully consolidated in the Group's financial statements since July 1, 2022, within the Safran Electronics & Defense CGU. The purchase price allocation is currently underway, with the assistance of our experts. The preliminary allocation of the purchase price to the assets and liabilities measured at fair value generated provisional goodwill of approximately €300 million.

Since joining the Group, Orolia has generated revenue of around €80 million. Its contribution to operating income is not material at the Group level.

Acquisition of a stake in CILAS

On November 2, 2022, Safran and MBDA completed the acquisition of a 63% stake in Compagnie Industrielle des Lasers (CILAS), previously held by ArianeGroup SAS and consolidated within ArianeGroup. The acquisition was carried out through a specially created 50-50 joint company, HMS Laser.

CILAS is a recognized expert in laser and optronics. The defense company is specialized in laser rangefinders for tanks, helicopters, naval firing control systems and laser designators for guided weapons.

HMS Laser and its subsidiary CILAS have been accounted for under the equity method in the Group's consolidated financial statements since November 1, 2022.

The impact of the change in the ownership structure of CILAS is not material.

c) Transactions in progress

Acquisition of Aubert & Duval

After signing a memorandum of understanding with the mining and metallurgical group Eramet on February 22, 2022 to acquire its subsidiary Aubert & Duval, the consortium comprising Safran, Airbus and Tikehau Ace Capital signed the purchase agreement on June 21, 2022.

On December 22, 2022, the European Commission authorized Safran, Airbus and Tikehau Ace Capital to acquire Aubert & Duval, a subsidiary of the Eramet group. However, the transaction is still subject to approval by the Chinese competition authorities. It is expected to be finalized in first-quarter 2023.

Acquisition of Thales' aeronautical electrical systems business

On September 5, 2022, Safran entered into negotiations with Thales to acquire its aeronautical electrical systems business. On December 20, 2022, the two companies signed a purchase agreement. The transaction is expected to be finalized by the end of first-half 2023.

Present in power generation and electric motors for the civil and military aeronautics sector, the acquisition of Thales' business will enable Safran to further its efforts nationally in the electrical aeronautics market.

Thales' aeronautical electrical systems business employs nearly 600 people and generated revenue of €124 million in 2021.

Disposal of Safran Cabin Catering and Safran Cabin Cargo

On December 6, 2022, the Group entered into exclusive negotiations to sell the Safran Cabin Catering and Safran Cabin Cargo businesses. A memorandum of understanding was signed between the parties on January 13, 2023.

For more information on the transaction, see Note 33, "Assets held for sale".

Main changes in the scope of consolidation in 2021

On June 1, 2021, Safran sold the operating businesses of EVAC GmbH, its German subsidiary, and of Monogram Train LLC, its subsidiary based in the United States. The subsidiaries manufacture lavatories and integrated lavatory compartments for trains.

In addition, Safran sold its subsidiary Safran Ventilation Systems Oklahoma on November 30, 2021. The subsidiary, which has now reverted to its original name "Enviro systems LLC", is a leading manufacturer of environmental control systems (ECS) for the general aviation segment.

These two disposals represented a capital gain of €71 million, recognized in non-recurring operating income.

NOTE 6 SEGMENT INFORMATION

Segments presented

In accordance with IFRS 8, "Operating Segments", segment information reflects Safran's different businesses.

The Group's operating segments reflect the organization of subsidiaries around tier-one entities ("consolidation sub-groups").

For monitoring purposes, Safran has three operating segments which are organized based on the type of products and services they sell and the markets they serve.

Aerospace Propulsion

The Group designs, develops, produces and markets propulsion and mechanical power transmission systems for commercial aircraft, military transport, training and combat aircraft, civil and military helicopters, and drones. This segment also includes maintenance, repair and overhaul (MRO) activities and the sale of spare parts.

Aircraft Equipment, Defense and Aerosystems

Safran covers the full life cycle of systems and equipment for civil and military aircraft and helicopters.

The Group is involved in landing gear and brakes, nacelles and reversers, avionics (flight controls and onboard information systems), security systems (evacuation slides and oxygen masks), onboard computers, and fuel systems.

It also operates at the different phases of the electrical cycle and provides electrical power management systems and associated engineering services.

It includes all activities serving the naval and land defense markets, including optronic equipment and sights, navigation equipment and sensors, modernized infantry, and drones.

This segment also includes maintenance, repair and overhaul (MRO) activities and the sale of spare parts.

Aircraft Interiors

The Aircraft Interiors business includes all operations related to the buyer-furnished equipment (BFE) market, whose direct customers are mostly airline companies. The Group designs, develops, manufactures and markets, for example, aircraft seats for passengers (First, Business and Economy Class) and crew, as well as cabin equipment, overhead bins, class dividers, passenger service units, cabin interior solutions, chilling systems, galleys, electrical inserts and trolleys, and cargo equipment.

This segment also includes complex cabin equipment and passenger comfort-focused solutions such as water distribution, lavatories, air systems, and in-flight entertainment and connectivity (IFEC).

Holding company and other

In "Holding company and other", the Group includes Safran SA's activities and holding companies in various countries.

Business segment performance indicators

Segment information presented in the tables on page 8 is included within the information presented to the Chief Executive Officer who – in accordance with the Group's governance structure – has been designated as the "Chief Operating Decision Maker" for the assessment of the performance of business segments and the allocation of resources between the different businesses.

The assessment of each business segment's performance by the Chief Executive Officer is based on adjusted contribution figures as explained in the Foreword (see section 2.1).

Data for each business segment are prepared in accordance with the same accounting principles as those used for the consolidated financial statements (see Note 3, "Accounting policies"), except for the restatements made in respect of adjusted data (see section 2.1).

Inter-segment sales are performed on an arm's length basis.

Free cash flow represents cash flow from operating activities less any net disbursements relating to acquisitions of property, plant and equipment and intangible assets.

Gross operating working capital represents the gross balance of trade receivables, inventories and trade payables.

Segment assets represent the sum of goodwill, intangible assets, property, plant and equipment, right-of-use assets, investments in equity-accounted joint ventures and all current assets except cash and cash equivalents and tax assets.

Non-current assets comprise goodwill, property, plant and equipment, intangible assets, right-of-use assets and investments in equity-accounted associates and joint ventures.

Quantified segment information for 2021 and 2022 is presented below.

Segment information

At December 31, 2022

(in € millions)	Aerospace Propulsion	Aircraft Equipment, Defense and Aerosystems	Aircraft Interiors	Total operating segments	Holding company and other	Total adjusted data	Currency hedges	Impacts of business combinations	Total consolidated data
Revenue	**9,506**	**7,535**	**1,978**	**19,019**	**16**	**19,035**	**488**	**-**	**19,523**
Recurring operating income (loss)[1]	**1,710**	**874**	**(140)**	**2,444**	**(36)**	**2,408**	**475**	**(390)**	**2,493**
Other non-recurring operating income and expenses	(144)	40	(346)	(450)	-	(450)	-	-	(450)
Profit (loss) from operations	**1,566**	**914**	**(486)**	**1,994**	**(36)**	**1,958**	**475**	**(390)**	**2,043**
Free cash flow	**2,448**	**607**	**(483)**	**2,572**	**94**	**2,666**	**-**	**-**	**2,666**
Gross operating working capital	**(2,981)**	**1,438**	**1,062**	**(481)**	**(120)**	**(601)**	**-**	**-**	**(601)**
Segment assets	**17,335**	**13,076**	**4,756**	**35,167**	**2,050**	**37,217**	**-**	**-**	**37,217**
■ *o/w depreciation, amortization and increase in provisions, net of use*	*(385)*	*(344)*	*(68)*	*(797)*	*(14)*	*(811)*	*(3)*	*(360)*	*(1,174)*
■ *o/w asset impairment*	*(241)*	*11*	*(19)*	*(249)*	*(3)*	*(252)*	-	-	*(252)*

At December 31, 2021

(in € millions)	Aerospace Propulsion	Aircraft Equipment, Defense and Aerosystems	Aircraft Interiors	Total operating segments	Holding company and other	Total adjusted data	Currency hedges	Impacts of business combinations	Total consolidated data
Revenue	**7,439**	**6,325**	**1,475**	**15,239**	**18**	**15,257**	**(124)**	**-**	**15,133**
Recurring operating income (loss)[1]	**1,342**	**650**	**(167)**	**1,825**	**(20)**	**1,805**	**(141)**	**(395)**	**1,269**
Other non-recurring operating income and expenses	(310)	(86)	(17)	(413)	8	(405)	-	-	(405)
Profit (loss) from operations	**1,032**	**564**	**(184)**	**1,412**	**(12)**	**1,400**	**(141)**	**(395)**	**864**
Free cash flow	**1,331**	**692**	**(181)**	**1,842**	**(162)**	**1,680**	**-**	**-**	**1,680**
Gross operating working capital	**(1,934)**	**1,351**	**811**	**228**	**(135)**	**93**	**-**	**-**	**93**
Segment assets	**15,790**	**12,007**	**4,885**	**32,682**	**2,060**	**34,742**	**-**	**-**	**34,742**
■ *o/w depreciation, amortization and increase in provisions, net of use*	*(548)*	*(400)*	*(132)*	*(1,080)*	*(57)*	*(1,137)*	*(6)*	*(366)*	*(1,509)*
■ *o/w asset impairment*	*89*	*(4)*	*(16)*	*69*	*8*	*77*	*1*	-	*78*

Revenue (adjusted data)

(in € millions)	2021	2022
AEROSPACE PROPULSION		
Original equipment and related products and services	2,678	3,332
Services	4,638	5,991
Sales of studies	97	102
Other	26	81
Sub-total	**7,439**	**9,506**
AIRCRAFT EQUIPMENT, DEFENSE AND AEROSYSTEMS		
Original equipment and related products and services	3,851	4,349
Services	2,138	2,825
Sales of studies	285	233
Other	51	128
Sub-total	**6,325**	**7,535**
AIRCRAFT INTERIORS		
Original equipment and related products and services	1,039	1,353
Services	408	589
Sales of studies	28	17
Other	-	19
Sub-total	**1,475**	**1,978**
HOLDING COMPANY AND OTHER		
Sales of studies and other	18	16
Sub-total	**18**	**16**
TOTAL	**15,257**	**19,035**

Information by geographic area

At December 31, 2022

(in € millions)	France	Europe (excl. France)	Americas	Asia and Oceania	Africa & Middle East	Total adjusted data	Currency hedges	Total consolidated data
Revenue by location of customers	4,050	3,790	7,151	2,402	1,642	19,035	488	19,523
%	*21%*	*20%*	*38%*	*13%*	*8%*			
Non-current assets by location(1)(2)	13,869	1,816	3,391	299	102			19,477
%	*71%*	*9%*	*17%*	*2%*	*1%*			

(1) Excluding financial assets, derivatives and deferred tax assets.
(2) Intangible assets recognized when allocating the purchase price of a business combination are typically allocated to tier-one subsidiaries acting as the heads of consolidation sub-groups and not to each of their subsidiaries.

At December 31, 2021

(in € millions)	France	Europe (excl. France)	Americas	Asia and Oceania	Africa & Middle East	Total adjusted data	Currency hedges	Total consolidated data
Revenue by location of customers	3,311	3,141	5,092	2,714	999	15,257	(124)	15,133
%	*22%*	*21%*	*33%*	*18%*	*6%*			
Non-current assets by location(1)(2)	13,973	1,815	3,747	320	107			19,962
%	*70%*	*9%*	*19%*	*1%*	*1%*			

(1) Excluding financial assets, derivatives and deferred tax assets.
(2) Intangible assets recognized when allocating the purchase price of a business combination are typically allocated to tier-one subsidiaries acting as the heads of consolidation sub-groups and not to each of their subsidiaries.

As in the previous year, Safran carried out sales with three major customers during 2022:

- Airbus group: sales of original equipment engines for aircraft and helicopters for Aerospace Propulsion; landing and braking systems, wiring and electrical connection systems, nacelles, navigation systems, flight control systems, flight-data recording systems and other equipment for Aircraft Equipment, Defense and Aerosystems; and cabin interiors and seats for Aircraft Interiors;
- Boeing group: sales of original equipment engines for aircraft for Aerospace Propulsion; landing and braking systems and wiring and electrical connection systems for Aircraft Equipment and Aerosystems; and cabin interiors and seats for Aircraft Interiors;
- General Electric group: sales of fleet maintenance spare parts for Aerospace Propulsion.

NOTE 7 REVENUE

Breakdown of revenue by business

2022

(in € millions)	Aerospace Propulsion	Aircraft Equipment, Defense and Aerosystems	Aircraft Interiors	Holding company and other	Total
DESCRIPTION OF PRODUCTS/SERVICES					
Sales of original equipment and other equipment	3,439	4,444	1,363	-	9,246
Services	6,182	2,887	595	-	9,664
Sales of studies	105	238	17	8	368
Other	84	131	22	8	245
TOTAL REVENUE	**9,810**	**7,700**	**1,997**	**16**	**19,523**
TIMING OF REVENUE RECOGNITION					
At a point in time	7,772	6,836	1,987	12	16,607
Over time	2,038	864	10	4	2,916
TOTAL REVENUE	**9,810**	**7,700**	**1,997**	**16**	**19,523**

2021

(in € millions)	Aerospace Propulsion	Aircraft Equipment, Defense and Aerosystems	Aircraft Interiors	Holding company and other	Total
DESCRIPTION OF PRODUCTS/SERVICES					
Sales of original equipment and other equipment	2,662	3,809	1,036	-	7,507
Services	4,609	2,115	405	-	7,129
Sales of studies	96	282	28	10	416
Other	27	50	(4)	8	81
TOTAL REVENUE	**7,394**	**6,256**	**1,465**	**18**	**15,133**
TIMING OF REVENUE RECOGNITION					
At a point in time	5,657	5,478	1,453	14	12,602
Over time	1,737	778	12	4	2,531
TOTAL REVENUE	**7,394**	**6,256**	**1,465**	**18**	**15,133**

Revenue is broken down into four categories which best reflect the Group's main businesses:

- Sales of original equipment and other equipment

  These sales reflect quantities delivered under contracts or aircraft, helicopter and defense programs as well as contractual financing received from customers to develop these products.

- Services, which include deliveries of spare parts and maintenance contracts

  These sales are contingent on repairs and maintenance requested by airline or helicopter companies and correspond to services and volumes that are less predictable since they depend on the condition of fleets.

- Sales of studies, research and development.

  Contracts are drawn up for all such development work, which represents separate performance obligations. This category relates to specific work carried out for a given project or program.

- Miscellaneous activities, which are included in "Other".

In terms of revenue recognition, it should be noted for each of the business segments that:

- Most revenue within the Group is recognized "at a point in time".
- Revenue recognized on a percentage-of-completion basis ("over time") mainly concerns service and after-sales support contracts in the Propulsion segment and aerospace activities in the Aircraft Equipment, Defense and Aerosystems segment.

Revenue from contract-related activities accounted for as an overall performance obligation is also recognized on a percentage-of-completion basis.

Remaining performance obligations

(in € millions)	One year or less	More than one year	Total
Remaining performance obligations at December 31, 2021	9,625	43,722	53,347
Remaining performance obligations at December 31, 2022	11,456	52,879	64,335

Remaining performance obligations relate to firm quantities/products/services still to be delivered and/or performed under contracts in force at the end of the reporting period.

They increased by €10,987 million over the year, reflecting an increase in original equipment business and new service contracts in the Propulsion segment.

NOTE 8 BREAKDOWN OF THE OTHER MAIN COMPONENTS OF PROFIT FROM OPERATIONS

Other income

(in € millions)	2021	2022
Research tax credit	160	151
Other operating subsidies[1]	186	261
Other operating income	27	28
TOTAL	373	440

(1) Including €242 million in research and technology subsidies in 2022 (€169 million in 2021).

Raw materials and consumables used

This caption breaks down as follows for the period:

(in € millions)	2021	2022
Raw materials, supplies and other	(3,236)	(4,423)
Bought-in goods	(19)	(24)
Changes in inventories	(97)	361
Contract costs	46	118
Sub-contracting	(2,635)	(4,549)
Purchases not held in inventory	(391)	(621)
External service expenses	(1,667)	(2,586)
TOTAL	**(7,999)**	**(11,724)**

The increase in raw materials and consumables used is linked to the upturn in business.

Personnel costs

(in € millions)	2021	2022
Wages and salaries	(3,303)	(3,797)
Social security contributions	(1,273)	(1,458)
Statutory employee profit-sharing	(132)	(154)
Optional employee profit-sharing	(22)	(174)
Additional contributions	(2)	(2)
Corporate social contribution	(35)	(64)
Other employee costs	(152)	(143)
TOTAL	**(4,919)**	**(5,792)**

The average number of permanent employees, excluding jointly controlled entities, was 79,793 in 2022 versus 77,008 in 2021.

Depreciation, amortization and increase in provisions, net of use

(in € millions)	2021	2022
NET DEPRECIATION AND AMORTIZATION EXPENSE		
■ intangible assets	(679)	(668)
■ property, plant and equipment	(600)	(600)
■ right-of-use assets	(101)	(103)
Total net depreciation and amortization expense[1]	**(1,380)**	**(1,371)**
Net (additions to) reversals from provisions	**(129)**	**197**
DEPRECIATION, AMORTIZATION AND INCREASE IN PROVISIONS, NET OF USE	**(1,509)**	**(1,174)**

(1) Of which depreciation and amortization of assets measured at fair value at the time of the Sagem SA-Snecma merger: €38 million in 2022 and €39 million in 2021; during the acquisition of the former Zodiac Aerospace: €276 million in 2022 and €291 million in 2021; and during other acquisitions: €46 million in 2022 and €36 million in 2021.

Asset impairment

(in € millions)	Impairment expense		Reversals	
	2021	2022	2021	2022
Intangible assets, property, plant and equipment, and right-of-use assets	(19)	(17)	17	22
Financial assets	(12)	(3)	9	1
Contract costs	-	(17)	8	6
Inventories and work-in-progress	(376)	(553)	468	335
Receivables	(70)	(99)	55	74
Contract assets	(2)	(1)	-	-
TOTAL	**(479)**	**(690)**	**557**	**438**

Other recurring operating income and expenses

(in € millions)	2021	2022
Capital gains and losses on asset disposals	(17)	(37)
Royalties, patents and licenses	(29)	(7)
Losses on irrecoverable receivables	(11)	(7)
Other operating income and expenses(1)	213	154
TOTAL	**156**	**103**

(1) *Of which income of €29 million in 2022 and €107 million in 2021 relating to adjustments to the repayment probability for borrowings subject to specific conditions (see Note 27, "Borrowings subject to specific conditions").*

Other non-recurring operating income and expenses

(in € millions)	2021	2022
Capital gains on asset disposals	71	63
Asset impairment net of reversals	(309)	(466)
Other non-recurring items	(167)	(47)
TOTAL	**(405)**	**(450)**

In 2022, capital gains on asset disposals result from the disposals outlined in Note 5, "Scope of consolidation".

In 2022, write-downs of €466 million taken against intangible assets chiefly break down as follows:

- €340 million, of which €319 million relating to impairment of the goodwill of the Safran Cabin CGU, €6 million relating to impairment of an intangible asset and €15 million relating to an aircraft program in the Aircraft Interiors segment;
- €66 million relating to an aircraft program in the Aerospace Propulsion segment impacted by the Russo-Ukrainian crisis;
- €58 million (net of tax) relating to the intangible assets of an equity-accounted company.

Other non-recurring items, representing an expense of €47 million, mainly reflect:

- asset impairment totaling €37 million;
- capital gains on the sale of land for €5 million;
- transaction and integration costs totaling €13 million.

In 2021, the impairment expense recognized by the Group in non-recurring income and expenses mainly comprised write-downs of €309 million taken against intangible assets, breaking down as follows:

- €76 million relating to aircraft programs in the Aerospace Propulsion segment;
- €76 million relating to an aircraft program in the Aircraft Equipment, Defense and Aerosystems segment;
- €146 million (net of tax) relating to the intangible assets of an equity-accounted company.

Other non-recurring items, representing an expense of €167 million, mainly related to:

- restructuring costs including adaptation plans and costs relating to site closures and the Activity Transformation Agreement;
- costs relating to a memorandum of understanding signed between the Safran Group and one of its business partners following the conclusion of commercial discussions regarding the execution of an ongoing agreement in prior years;
- capital gains on disposals of real estate.

NOTE 9 FINANCIAL INCOME (LOSS)

(in € millions)	2021	2022
Financial expense on interest-bearing financial liabilities	(100)	(94)
Financial income on cash and cash equivalents	15	38
Cost of net debt	**(85)**	**(56)**
Gain (loss) on foreign currency hedging instruments	(528)	(4,499)
Foreign exchange gain (loss)	106	(518)
Net foreign exchange gain (loss) on provisions	(75)	(55)
Foreign exchange gain (loss)	**(497)**	**(5,072)**
Gain (loss) on interest rate hedging instruments	(2)	6
Capital gain (loss) on financial asset disposals	1	1
Change in the fair value of assets at fair value through profit or loss	-	(52)
Impairment of loans and other financial receivables	-	(13)
Dividends received	4	7
Other financial provisions	1	(1)
Interest component of IAS 19 expense	(5)	(6)
Impact of unwinding the discount	(9)	29
Other	(4)	(6)
Other financial income and expense	**(14)**	**(35)**
FINANCIAL INCOME (LOSS)	**(596)**	**(5,163)**
■ Of which financial expense	(723)	(5,244)
■ Of which financial income	127	81

In 2022, the €4,499 million loss on foreign currency hedging instruments reflects changes in the fair value of these instruments attributable to operating cash flows that will be recognized in profit or loss in future periods.

The fair value of the portfolio reflects the immediate liquidation value of the portfolio at the closing rate for the year (USD 1.07 to €1) compared with the average rate of the portfolio. The change in the fair value is theoretical for the Group, as currency hedges are unwound when future dollar inflows are received.

The €518 million foreign exchange loss includes:

- a €478 million foreign exchange loss, reflecting the loss on unwinding currency derivatives hedging operating cash flows recognized in profit or loss in the period. This foreign exchange loss represents the difference between the EUR/USD exchange rate guaranteed by the currency derivatives unwound in the period (USD 1.15 to €1) and the actual EUR/USD exchange rate observed during the period;
- a net foreign exchange loss of €40 million primarily attributable to the remeasurement of monetary items at the closing exchange rate.

Net foreign exchange losses amounting to €55 million on provisions carried in USD were recorded in the Propulsion segment and result from the impact of fluctuations in the EUR/USD exchange rate between the start of the period (USD 1.13 to €1 at December 31, 2021) and the end of the period (USD 1.07 to €1 at December 31, 2022) on the opening amount of the provision.

NOTE 10 INCOME TAX

Income tax expense

Income tax expense breaks down as follows:

(in € millions)	2021	2022
Current income tax benefit (expense)	(379)	(585)
Deferred tax benefit (expense)[1]	179	1,279
TOTAL TAX BENEFIT (EXPENSE)	**(200)**	**694**

(1) The increase in the deferred tax benefit is mainly due to changes in the fair value of currency hedging instruments.

Effective tax rate

The effective tax rate breaks down as follows:

(in € millions)	2021	2022
Profit (loss) before tax (A)	**268**	**(3,120)**
Standard tax rate applicable to the parent company	28.41%	25.83%
Tax benefit (expense) at standard rate	**(76)**	**806**
Impact of permanent differences	(6)	(139)
Impact of research tax credits	46	45
Impact of different tax rates (France/international)	10	13
Impact of unrecognized tax	(26)	(4)
Impact of changes in tax rates on deferred taxes	(31)	1
Impact of joint ventures	(30)	4
Impact of other items	(87)	(32)
Current income tax benefit (expense) recognized in profit or loss (B)	**(200)**	**694**
EFFECTIVE TAX RATE (B)/(A) *IN %*	**74.63%**	**22.21%**

The corporate income tax rate was 25.83% for 2022 (including the additional contribution). Deferred tax assets and liabilities have therefore been calculated on this basis.

In 2022, the impacts of permanent differences are mainly due to the non-taxation of the partial write-down of the goodwill of the Safran Cabin CGU and various disposals.

Tax credits represent €50 million (of which €45 million in research tax credits) and reduce the effective tax rate.

Deferred tax assets and liabilities

Deferred tax assets (liabilities) in the balance sheet

(in € millions)	Assets	Liabilities	Net
Net deferred tax assets (liabilities) at December 31, 2021	**449**	**1,275**	**(826)**
Deferred taxes recognized in profit or loss	1,107	(172)	1,279
Deferred taxes recognized directly in equity	(51)	(2)	(49)
Reclassifications	66	52	14
Foreign exchange differences	5	(3)	8
Changes in scope of consolidation	-	14	(14)
NET DEFERRED TAX ASSETS (LIABILITIES) AT DECEMBER 31, 2022	**1,576**	**1,164**	**412**

Deferred tax bases

(in € millions)	Dec. 31, 2021	Dec. 31, 2022
Deferred tax bases		
Property, plant and equipment and intangible assets	(8,408)	(7,746)
Inventories	469	465
Current assets/liabilities	2,464	2,745
Financial assets/liabilities[(1)]	917	5,174
Provisions	1,072	865
Tax adjustments	(756)	(763)
Losses carried forward and tax credits	1,338	1,127
TOTAL DEFERRED TAX BASES	**(2,904)**	**1,867**
Total gross deferred tax balance (A)	**(775)**	**468**
Total unrecognized deferred tax assets (B)	**51**	**56**
TOTAL NET DEFERRED TAXES RECOGNIZED (A) – (B)	**(826)**	**412**

(1) The increase in the tax base is related to the fair value of hedging instruments.

Current tax assets and liabilities

Current tax assets and liabilities break down as follows:

(in € millions)	Assets	Liabilities	Net
Net tax assets (liabilities) at December 31, 2021	**555**	**109**	**446**
Movements during the period	(202)	(10)	(192)
Current taxes recognized directly in equity	-	1	(1)
Changes in scope of consolidation	4	5	(1)
Foreign exchange differences	2	3	(1)
Other movements	(1)	(3)	2
NET TAX ASSETS (LIABILITIES) AT DECEMBER 31, 2022	**358**	**105**	**253**

NOTE 11 EARNINGS PER SHARE

	Index	2021	2022
Numerator *(in € millions)*			
Profit (loss) for the period attributable to owners of the parent	(a)	43	(2,459)
Denominator *(in shares)*			
Total number of shares	(b)	427,242,440	427,245,970
Number of treasury shares held	(c)	456,165	2,687,189
Number of shares excluding treasury shares	(d)=(b-c)	426,786,275	424,558,781
Weighted average number of shares (excluding treasury shares)	(d')	426,650,425	426,680,657
Potentially dilutive ordinary shares	(e)	13,436,604	13,479,272
Weighted average number of shares after dilution	(f)=(d'+e)	440,087,029	440,159,929
Ratio: earnings per share *(in €)*			
Basic earnings (loss) per share	(g)=(a*1 million)/(d')	0.10	(5.76)
Diluted earnings (loss) per share	(h)=(a*1 million)/(f)	0.10	(5.76)

At December 31, 2022, potentially dilutive ordinary shares essentially comprise shares that may be issued if all of the bonds convertible into new shares and/or exchangeable for existing shares issued by the Group (2020-2027 OCEANEs and 2021-2028 OCEANEs: see Note 24.d, "Convertible bond issues") are converted.

NOTE 12 GOODWILL

Goodwill breaks down as follows:

(in € millions)	Dec. 31, 2021 Net	Changes in scope of consolidation[1]	Reclassification within discontinued operations[2]	Reallocation	Impairment	Effect of changes in foreign exchange rates and other	Dec. 31, 2022 Net
Safran Aircraft Engines	392	-	-	-	-	-	392
Safran Helicopter Engines	308	-	-	-	-	-	308
Safran Aero Boosters	47	-	-	-	-	-	47
Other Propulsion	1	-	-	-	-	-	1
Safran Electronics & Defense	349	297	-	-	-	5	651
Safran Nacelles	213	-	-	-	-	-	213
Safran Engineering Services	74	-	-	-	-	-	74
Safran Electrical & Power	702	-	-	-	-	4	706
Safran Landing Systems	190	-	-	-	-	-	190
Safran Aerosystems	798	(74)	-	-	-	-	724
Safran Seats	765	-	-	-	-	-	765
Safran Cabin	1,229	-	(66)	-	(319)	79	923
TOTAL	**5,068**	**223**	**(66)**	**-**	**(319)**	**88**	**4,994**

(1) See Note 5, "Scope of consolidation".
(2) See Note 33, "Assets held for sale".

Impairment tests

As the health crisis and the Russo-Ukrainian conflict are indications of impairment risk, in the first half of the year the Group reviewed the CGUs whose activities continued to be particularly affected.

In the second half of the year, the Group carried out its annual impairment tests on all of its CGUs, based on the data in the medium-term business plan as updated and validated by Executive Management and the Board of Directors. The tests were carried out by comparing the CGUs' value in use with their net carrying amount at December 31, 2022.

The measurement method used to determine the value in use of the CGUs was the same as that used at December 31, 2021.

The value in use of the CGUs was determined based on the following assumptions:

- expected future cash flows are determined over a period consistent with the useful life of the assets in each CGU. This is generally estimated at 10 years but may be extended for businesses with longer development and production cycles;
- operating projections used to determine expected future cash flows take into account general economic data, specific inflation rates for each geographic area, a USD exchange rate based on available market information and mid- to long-term macroeconomic assumptions;
- the projections and assumptions used by the Group are drawn from the medium-term business plan for the next four years, as prepared in the second half of 2022, while the projections and assumptions beyond this period are based on the best estimate (prepared by management and validated by the Board of Directors) of the long-term scenario. They take into account orders and delivery schedules, airframers' production rates, IATA forecasts, the impacts of decarbonization and any other available information;
- the value in use of the CGUs is equal to the sum of these discounted expected future cash flows plus a terminal value, calculated by applying the growth rate expected for the relevant businesses to standardized cash flows representing long-term business activity, which usually corresponds to the last year of available forecasts;
- the growth rate used to calculate the terminal value was set at 2.5% (2% in 2021) for all CGUs;
- the benchmark post-tax discount rate used is 8.5% (7.5% in 2021) and is applied to post-tax cash flows;
- the hedged USD exchange rates adopted for 2023-2026 are between USD 1.12 and USD 1.14 to €1. These exchange rate assumptions take into account the available foreign currency hedging portfolio (see Note 32, "Management of market risks and derivatives"). For an intermediate period covering the three years following the medium-term business plan, a rate of 1.20 – corresponding to the best estimate of Safran's hedging ability for that period – is adopted. A rate of 1.25 is adopted thereafter.

In the specific case of the Safran Cabin CGU, the impairment test was performed at the December 31, 2022 closing rate for all cash flows in USD not subject to currency hedging, thereby ensuring that assets carried in USD and the future cash flows determining value in use are converted into EUR in the same way.

Based on these tests, the recoverable amount of each CGU tested wholly justifies its net asset value, including the goodwill balances recorded in Group assets, with the exception of the Safran Cabin CGU.

The goodwill of the Safran Cabin CGU has therefore been written down in the 2022 financial statements by €319 million.

No impairment of goodwill was recognized as a result of the annual impairment tests in 2021.

The Group tested the sensitivity of its main goodwill balances to the following changes in the main assumptions:

- a 5% increase or decrease in the EUR/USD exchange rate;
- a 0.5% increase in the benchmark discount rate;
- a 0.5% decrease in the perpetual growth rate.

The above changes in the main assumptions taken individually do not result in values in use that are lower than the carrying amounts of the goodwill balances, except for the Safran Cabin CGU. The worst-case scenario would be a 0.5% increase in the discount rate, leading to the recognition of additional impairment before tax of approximately €200 million against the value of the Safran Cabin CGU.

Sensitivity analyses using higher rates were performed on the Safran Seats and Safran Cabin CGUs for which Safran expects an upturn in business.

Three additional sensitivity analyses were performed on these CGUs:

- a 1.0% increase in the discount rate (compared to 8.5% used in the tests);
- an across-the-board decrease of 10% in future cash flows as from 2023;
- an across-the-board decrease of 20% in future cash flows as from 2023.

The above assumptions would all lead to the recognition of additional impairment against the value of these CGUs. Taken individually in the worst-case scenario (decrease of 20% in future cash flows), changes in the assumptions would lead to the recognition of impairment before tax of approximately €200 million against the value of the Safran Seats CGU and approximately €500 million against the value of the Safran Cabin CGU.

NOTE 13 INTANGIBLE ASSETS

Intangible assets break down as follows:

	Dec. 31, 2021			Dec. 31, 2022		
(in € millions)	Gross	Amortization/ impairment	Net	Gross	Amortization/ impairment	Net
Aircraft programs	2,335	(1,848)	487	2,336	(1,889)	447
Development expenditures	6,848	(2,966)	3,882	7,245	(3,322)	3,923
Commercial agreements	905	(225)	680	916	(263)	653
Software	746	(679)	67	764	(699)	65
Trademarks[1]	703	-	703	717	-	717
Commercial relationships	1,911	(623)	1,288	1,925	(735)	1,190
Technology	1,383	(630)	753	1,296	(739)	557
Other	862	(340)	522	917	(373)	544
TOTAL	**15,693**	**(7,311)**	**8,382**	**16,116**	**(8,020)**	**8,096**

(1) As trademarks are not amortized, they are tested for impairment based on their respective CGUs.

Movements in intangible assets break down as follows:

(in € millions)	Gross	Amortization/ impairment	Net
At December 31, 2021	**15,693**	**(7,311)**	**8,382**
Capitalization of R&D expenditure[1]	283	-	283
Capitalization of other intangible assets	54	-	54
Acquisitions of other intangible assets	49	-	49
Disposals and retirements	(122)	38	(84)
Amortization	-	(668)	(668)
Impairment losses recognized in profit or loss	-	(81)	(81)
Reclassifications	(117)	67	(50)
Changes in scope of consolidation	175	(28)	147
Foreign exchange differences	101	(37)	64
AT DECEMBER 31, 2022	**16,116**	**(8,020)**	**8,096**

(1) Including €5 million in capitalized interest on R&D expenditure at December 31, 2022 (€5 million at December 31, 2021).

Research and development expenditure recognized in recurring operating income for the period totaled €1,219 million including amortization (€1,007 million in 2021). This amount does not include the research tax credit or other operating subsidies recognized in the income statement within “Other income” (see Note 8, “Breakdown of the other main components of profit from operations”).

Amortization recognized in the period includes €249 million relating to the remeasurement of intangible assets within the scope of the acquisition of the former Zodiac Aerospace, €38 million relating to the remeasurement of aircraft programs in connection with the Sagem-Snecma merger, and €46 million relating to assets identified as part of other business combinations.

The impairment tests carried out at December 31, 2022 on assets allocated to programs, projects or product families were based on the approach described in Note 3.m, “Impairment of non-current assets”, which uses assumptions taken from the medium-term business plan as updated and validated by management.

An 8.5% discount rate was used, plus a risk premium depending on the programs tested.

As a result of the impairment tests carried out at December 31, 2022, intangible assets relating to various aircraft programs were written down by a net amount of €83 million, charged against non-recurring operating income.

As a result of the impairment tests carried out at December 31, 2021, intangible assets relating to a program were written down by €159 million (see Note 8, “Breakdown of the other main components of profit from operations”).

NOTE 14 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment break down as follows:

	Dec. 31, 2021			Dec. 31, 2022		
(in € millions)	Gross	Depreciation/ impairment	Net	Gross	Depreciation/ impairment	Net
Land	225	-	225	223	-	223
Buildings	2,212	(1,162)	1,050	2,319	(1,272)	1,047
Technical facilities, equipment and tooling	6,661	(4,684)	1,977	6,652	(4,813)	1,839
Assets in progress, advances	510	(63)	447	565	(50)	515
Site development and preparation costs	78	(44)	34	80	(47)	33
Buildings on land owned by third parties	91	(48)	43	89	(45)	44
Computer hardware and other equipment	713	(552)	161	691	(545)	146
TOTAL	10,490	(6,553)	3,937	10,619	(6,772)	3,847

Movements in property, plant and equipment break down as follows:

(in € millions)	Gross	Depreciation/ impairment	Net
At December 31, 2021	**10,490**	**(6,553)**	**3,937**
Internally produced assets	51	-	51
Additions	496	-	496
Disposals and retirements	(409)	341	(68)
Depreciation[(1)]	-	(602)	(602)
Impairment losses recognized in profit or loss	-	3	3
Reclassifications	(86)	81	(5)
Changes in scope of consolidation	10	(5)	5
Foreign exchange differences	67	(37)	30
AT DECEMBER 31, 2022	**10,619**	**(6,772)**	**3,847**

(1) Including €27 million relating to the remeasurement of property, plant and equipment within the scope of the acquisition of the former Zodiac Aerospace.

NOTE 15 LEASES

a) Right-of-use assets

Right-of-use assets break down as follows:

	Dec. 31, 2021			Dec. 31, 2022		
(in € millions)	Gross	Depreciation/ impairment	Net	Gross	Depreciation/ impairment	Net
Right-of-use assets relating to property	815	(225)	590	834	(282)	552
Right-of-use assets relating to transport equipment	7	(3)	4	7	(3)	4
Right-of-use assets relating to other assets	20	(8)	12	21	(11)	10
TOTAL	**842**	**(236)**	**606**	**862**	**(296)**	**566**

Movements in right-of-use assets break down as follows:

(in € millions)	Gross	Depreciation/ impairment	Net
At December 31, 2021	**842**	**(236)**	**606**
Increases	84	-	84
Disposals and retirements	(64)	48	(16)
Depreciation	-	(103)	(103)
Reclassifications	(35)	8	(27)
Changes in scope of consolidation	12	(6)	6
Foreign exchange differences	23	(7)	16
AT DECEMBER 31, 2022	**862**	**(296)**	**566**

b) Lease liabilities

The maturity of lease liabilities can be analyzed as follows at December 31, 2022:

(in € millions)	Dec. 31, 2021	Dec. 31, 2022
Maturing in:		
1 year or less	97	106
More than 1 year and less than 5 years	310	292
Beyond 5 years	202	189
TOTAL	**609**	**587**

c) Lease items presented in the income statement

In 2022, rental expenses recognized in “Profit from operations” (see Note 8, “Breakdown of the other main components of profit from operations”) under “External services” totaled €85 million. These expenses have not been restated due to the application of the practical expedients allowed under IFRS 16 (exemption for short-term leases, leases of low-value assets and licensing agreements, such as for IT equipment), or because they relate to a “service” component identified in the lease.

Interest expense on lease liabilities recognized in “Financial income (loss)” under “Cost of net debt” amounted to €9 million in 2022 (see Note 9, “Financial income (loss)”).

d) Lease items presented in the cash flow statement

In 2022, disbursements under leases recognized in the cash flow statement and relating to the repayment of lease liabilities represented €118 million and are shown within “Cash flow used in financing activities”. They are increased by payments of interest on lease liabilities, which are included within “Cash flow from operating activities”.

NOTE 16 CURRENT AND NON-CURRENT FINANCIAL ASSETS

Financial assets include:

	Dec. 31, 2021			Dec. 31, 2022		
(in € millions)	Gross	Impairment	Net	Gross	Impairment	Net
Non-consolidated investments			267			313
Other financial assets	642	(117)	525	823	(142)	681
TOTAL			**792**			**994**

Equity investments in non-consolidated companies are classified at fair value through profit or loss, in accordance with the methods described in Note 3.n.

Other financial assets are measured at amortized cost.

The Group reviewed the value of its other financial assets in order to determine whether any items needed to be written down based on available information.

Other financial assets

Other financial assets break down as follows:

(in € millions)	Dec. 31, 2021	Dec. 31, 2022
Loans to non-consolidated companies	126	150
Loans to employees	36	35
Deposits and guarantees	16	17
Other[1]	347	479
TOTAL	**525**	**681**
Non-current	**421**	**439**
Current	**104**	**242**

(1) *Including €300 million in investments at December 31, 2022 that do not qualify as cash and cash equivalents (€200 million at December 31, 2021).*

Loans to non-consolidated companies correspond to revolving credit agreements.

The table below shows movements in other financial assets:

(in € millions)	
At December 31, 2021	**525**
Increase	198
Decrease	(31)
Impairment (reversals/additions)	(9)
Effect of changes in foreign exchange rates	3
Reclassifications	(32)
Changes in scope of consolidation	27
AT DECEMBER 31, 2022	**681**

NOTE 17 INVESTMENTS IN EQUITY-ACCOUNTED COMPANIES

The Group's share in the net equity of equity-accounted companies breaks down as follows:

(in € millions)	Dec. 31, 2021	Dec. 31, 2022
ArianeGroup	1,300	1,268
Other joint ventures	669	706
TOTAL	**1,969**	**1,974**

Movements in this caption during the period break down as follows:

(in € millions)	
At December 31, 2021	**1,969**
Share in profit (loss) from ArianeGroup	(10)
Share in profit from other joint ventures	83
Joint venture impairment losses	(58)
Dividends received from joint ventures	(26)
Changes in scope of consolidation	(15)
Foreign exchange differences	46
Other movements	(15)
AT DECEMBER 31, 2022	**1,974**

The Group's off-balance sheet commitments with joint ventures are described in Note 35, "Related parties".

The Group has interests in the following joint ventures which are accounted for using the equity method:

- ArianeGroup: space launchers and military activities;
- Shannon Engine Support Ltd: leasing of CFM56 and LEAP engines, modules, equipment and tooling to airline companies;
- Lynred: manufacture of infrared detectors;
- Safran Martin-Baker France: manufacture of ejectable seating;
- A-Pro: repair of landing gear for regional and business jets;
- CFM Materials LP: sale of used CFM56 parts;
- Roxel SAS: holding company;
- Roxel France SA: motors for tactical missiles;
- Roxel Ltd: motors for tactical missiles;
- SAIFEI: electrical wiring;
- Fadec International LLC: digital engine control systems;
- Xi'an Cea Safran Landing Systems Co., Ltd: landing gear maintenance;
- EZ Air Interior Ltd: cabin interiors;
- Initium Aerospace: design and manufacture of auxiliary power units;
- HMS Laser: holding company;
- CILAS: manufacture of military lasers.

ArianeGroup is the Group's sole material joint venture.

Financial information for ArianeGroup can be summarized as follows:

(in € millions)	Dec. 31, 2021	Dec. 31, 2022
Non-current assets	1,686	1,643
Current assets	6,407	6,841
■ of which: cash and cash equivalents	1,223	1,409
Non-current liabilities	(1,008)	(909)
■ of which: non-current financial liabilities	(423)	(358)
Current liabilities	(7,423)	(7,790)
■ of which: current financial liabilities	(129)	(59)
Non-controlling interests	(10)	2
Net assets held for sale	32	-
Net assets of ArianeGroup (excl. goodwill and PPA) – Attributable to owners of the parent (based on a 100% interest)	**(316)**	**(213)**
Equity share in net assets of ArianeGroup (excl. goodwill and PPA) (based on a 50% interest)	(158)	(107)
Purchase price allocation, net of deferred taxes	282	201
Safran equity share – Net assets of ArianeGroup	**124**	**94**
Goodwill	**1,176**	**1,174**
CARRYING AMOUNT OF INVESTMENT IN ARIANEGROUP	**1,300**	**1,268**

(in € millions)	2021	2022
Profit (loss) for the period attributable to owners of the parent	**(39)**	**32**
Other comprehensive income	15	71
Total comprehensive income (expense) attributable to owners of the parent	**(24)**	**103**
Safran equity share – Profit (loss) for the period	(19)	16
Amortization of purchase price allocation, net of deferred taxes	(28)	(24)
Changes in scope of consolidation	-	(2)
Safran equity share – Profit (loss) of ArianeGroup	**(47)**	**(10)**
Impairment losses	(146)	(58)
Safran equity share – Other comprehensive income	8	35
Safran equity share – Comprehensive income (expense) of ArianeGroup	**(185)**	**(33)**

ArianeGroup did not pay any dividends in 2022.

ArianeGroup is strongly impacted by the Russo-Ukrainian crisis. All Soyuz flights operated by ArianeGroup and Starsem have been canceled since the start of the conflict on February 24, 2022.

In addition, ArianeGroup has announced the postponement of the inaugural flight of the Ariane 6 launcher until late 2023.

Since the above events are indications of impairment, at December 31, 2022 the Company carried out an impairment test on its equity-accounted investments.

The growth rate used to calculate the terminal value was set at 2%, unchanged from 2021. The benchmark discount rate used was 8.5%, up 1.0% compared with 2021.

Based on this test, no impairment was recognized.

The Group analyzed the sensitivity of the investments to a 0.5% increase in the benchmark discount rate used (i.e., a rate of 9%). This change in the assumption does not result in values in use lower that are than the carrying amounts.

The carrying amount of ArianeGroup includes assets allocated to programs. The residual assets of the Ariane 6 program in the Group's financial statements were written down in full at June 30, 2022 for a net amount of €58 million, charged against non-recurring operating income.

The contribution of other joint ventures to the Group's comprehensive income was as follows:

(in € millions)	2021	2022
Profit for the period	87	83
Impairment losses	-	-
Other comprehensive income	35	32
TOTAL COMPREHENSIVE INCOME	**122**	**115**

NOTE 18 INVENTORIES AND WORK-IN-PROGRESS

Inventories and work-in-progress break down as follows:

(in € millions)	Dec. 31, 2021 Net	Dec. 31, 2022 Net
Raw materials and supplies	1,208	1,543
Finished goods	2,391	2,953
Work-in-progress	1,444	1,895
Bought-in goods	20	17
TOTAL	**5,063**	**6,408**

Movements in inventories and work-in-progress can be analyzed as follows:

(in € millions)	Gross	Impairment	Net
At December 31, 2021	**5,900**	**(837)**	**5,063**
Movements during the period	1,539	-	1,539
Net impairment expense	-	(229)	(229)
Reclassifications	(39)	8	(31)
Changes in scope of consolidation	34	1	35
Foreign exchange differences	36	(5)	31
AT DECEMBER 31, 2022	**7,470**	**(1,062)**	**6,408**

NOTE 19 CONTRACT COSTS

Changes in assets recognized in respect of costs incurred to obtain or fulfill contracts entered into with customers can be analyzed as follows:

	Dec. 31, 2021			Dec. 31, 2022		
(in € millions)	Gross	Impairment	Net	Gross	Impairment	Net
Costs to obtain contracts	-	-	-	-	-	-
Costs to fulfill contracts	596	(44)	552	719	(55)	664
CONTRACT COSTS	596	(44)	552	719	(55)	664

NOTE 20 TRADE AND OTHER RECEIVABLES

(in € millions)	Dec. 31, 2021 Net	Movements during the period	Impairment/ reversal	Changes in scope of consolidation	Reclassifications	Effect of changes in foreign exchange rates	Dec. 31, 2022 Net
Operating receivables	**5,636**	**1,340**	**(37)**	**39**	**(24)**	**27**	**6,981**
Debit balances on trade payables/ advance payments to suppliers	790	183	-	1	(2)	-	972
Trade receivables	4,832	1,162	(37)	36	(21)	27	5,999
Operating current accounts	2	(2)	-	2	-	-	2
Employee-related receivables	12	(3)	-	-	(1)	-	8
Other receivables	**868**	**45**	**-**	**7**	**(7)**	**10**	**923**
Prepayments	105	25	-	1	(1)	1	131
VAT receivables	526	4	-	1	(1)	-	530
Other State receivables	27	32	-	-	-	-	59
Other receivables	210	(16)	-	5	(5)	9	203
TOTAL	**6,504**	**1,385**	**(37)**	**46**	**(31)**	**37**	**7,904**

The table below shows changes in trade and other receivables:

(in € millions)	Gross	Impairment	Net
At December 31, 2021	**5,177**	**(345)**	**4,832**
Short-term changes	1,162	-	1,162
Net impairment expense	-	(37)	(37)
Reclassifications	(26)	5	(21)
Changes in scope of consolidation	38	(2)	36
Foreign exchange differences	30	(3)	27
AT DECEMBER 31, 2022	**6,381**	**(382)**	**5,999**

Trade and other receivables fall due as shown below:

			Past due at year-end *(in days)*					
(in € millions)	Carrying amount at year-end	Not past due	< 30	31-90	90-180	181-360	> 360	Total past due
At December 31, 2021								
Trade receivables	4,832	4,232	193	153	81	69	104	600
AT DECEMBER 31, 2022								
Trade receivables	5,999	5,197	257	180	119	83	163	802

In both 2022 and 2021, the Group sold trade receivables as part of an agreement described in further detail in Note 28, "Interest-bearing financial liabilities". Under IFRS, these receivables must be removed from the balance sheet.

NOTE 21 CONTRACT ASSETS AND LIABILITIES

Contract assets can be analyzed as follows:

(in € millions)	Dec. 31, 2021	Dec. 31, 2022
Contract assets, gross	1,868	1,998
Impairment	(15)	(16)
CONTRACT ASSETS, NET	**1,853**	**1,982**

Changes in contract assets can be analyzed as follows:

(in € millions)	
At December 31, 2021	**1,853**
Reclassification of contract assets in trade and other receivables	(553)
Changes relating to revenue recognized over time	580
Other changes	100
Impairment	(1)
Foreign exchange differences	3
AT DECEMBER 31, 2022	**1,982**

Contract liabilities can be analyzed as follows:

(in € millions)	Dec. 31, 2021	Dec. 31, 2022
Advances and downpayments received	4,065	5,878
Deferred income	4,450	5,101
Other contract liabilities	1,626	1,777
TOTAL	**10,141**	**12,756**

Changes in contract liabilities can be analyzed as follows:

(in € millions)	
At December 31, 2021	**10,141**
Increase in amounts received net of revenue recognized in the period	4,393
Revenue recognized in the period and included in the opening balance	(2,106)
Other changes	284
Business combinations	23
Foreign exchange differences	21
AT DECEMBER 31, 2022	**12,756**

Deferred income mainly includes funding received for development work and under service contracts based on flight hours or landings that has not yet been recognized in revenue. In 2022, funding received for development work and under service contracts based on flight hours or landings was €551 million more than the revenue recognized.

NOTE 22 CASH AND CASH EQUIVALENTS

The main types of investments used by Safran are summarized in the table below:

(in € millions)	Dec. 31, 2021	Dec. 31, 2022
Money-market funds	92	76
Term deposits	3,266	4,246
Sight deposits	1,889	2,365
TOTAL	**5,247**	**6,687**

Money-market funds are classified within Level 1 of the IFRS 13 fair value hierarchy.

Term deposits at December 31, 2022 include €4,235 million in investments falling within the scope of master agreements governing the subscription of OTC derivatives with bank counterparties (see Note 23, "Summary of financial assets").

The table below presents changes in cash and cash equivalents:

(in € millions)	
At December 31, 2021	**5,247**
Movements during the period	1,434
Changes in scope of consolidation	8
Foreign exchange differences	(2)
AT DECEMBER 31, 2022	**6,687**

As part of its investment policy, Safran has also committed to setting up term deposits in January 2023 for periods of less than 90 days. The commitment represented €350 million at December 31, 2022.

NOTE 23 SUMMARY OF FINANCIAL ASSETS

The following table presents the carrying amount of the Group's financial assets at December 31, 2022 and December 31, 2021:

	Carrying amount				
	At amortized cost	At fair value			Total
At December 31, 2022 *(in € millions)*	Amortized cost (A)	Fair value through profit or loss (B)	Fair value through equity (OCI) to be reclassified (C)	Fair value through equity (OCI) not to be reclassified (D)	= A + B + C + D
Non-current financial assets					
Non-consolidated investments		313			313
Non-current derivatives (positive fair value)		18			18
Other non-current financial assets	439				439
Sub-total: non-current financial assets	**439**	**331**	**-**	**-**	**770**
Other current financial assets	242				242
Current derivatives (positive fair value)		540			540
Trade receivables	5,999				5,999
Operating current accounts and other receivables	205				205
Cash and cash equivalents	6,611	76			6,687
Sub-total: current financial assets	**13,057**	**616**	**-**	**-**	**13,673**
TOTAL FINANCIAL ASSETS	**13,496**	**947**	**-**	**-**	**14,443**

At December 31, 2021 *(in € millions)*	Carrying amount: At amortized cost – Amortized cost (A)	At fair value – Fair value through profit or loss (B)	At fair value – Fair value through equity (OCI) to be reclassified (C)	At fair value – Fair value through equity (OCI) not to be reclassified (D)	Total = A + B + C + D
Non-current financial assets					
Non-consolidated investments		267			267
Non-current derivatives (positive fair value)		23			23
Other non-current financial assets	421				421
Sub-total: non-current financial assets	**421**	**290**	**-**	**-**	**711**
Other current financial assets	104				104
Current derivatives (positive fair value)		705			705
Trade receivables	4,832				4,832
Operating current accounts and other receivables	212				212
Cash and cash equivalents	5,155	92			5,247
Sub-total: current financial assets	**10,303**	**797**	**-**	**-**	**11,100**
TOTAL FINANCIAL ASSETS	**10,724**	**1,087**	**-**	**-**	**11,811**

Impairment of financial assets/Credit risk exposure

Within financial assets carried at amortized cost, only trade receivables are written down using the simplified impairment approach set out in IFRS 9.

The fair value of financial assets carried at fair value represents their maximum exposure to credit risk.

Reclassification of financial assets

The Group did not reclassify any financial assets between the "amortized cost" and "fair value" categories in either 2022 or 2021.

Fair value of financial assets

The fair value of financial assets recorded at amortized cost is close to their carrying amount.

Safran uses the fair value hierarchy set out in IFRS 13 to determine the classification of financial assets at fair value:

- Level 1: inputs that reflect quoted prices for identical assets or liabilities in active markets;
- Level 2: directly or indirectly observable inputs other than quoted prices for identical assets or liabilities in active markets;
- Level 3: unobservable inputs.

At December 31, 2022, the Group carried the following financial assets at fair value:

(in € millions)	Level 1	Level 2	Level 3	Total
Non-consolidated investments	-	-	313	313
Derivatives (positive fair value)	-	558	-	558
Cash and cash equivalents	76	-	-	76
TOTAL	**76**	**558**	**313**	**947**

At December 31, 2021, the Group carried the following financial assets at fair value:

(in € millions)	Level 1	Level 2	Level 3	Total
Non-consolidated investments	-	-	267	267
Derivatives (positive fair value)	-	728	-	728
Cash and cash equivalents	92	-	-	92
TOTAL	**92**	**728**	**267**	**1,087**

No items were transferred between Level 1 and Level 2 or to/from Level 3 in either 2022 or 2021.

Offsetting of financial assets and financial liabilities

At December 31, 2022 *(in € millions)*	Gross carrying amount (A)	Amount offset (B)	Net amount on the balance sheet[1] (C)	Amount subject to offset agreement but not offset (D)	Net (C) – (D)
Derivatives (positive fair value)	558	-	558	555	3

(1) See Note 32, "Management of market risks and derivatives".

At December 31, 2021 *(in € millions)*	Gross carrying amount	Amount offset	Net amount on the balance sheet[1]	Amount subject to offset agreement but not offset	Net
	(A)	(B)	(C)	(D)	(C) – (D)
Derivatives (positive fair value)	728	-	728	721	7

(1) See Note 32, "Management of market risks and derivatives".

The tables above show the financial assets for which an offsetting agreement exists with respect to financial liabilities.

The Group does not offset financial assets against financial liabilities in its balance sheet at December 31, 2022 or December 31, 2021, since the requisite conditions set out in IAS 32 are not met. Master offsetting (netting) agreements governing the subscription of OTC derivatives with bank counterparties provide for a right of set-off only in the event of default, insolvency or bankruptcy of one of the parties to the agreement.

The amounts subject to an offset agreement but not offset comprise a portion of the Group's derivatives with a negative fair value, since amounts can only be offset if they relate to the same counterparty.

NOTE 24 CONSOLIDATED SHAREHOLDERS' EQUITY

a) Share capital

At December 31, 2022, Safran's share capital amounted to €85,449,194, comprising 427,245,970 fully paid-up shares with a par value of €0.20 each, all in the same class.

Safran's equity does not include any equity instruments issued other than its shares.

b) Breakdown of share capital and voting rights

Changes in the breakdown of share capital and voting rights are as follows:

December 31, 2021

Shareholders	Number of shares	% share capital	Number of voting rights[1]	% voting rights[1]
Free float	348,856,484	81.65%	395,539,917	72.05%
French State	47,983,131	11.23%	95,966,262	17.48%
Employees[2]	29,946,660	7.01%	57,504,169	10.47%
Treasury shares	456,165	0.11%	-	-
TOTAL	**427,242,440**	**100.00%**	**549,010,348**	**100.00%**

(1) *Exercisable voting rights.*
(2) *Employee shareholding within the meaning of Article L.225-102 of the French Commercial Code* (Code de commerce).

December 31, 2022

Shareholders	Number of shares	% share capital	Number of voting rights(1)	% voting rights(1)
Free float	347,795,090	81.40%	388,799,278	71.95%
French State	47,983,131	11.23%	95,966,262	17.76%
Employees(2)	28,780,560	6.74%	55,590,234	10.29%
Treasury shares	2,687,189	0.63%	-	-
TOTAL	**427,245,970**	**100.00%**	**540,355,774**	**100.00%**

(1) Exercisable voting rights.
(2) Employee shareholding within the meaning of Article L.225-102 of the French Commercial Code.

Each share carries entitlement to one vote. Shares held in registered form for over two years have double voting rights.

The 2,687,189 treasury shares have no voting rights.

At December 31, 2022, the total number of shares includes 3,530 shares issued throughout the year further to the exercise of stock subscription options resulting from employee commitments undertaken by Zodiac Aerospace, transferred to Safran following the Zodiac Aerospace merger on December 1, 2018 based on the exchange ratio used for the merger.

Treasury shares

The number of treasury shares has increased since December 31, 2021 following:

- the delivery of a total of 120,779 shares under a multi-year variable compensation plan and employee shareholding plans;
- the sale of 21,744 shares under the Group's liquidity agreement, net of shares purchased;
- the purchase of 2,373,547 shares in connection with the implementation of a new share buyback program with the aim of neutralizing the dilutive effect of equity instruments on its balance sheet.

The Annual General Meeting has authorized the Board of Directors to buy and sell shares in the Company in accordance with the applicable laws and regulations.

An authorization granted by the Annual General Meeting of May 25, 2022 and valid for 18 months set the maximum purchase price at €165 per share, thereby superseding the authorization granted by the Annual General Meeting of May 26, 2021.

Pursuant to these authorizations and to the liquidity agreement signed in 2012 with Oddo BHF, during the year the Company purchased 3,247,326 shares for €336 million and sold 3,269,070 shares for €342 million.

At December 31, 2022, 222,135 shares were held in connection with the liquidity agreement.

On October 28, 2022, upon the publication of its third-quarter revenue, Safran announced a liability management transaction in respect of the 2027 OCEANEs, with the buyback of up to 9.4 million shares to hedge the potential dilution of the 2027 convertible bonds.

The transaction took effect with the launch of a first share buyback program, for which the bank agreement was signed on November 14, 2022 and which terminated on December 28, 2022.

At December 31, 2022, the first tranche had been successively completed, with a total of 2,373,547 shares bought back under the agreement for a total amount of €275 million.

c) Share-based payment

Performance shares

The Board of Directors periodically grants performance shares to Group employees and corporate officers.

The vesting of these performance shares is subject to the achievement of internal and external performance conditions, which are assessed over three full consecutive fiscal years, including the year in which the performance shares are granted. In addition, the shares will only vest if the beneficiaries still form part of the Group at the vesting date (see section 6.6.4.2 of the 2021 Universal Registration Document).

The Group set up a performance share plan on March 24, 2022 covering 784,171 shares. Shares under this plan will only vest if certain internal and external performance conditions are met, as assessed over three fiscal years, and provided the beneficiaries still form part of the Group at the vesting date.

Key details of outstanding performance share plans at December 31, 2022 are shown below:

	2020 performance shares	2021 performance shares	2022 performance shares
Shareholder authorization	May 23, 2019	May 23, 2019	May 26, 2021
Grant date by the Board of Directors	March 26, 2020	March 24, 2021	March 24, 2022
Vesting date	March 27, 2023	March 26, 2024	March 24, 2025
Share price at the grant date	€91.92	€116.65	€104.56
Number of beneficiaries at the grant date	797	760	964
Number of performance shares granted	760,500	730,940	784,171
Number of shares canceled or forfeited	(112,950)	(46,575)	(6,380)
Number of shares delivered	0	(2,080)	(1,920)
NUMBER OF PERFORMANCE SHARES OUTSTANDING AT DECEMBER 31, 2022	**647,550**	**682,285**	**775,871**

The share-based payment expense for these performance share plans, recognized within personnel costs under "Other employee costs", totaled €32.9 million in 2022 (€25 million in 2021).

d) Convertible bond issues

2020-2027 OCEANEs

On May 15, 2020, Safran issued 7,391,665 bonds convertible into new shares and/or exchangeable for existing shares ("OCEANEs") (the "initial bonds"), each with a par value of €108.23, i.e., representing a total nominal amount of €800 million. The issue price of the initial bonds was 100% of par.

On October 12, 2020, Safran carried out a tap issue of 1,847,916 bonds convertible into new shares and/or exchangeable for existing shares ("OCEANEs") (the "additional bonds"), each with a par value of €108.23, i.e., representing a total nominal amount of €200 million. The additional bonds were issued at a price of €118 per bond, representing a total issue price of €218 million.

The additional bonds carry the same terms and conditions (with the exception of the issue price) as the initial bonds, with which they are fully fungible and with which they form a single series.

The bonds bear interest at an annual rate of 0.875%, payable annually in arrears.

Bondholders have the option of converting their bonds into shares. This option can be exercised at any point from the issue date and up to the seventh trading day preceding the standard or early redemption date.

Following the June 2, 2022 dividend payment and in accordance with the terms and conditions of the bonds, the bond conversion ratio has been 1.009 shares for 1 bond since June 2, 2022. This conversion ratio, which was previously 1.004 shares for 1 bond, was calculated by the bond calculation agent in accordance with the calculation formula stipulated in the terms and conditions of the bonds based on the following inputs:

- previous bond conversion ratio: 1.004 shares for 1 bond;
- share price: €98.84864;
- dividend per share paid in 2022 in respect of 2021: €0.50.

The bonds come with an early redemption option that the bearer may trigger in the event of a change of control and that the issuer may trigger if (i) as from June 5, 2024, the share price multiplied by the bond conversion ratio exceeds 130% of the par value of the bonds or (ii) at any time, the number of bonds outstanding represents less than 20% of the number of bonds originally issued.

Unless converted, redeemed or repurchased and canceled prior to maturity, the bonds are redeemable at par on May 15, 2027.

OCEANEs are deemed a hybrid instrument comprising equity and debt.

After deducting issuance fees, a total of €760 million was recognized under interest-bearing financial liabilities for the initial bonds on the issue date, corresponding to the present value of cash flows from a similar bond with no conversion rights (see Note 28, "Interest-bearing financial liabilities").

The effective annual interest rate on the liability component is 1.63% including issuance fees.

After deducting issuance fees, a total of €197 million was recognized under interest-bearing financial liabilities for the additional bonds on the issue date, corresponding to the present value of cash flows from a similar bond with no conversion rights (see Note 28, "Interest-bearing financial liabilities").

The effective annual interest rate on the liability component is 1.154% including issuance fees.

The option component recognized in equity for the initial bonds was valued at €33 million on the issue date, or €24 million after the deferred tax impact.

The option component recognized in equity for the additional bonds was valued at €20 million on the issue date, or €15 million after the deferred tax impact.

2021-2028 OCEANEs

On June 14, 2021, Safran issued 4,035,601 bonds convertible into new shares and/or exchangeable for existing shares ("OCEANEs"), each with a par value of €180.89, i.e., representing a total nominal amount of €730 million.

The bonds do not carry any coupon.

The bonds were issued at a price of €187.22 per bond, representing a total issue price of €756 million.

Bondholders have the option of converting their bonds into shares. This option can be exercised at any point from the issue date and up to the seventh trading day preceding the standard or early redemption date.

Since the bond issuance date, the bond conversion ratio represents 1 share for 1 bond.

The bonds come with an early redemption option that the bearer may trigger in the event of a change of control and that the issuer may trigger if (i) as from April 1, 2025, the share price multiplied by the bond conversion ratio exceeds 130% of the par value of the bonds or (ii) at any time, the number of bonds outstanding represents less than 20% of the number of bonds originally issued.

Unless converted, redeemed or repurchased and canceled prior to maturity, the bonds are redeemable at par on April 1, 2028.

OCEANEs are deemed a hybrid instrument comprising equity and debt.

After deducting issuance fees, a total of €712 million was recognized under interest-bearing financial liabilities, corresponding to the present value of cash flows from a similar bond with no conversion rights (see Note 28, "Interest-bearing financial liabilities").

The effective annual interest rate on the liability component is 0.376% including issuance fees.

The option component recognized in equity was valued at €39 million on the issue date, or €29 million after the deferred tax impact.

e) Dividend distribution

At the Annual General Meeting of May 25, 2022, the shareholders approved a dividend payment of €0.50 per share in respect of 2021, representing a total payout of €213 million. The dividend was paid in full on June 2, 2022.

At the Annual General Meeting to be held on May 25, 2023 to approve the financial statements for the year ended December 31, 2022, the Board of Directors will recommend a dividend payment of €1.35 per share in respect of 2022, representing a total payout of €577 million.

NOTE 25 PROVISIONS

Provisions break down as follows:

(in € millions)	Dec. 31, 2021	Additions	Utilizations[1]	Reclassifications[1]	Reversals Surplus[2]	Changes in scope of consolidation	Other	Dec. 31, 2022
Performance warranties	1,155	255	(143)	-	(201)	3	(1)	1,068
Financial guarantees	2	6	(2)	-	-	-	(6)	-
Post-employment benefits[3]	778	64	(64)	-	(16)	8	(148)	622
Sales agreements	169	95	(35)	-	(49)	-	8	188
Provisions for losses on completion and losses arising on delivery commitments	323	65	(29)	-	(30)	(1)	(3)	325
Disputes and litigation	31	11	(6)	-	(3)	-	1	34
Other	398	100	(160)	-	(27)	12	7	330
TOTAL	**2,856**	**596**	**(439)**	**-**	**(326)**	**22**	**(142)**	**2,567**
Non-current	**1,798**							**1,549**
Current	**1,058**							**1,018**

(1) These reversals in respect of expenses for the period or reclassifications had no impact on profit for the period.
(2) Including the foreign exchange difference resulting from fluctuations in the EUR/USD exchange rate in 2022.
(3) Of which a negative €146 million within "Other", corresponding to the impact of changes in the discount and inflation rates, which is recorded through equity.

The impacts on the income statement of overall movements in provisions can be analyzed as follows:

(in € millions)	2022
Additions (-)/Reversals (+) recognized in recurring operating income with income statement impact	(224)
Utilization of provisions against operating expenses and therefore with no income statement impact	421
Additions (-)/Reversals (+) recognized in non-recurring operating income	1
Additions (-)/Reversals (+) recognized in financial income (loss)	(29)
TOTAL	**169**

Movements in provisions had a €224 million negative impact on recurring operating income.

NOTE 26 POST-EMPLOYMENT BENEFITS

The Company has various obligations under defined benefit plans, retirement termination benefits and other commitments, mainly in France, the United States and the United Kingdom. The accounting treatment applied to these commitments is detailed in Note 3.t.

a) Presentation of post-employment benefits

France

Defined benefit pension plans

This heading includes a defined benefit supplementary pension plan that was closed to new entrants on December 31, 2017 and under which all conditional entitlements were frozen as of December 31, 2016.

The beneficiaries of this closed plan are Group executive managers with five years' service at December 31, 2017.

Retirement termination benefits

This heading includes obligations in respect of statutory termination benefits due on retirement and supplementary payments required by the collective bargaining agreement for the metallurgy industry.

Other long-term benefits

In France, other long-term benefits mainly comprise obligations in respect of long-service awards and bonuses.

United Kingdom

Defined benefit pension plans

There are three pension funds in place at Safran Landing Systems UK Ltd/Safran Landing Systems Services UK Ltd, Safran Nacelles Ltd and Safran UK. These pension funds have been contracted out, which means they replace the mandatory supplementary pension plan. The funds are managed by trustees. Beneficiaries no longer accrue any rights under these plans.

Rest of the world

The Group offers its other employees post-employment benefits and long-service bonuses in accordance with local laws and practices. The main regions concerned in relation to continuing operations are:

- Americas: pension funds in the United States (now frozen) and Canada, retirement termination benefits in Mexico;
- Europe: pension funds in Switzerland, pension funds and retirement termination benefits in Belgium, pension funds and long-service bonuses in Germany, and retirement termination benefits and long-service bonuses in Poland.

b) Financial position

(in € millions)	Dec. 31, 2021	Dec. 31, 2022	France	United Kingdom	Rest of the world
Gross obligation	1,654	1,230	530	391	309
Plan assets	944	670	5	429	236
Provision recognized in the accounts	**778**	**622**	**526**	**20**	**76**
■ Defined benefit pension plans	129	92	12	20	60
■ Retirement termination benefits	591	479	466	-	13
■ Long-service bonuses and other employee benefits	58	51	48	-	3
RECOGNIZED NET PLAN ASSETS	**(68)**	**(62)**	**(1)**	**(58)**	**(3)**

(in € millions)	Dec. 31, 2021	Dec. 31, 2022	Defined benefit pension plans	Retirement termination benefits	Long-service bonuses and other long-term benefits
Gross obligation	1,654	1,230	676	503	51
Plan assets	944	670	653	17	-
Provision recognized in the accounts	**778**	**622**	**85**	**486**	**51**
RECOGNIZED NET PLAN ASSETS	**(68)**	**(62)**	**(62)**	**-**	**-**

The decrease in the gross obligation results from the following cumulative impacts:

- a decrease in the obligation resulting from the revised financial assumptions (discount and inflation rates) used to determine the benefit obligation in the United Kingdom and the eurozone;
- a decrease in the obligation resulting from the depreciation of the pound sterling.

The value of plan assets also decreased during the year due to the underperformance of returns on pension fund assets in the United Kingdom relative to the discount rate and the depreciation of the pound sterling.

The cost of the Group's pension obligations in 2021 and 2022 can be analyzed as follows:

(in € millions)	2021	2022
Current service cost	(65)	(54)
Actuarial gains and losses recognized (on other long-term benefits)	5	12
Plan implementation, amendment and settlement	7	(7)
Plan administration costs	(1)	(1)
Total operating component of the pension expense	**(54)**	**(50)**
Interest cost on the net benefit obligation	(5)	(6)
Total financing component of the pension expense	**(5)**	**(6)**
TOTAL	**(59)**	**(56)**

The Group expects to pay a total of €24 million into its defined benefit pension plans in 2023.

Main assumptions used to calculate the gross benefit obligation:

		Eurozone	United Kingdom
Discount rate	2021	1.00%	1.90%
	2022	**3.70%**	**4.70%**
Inflation rate	2021	1.75%	3.35%
	2022	**2.00%**	**3.25%**
Rate of annuity increases	2021	1.00%	3.35%
	2022	**1.00%**	**3.25%**
Rate of future salary increases	2021	0.81%-3.62%	N/A
	2022	**0.81%-5.43%**	**N/A**
Retirement age	2021	Managerial: 64/65 years Non-managerial: 62/65 years	65 years
	2022	**Managerial: 64/65 years** **Non-managerial: 62/65 years**	**65 years**

The discount rates are determined by reference to the yield on private investment-grade bonds (AA). The Group refers to the iBoxx index to calculate the benefit obligations in its two main regions (eurozone and United Kingdom).

Sensitivity analysis

An increase or decrease of 0.5% in the main assumptions would have the following impacts on the amount of the gross benefit obligation at December 31, 2022:

(in € millions)		
Sensitivity (basis points)	**-0.50%**	**+0.50%**
Discount rate	68	(64)
Inflation rate	(27)	26
Rate of future salary increases	(28)	29

For the purpose of the analysis, it was assumed that all other variables remained the same.

The change in the value of the gross projected benefit obligation would have mainly affected actuarial gains and losses recognized in other comprehensive income.

c) Change in the gross benefit obligation and plan assets

Change in the gross benefit obligation

(in € millions)	2021	2022	Defined benefit pension plans	Retirement termination benefits	Long-service bonuses and other employee benefits
GROSS BENEFIT OBLIGATION AT BEGINNING OF PERIOD	**1,753**	**1,654**	**1,006**	**590**	**58**
A. PENSION EXPENSE					
Current service cost	65	54	11	38	5
Actuarial gains and losses recognized (on other long-term benefits)	(5)	(12)	-	-	(12)
Plan implementation, amendment and settlement	(7)	7	4	-	3
Interest cost	18	24	17	6	1
Total expense recognized in the income statement	**71**	**73**	**32**	**44**	**(3)**
B. ACTUARIAL GAINS AND LOSSES ARISING IN THE PERIOD ON POST-EMPLOYMENT PLANS					
Actuarial gains and losses resulting from changes in demographic assumptions	(1)	12	(2)	14	-
Actuarial gains and losses resulting from changes in financial assumptions	(102)	(461)	(331)	(130)	-
Experience adjustments	(15)	34	35	(1)	-
Total revaluation recognized in other comprehensive income for the period	**(118)**	**(415)**	**(298)**	**(117)**	**-**
C. OTHER ITEMS					
Employee contributions	3	3	3	-	-
Benefits paid	(109)	(90)	(47)	(39)	(4)
Changes in scope of consolidation	-	23	-	23	-
Application of IFRIC decision	-	-	-	-	-
Foreign exchange differences	54	(18)	(19)	1	-
Total other items	**(52)**	**(82)**	**(63)**	**(15)**	**(4)**
GROSS BENEFIT OBLIGATION AT END OF PERIOD	**1,654**	**1,230**	**677**	**502**	**51**
Average weighted term of pension plans	15	12	15	9	8

Change in the fair value of plan assets:

(in € millions)	2021	2022	Defined benefit pension plans	Retirement termination benefits	Long-service bonuses and other employee benefits
FAIR VALUE OF PLAN ASSETS AT BEGINNING OF PERIOD	**859**	**944**	**944**	**-**	**-**
A. INCOME					
Interest income on plan assets	13	18	18	-	-
Plan administration costs	(1)	(1)	(1)	-	-
Total income recognized in the income statement	**12**	**17**	**17**	**-**	**-**
B. ACTUARIAL GAINS AND LOSSES ARISING IN THE PERIOD ON POST-EMPLOYMENT PLANS					
Return on plan assets (excluding interest income component)	36	(271)	(272)	1	-
Total revaluation recognized in other comprehensive income for the period	**36**	**(271)**	**(272)**	**1**	**-**
C. OTHER ITEMS					
Employee contributions	3	3	3	-	-
Employer contributions	25	28	28	-	-
Benefits paid	(45)	(45)	(44)	(1)	-
Changes in scope of consolidation	-	17	-	17	-
Other movements	-	-	-	-	-
Foreign exchange differences	54	(23)	(23)	-	-
Total other items	**37**	**(20)**	**(36)**	**16**	**-**
FAIR VALUE OF PLAN ASSETS AT END OF PERIOD	**944**	**670**	**653**	**17**	**-**

d) Asset allocation

	United Kingdom % allocation at		Other European countries % allocation at	
	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2022
Shares	2.61%	0.00%	29.22%	26.85%
Bonds and debt instruments	78.33%	78.91%	51.35%	53.26%
Property	2.40%	3.23%	12.63%	13.00%
Mutual funds and other diversified funds	15.11%	13.33%	0.57%	0.59%
Cash and cash equivalents	1.55%	4.53%	5.29%	5.60%
Other	0.00%	0.00%	0.94%	0.70%

An active market price exists for all plan assets except property.

In the United Kingdom, the Group's long-term aim is to limit its exposure to defined benefit plans and ultimately endeavor to contract out these obligations to insurance firms under favorable market conditions. In the meantime, the Group is committed to ensuring that its pension obligations are adequately funded.

The Group's investment policy for pension funds in the United Kingdom combines safe harbor investments (in monetary funds, government bonds, bond funds), to secure the medium-term funding of obligations, with riskier investments such as in equity funds and real estate funds, whose expected profitability over the long term guarantees the financial stability of the plans.

e) Contributions to defined contribution plans

Defined contribution plans include statutory, supplementary and additional pension plans (in France: the "Article 83" plan for engineers and managerial-grade employees (*cadres*) and the additional "Article 83" plan and "Article 82" plan for executive managers).

The expense for 2022 recognized in respect of defined contribution plans for continuing operations represented €327 million (€267 million in 2021).

NOTE 27 BORROWINGS SUBJECT TO SPECIFIC CONDITIONS

This caption includes repayable advances granted by public bodies.

Movements in this caption break down as follows:

(in € millions)	
At December 31, 2021	**327**
New advances received	13
Advances repaid	(30)
Sub-total: changes with a cash impact	**(17)**
Cost of borrowings and discounting	14
Foreign exchange differences	-
Other	7
Adjustments to the probability of repayment of advances	(29)
Sub-total: changes with no cash impact	**(8)**
AT DECEMBER 31, 2022	**302**

Estimates as to the repayable amounts and the timing of repayments are made regarding borrowings subject to specific conditions.

Adjustments to the probability of repayment of advances mainly concern civil aircraft programs.

NOTE 28 INTEREST-BEARING FINANCIAL LIABILITIES

Breakdown of interest-bearing financial liabilities:

(in € millions)	Dec. 31, 2021	Dec. 31, 2022
Bond issue	1,599	1,595
Convertible bonds (OCEANEs)	1,684	1,692
Senior unsecured notes (USPP)	1,014	1,028
Lease liabilities	512	481
Long-term borrowings	285	582
Total non-current interest-bearing financial liabilities (portion maturing in more than 1 year at inception)	**5,094**	**5,378**
Senior unsecured notes (USPP)	485	-
Lease liabilities	97	106
Long-term borrowings	359	538
Accrued interest not yet due	9	8
Current interest-bearing financial liabilities, long-term at inception	**950**	**652**
Negotiable European Commercial Paper (NEU CP)	100	200
Short-term bank facilities and equivalent	670	425
Current interest-bearing financial liabilities, short-term at inception	**770**	**625**
Total current interest-bearing financial liabilities (less than 1 year)	**1,720**	**1,277**
TOTAL INTEREST-BEARING FINANCIAL LIABILITIES[1]	**6,814**	**6,655**

(1) The fair value of interest-bearing financial liabilities amounts to €6,278 million (€6,942 million at December 31, 2021).

Movements in this caption break down as follows:

(in € millions)	
At December 31, 2021	**6,814**
Increase in long-term borrowings at inception (excluding lease liabilities)	510
Decrease in long-term borrowings at inception	(654)
Change in short-term borrowings	(159)
Sub-total: changes with a cash impact	**(303)**
Net increase in lease liabilities	68
Accrued interest	-
Changes in scope of consolidation	66
Foreign exchange differences	51
Change in the fair value of borrowings hedged with interest rate instruments(1)	(46)
Reclassifications and other	5
Sub-total: changes with no cash impact	**144**
AT DECEMBER 31, 2022	**6,655**

(1) See Note 32, "Management of market risks and derivatives".

Analysis by maturity:

(in € millions)	Dec. 31, 2021	Dec. 31, 2022
Maturing in:		
■ 1 year or less	1,720	1,277
■ More than 1 year and less than 5 years	1,949	2,685
■ Beyond 5 years(1)	3,145	2,693
TOTAL	**6,814**	**6,655**

(1) Mainly OCEANEs, other bonds and the USPP 2030 and 2032.

Analysis by currency before hedging:

	Dec. 31, 2021		Dec. 31, 2022	
(in millions of currency units)	Currency	EUR	Currency	EUR
EUR	4,841	4,841	5,474	5,474
USD	2,038	1,801	1,082	1,013
CAD	8	6	14	10
GBP	26	31	23	26
Other	N/A	135	N/A	132
TOTAL		**6,814**		**6,655**

Analysis by currency after hedging:

	Dec. 31, 2021		Dec. 31, 2022	
(in millions of currency units)	Currency	EUR	Currency	EUR
EUR	6,056	6,056	6,213	6,213
USD	662	586	291	274
CAD	8	6	14	10
GBP	26	31	23	26
Other	N/A	135	N/A	132
TOTAL		**6,814**		**6,655**

Analysis by type of interest rate:

- Analysis by type of interest rate (fixed/floating), before hedging:

(in € millions)	Total		Non-current				Current			
	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021		Dec. 31, 2022		Dec. 31, 2021		Dec. 31, 2022	
	Base	Base	Base	Average interest rate	Base	Average interest rate	Base	Average interest rate	Base	Average interest rate
Fixed rate	6,323	6,184	4,963	1.61%	5,258	1.36%	1,360	1.65%	926	0.15%
Floating rate	491	471	131	1.36%	120	1.07%	360	1.00%	351	0.08%
TOTAL	**6,814**	**6,655**	**5,094**	**1.60%**	**5,378**	**1.35%**	**1,720**	**1.51%**	**1,277**	**0.13%**

- Analysis by type of interest rate (fixed/floating), after hedging:

(in € millions)	Total		Non-current				Current			
	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021		Dec. 31, 2022		Dec. 31, 2021		Dec. 31, 2022	
	Base	Base	Base	Average interest rate	Base	Average interest rate	Base	Average interest rate	Base	Average interest rate
Fixed rate	6,116	5,995	4,756	1.24%	5,069	1.35%	1,360	0.67%	926	0.15%
Floating rate	698	660	338	1.13%	309	1.33%	360	1.00%	351	0.08%
TOTAL	**6,814**	**6,655**	**5,094**	**1.23%**	**5,378**	**1.35%**	**1,720**	**0.74%**	**1,277**	**0.13%**

The Group's net debt position is as follows:

(in € millions)	Dec. 31, 2021	Dec. 31, 2022
Cash and cash equivalents (A)	5,247	6,687
Interest-bearing financial liabilities (B)	6,814	6,655
Fair value of interest rate derivatives used as fair value hedges of borrowings (C)	23	(18)
TOTAL (A) – (B) + (C)	**(1,544)**	**14**

The Group's gearing ratio is shown below:

(in € millions)	Dec. 31, 2021	Dec. 31, 2022
Net debt	(1,544)	14
Total equity	13,270	10,866
GEARING RATIO	**11.64%**	**(0.13)%**

Main long-term borrowings at inception

- US private placement (USPP) of senior unsecured notes issued by the Group on February 9, 2012, under which USD 505 million of 12-year notes due February 2024 at a 4.43% fixed-rate coupon was outstanding at December 31, 2022.

  An interest rate hedge in the form of a cross currency swap (USD floating-rate borrower at inception, followed by EUR fixed-rate borrower from March 2019) was set up on these notes, allowing the USD fixed-rate debt to be fully swapped for EUR fixed-rate debt.

  At December 31, 2022, the average interest rate of the issue came out at 1.76% after taking into account the impact of interest rate derivatives.
- US private placement (USPP) of senior unsecured notes issued by the Group on June 29, 2020 for a nominal amount equivalent to €564 million, comprising:
  - USD 181 million of 10-year notes due June 2030 at a 3.10% fixed-rate coupon (tranche A);
  - USD 133 million of 12-year notes due June 2032 at a 3.30% fixed-rate coupon (tranche B);
  - €122 million of 10-year notes due June 2030 at a 2.00% fixed-rate coupon (tranche C);
  - €164 million of 12-year notes due June 2032 at a 2.05% fixed-rate coupon (tranche D).

  A EUR/USD cross currency swap (EUR fixed-rate borrower and USD fixed-rate lender) was set up on tranches A and B on July 21, 2020, swapping USD fixed-rate debt for EUR fixed-rate debt.

  After taking this hedge into account, tranche A bears fixed-rate interest at 2.04% and has a notional amount of €158 million, while tranche B bears fixed-rate interest at 2.22% and has a notional amount of €116 million.

  After taking this hedge into account, the 10-year notes (tranches A and C) of the USPP carry an effective coupon of 2.02% and have a notional amount of €280 million, while the 12-year notes (tranches B and D) carry an effective coupon of 2.12% and have a notional amount of €280 million.
- Issuance on April 11, 2014 of 10-year, 2.875% fixed-rate bonds for €200 million (maturing in April 2024). The bonds were issued at 99.529% of par. A floating-rate swap was set up on the issue. The effective coupon in 2022 was 2.814% after taking into account the impact of interest rate derivatives.

- Issuance on March 16, 2021 of:
  - 5-year, 0.125% fixed-rate bonds for €700 million (maturing on March 16, 2026). The bonds were issued at 99.231% of par;
  - 10-year, 0.750% fixed-rate bonds for €700 million (maturing on March 17, 2031). The bonds were issued at 99.349% of par.
  - Since their issuance, the bonds have been rated by Standard & Poor's in line with Safran's long-term credit rating (BBB+ when the bonds were issued and A- since December 2, 2022).
- Euro private placement (Euro PP) in the form of a syndicated loan with an original maturity of seven years, contracted by the former Zodiac Aerospace on March 10, 2016 and falling due on March 10, 2023, on which €180 million was outstanding at December 31, 2022 at an adjustable rate of 2.902%.
- Bonds convertible into new shares and/or exchangeable for existing shares ("OCEANEs") on May 15, 2020 for a nominal amount of €800 million. The bonds bear interest at 0.875% and were offered at an issue price representing 100% of par, or a gross yield to maturity at the issue date of 0.875%. Unless converted, redeemed or repurchased and canceled prior to maturity, the bonds are redeemable at par on May 15, 2027. The effective annual interest rate on the liability component of the OCEANEs is 1.63% including issuance fees (see Note 24.d, "Convertible bond issues").
- Tap issue of bonds convertible into new shares and/or exchangeable for existing shares ("OCEANEs") on October 12, 2020 for a nominal amount of €200 million. The bonds bear interest at 0.875% and were offered at an issue price representing 109.03% of par, or a gross negative yield to maturity at the issue date of 0.419%. The bonds carry the same terms and conditions as those issued on May 15, 2020, with which they are fully fungible and with which they form a single series. The effective annual interest rate on the liability component of the OCEANEs issued on October 12, 2020 is 1.154% including issuance fees (see Note 24.d, "Convertible bond issues").
- Bonds convertible into new shares and/or exchangeable for existing shares ("OCEANEs") on June 14, 2021 for a nominal amount of €730 million. The bonds do not carry a coupon and were offered at an issue price representing 103.5% of par, or a gross negative yield to maturity at the issue date of 0.50%. Unless converted, redeemed or repurchased and canceled prior to maturity, the bonds are redeemable at par on April 1, 2028. The effective annual interest rate on the liability component of the OCEANEs is 0.38% including issuance fees (see Note 24.d, "Convertible bond issues").
- A bank loan from the European Investment Bank (EIB) for €500 million, at a fixed rate of 1.091%. It was signed on March 4, 2021 and drawn down in full on February 21, 2022 for 10 years (maturing in February 2032). The loan is being used to finance some of the Group's research into innovative propulsion systems for the next generation of single-aisle commercial aircraft, marking a major step forward in Safran's roadmap towards achieving carbon-free air transportation.
- Negotiable European Commercial Paper (NEU CP) subscribed by a corporate mutual fund of the Group employee savings plan and amounting to €396 million at December 31, 2022. The average interest rate payable by Safran on this commercial paper was 0.01% at December 31, 2022. The sums managed by the corporate mutual fund and reinvested in Safran NEU CP are frozen for an initial period of five years. In view of the fund's commitments, the NEU CP is classified within long-term borrowings. At December 31, 2022, 84% of the sums managed by the corporate mutual fund will be available within one year. Accordingly, 84% of the €396 million in NEU CP is classified within the current portion of long-term borrowings.
- Lease liabilities recognized in accordance with IFRS 16 (including former finance lease liabilities) totaling €587 million at December 31, 2022.

  The Group's other long- and medium-term borrowings are not material taken individually.

  On February 9, 2022, the following borrowings were redeemed at maturity:
- The USD 540 million tranche of senior unsecured notes issued on the US private placement market (USPP) on February 9, 2012 a fixed-rate coupon of 4.28%.

Main short-term borrowings

- Negotiable European Commercial Paper (NEU CP): €200 million (€100 million at December 31, 2021).
- Financial current accounts with non-consolidated subsidiaries and joint ventures: €365 million (€328 million at December 31, 2021). Interest is indexed to Euribor.

Other short-term borrowings consist mainly of bank overdrafts.

Sale of receivables without recourse

Net debt at both December 31, 2022 and December 31, 2021 does not include the confirmed trade receivables sold without recourse relating to CFM International Inc. (joint operation).

The facility was renewed in December 2020 and had an initial maturity of December 2022, which was subsequently extended to February 3, 2023. The amount of the facility was initially capped at USD 1,430 million. It was increased to USD 1,780 million in January 2021, then reduced to USD 675 million in December 2021 and again increased to USD 1,065 million as of June 2022.

A total of USD 534 million (USD 267 million based on a 50% interest) had been drawn on the facility at December 31, 2022, versus USD 29 million (USD 14.5 million based on a 50% interest) at December 31, 2021.

The facility may be terminated by the bank counterparties if there is a significant deterioration in the credit rating of the customer whose trade receivables have been sold.

- On December 20, 2022, a new confirmed non-recourse trade receivables factoring facility was signed with CFMI International Inc., for a maximum amount of USD 1,200 million. The new facility replaced the previous facility – which had reached maturity – as of February 3, 2023. It will expire in February 2024.

NOTE 29 TRADE AND OTHER PAYABLES

(in € millions)	Dec. 31, 2021	Movements during the period	Changes in scope of consolidation	Foreign exchange differences	Reclassifications	Dec. 31, 2022
Operating payables	**4,450**	**1,261**	**19**	**19**	**(17)**	**5,732**
Credit balances on trade receivables	934	237	-	1	-	1,172
Trade payables	2,350	749	11	11	(13)	3,108
Operating current account	1	-	-	-	-	1
Employee-related liabilities	1,165	275	8	7	(4)	1,451
Other liabilities	**500**	**57**	**9**	**3**	**(3)**	**566**
State aid, accrued payables	26	10	-	-	-	36
State, other taxes and duties	232	58	1	-	(1)	290
Deferred income	104	(8)	-	-	-	96
Other	138	(3)	8	3	(2)	144
TOTAL	**4,950**	**1,318**	**28**	**22**	**(20)**	**6,298**

Trade and other payables fall due as shown below:

(in € millions)	Total	Less than 12 months	More than 12 months
Operating payables	5,732	5,704	28
Other liabilities	566	500	66
TOTAL	**6,298**	**6,204**	**94**

NOTE 30 OTHER CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

(in € millions)	Dec. 31, 2021	Movements during the period	Changes in scope of consolidation	Foreign exchange differences	Reclassifications	Dec. 31, 2022
Payables on purchases of property, plant and equipment and intangible assets	176	12	-	-	-	188
Payables on purchases of investments	2	2	6	-	2	12
TOTAL	**178**	**14**	**6**	**-**	**2**	**200**
Non-current	**116**					**75**
Current	**62**					**125**

These liabilities are not included in the Group's net financial position at December 31, 2022.

NOTE 31 SUMMARY OF FINANCIAL LIABILITIES

The following table presents the carrying amount of the Group's financial liabilities at December 31, 2022 and December 31, 2021:

At December 31, 2022 *(in € millions)*	Carrying amount		
	Financial liabilities at amortized cost[1]	Financial liabilities at fair value	Total
Borrowings subject to specific conditions	302		302
Non-current interest-bearing financial liabilities	5,378		5,378
Current interest-bearing financial liabilities	1,277		1,277
Trade payables	3,108		3,108
Payables on purchases of investments	12	-	12
Payables on purchases of property, plant and equipment and intangible assets	188		188
Operating current accounts	1		1
Non-current derivatives (negative fair value)		18	18
Current derivatives (negative fair value)		5,848	5,848
TOTAL FINANCIAL LIABILITIES	**10,266**	**5,866**	**16,132**

(1) *Including financial liabilities hedged by fair value hedging instruments. The adjustment to the fair value of interest-bearing financial liabilities hedged by fair value hedging instruments represented €18 million at December 31, 2022.*

At December 31, 2021 *(in € millions)*	Carrying amount		
	Financial liabilities at amortized cost[1]	Financial liabilities at fair value	Total
Borrowings subject to specific conditions	327		327
Non-current interest-bearing financial liabilities	5,094		5,094
Current interest-bearing financial liabilities	1,720		1,720
Trade payables	2,350		2,350
Payables on purchases of investments	2	-	2
Payables on purchases of property, plant and equipment and intangible assets	176		176
Operating current accounts	1		1
Non-current derivatives (negative fair value)		8	8
Current derivatives (negative fair value)		1,788	1,788
TOTAL FINANCIAL LIABILITIES	**9,670**	**1,796**	**11,466**

(1) *Including financial liabilities hedged by fair value hedging instruments. The adjustment to the fair value of interest-bearing financial liabilities hedged by fair value hedging instruments represented €23 million at December 31, 2021.*

The fair value of financial liabilities is determined by reference to the future cash flows associated with each liability, discounted at market interest rates at the end of the reporting period, with the exception of borrowings subject to specific conditions, whose fair value cannot be estimated reliably given the uncertainties regarding the amounts to be repaid and the timing of repayment.

In both 2022 and 2021, the fair value of financial liabilities approximates their carrying amount, except in the case of the following items:

(in € millions)	Dec. 31, 2021		Dec. 31, 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Interest-bearing financial liabilities[1]	6,814	6,942	6,655	6,278

(1) *This fair value measurement relates to Level 2 in the fair value hierarchy (see Note 23, "Summary of financial assets").*

Safran uses the fair value hierarchy described in Note 23, "Summary of financial assets" to determine the classification of financial liabilities at fair value.

The Group carried the following financial liabilities at fair value at December 31, 2022:

(in € millions)	Level 1	Level 2	Level 3	Total
Derivatives (negative fair value)	-	5,866	-	5,866
TOTAL	**-**	**5,866**	**-**	**5,866**

The Group carried the following financial liabilities at fair value at December 31, 2021:

(in € millions)	Level 1	Level 2	Level 3	Total
Derivatives (negative fair value)	-	1,796	-	1,796
TOTAL	**-**	**1,796**	**-**	**1,796**

No items were transferred between Level 1 and Level 2 or to/from Level 3 in either 2022 or 2021.

Offsetting of financial liabilities and financial assets

At December 31, 2022

	Gross carrying amount	Amount offset	Net amount on the balance sheet[1]	Amount subject to offset agreement but not offset	Net
(in € millions)	(A)	(B)	(C)	(D)	(C) – (D)
Derivatives (negative fair value)	5,866	-	5,866	555	5,311

(1) See Note 32, “Management of market risks and derivatives”.

At December 31, 2021

	Gross carrying amount	Amount offset	Net amount on the balance sheet[1]	Amount subject to offset agreement but not offset	Net
(in € millions)	(A)	(B)	(C)	(D)	(C) – (D)
Derivatives (negative fair value)	1,796	-	1,796	721	1,075

(1) See Note 32, “Management of market risks and derivatives”.

The tables above show the financial liabilities for which an offsetting agreement exists with respect to financial assets.

The Group does not offset financial assets against financial liabilities in its balance sheet at December 31, 2022 or December 31, 2021, since the requisite conditions set out in IAS 32 are not met. Master offsetting (netting) agreements governing the subscription of OTC derivatives with bank counterparties provide for a right of set-off only in the event of default, insolvency or bankruptcy of one of the parties to the agreement.

The amounts subject to an offsetting agreement but not offset comprise a portion of the Group’s derivatives with a positive fair value, since amounts can only be offset if they relate to the same counterparty.

In addition, the Group makes investments falling within the scope of master agreements governing the subscription of OTC derivatives with bank counterparties (see Note 22, “Cash and cash equivalents”).

NOTE 32 MANAGEMENT OF MARKET RISKS AND DERIVATIVES

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

The carrying amount of derivatives used to manage market risks is shown below:

	Dec. 31, 2021		Dec. 31, 2022	
(in € millions)	Assets	Liabilities	Assets	Liabilities
Interest rate risk management	**23**	**(8)**	**18**	**(18)**
Floating-for-fixed interest rate swaps	-	(8)	18	-
Fixed-for-floating interest rate swaps	23	-	-	(18)
Foreign currency risk management	**705**	**(1,788)**	**540**	**(5,848)**
Currency swaps	-	(3)	44	-
Purchase and sale of forward currency contracts	101	(68)	86	(390)
Currency option contracts	604	(1,717)	410	(5,458)
TOTAL	**728**	**(1,796)**	**558**	**(5,866)**

Foreign currency risk management

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 operating expenses for these activities totaled approximately USD 9 billion for 2022.

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

Hedging policy

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

- to protect the Group's economic performance from random fluctuations in the US dollar;
- to optimize the quality of hedging whenever possible, without jeopardizing the Group's economic performance (first principle);
- to provide visibility as regards the exchange rate applied in the Group's consolidated financial statements.

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 predefined minimum parity.

In building up its hedging portfolio, the Group primarily uses forward sales, accumulators and a combination of options. Certain instruments include knock-in or knock-out barrier options, representing a risk to the size of the hedge book and to targeted hedge rates in certain cases of exchange rate fluctuations.

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.

As most of the derivatives in the portfolio have a maturity of less than one year, Safran extends derivatives in order to align their maturity with that of the flows hedged. Such extensions do not have a cash impact ("historical cost method").

Foreign currency derivatives

The portfolio of foreign currency derivatives breaks down as follows:

(in millions of currency units)	Dec. 31, 2021 Fair value[1]	Dec. 31, 2021 Notional amount[1]	Dec. 31, 2021 Less than 1 year	Dec. 31, 2021 1 to 5 years	Dec. 31, 2022 Fair value[1]	Dec. 31, 2022 Notional amount[1]	Dec. 31, 2022 Less than 1 year	Dec. 31, 2022 1 to 5 years
Forward exchange contracts	**33**				**(304)**			
Short USD position	(34)	629	629	-	(386)	4,950	4,950	-
■ Of which against EUR	(34)	629	629	-	(386)	4,950	4,950	-
Long USD position	(7)	(163)	(163)	-	-	-	-	-
■ Of which against EUR	(7)	(163)	(163)	-	-	-	-	-
Long GBP position against EUR	37	(249)	(202)	(47)	16	(193)	(193)	-
Long CAD position against EUR	12	(89)	(89)	-	2	(17)	(17)	-
Short CAD position against EUR	-	-	-	-	(2)	17	17	-
Long MXN position against EUR	25	(16,304)	(10,066)	(6,238)	67	(11,110)	(11,110)	-
Short MXN position against EUR	-	-	-	-	(1)	234	234	-
Currency swaps	**(3)**				**44**			
Cross currency swaps	(3)	(1,359)	(540)	(819)	44	(819)	-	(819)
Currency option contracts	**(1,113)**				**(5,048)**			
USD put purchased against EUR	404	37,143	34,483	2,660	278	40,852	40,852	-
USD call purchased against EUR	29	(1,200)	(1,200)	-	24	(1,699)	(1,699)	-
USD put sold against EUR	(1)	(400)	(400)	-	(116)	(3,166)	(3,166)	-
USD call sold against EUR	(1,430)	79,886	74,566	5,320	(5,069)	106,622	106,622	-
CAD call purchased against EUR	44	(645)	(645)	-	14	(748)	(748)	-
CAD put sold against EUR	-	(1,202)	(1,202)	-	(35)	(1,376)	(1,376)	-
GBP call purchased against EUR	55	(552)	(552)	-	28	(706)	(706)	-
GBP put sold against EUR	(1)	(826)	(826)	-	(25)	(1,412)	(1,412)	-
MXN call purchased against EUR	1	(3,306)	(1,380)	(1,926)	6	(2,818)	(1,772)	(1,046)
MXN put sold against EUR	(20)	(6,613)	(2,760)	(3,853)	(12)	(5,636)	(3,544)	(2,093)
Accumulators – sell USD for EUR[2]	10	2,323	863	1,461	(190)	5,485	2,563	2,922
Accumulators – buy USD for EUR[2]	(204)	(4,190)	(2,805)	(1,385)	50	(2,723)	(1,425)	(1,298)
TOTAL	**(1,083)**				**(5,308)**			

(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.

In the balance sheet, changes in the fair value of outstanding currency hedging instruments between December 31, 2021 and December 31, 2022 represent a negative €4,225 million.

In the income statement, the Group has chosen not to apply hedge accounting to these derivatives. As a result, any changes in the fair value of these instruments are recognized in full in "Financial income (loss)".

Exposure and sensitivity to foreign currency risk

The exposure of the Group's financial instruments to EUR/USD foreign currency risk can be summarized as follows:

(in USD millions)	Dec. 31, 2021	Dec. 31, 2022
Total assets excluding derivatives	1,666	2,269
Total liabilities excluding derivatives	(3,175)	(3,063)
Derivatives hedging balance sheet positions[1]	1,090	715
NET EXPOSURE AFTER THE IMPACT OF DERIVATIVES HEDGING BALANCE SHEET POSITIONS	**(419)**	**(79)**

(1) Notional amount.

Assets and liabilities excluding derivatives primarily consist of operating receivables and payables denominated in USD in the balance sheets of Group subsidiaries whose functional currency is the euro, and unsecured notes issued by Safran on the US private placement market for USD 0.8 billion. After setting up the cross currency swap to hedge the foreign currency risk on USD unsecured notes (see "Exposure to USD interest rate risk"), virtually all of these assets and liabilities are hedged by foreign currency hedging derivatives.

In addition to this net exposure, the Group has EUR/USD currency derivatives hedging revenue net of future purchases. These instruments had a negative fair value of USD 5,819 million, compared to a total negative fair value of USD 5,775 million for EUR/USD currency derivatives at December 31, 2022 (negative fair value of USD 1,394 million and USD 1,397 million, respectively, at December 31, 2021).

The sensitivity of financial instruments to a 5% increase or decrease in the EUR/USD exchange rate is as follows:

Impact on balance sheet positions *(in € millions)*	**Dec. 31, 2021** USD		**Dec. 31, 2022** USD	
Closing rate		1.13		1.07
EUR/USD exchange rate change assumptions	-5%	+5%	-5%	+5%
EUR/USD exchange rate used for sensitivity analysis	1.08	1.19	1.01	1.12
Impact recognized through profit or loss (before tax)	(2,447)	1,816	(4,221)	3,182
Impact recognized through equity (before tax)	-	-	-	-

Interest rate risk management

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 as well as the Group's balance sheet;
- cash flow risks in respect of floating-rate financial assets and liabilities. Interest rate fluctuations have a direct impact on the Group's profit or loss.

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

Exposure to EUR interest rate risk

Interest rate swaps were taken out 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.

These swaps are eligible for fair value hedge accounting.

	Dec. 31, 2021					**Dec. 31, 2022**				
(in € millions)	**Fair value**	**Notional amount** *(€)*	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**Fair value**	**Notional amount** *(€)*	**Less than 1 year**	**1 to 5 years**	**More than 5 years**
Interest rate swaps										
Fixed-for-floating	8	200	-	200	-	(5)	200	-	200	-
TOTAL	8					(5)				

For the €200 million bond issue, changes in the fair value of the hedging instrument and the hedged item within the scope of the fair value hedge are recognized in "Financial income (loss)" as follows:

(in € millions)	**Dec. 31, 2021**	**Dec. 31, 2022**
Change in fair value of hedging instrument	(5)	(12)
Change in fair value of hedged item	4	13
IMPACT OF FAIR VALUE EUR INTEREST RATE HEDGES ON FINANCIAL INCOME (LOSS)	**(1)**	**1**

Exposure to EUR interest rate risk before and after hedging:

Dec. 31, 2021	Current		Non-current		Total	
(in € millions)	Fixed rate	Floating rate	Fixed rate	Floating rate	Fixed rate	Floating rate
Interest-bearing financial liabilities	439	345	3,969	88	4,408	433
Other financial assets	33	68	322	32	355	100
Cash and cash equivalents	4,629	2	-	-	4,629	2
Net exposure before hedging	(4,223)	275	3,647	56	(576)	331
Derivatives[1]	-	-	1,000	200	1,000	200
Net exposure after hedging	(4,223)	275	4,647	256	424	531

(1) Notional amount.

Dec. 31, 2022	Current		Non-current		Total	
(in € millions)	Fixed rate	Floating rate	Fixed rate	Floating rate	Fixed rate	Floating rate
Interest-bearing financial liabilities	780	340	4,267	87	5,047	427
Other financial assets	136	107	275	83	411	190
Cash and cash equivalents	6,173	69	-	-	6,173	69
Net exposure before hedging	**(5,529)**	**164**	**3,992**	**4**	**(1,537)**	**168**
Derivatives[1]	-	-	568	200	568	200
Net exposure after hedging	**(5,529)**	**164**	**4,560**	**204**	**(969)**	**368**

(1) Notional amount.

Exposure to USD interest rate risk

The interest rate on the outstanding tranche of the US private placement (USPP) issued on February 9, 2012 was converted to a floating rate at inception. A floating-rate borrower/ fixed-rate lender USD swap was set up on the 12-year tranche for USD 505 million. This swap is eligible for fair value hedge accounting.

In March 2019, this 12-year tranche for USD 505 million was reset 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 cash flow 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 cash flow hedge accounting.

	Dec. 31, 2021					Dec. 31, 2022				
(in € millions)	Fair value	Notional amount (USD)	Less than 1 year	1 to 5 years	More than 5 years	Fair value	Notional amount (USD)	Less than 1 year	1 to 5 years	More than 5 years
USD interest rate swaps										
Fixed-for-floating	15	1,045	540	505	-	(13)	505	-	505	-
Floating-for-fixed	(8)	1,359	540	505	314	18	819	-	505	314
TOTAL	**7**					**5**				

For the senior unsecured notes issued on the US market, changes in the fair value of the hedging instrument and the hedged item within the scope of the fair value hedge are recognized in "Financial income (loss)" as follows:

(in € millions)	Dec. 31, 2021	Dec. 31, 2022
Change in fair value of hedging instrument	(24)	(28)
Change in fair value of hedged item	23	33
IMPACT OF FAIR VALUE USD INTEREST RATE HEDGES ON FINANCIAL INCOME (LOSS)	**(1)**	**5**

Exposure to USD interest rate risk before and after hedging:

Dec. 31, 2021 *(in USD millions)*	Current		Non-current		Total	
	Fixed rate	Floating rate	Fixed rate	Floating rate	Fixed rate	Floating rate
Interest-bearing financial liabilities	1,016	7	1,006	9	2,022	16
Other financial assets	-	6	32	-	32	6
Cash and cash equivalents	324	186	-	-	324	186
Net exposure before hedging	**692**	**(185)**	**974**	**9**	**1,666**	**(176)**
Derivatives[1]	-	-	(1,359)	-	(1,359)	-
Net exposure after hedging	**692**	**(185)**	**(385)**	**9**	**307**	**(176)**

(1) Notional amount.

Dec. 31, 2022 *(in USD millions)*	Current		Non-current		Total	
	Fixed rate	Floating rate	Fixed rate	Floating rate	Fixed rate	Floating rate
Interest-bearing financial liabilities	125	5	947	5	1,072	10
Other financial assets	-	5	59	-	59	5
Cash and cash equivalents	222	154	-	-	222	154
Net exposure before hedging	**(97)**	**(154)**	**888**	**5**	**791**	**(149)**
Derivatives[1]	-	-	(819)	-	(819)	-
Net exposure after hedging	**(97)**	**(154)**	**69**	**5**	**(28)**	**(149)**

(1) Notional amount.

Sensitivity to interest rate risk

The aggregate sensitivity of net exposures to EUR and USD interest rate risk after the impact of hedging is shown below:

Impact of changes in interest rates *(in € millions)*	Dec. 31, 2021	Dec. 31, 2022
Interest rate change assumptions	+1%	+1%
Impact on profit or loss (before tax)	(4)	(2)
Impact on equity (before tax)	-	-

Counterparty risk management

The Group is exposed to counterparty risk on the following:

- short-term financial investments;
- derivatives;
- trade receivables;
- financial guarantees granted to customers;
- undrawn lines of credit.

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

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 Group's credit facilities are taken out with top-tier banks.

In the context of the Covid-19 pandemic, the Group has stepped up the monitoring of its bad debt risks to ensure the collection of its current and future receivables. It has paid close attention to struggling airline companies and has set aside a provision on a case-by-case basis for any receivables or assets presenting a bad debt risk.

Note 20, "Trade and other receivables" provides a breakdown of trade receivables by maturity.

Liquidity risk management

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. Safran SA manages the Group's current and forecast financing requirements, and ensures that 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.

Changes in the Group's ratings

On February 25, 2021, Safran was rated for the first time by Standard & Poor's, which assigned the Company a long-term credit rating of BBB+ with a stable outlook.

On April 29, 2022, Standard & Poor's revised the outlook on the Company's BBB+ rating from stable to positive. On December 2, 2022, Standard & Poor's raised the rating to A- with a stable outlook.

In addition, on May 4, 2022 Safran set up a €2 billion revolving credit facility (RCF), available until May 2027. At December 31, 2022, the new line was undrawn. It includes two successive one-year extension options, which have not yet been exercised. The financial terms and conditions of the liquidity line are indexed to the achievement by the Group of two sustainable development criteria: CO_2 emissions (Scopes 1 and 2) and the proportion of women among senior executives. There is no contractual obligation to achieve these sustainable development criteria and failure to do so would not constitute a breach of contract. Achievement or not of the criteria has no impact on the Group's ability to use the facility. The new line replaces the €2.52 billion facility set up in December 2015, which was due to expire in December 2022 and was terminated in advance at the same time as the new line was set up.

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 (see Note 28, "Interest-bearing financial liabilities"). The covenant is tested every six months and the Group complied with the applicable ratio at December 31, 2022.

The following annual covenant applies to 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 (see Note 28, "Interest-bearing financial liabilities"): net debt to EBITDA ratio of 3.5 or less. The Group complied with the covenant at December 31, 2022.

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).

NOTE 33 ASSETS HELD FOR SALE

On December 6, 2022, the Group entered into exclusive negotiations to sell the Safran Cabin Catering and Safran Cabin Cargo businesses.

A memorandum of understanding was signed on January 13, 2023. The transaction is expected to be finalized by the end of first-half 2023. The sale is therefore considered highly probable as of December 2022.

The main assets and liabilities held for sale are as follows:

In accordance with IFRS 5, the assets and liabilities concerned are presented on a separate line of the balance sheet at December 31, 2022.

As the assets held for sale do not meet the definition of a discontinued operation under IFRS 5, no restatements related to the disposal have been made in the income statement or the statement of cash flows.

(in € millions)	Dec. 31, 2022
Goodwill	66
Non-current assets	85
Current assets	61
Total assets held for sale	**212**
Non-current liabilities	22
Current liabilities	27
Total liabilities held for sale	**49**

The probable sale price covers the carrying amount of the net assets held for sale.

NOTE 34 INTERESTS IN JOINT OPERATIONS

The Group has interests in a number of joint operations whose contribution is recognized line-by-line in the financial statements. The joint operations are:

- CFM International Inc. and CFM International SA: coordination of the CFM56 and LEAP engine programs with General Electric and program marketing;
- Famat: manufacture of large casings subcontracted by Safran Aircraft Engines and General Electric;
- Matis: manufacture of aircraft wiring;
- CFAN: production of composite fan blades for turbo engines;
- Propulsion Technologies International: engine repair and maintenance.

The table below shows the Group's share in the various financial indicators of these joint operations, which is included in the consolidated financial statements:

(in € millions)	Dec. 31, 2021	Dec. 31, 2022
Current assets	345	292
Non-current assets	177	52
Current liabilities	213	143
Non-current liabilities	24	16
Operating income	48	102
Operating expenses	(32)	(83)
Financial income	2	1
Income tax benefit (expense)	(8)	4
Profit for the period	10	24
Other comprehensive income	16	17
Comprehensive income	26	41
Cash flow used in operating activities(1)	(40)	(26)
Cash flow used in investing activities	(5)	(3)
Cash flow from (used in) financing activities(1)	145	(10)

(1) See Note 28, "Interest-bearing financial liabilities" – trade receivables factoring programs at CFM Inc.

NOTE 35 RELATED PARTIES

In accordance with IAS 24, the Group's related parties are considered to be its owners (including the French State), companies in which these owners hold equity interests, associates, joint ventures and management executives.

The French State also holds:

- a golden share in Safran Ceramics allowing it to veto any change in control of the company or sale of company assets;
- similar rights over other Group entities (ArianeGroup, Safran Electronics & Defense, and Safran Power Units).

The following transactions were carried out with related parties other than joint ventures:

(in € millions)	2021	2022
Sales to related parties other than joint ventures	4,253	4,309
Purchases from related parties other than joint ventures	(85)	(107)

(in € millions)	Dec. 31, 2021	Dec. 31, 2022
Amounts receivable from related parties other than joint ventures	2,380	2,394
Amounts payable to related parties other than joint ventures	2,755	3,977

(in € millions)	Dec. 31, 2021	Dec. 31, 2022
Commitments given to related parties other than joint ventures(1)	2,256	2,830

(1) See Note 36.a, "Off-balance sheet commitments and contingent liabilities relating to the Group's operating activities".

Transactions with related parties other than joint ventures primarily concern the delivery of aviation products to Airbus and the French Directorate General of Weapons Procurement (DGA).

The following transactions were carried out with joint ventures:

(in € millions)	2021	2022
Sales to joint ventures[1]	116	379
Purchases from joint ventures	(63)	(74)

(1) Mainly with Shannon Engine Support Limited.

(in € millions)	Dec. 31, 2021	Dec. 31, 2022
Amounts receivable from joint ventures	230	328
Amounts payable to joint ventures	51	85

(in € millions)	Dec. 31, 2021	Dec. 31, 2022
Commitments given to joint ventures	389	452

Management compensation

Management executives comprise the members of the Board of Directors (17 members from May 26, 2021 until May 25, 2022 and 16 members since May 26, 2022), the Chief Executive Officer, and any persons discharging managerial responsibilities considered as having the power to take management decisions with regard to Safran's strategy and future development, and/or with regular access to inside information concerning Safran (i.e., 4 directors in 2022 and 2021).

All compensation and benefits awarded to management executives are shown on a gross basis, including the fixed portion of compensation and the provision for the variable portion to be paid in the subsequent year.

(in € millions)	Dec. 31, 2021	Dec. 31, 2022
Short-term benefits[1]	7.6	7.5
Post-employment benefits	0.5	0.5
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payment	1.1	1.6

(1) Compensation, social security contributions, attendance fees and benefit payments, where applicable.

The Company's total post-employment benefit commitments and other long-term benefit commitments in respect of management executives as recorded in the balance sheet amounted to €5.5 million at December 31, 2022 and €5.8 million at December 31, 2021.

NOTE 36 OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT LIABILITIES

a) Off-balance sheet commitments and contingent liabilities relating to the Group's operating activities

(i) Commitments given and contingent liabilities

The Group granted the following commitments in connection with its operating activities:

(in € millions)	Dec. 31, 2021	Dec. 31, 2022
Purchase commitments on intangible assets	10	10
Purchase commitments on property, plant and equipment	120	168
Guarantees given in connection with the performance of operating agreements	6,290	7,044
Lease commitments	75	112
Financial guarantees granted on the sale of Group products	10	7
Other commitments given	706	900
TOTAL	**7,211**	**8,241**

Guarantees given in connection with the performance of operating agreements

These guarantees relate mainly to guarantees granted by Safran to customers and principals (essentially aircraft manufacturers) in which Safran or the subsidiary provide a joint and several guarantee that its subsidiaries will perform their duties under their contractual obligations. These guarantees are given in respect of research, design, development, manufacturing, marketing and product support programs in place at Group subsidiaries. They are generally granted for the term of the program concerned, and are capped at a certain amount.

Guarantees granted to Airbus are shown within "Guarantees granted to related parties" in Note 35, "Related parties".

Offset obligations

In some countries, as a condition to the Group securing major contracts, it may be required to fulfill direct, semi-direct or indirect local offset obligations, as required by law or regulations. This is particularly the case in the defense industry.

Failure to meet these obligations within the required timeframe may lead to penalties for the Group, which may, in some cases, not discharge the obligation. When there are doubts as to the Group's ability to meet its obligations, a provision is recognized as a deduction from revenue in the amount of the penalty stipulated in the contract.

Lease commitments

Lease commitments given concern leases qualifying for the IFRS 16 exemption criteria (short-term leases or leases of low-value assets), as well as leases signed but not yet started.

Financial guarantees granted on the sale of Group products

The financial guarantees shown in this table concern aerospace financing arrangements in place at the end of the reporting period, granted to support sales of civil engines. These arrangements take the form of aircraft financing or guarantees covering the value of assets.

The Group's gross exposure in respect of these financing commitments in their transaction currency represents USD 8 million at December 31, 2022 (USD 11 million at December 31, 2021), or €7 million (€10 million at December 31, 2021). However, these amounts do not reflect the actual risk to which Safran is exposed. In view of the value of the underlying assets pledged as security, the net exposure represents USD 1 million at December 31, 2022 (USD 2 million at December 31, 2021), for which a provision, based on an assessment of the risk, is booked in the financial statements (see Note 25, "Provisions").

Financing commitments granted to clients alongside aircraft manufacturers in connection with certain civil engine sales campaigns form part of financing packages proposed by aircraft manufacturers to airline companies and generally correspond to the share represented by Group engines in the financing of the aircraft concerned. These commitments are not included in the gross exposure since (i) the probability that they will be called by the airline companies is too uncertain because the deliveries are too far in the future, and (ii) in the past, few commitments have been called due to their dissuasive conditions and to the fact that they represent a "last recourse" after the active rental, banking, credit insurance and investor markets.

Other commitments given

In connection with the French government's aerospace support plan, Safran undertook to subscribe to the Ace Aéro Partenaires investment fund in an amount of €58 million.

Following the various funding rounds completed, Safran's remaining commitment amounted to €24 million at December 31, 2022.

Contingent liabilities arising on ordinary activities

As part of their ordinary activities, the Group, some of its subsidiaries, or certain joint arrangements or consortia in which they are shareholders or members, may be subject to various claims from customers. These claims usually consist of compensation claims for failing to meet technical specifications, a delay in the development phase, late completion and/or for additional work in connection with product performance and reliability falling outside the scope of the warranties and commitments provisioned or included within contract costs (see Note 4.b, "Provisions", and Note 25, "Provisions"). While the initial amount of any such claim may be material in certain cases, it does not necessarily have any bearing on the costs that may be ultimately incurred to satisfy the customer. As these claims represent contingent liabilities, no provision has been recognized beyond contractual liability limits, if any.

In the absence of an agreement between the parties, some of these claims may give rise to litigation, the most significant of which are indicated in Note 37, "Disputes and litigation".

(ii) Commitments received

The Group was granted the following commitments in connection with its operating activities:

(in € millions)	Dec. 31, 2021	Dec. 31, 2022
Commitments received from banks on behalf of suppliers	9	8
Completion warranties	7	10
Endorsements and guarantees received	1	1
Other commitments received	54	32
TOTAL	**71**	**51**

b) Off-balance sheet commitments and contingent liabilities relating to the Group's scope of consolidation

Vendor warranties are given or received on the acquisition or sale of companies.

(i) Vendor warranties given

(in € millions)	Dec. 31, 2021	Dec. 31, 2022
Vendor warranties given[1]	216	220

(1) Vendor warranties, the amount of which may be fixed or determinable.

(ii) Vendor warranties received

(in € millions)	Dec. 31, 2021	Dec. 31, 2022
Vendor warranties received	-	-

Vendor warranties granted in connection with the disposal of the Security businesses

In connection with the sale of the Identity and Security businesses on May 31, 2017, Safran granted Advent International a vendor warranty valued at €180 million at December 31, 2022, as well as a specific indemnity capped at BRL 200 million (€36 million) at December 31, 2022 to cover any financial consequences arising from the dispute between Morpho do Brasil and the Brazilian tax authorities concerning the calculation method for value added tax on certain products.

Guarantees given in connection with acquisitions

None.

c) Off-balance sheet commitments and contingent liabilities relating to the Group's financing

Commitments received in respect of financing relate to:

- any unused portion of the trade receivables factoring facility relating to CFM International Inc., under which the related receivables are deconsolidated (see Note 28, "Interest-bearing financial liabilities"), and the confirmed, undrawn syndicated credit line for €2 billion set up on May 4, 2022 (see Note 32, "Management of market risks and derivatives").

NOTE 37 DISPUTES AND LITIGATION

Safran and certain Group subsidiaries are party to regulatory, legal or arbitration proceedings arising in the ordinary course of their operations. Safran and certain Group subsidiaries are also party to claims, investigations, legal action and regulatory proceedings outside the scope of their ordinary operations.

The amount of the provisions booked is based on the level of risk for each case, as assessed by Safran and its subsidiaries, and largely depends on their assessment of the merits of the claims and defensive arguments, bearing in mind that the occurrence of events during the proceedings can lead to a reassessment of the risk at any time.

A provision is only booked to cover the expenses that may result from such proceedings when the expenses are probable and their amount can be either quantified or reasonably estimated.

Safran considers that the provisions booked are adequate to cover the risks it incurs.

The most important proceedings are described below.

- A number of civil and/or criminal lawsuits have been filed against certain Safran subsidiaries in connection with aviation accidents. The Group's insurance policy would cover any civil damages payable by Safran or its subsidiaries under these proceedings.
- In the course of the implementation of its compliance program, Safran detected a situation with regards to an activity within a company belonging to the former Zodiac Aerospace business scope acquired in 2018. The activity was sold on June 1, 2021.

  After having conducted its internal investigation, Safran concluded that suspicion of non-compliance during a period between 2004 and 2015 could not be ruled out. Safran decided to self-disclose the matter to the competent authorities in Germany and the United States in accordance with applicable regulations, and in France. The authorities of the countries concerned have opened an investigation.

  By letter dated December 21, 2022, the US Department of Justice (DoJ) decided not to initiate proceedings against Safran, notably considering the Group's voluntary, cooperative and proactive attitude in the case. No fine was imposed, but profits made by a US subsidiary at the time in an amount set by the DoJ at USD 17.2 million were disgorged.

  In Germany, Safran is awaiting information on the progress of the investigation. To date, it is not possible to determine exactly the decision the authorities may take nor the impacts for the Company.

  In addition, the case remains open with regards to the lawsuits that have been or may be filed against individuals in connection with these proceedings and, indirectly, their potential consequences for Safran.

To the best of Safran's knowledge and that of its subsidiaries, there are no other ongoing regulatory, legal or arbitration proceedings that could have a material impact on the financial position of the Company and/or Group.

NOTE 38 AUDIT FEES

Pursuant to Standard No. 2016-09 issued on December 2, 2016 by the French accounting standards-setter (*Autorité des normes comptables* – ANC), the following table shows the amount of fees paid to the Group's Statutory Auditors as included on the consolidated income statement for the year, a distinction being made between fees charged for the statutory audit of the consolidated financial statements and those charged for other services, where applicable. The fees shown for subsidiaries are those consolidated according to the full consolidation method.

	Ernst & Young				Mazars				Total			
	Amount (excl. VAT)		%		Amount (excl. VAT)		%		Amount (excl. VAT)		%	
(in € millions)	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
A) Statutory audit services												
A.1) Safran (issuer)	0.69	0.73	16%	15%	0.66	0.70	15%	14%	1.35	1.43	15%	15%
A.2) Subsidiaries	3.39	3.77	76%	76%	3.43	3.82	79%	79%	6.82	7.59	77%	77%
Sub-total	**4.08**	**4.50**	**92%**	**91%**	**4.09**	**4.52**	**94%**	**93%**	**8.17**	**9.02**	**92%**	**92%**
B) Other services												
B.1) Safran (issuer)	0.12	0.16	2%	3%	0.08	0.08	2%	2%	0.20	0.24	3%	2%
B.2) Subsidiaries	0.28	0.30	6%	6%	0.19	0.26	4%	5%	0.47	0.56	5%	6%
Sub-total	**0.40**	**0.46**	**8%**	**9%**	**0.27**	**0.34**	**6%**	**7%**	**0.67**	**0.80**	**8%**	**8%**
TOTAL	**4.48**	**4.96**	**100%**	**100%**	**4.36**	**4.86**	**100%**	**100%**	**8.84**	**9.82**	**100%**	**100%**

Statutory audit fees

These are payable for all work that is an integral part of the statutory audit, i.e., all work necessary to produce audit reports or any other reports or representations to be made available to the Ordinary Shareholders' Meeting called to approve the financial statements.

Services are provided by the Statutory Auditors and other persons responsible for audits, members of their networks, certifying the parent company and consolidated financial statements of the parent company and fully consolidated subsidiaries in France and other countries.

Fees for other services

These services concern work falling within the scope of services usually rendered in conjunction with the statutory audit engagement (drafting of specific reports and statements, due diligence procedures) or any other specific engagement, generally representing one-off or agreed-on services.

NOTE 39 SUBSEQUENT EVENTS

None.

NOTE 40 LIST OF CONSOLIDATED COMPANIES

		2021		2022	
	Country	Consolidation method	% interest	Consolidation method	% interest
Safran SA	**France**			**Parent company**	
Aerospace Propulsion					
Safran Aircraft Engines	France	FC	100.00	FC	100.00
CFAN	United States	JO	50.00	JO	50.00
CFM International SA	France	JO	50.00	JO	50.00
CFM International, Inc.	United States	JO	50.00	JO	50.00
CFM Materials, LP	United States	EQ	50.00	EQ	50.00
Fabrications Mecaniques de l'Atlantique	France	JO	50.00	JO	50.00
Fan Blade Associates, Inc.	United States	FC	100.00	FC	100.00
Safran Aero Composite	France	FC	100.00	FC	100.00
Safran Aerospace Composites, LLC	United States	FC	100.00	FC	100.00
Shannon Engine Support Limited	Ireland	EQ	50.00	EQ	50.00
Engine Support Holdings[1]	Ireland	EQ	50.00	-	-
Safran Aircraft Engines Hyderabad Private Limited	India	FC	100.00	FC	100.00
Safran Aircraft Engines Mexico	Mexico	FC	100.00	FC	100.00
Safran Aircraft Engines Poland	Poland	FC	100.00	FC	100.00
Safran Aircraft Engine Services Americas	Mexico	FC	100.00	FC	100.00
Safran Aircraft Engine Services Morocco	Morocco	FC	51.00	FC	51.00
Safran MDS, S.A. de C.V.	Mexico	FC	100.00	FC	100.00
Snecma Participations	France	FC	100.00	FC	100.00
Snecma Participations, Inc.	United States	FC	100.00	FC	100.00
Safran Aircraft Engine Services Brussels	Belgium	FC	100.00	FC	100.00
Safran Aircraft Engines Suzhou Co, Ltd	China	FC	100.00	FC	100.00
Safran Aircraft Engines Guiyang	China	FC	100.00	FC	100.00
Propulsion Technologies International, LLC	United States	JO	50.00	JO	50.00
Safran Aero Boosters	Belgium	FC	67.19	FC	67.19
Safran Test Cells, Inc.	United States	FC	67.19	FC	67.19
Safran Aero Boosters Programs, LLC	United States	FC	67.19	FC	67.19
Safran Aero Boosters, Inc.	United States	FC	67.19	FC	67.19
Safran Helicopter Engines	France	FC	100.00	FC	100.00
Safran Power Units	France	FC	100.00	FC	100.00
Safran Power Units San Diego, LLC	United States	FC	100.00	FC	100.00
Safran Power Units USA	United States	FC	100.00	FC	100.00
Initium Aerospace, LLC	United States	EQ	50.00	EQ	50.00
Safran Helicopter Engines Asia Pte. Ltd.	Singapore	FC	100.00	FC	100.00
Safran Helicopter Engines Australia Pty Ltd	Australia	FC	100.00	FC	100.00
Safran Moteurs d'Hélicoptères Canada Inc.	Canada	FC	100.00	FC	100.00
Safran Helicopter Engines Brasil Industria e Comercio do Brasil Ltda	Brazil	FC	100.00	FC	100.00
Safran Helicopter Engines Germany GmbH	Germany	FC	100.00	FC	100.00
Safran Helicopter Engines Tianjin Co. Ltd	China	FC	100.00	FC	100.00
Safran Helicopter Engines UK Limited	United Kingdom	FC	100.00	FC	100.00
Safran Helicopter Engines USA, Inc.	United States	FC	100.00	FC	100.00
Safran Helicopter Engines Mexico	Mexico	FC	100.00	FC	100.00
Roxel France	France	EQ	50.00	EQ	50.00
Roxel Limited	United Kingdom	EQ	50.00	EQ	50.00
Roxel	France	EQ	50.00	EQ	50.00
Safran Transmission Systems	France	FC	100.00	FC	100.00
Safran Transmission Systems Poland sp. z o o.	Poland	FC	100.00	FC	100.00
ArianeGroup Holding and its subsidiaries	France	EQ	50.00	EQ	50.00

FC: Full consolidation. JO: Joint operation. EQ: Equity method.
(1) Left the Group in 2022.

		2021		2022	
	Country	Consolidation method	% interest	Consolidation method	% interest
Aircraft Equipment, Defense and Aerosystems					
Safran Nacelles	France	FC	100.00	FC	100.00
Safran Nacelles Limited	United Kingdom	FC	100.00	FC	100.00
Safran Nacelles Morocco	Morocco	FC	100.00	FC	100.00
Safran Landing Systems	France	FC	100.00	FC	100.00
Aero Precision Repair & Overhaul Company, Inc.	United States	EQ	50.00	EQ	50.00
Safran Landing Systems Services Dinard	France	FC	100.00	FC	100.00
Safran Landing Systems Kentucky, LLC	United States	FC	100.00	FC	100.00
Safran Landing Systems Wheel & Brake Services, LLC	United States	FC	100.00	FC	100.00
Safran Landing Systems Malaysia Sdn. Bhd.	Malaysia	FC	100.00	FC	100.00
Safran Landing Systems Canada Inc.	Canada	FC	100.00	FC	100.00
Safran Landing Systems UK Ltd	United Kingdom	FC	100.00	FC	100.00
Safran Landing Systems México S.A. de C.V.	Mexico	FC	100.00	FC	100.00
Safran Landing Systems Services Américas S.A. de C.V.	Mexico	FC	100.00	FC	100.00
Safran Landing Systems Services Singapore Pte. Ltd.	Singapore	FC	60.00	FC	60.00
Safran Landing Systems Services Miami, Inc.	United States	FC	100.00	FC	100.00
Safran Landing Systems Services UK Ltd	United Kingdom	FC	100.00	FC	100.00
Safran Landing Systems Services Querétaro S.A. de C.V. (1)	Mexico	FC	100.00	-	-
Safran Landing Systems Holdings Singapore Pte. Ltd.	Singapore	FC	100.00	FC	100.00
Xi'an Cea Safran Landing Systems Co., Ltd	China	EQ	50.00	EQ	50.00
Safran Filtration Systems	France	FC	100.00	FC	100.00
Safran Landing Systems Suzhou Co., Ltd.	China	FC	100.00	FC	100.00
Safran Electrical & Power	France	FC	100.00	FC	100.00
Safran Electrical Components	France	FC	100.00	FC	100.00
Safran Electrical & Power Chihuahua SA de CV	Mexico	FC	100.00	FC	100.00
Safran Engineering Services GmbH	Germany	FC	100.00	FC	100.00
Labinal Investments, LLC	United States	FC	100.00	FC	100.00
Safran Electrical & Power USA, LLC	United States	FC	100.00	FC	100.00
Safran Electrical & Power Morocco	Morocco	FC	100.00	FC	100.00
Safran Electrical & Power Mexico SA de CV	Mexico	FC	100.00	FC	100.00
Safran Electrical & Power India Private Limited	India	FC	100.00	FC	100.00
Matis Aerospace	Morocco	JO	50.00	JO	50.00
Safran Engineering Services	France	FC	100.00	FC	100.00
Safran Engineering Services India Pvt Ltd	India	FC	100.00	FC	100.00
Safran Engineering Services Maroc	Morocco	FC	100.00	FC	100.00
Safran Engineering Services UK Ltd	United Kingdom	FC	100.00	FC	100.00
Safran Electrical & Power UK Ltd	United Kingdom	FC	100.00	FC	100.00
Safran Power USA, LLC	United States	FC	100.00	FC	100.00
Shanghai SAIFEI Aviation EWIS Manufacturing Co., Ltd	China	EQ	49.00	EQ	49.00
Safran Electrical Components Canada Inc.	Canada	FC	100.00	FC	100.00
Safran Electrical Components UK Limited	United Kingdom	FC	100.00	FC	100.00
Safran Electrical Components USA, Inc.	United States	FC	100.00	FC	100.00
Safran Electrical and Power Tunisia	Tunisia	FC	100.00	FC	100.00

FC: Full consolidation. JO: Joint operation. EQ: Equity method.
(1) Merger into Safran Landing Systems Services Américas S.A. de C.V. on December 31, 2022.

		2021		2022	
	Country	Consolidation method	% interest	Consolidation method	% interest
Safran Electronics & Defense	France	FC	100.00	FC	100.00
Optics 1, Inc.	United States	FC	100.00	FC	100.00
Safran Electronics & Defense Services Asia Pte Ltd	Singapore	FC	60.00	FC	60.00
Safran Electronics & Defense Canada Inc.	Canada	FC	100.00	FC	100.00
Safran Electronics & Defense Avionics USA, LLC	United States	FC	100.00	FC	100.00
Safran Electronics & Defense Germany GmbH	Germany	FC	100.00	FC	100.00
Lynred	France	EQ	50.00	EQ	50.00
Safran Electronics & Defense Morocco	Morocco	FC	100.00	FC	100.00
Safran Electronics & Defense Services Mexico, S.A. de C.V.	Mexico	FC	100.00	FC	100.00
Safran Electronics & Defense Cockpit Solutions	France	FC	100.00	FC	100.00
Safran Vectronix AG	Switzerland	FC	100.00	FC	100.00
Sagem USA, Inc.	United States	FC	100.00	FC	100.00
Fadec International, LLC	United States	EQ	50.00	EQ	50.00
Safran Reosc	France	FC	100.00	FC	100.00
Safran Sensing Technologies Switzerland	Switzerland	FC	100.00	FC	100.00
Safran Electronics & Defense Actuation	France	FC	100.00	FC	100.00
Pioneer Aerospace Corporation(1)	United States	FC	100.00	-	-
Safran Data Systems Investment	France	FC	100.00	FC	100.00
Safran Data Systems Inc.	United States	FC	100.00	FC	100.00
Safran Data Systems GmbH	Germany	FC	100.00	FC	100.00
Safran Data Systems	France	FC	100.00	FC	100.00
IDD Aerospace Corp.	United States	FC	100.00	FC	100.00
Safran Spacecraft Propulsion(2)	France	-	-	FC	100.00
CILAS(3)	France	-	-	EQ	31.50
HMS Laser(2)	France	-	-	EQ	50.00
Financière Orolia(2)	France	-	-	FC	100.00
Orolia Holding SAS(2)	France	-	-	FC	100.00
Orolia Canada Inc.(2)	Canada	-	-	FC	100.00
Spectracom SAS(2)	France	-	-	FC	100.00
Orolia SAS(2)	France	-	-	FC	100.00
Orolia Spain SL (2)	Spain	-	-	FC	100.00
Orolia Switzerland SA(2)	Switzerland	-	-	FC	100.00
T4 Science(2)	Switzerland	-	-	FC	85.00
Orolia USA Inc.(2)	United States	-	-	FC	100.00
TalenX(2)	United States	-	-	FC	100.00
Orolia Government Systems Inc.(2)	United States	-	-	FC	100.00
Safran Aerotechnics(4)	France	FC	100.00	-	-
Safran Aerosystems Hydraulics(4)	France	FC	100.00	-	-
Safran Aerosystems Fluid(4)	France	FC	100.00	-	-
Safran Aerosystems Morocco	Morocco	FC	100.00	FC	100.00
Avox Systems Inc.	United States	FC	100.00	FC	100.00
Air Cruisers Company, LLC	United States	FC	100.00	FC	100.00
Safran Aerosystems	France	FC	100.00	FC	100.00
Engineered Arresting Systems Corporation	United States	FC	100.00	FC	100.00
Safran Aerosystems Mexico S. de R.L. de C.V.	Mexico	FC	100.00	FC	100.00
Safran Aerosystems Ducts(4)	France	FC	100.00	-	-
Safran Aerosystems Services Americas, LLC	United States	FC	100.00	FC	100.00
Safran Aerosystems Services Asia Pte. Ltd.	Singapore	FC	100.00	FC	100.00
Safran Aerosystems Services UK Ltd	United Kingdom	FC	100.00	FC	100.00
Safran Aerosystems Services Europe(4)	France	FC	100.00	-	-
Safran Aerosystems Services Middle East DWC – LLC	United Arab Emirates	FC	100.00	FC	100.00
IN-Services Asia Limited	Hong Kong	FC	100.00	FC	100.00
Safran Martin-Baker France	France	EQ	50.00	EQ	50.00

FC: Full consolidation. JO: Joint operation. EQ: Equity method.
(1) Sold on April 15, 2022.
(2) Consolidated in 2022.
(3) Consolidated in 2021 within ArianeGroup Holding and its subsidiaries.
(4) Merged into Safran Aerosystems on January 1, 2022.

		2021		2022	
	Country	Consolidation method	% interest	Consolidation method	% interest
Aircraft Interiors					
Safran Cabin France	France	FC	100.00	FC	100.00
Safran Cabin Investment GmbH	Germany	FC	100.00	FC	100.00
Safran Cabin Sterling, Inc.	United States	FC	100.00	FC	100.00
Safran Cabin Germany GmbH	Germany	FC	100.00	FC	100.00
Safran Cabin Netherlands N.V.	Netherlands	FC	100.00	FC	100.00
Safran Cabin Galleys US, Inc.	United States	FC	100.00	FC	100.00
Safran Cabin CZ s.r.o.	Czech Republic	FC	100.00	FC	100.00
EZ Air Interior Limited	Ireland	EQ	50.00	EQ	50.00
Safran Cabin Materials, LLC	United States	FC	100.00	FC	100.00
Safran Cabin Tunisia	Tunisia	FC	100.00	FC	100.00
Safran Cabin, Inc.	United States	FC	100.00	FC	100.00
Safran Cabin Tijuana S.A de C.V.	Mexico	FC	100.00	FC	100.00
Safran Cabin Canada Co.	Canada	FC	100.00	FC	100.00
Safran Cabin Brazil Ltda.	Brazil	FC	100.00	FC	100.00
Safran Cabin Catering, Inc.	United States	FC	100.00	FC	100.00
Safran Cabin Lamphun Ltd.	Thailand	FC	100.00	FC	100.00
Safran Cabin Catering B.V.	Netherlands	FC	100.00	FC	100.00
Safran Cabin Bangkok Ltd.	Thailand	FC	100.00	FC	100.00
Safran Cabin Cargo B.V.	Netherlands	FC	100.00	FC	100.00
Safran Cabin Bellingham, Inc.	United States	FC	100.00	FC	100.00
Safran Seats	France	FC	100.00	FC	100.00
Safran Seats USA LLC	United States	FC	100.00	FC	100.00
Safran Seats Tunisia	Tunisia	FC	100.00	FC	100.00
Safran Seats GB Limited	United Kingdom	FC	100.00	FC	100.00
Safran Ventilation Systems	France	FC	100.00	FC	100.00
Safran Ventilation Systems USA, LLC	United States	FC	100.00	FC	100.00
Northwest Aerospace Technologies, Inc.	United States	FC	100.00	FC	100.00
Greenpoint Technologies, Inc.	United States	FC	100.00	FC	100.00
EV Participations GmbH	Germany	FC	100.00	FC	100.00
Safran Passenger Innovations Germany GmbH	Germany	FC	100.00	FC	100.00
Safran Passenger Innovations, LLC	United States	FC	100.00	FC	100.00
Mag Aerospace Industries, LLC	United States	FC	100.00	FC	100.00
Holding company and other					
Établissements Vallaroche	France	FC	100.00	FC	100.00
Safran Ceramics	France	FC	100.00	FC	100.00
Safran UK Ltd	United Kingdom	FC	100.00	FC	100.00
Safran USA, Inc.	United States	FC	100.00	FC	100.00
Société de réassurance Vallaroche SA	Luxembourg	FC	100.00	FC	100.00
Safran Corporate Ventures	France	FC	100.00	FC	100.00
Zodiac US Corporation	United States	FC	100.00	FC	100.00
Safran Seats GB Investment Limited	United Kingdom	FC	100.00	FC	100.00
Galli Participations	France	FC	100.00	FC	100.00
Safran Additive Manufacturing Campus	France	FC	100.00	FC	100.00

FC: Full consolidation. JO: Joint operation. EQ: Equity method.

3.2 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2022

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Safran for the year ended December 31, 2022.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at December 31, 2022 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit and Risk Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules provided for in the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for Statutory Auditors for the period from January 1, 2022 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by Article 5(1) of Regulation (EU) No. 537/2014.

Justification of assessments – Key audit matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgment, were the most significant in our audit of the consolidated financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the consolidated financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the consolidated financial statements.

Recognition of revenue and margins under support-by-the-hour contracts

Notes 3.g, 4.a and 7 to the consolidated financial statements

Risk identified

The Group has entered into support-by-the-hour engine maintenance contracts with certain customers spanning several years.

As described in Notes 3.g and 4.a to the consolidated financial statements, revenue on these contracts is recognized over time, based on the costs incurred to date as a percentage of the total estimated costs. A provision is set aside for any losses as soon as such losses are foreseeable.

Forecast contract margins are regularly revised by management. This method requires an estimate of results on completion using future cash flow forecasts that take into account contractual inputs and commitments as well as other factors inherent to the contract based on historical and/or forecast data. This method also requires the use of estimates used to determine the contract's stage of completion.

We deemed the recognition of revenue and margins on support-by-the-hour contracts to be a key audit matter given the sensitivity of margins on completion to the estimates and assumptions used by management.

How our audit addressed this risk

In Group subsidiary Safran Aircraft Engines (Aerospace Propulsion segment), which accounts for the most significant support-per-flight-hour contracts, we:

- familiarized ourselves with the procedures for forecasting contract revenue and contract costs on completion;
- tested the key controls relating to costs incurred on contracts used as the basis to calculate the percentage of completion and the recognition of revenue;
- obtained confirmation from the Company as regards the application of the latest technical and economic models for assessing the in-flight behavior of the engine and determining the engine servicing schedule;
- for a sample of major contracts, met with the management controllers responsible for monitoring the contract business plans, and assessed estimates of contract revenue and costs on completion, including the degree of uncertainty applied, in particular by comparing the costs incurred to date with previous estimates;
- for a sample of significant contracts, analyzed any changes in contracts and the reflection of those changes in the business plans;
- assessed the consistency of the accounting treatment used to record revenue with the applicable accounting standards.

Contract liabilities: performance warranties and provisions for sales contracts

Notes 3.s, 4.a, 4.b, 21 and 25 to the consolidated financial statements

Risk identified

As part of its contractual relations, the Group may recognize liabilities for contractual guarantee commitments given in respect of warranties or claims received from customers, in particular in the Safran Aircraft Engines subsidiary (Aerospace Propulsion segment):

- provisions for performance warranties recognized under liabilities cover probable future payments under the various performance warranties granted by the Group to its customers in respect of equipment sold. They are calculated based on technical files or on a statistical basis taking into account the estimated frequency and probable cost of repairs;
- provisions for sales contracts correspond to provisions booked further to customer claims or when the Group is exposed to contractual penalties. Provisions are calculated by management using available information, past experience and, in some cases, estimates by independent experts.

We deemed this issue to be a key audit matter given the significance of the amounts in question, the complexity of the assumptions underlying the estimates, and the degree of judgment required of management in calculating these provisions.

How our audit addressed this risk

We obtained an understanding of the procedures implemented by management to identify and list all risks relating to contractual commitments in the Safran Aircraft Engines subsidiary.

For the most material risks identified, we reviewed the analysis of the risk by management, along with the corresponding documentation and any written consultations from external advisors, where appropriate. Our work involved:

- meeting with the managers of the main programs to assess the exhaustiveness of the provisions recognized in light of the known quality risks;
- for material risks, examining with management the main causes and planned corrections for the technical issues identified;
- familiarizing ourselves with the approach used by management to estimate the amount of provisions to be recognized in respect of these risks;
- reconciling the assumptions used to determine warranty commitments with the technical files and historical data;
- assessing the estimated cost of repairs used to estimate warranty commitments, in particular by comparing with observed historical data;
- analyzing the arithmetic accuracy of the calculations made and reconciling the input data with contractual data, where appropriate;
- assessing the consistency with IFRS 15 of the accounting treatment used to record identified contractual liabilities;
- reconciling the amounts recognized with respect to customer claims with the requests made by those customers, and the estimates made by management.

We also assessed the appropriateness of the disclosures concerning contract liabilities provided in the notes to the consolidated financial statements.

Measurement and completeness of foreign currency derivatives

Notes 3.f, 3.w and 32 to the consolidated financial statements

Risk identified

Most of the revenue generated in the aerospace segment is denominated in US dollars. The net excess of revenues over expenses for these activities totaled USD 9 billion for 2022. To protect its operating profitability against fluctuations in the EUR/USD exchange rate, the Group's policy is to hedge its USD exposure using foreign currency derivatives and to maintain the exchange rate above a target hedged rate over a period of three to four years. The main derivatives used in this respect are forward sales and foreign currency options (accumulators and a combination of optional instruments, each with or without knock-out barriers). Options are used to improve the hedged rate with a view to protecting the Group's economic performance.

In the balance sheet, the derivatives portfolio is carried at fair value in accordance with IFRS 9, and represented an amount of €540 million in assets and €5,848 million in liabilities at December 31, 2022. Most derivatives are traded over-the-counter and no quoted prices are available. Consequently, they are measured using models commonly used by pricing services.

In the income statement, the Group does not apply hedge accounting as defined by IFRS 9 given the nature of the instruments used. Consequently, all changes in the fair value of foreign currency derivatives during the year are included in financial income (loss). In 2022, the amount recorded in financial income (loss) represented a negative €4,225 million.

We deemed the measurement and completeness of foreign currency derivatives to be a key audit matter given the material impacts on the Group's consolidated financial statements, the complexity of the valuation models used and the volume of instruments negotiated.

How our audit addressed this risk

We reviewed the Group's forex strategy and assessed whether the information given in this regard in Note 32 to the consolidated financial statements was appropriate.

As part of our familiarization with the Group's internal control procedures, we analyzed the procedures put in place by management for approving, contracting and booking market transactions. We also tested the effectiveness of IT key controls for the applications used by the Cash Management Department, including the interface with the accounting teams.

In respect of foreign currency derivatives, our procedures consisted in:

- verifying the reconciliation performed by the Group between the derivatives portfolio and information received from bank counterparties, in order to ensure that all transactions were documented;
- verifying that there was no material discrepancy between the value of the derivatives estimated by the Group and the values sent by the bank counterparties;
- carrying out a counter-valuation of a representative sample of the derivatives portfolio;
- verifying the disclosures provided in the notes to the consolidated financial statements and reviewing the Group's financial communications regarding foreign currency transactions.

Impairment testing of intangible assets (goodwill and programs) and material investments in equity-accounted companies

Notes 3.c, 3.j, 3.m, 4.a, 12, 13 and 17 to the consolidated financial statements

Risk identified

In the context of its creation and development, the Group has carried out acquisitions, including of interests in companies then accounted for by the equity method, resulting in the recognition of goodwill and intangible assets relating to aerospace programs. The Group also capitalizes development costs when it can be demonstrated that they meet the requisite criteria, as described in Note 3.m to the consolidated financial statements.

Goodwill is tested for impairment at the level of each cash-generating unit (CGU) at least annually and whenever there is an indication that it may be impaired. Material investments in equity-accounted companies are also tested for impairment if an indication of impairment is identified. At the end of each annual reporting period, management also performs impairment tests on assets allocated to programs (aerospace programs and capitalized development costs) before they begin to be depreciated/amortized, or if events or circumstances indicate a risk of impairment.

The recoverable amounts of these assets are chiefly determined by discounting the future cash flows expected to arise from the CGUs, projects or programs to which the assets tested relate.

At December 31, 2022, the carrying amount of goodwill was €4,994 million, while total other intangible assets represented €8,096 million, including €447 million relating to aerospace programs and €3,923 million relating to capitalized development costs. At December 31, 2022, investments in equity-accounted companies totaled €1,974 million.

We deemed impairment testing of intangible assets and material investments in equity-accounted companies to be a key audit matter given their material balances in the consolidated financial statements and because the calculation of their recoverable amount requires management to use major estimates and assumptions.

How our audit addressed this risk

We assessed the basis for implementing these impairment tests. In particular, our work consisted in:

- reconciling the elements included in the carrying amount of each cash-generating unit (CGU), each program and each material investment in an equity-accounted company with the net assets recognized in the balance sheet;
- analyzing the appropriateness of the assumptions underlying the estimates used by management to forecast its future cash flows, in particular by reconciling:
  - the volumes and production rates associated with the products sold with information and forecasts provided by the main contractors and significant stakeholders and management's long-term market analyses,
  - the growth rate assumptions used to forecast future cash flows with available independent analyses,
  - the various inputs used to calculate the weighted average cost of capital of each CGU with the rate of return demanded by market participants for similar activities, with the support of a valuation expert who assisted our audit team;
- comparing the consistency of future cash flows with management's most recent estimates, as presented to the Board of Directors during the medium-term business plan process;
- comparing the analyses performed by management to ascertain the sensitivity of value in use to reasonably possible changes in the main assumptions used.

Lastly, we assessed the appropriateness of the disclosures provided in the notes to the consolidated financial statements.

Specific verifications

As required by legal and regulatory provisions and in accordance with professional standards applicable in France, we have also performed the specific verifications on the information presented in the Board of Directors' management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the management report includes the consolidated non-financial information statement required under Article L.225-102-1 of the French Commercial Code. However, in accordance with Article L.823-10 of the French Commercial Code, we have not verified the fair presentation and consistency with the consolidated financial statements of the information given in that statement, which will be the subject of a report by an independent third party.

Other verifications and information pursuant to legal and regulatory requirements

Presentation of the consolidated financial statements to be included in the annual financial report

In accordance with professional standards applicable to the Statutory Auditors' procedures for annual and consolidated financial statements presented according to the European single electronic reporting format, we have verified that the presentation of the consolidated financial statements to be included in the annual financial report referred to in paragraph I of Article L.451-1-2 of the French Monetary and Financial Code (*Code monétaire et financier*) and prepared under the Chief Executive Officer's responsibility, complies with this format, as defined by European Delegated Regulation No. 2019/815 of December 17, 2018. As it relates to the consolidated financial statements, our work included verifying that the markups in the financial statements comply with the format defined by the aforementioned Regulation.

On the basis of our work, we conclude that the presentation of the consolidated financial statements to be included in the annual financial report complies, in all material respects, with the European single electronic reporting format.

Due to the technical limitations inherent in the macro-tagging of the consolidated financial statements in accordance with the European single electronic reporting format, the content of certain tags in the notes to the financial statements may not be rendered identically to the consolidated financial statements attached to this report.

It is not our responsibility to ensure that the consolidated financial statements to be included by the Company in the annual financial report filed with the AMF correspond to those on which we carried out our work.

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Safran by the Annual General Meetings held on May 28, 2008 for Mazars and on May 27, 2010 for ERNST & YOUNG et Autres.

At December 31, 2022, Mazars and ERNST & YOUNG et Autres were in the fifteenth and thirteenth consecutive year of their engagement, respectively.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for preparing consolidated financial statements giving a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for implementing the internal control procedures it deems necessary for the preparation of consolidated financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The Audit and Risk Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit. They also:

- identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the consolidated financial statements;
- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;

- evaluate the overall presentation of the consolidated financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The Statutory Auditors are responsible for the management, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed thereon.

Report to the Audit and Risk Committee

We submit a report to the Audit and Risk Committee which includes, in particular, a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit and Risk Committee includes the risks of material misstatement that, in our professional judgment, were the most significant for the audit of the consolidated financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit and Risk Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in Articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit and Risk Committee.

Paris-La Défense, March 24, 2023

The Statutory Auditors

MAZARS	ERNST & YOUNG et Autres
Jérôme de Pastors	Philippe Berteaux

3.3 PARENT COMPANY FINANCIAL STATEMENTS AT DECEMBER 31, 2022

Parent company income statement at December 31, 2022

(in € millions)	Note	2021	2022
OPERATING INCOME			
Revenue	4.1	575	752
Capitalized production		-	10
Operating expense transfers	4.2	(3)	26
Reversal of depreciation, amortization and provisions		74	24
Other income		50	82
Operating income (1)		**696**	**894**
OPERATING EXPENSES			
Cost of goods sold in the year:			
■ Raw materials		-	-
■ Sub-contracting purchases		(7)	(6)
■ Purchases not held in inventory and supplies		(16)	(21)
■ External service expenses		(396)	(544)
Taxes and duties other than income tax		(15)	(18)
Payroll costs:			
■ Wages and salaries		(146)	(160)
■ Social security contributions		(77)	(111)
Charges to depreciation, amortization, provisions and impairment:			
■ Charges to depreciation, amortization and impairment of non-current assets		(31)	(29)
■ Charges to provisions for contingencies and losses		(45)	(76)
Other expenses		(36)	(12)
Operating expenses (2)		**(769)**	**(977)**
Loss from operations (1)-(2)		**(73)**	**(83)**
Financial income		1,164	1,520
Financial expenses		(472)	(479)
Financial income	**4.3**	**692**	**1,041**
Profit from ordinary activities before tax		**619**	**958**
Non-recurring income		83	43
Non-recurring expenses		(86)	(30)
Non-recurring income (expense)	**4.4**	**(3)**	**13**
Statutory employee profit-sharing	4.5	-	-
Income tax benefit	4.6	47	66
Movements in provisions set aside to cover income taxes of loss-making subsidiaries	4.6	28	(1)
PROFIT FOR THE PERIOD		**691**	**1,036**

Parent company balance sheet at December 31, 2022

Assets

			Dec. 31, 2022		
(in € millions)	Note	Dec. 31, 2021	Gross carrying amount	Depreciation, amortization and impairment	Net
Intangible assets	**3.1**	**14**	**189**	**172**	**17**
■ Other intangible assets		14	189	172	17
Property, plant and equipment	**3.1**	**99**	**250**	**152**	**98**
Financial assets	**3.1**	**18,031**	**18,881**	**772**	**18,109**
■ Equity investments		17,620	17,986	681	17,305
■ Other financial assets		411	895	91	804
Total non-current assets		**18,144**	**19,320**	**1,096**	**18,224**
Payments on account	3.2	6	1	-	1
Trade receivables	3.2	84	129	-	129
Other receivables	3.2	479	388	1	387
Group current accounts	3.2	3,889	5,001	9	4,992
Marketable securities	3.3	3,286	4,253	-	4,253
Cash at bank and in hand	3.3	1,584	2,030	-	2,030
Prepayments	3.5	25	44	-	44
Total current assets		**9,353**	**11,846**	**10**	**11,836**
Redemption premiums	3.6	9	7	-	7
Unrealized foreign exchange losses	3.6	271	506	-	506
TOTAL ASSETS		**27,777**	**31,679**	**1,106**	**30,573**

Equity and liabilities

(in € millions)	Note	Dec. 31, 2021	Dec. 31, 2022
Share capital	3.7	85	85
Other equity	3.7	11,424	11,902
Tax-driven provisions	3.7	22	22
Profit for the period	**3.7**	**691**	**1,036**
Total equity		**12,222**	**13,045**
Provisions for contingencies and losses	**3.8**	**495**	**548**
Bond issue	3.9	3,330	3,330
USD senior unsecured notes issue	3.9	1,486	1,054
Other loans and borrowings	3.9	1,055	1,349
Group current accounts	3.9	8,421	10,315
Advances and downpayments received	3.9	15	14
Trade payables	3.9	155	138
Other liabilities	3.9	380	375
Deferred income	3.11	39	33
Financial liabilities, operating payables and miscellaneous liabilities		**14,881**	**16,608**
Unrealized foreign exchange gains	3.12	179	372
TOTAL EQUITY AND LIABILITIES		**27,777**	**30,573**

Parent company statement of cash flows

(in € millions)		2021	2022
I. CASH FLOW FROM OPERATING ACTIVITIES			
Profit for the period		691	1,036
Non-cash income and expenses			
Depreciation, amortization, impairment and provisions		303	414
Capital gains and losses on asset disposals		(12)	(6)
Cash flow from operations, before change in working capital		**982**	**1,444**
Net change in current accounts[(1)]		879	788
Net change in other receivables and payables		(241)	(37)
Change in working capital		**638**	**751**
	TOTAL I	**1,620**	**2,195**
II. CASH FLOW USED IN INVESTING ACTIVITIES			
Payments for purchases of intangible assets and property, plant and equipment, net of proceeds		(8)	(26)
Payments for purchases of equity investments and other financial assets, net of proceeds[(2)]		(178)	(406)
	TOTAL II	**(186)**	**(432)**
III. CASH FLOW USED IN FINANCING ACTIVITIES			
Dividends paid to shareholders		(183)	(213)
Increase in borrowings		92	545
Repayment of borrowings and long-term debt		-	(477)
New bond issue		2,130	-
Bond redemption		(1,200)	-
Change in long-term borrowings		-	-
Change in short-term borrowings		(889)	(207)
Change in share capital		-	-
	TOTAL III	**(50)**	**(352)**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**I + II + III**	**1,384**	**1,411**
Cash and cash equivalents at beginning of period		3,488	4,872
Reclassification of Oddo liquidity agreement to financial assets		-	-
Cash and cash equivalents at end of period		4,872	6,283
Net increase in cash and cash equivalents		**1,384**	**1,411**

(1) *Classified in operating items in view of the nature of the Company's operations.*
(2) *Mainly including €275 million for the buyback of treasury shares, €22 million paid to CILAS, and €100 million in an investment with Goldman Sachs (maturing in March 2023).*

Notes to the parent company financial statements

CONTENTS

The data set out below are an integral part of the parent company financial statements. They are expressed in millions of euros unless otherwise indicated.

The 2022 financial year spans 12 months.

Safran may also be referred to as “the Company” in these notes.

The total balance sheet at December 31, 2022 prior to the appropriation of profit represents €30,572,919,226.29.

Accounting profit for 2022 represents €1,036,303,514.57.

NOTE 1 ACTIVITY OF THE COMPANY AND 2022 HIGHLIGHTS

1.1 Activity of the Company

As the Group’s parent company, Safran performs the following functions for the Group companies:

- it holds and manages shares in the main Group subsidiaries;
- it steers and develops the Group, determining: Group strategy; Research and Technology (R&T) policy; sales policy; legal and financial policy; human resources policy; personnel training, retraining and skills matching by Safran University; communications; and oversight of operations;
- it provides:
  - support on legal, taxation and financial matters, essentially in the following areas: cash pooling as part of the management of advances and investments between Safran and each Group company; currency risk management policy as part of efforts to protect companies and reduce uncertainty regarding the economic performance of operating subsidiaries resulting from fluctuations in exchange rates (mainly USD); and tax consolidation in jurisdictions where Safran is liable for the entire income tax charge, additional income tax contributions and the annual minimum tax charge due by the tax group comprising itself and its tax-consolidated subsidiaries, and
  - services within the scope of Shared Services Centers in the following areas: payroll administration and management, recruitment, non-production purchases, IT, and some accounting services.

1.2 2022 highlights

2022 was marked by the war in Ukraine, high inflation (energy, raw materials, wages, transportation, etc.) and supply difficulties, as well as the ongoing pandemic.

However, the business upturn gained traction with each month and air traffic recovered in all regions of the world, with the exception of Asia.

Russo-Ukrainian conflict

The conflict in Ukraine, which began on February 24, 2022, impacted the Group’s activities.

In compliance with the European, US and UK sanctions against Russia, Safran has suspended all exports and services to Russia and halted the operations of its manufacturing joint ventures in the country and with its Russian partners until further notice.

Inflation and rising energy prices

2022 was also marked by a surge in inflation. Inflationary pressure on costs (energy, raw materials, transportation, wages, etc.) was relatively contained by controlling overhead costs.

Safran SA accelerated its energy consumption reduction plan in response to soaring energy prices.

In addition, all employees were made aware of the need to take both individual and collective action to help achieve the reduction objectives.

Going concern and liquidity

At December 31, 2022, the Company’s cash and cash equivalents amounted to €6,212 million.

Leveraging its liquidity position and business resilience, the Group engaged in a financial rating process in 2021 and, on February 25, 2021, obtained its first long-term credit rating from Standard & Poor’s, which assigned the Company a rating of BBB+ with a stable outlook.

On April 29, 2022, Standard & Poor’s revised the outlook on the Company’s BBB+ rating from stable to positive.

On December 2, 2022, Standard & Poor's raised the rating to A- with a stable outlook.

In addition, on October 28, 2022 Safran announced that it would buy back up to 9.4 million of its own shares (approximately 2.2% of its share capital) with a view to eliminating the potential dilution risk related to its convertible bonds (“OCEANEs”) maturing in 2027. Under the program, Safran bought back nearly 2.4 million shares in November and December 2022 for a total of €275 million.

On January 13, 2023, Safran entered into an agreement with an investment services provider for the implementation of a follow-on buyback tranche to meet its obligations arising from the convertible bonds maturing in 2027. Under the terms of the agreement, Safran will buy back up to €650 million worth of ordinary shares from January 16, 2023 and no later than March 31, 2023.

Financial impacts of climate change

Amid the uncertain economic environment in 2022, Safran was able to meet its objectives with regard to its environmental strategy.

In line with its core purpose (*raison d’être*), Safran has embarked upon a proactive program to reduce its carbon footprint, with ambitious goals set in 2022 for the various categories of emissions linked to its business.

Long-term incentive plans

The Board of Directors periodically grants performance shares to Group employees and corporate officers.

The vesting of these performance shares is subject to the achievement of internal and external performance conditions, which are assessed over three full consecutive fiscal years, including the year in which the performance shares are granted. In addition, the shares will only vest if the beneficiaries still form part of the Company at the vesting date.

The 2019 plan was delivered in March 2022 and a new plan (2022-2025) was initiated by way of a decision by the Board of Directors on March 24, 2022.

NOTE 2 ACCOUNTING POLICIES

2.1 Accounting rules and methods

Standards applied

The parent company financial statements for the year ended December 31, 2022 have been prepared in accordance with the rules and regulations applicable in France as set out in the French General Chart of Accounts (*Plan comptable général*) and defined in Regulation 2014-03 issued by the French accounting standards-setter (*Autorité des normes comptables* – ANC) (consolidated version of January 1, 2022).

The Company has applied the ANC recommendations on the manner in which issuers should account for the impacts of the Russo-Ukrainian crisis in the financial statements.

The financial statements have been prepared on a going concern basis using the accruals basis of accounting and consistent methods, in accordance with the basic principle of prudence and with the general rules for preparing and presenting parent company financial statements, in order to provide a true and fair value of the Company.

Unless otherwise stated, accounting items are carried at historical cost.

2.2 Intangible assets

All intangible assets are valued at purchase cost.

The gross cost of intangible asset items is amortized over the expected useful life of these assets using the straight-line method:

- patents and licenses are amortized over the shorter of the period of legal protection and period of effective use;
- application software is carried at purchase cost plus any development costs incurred in order to bring it into operation, and is amortized on a straight-line basis over a period of one to five years.

Research and development costs are recorded as expenses in the period in which they are incurred.

2.3 Property, plant and equipment

As required by the applicable accounting regulations (CRC Regulation 2004-06 issued by the Accounting Standards Committee), since January 1, 2005 property, plant and equipment have been depreciated over their useful lives.

Property, plant and equipment are recorded in the balance sheet at historical purchase cost less accumulated depreciation and impairment losses.

Purchase cost comprises the purchase price, ancillary fees and all costs directly attributable to bringing the asset to the location and condition ready for its intended use.

Assets purchased in a foreign currency are translated into euros at the exchange rate prevailing on the transaction date.

Assets produced by the Company are recorded at production cost.

In compliance with CRC Regulation 2004-06, significant components of certain assets such as buildings whose useful lives differ from that of the asset as a whole are recognized and depreciated separately. Interest accrued on borrowings during the development and construction phases is not included as part of the cost of the assets concerned.

Depreciation

The main useful lives applied to property, plant and equipment are as follows:

■ Buildings	15 to 40 years
■ Building improvements, fixtures and fittings	10 years
■ Office furniture	6 years and 8 months
■ Office equipment	6 years and 8 months
■ Vehicles	4 years
■ Technical installations, equipment, industrial tools and other	3 to 10 years

Property, plant and equipment are depreciated on a straight-line or declining-balance basis.

Impairment

If there is evidence that an asset may be impaired at year-end, the Company performs an impairment test. The Company considers external indications of impairment such as events or changes in the market environment with an adverse impact on the entity that occurred during the reporting period or will occur in the near future, along with internal indications of impairment such as obsolescence or significant changes in the way in which an asset is used.

Impairment is recognized in the income statement when the recoverable amount of the asset falls below its carrying amount. Recoverable amount is the higher of fair value and value in use.

Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction, less costs to sell. Value in use is based on the present value of expected future cash flows, calculated using a benchmark discount rate which reflects the Group's weighted average cost of capital.

2.4 Financial assets

Financial assets are recorded at purchase price.

Treasury shares

Within the scope of the share buyback program set up for purposes other than for remittance to employees, the treasury shares purchased are included in other financial assets.

Treasury shares are recorded at purchase cost. Fair value is equal to the lower of purchase cost and the average stock market price for the month preceding the year-end.

Impairment is recognized when the carrying amount (average share price for the month preceding the period-end) is lower than the purchase price.

However, the following specific accounting rules apply for stock option and free share plans or any other type of employee share ownership plan:

- when shares are earmarked for a specific stock option plan whose exercise is considered probable, an additional calculation is performed for each plan. A contingency provision is recorded when the option exercise price is less than the fair value;
- when shares are allocated to a specific free share plan, their carrying amount corresponds to either (i) the purchase price of the shares if they were allocated to the plan as from its inception, or (ii) the carrying amount of the shares at the date they are reclassified if they are allocated to the plan subsequent to their acquisition. These shares are not measured at fair value due to the underlying commitment to grant them to employees, which is covered by a provision recorded under liabilities in the balance sheet;
- shares acquired with a view to their subsequent cancellation are not impaired.

Equity investments

The 2007 French Finance Act introduced a tax treatment for equity investment acquisition expenses requiring their capitalization (inclusion in the cost price of securities) and amortization over a period of five years by way of accelerated tax depreciation/amortization.

Therefore, in accordance with the opinion issued by the CNC Urgent Issues Taskforce (*Comité d'urgence*) on June 15, 2007, the Company elected for a change in tax option from January 1, 2007, whereby the gross carrying amount of equity investments purchased after this date corresponds to the purchase price of the securities plus acquisition expenses. These acquisition expenses are then subject to accelerated tax depreciation/amortization over a period of five years.

Where the recoverable amount of equity investments is less than their carrying amount, impairment is recognized for the amount of the difference.

The fair value of equity investments is calculated:

- based on their average stock market price for the month preceding the year-end for listed investments;
- based on their share in net equity, adjusted where appropriate for significant unrealized capital gains net of taxes; or
- based on the intrinsic value of equity, reflecting the present value of the expected future cash flows (enterprise value), adjusted for the net financial position, for other equity investments.

Provisions are recorded in respect of loans and other financial assets when their recovery is uncertain.

The merger deficit is tested annually for impairment. In the event that any of the underlying equity investments are sold, the portion of the deficit allocated to the investment concerned is released to the income statement.

2.5 Receivables and payables

Receivables and payables are recorded at nominal value.

Impairment in value is recognized on receivables where their recoverable amount is less than their carrying amount.

Foreign currency transactions

Foreign currency transactions are recorded at the exchange rate prevailing at the transaction date.

Receivables and payables in foreign currencies are translated into euros at the exchange rate prevailing at year-end, while any resulting translation gains or losses are recorded under unrealized foreign exchange gains or losses. A provision is set aside for any unrealized foreign exchange losses at December 31, unless the losses are offset by potential gains in the same currency and over the same period.

2.6 Marketable securities

Marketable securities are measured as described below:

- the gross value of marketable securities reflects their purchase price excluding ancillary fees;
- when the fair value of marketable securities, determined based on their value in use or their probable trading value, is less than their gross carrying value, impairment is recognized for the amount of the difference. The fair value of listed securities is determined based on their average stock market price for the month preceding the year-end.

2.7 Cash at bank and in hand

This caption consists mainly of bank accounts held by the Company.

Foreign-currency denominated liquid assets held at year-end are translated into euros at the exchange rate prevailing at December 31.

Any resulting translation gains or losses are recorded in financial income and expenses.

2.8 Tax-driven provisions

Increases in standard depreciation and amortization rates for intangible assets and/or property, plant and equipment, as permitted by the tax authorities to encourage investment, are considered as "accelerated tax depreciation/amortization" and are recorded in tax-driven provisions in equity.

Provisions for accelerated tax depreciation/amortization are also recorded in respect of equity investment acquisition expenses.

2.9 Provisions for contingencies and losses

A provision is recognized when the Company has a present obligation and it is likely or certain that this obligation will give rise to an outflow of economic resources with no equivalent consideration in return.

Provisions for contingencies and losses are recognized as described below:

- provisions for contingencies are set aside based on the risk known at the end of the current reporting period. The amount of the provision reflects the amount of any damages claimed or estimated based on the progress of proceedings and on the opinion of the Company's legal counsel;
- provisions for losses mainly concern the expense relating to the refund of tax savings made on loss-making subsidiaries, and employee benefit obligations.

Employee benefit obligations

The Company has various obligations under defined benefit plans. The most important of these obligations are described below:

- the Company's obligations for end-of-career bonuses payable pursuant to the metallurgy industry collective bargaining agreement or company agreements are covered by provisions;
- a defined benefit supplementary pension plan that was closed to new entrants on December 31, 2017 and under which all conditional entitlements were frozen as of December 31, 2016. The beneficiaries of this closed plan are Group executive managers with five years' service at December 31, 2017.

These obligations are recognized and measured in accordance with ANC Recommendation 2013-02 (as amended on November 5, 2021) on the recognition and measurement of employee benefit obligations. The Company adopted the method introduced by the IFRS IC. All obligations under defined benefit plans are measured by an independent actuary.

Where appropriate, the impact of changes in actuarial assumptions underlying the calculation of post-employment benefits (end-of-career bonuses and top-hat retirement plans) is spread over the expected average remaining working lives of employees in accordance with the corridor method. Any liabilities not covered by a provision (actuarial differences and unrecognized past service costs) are presented in off-balance sheet commitments.

All components of the net periodic pension cost (service cost, amortization of actuarial gains and losses, impacts of plan amendments, interest cost and return on plan assets) are recorded in the income statement.

In addition, employees are eligible for defined contribution pension plans, including:

- statutory pension plans;
- complementary pension plans;
- supplementary pension plans (the "Article 83" plan for engineers and managers and the additional "Article 83" plan and the "Article 82" plan for executive managers).

The expense for the year corresponding to the Company's contributions is presented in the income statement.

2.10 Financial instruments

Foreign currency hedges

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

Hedging policy

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

- to protect the Group's economic performance from random fluctuations in the US dollar;
- to optimize the quality of hedging whenever possible, without jeopardizing the Group's economic performance (first principle);
- to provide visibility as regards the exchange rate applied in the Group's consolidated financial statements.

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 all Safran subsidiaries to meet their 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 predefined minimum parity.

In building up its hedging portfolio, the Group primarily uses forward sales, accumulators and a combination of options. Certain instruments include knock-in or knock-out barrier options, representing a risk to the size of the hedge book and to targeted hedge rates in certain cases of exchange rate fluctuations.

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.

As most of the derivatives in the portfolio have a maturity of less than one year, Safran extends derivatives in order to align their maturity with that of the flows hedged. Such extensions do not have a cash impact ("historical cost method").

The fair value of financial instruments set up by Safran to hedge the net position of foreign-currency denominated operating receivables and payables of subsidiaries covered by a Safran foreign exchange guarantee is recorded in the balance sheet.

The fair value of financial instruments used to hedge future transactions denominated in foreign currencies is not recorded in the balance sheet.

Premiums paid and received on options are initially recorded in the balance sheet and then released to the income statement on maturity or expiration of the options.

Foreign currency gains and losses arising on these transactions along with hedging gains and losses transferred to subsidiaries are recorded as foreign exchange gains and losses.

Interest rate hedges

The Company may use interest rate swaps to hedge its exposure to changes in interest rates.

2.11 Revenue

Revenue recognized by the Company mainly arises from the provision of services and general assistance provided to the Group's subsidiaries.

Recurring services are billed on a monthly basis.

2.12 Non-recurring items

In particular, non-recurring items include capital gains and losses arising on the sale of non-current assets.

2.13 Income tax and tax consolidation in France

The Company elected for the Group tax consolidation regime set out in Articles 223-A to 223-Q of the French Tax Code (*Code général des impôts*), and a tax consolidation group was set up by Safran SA, registered in Paris under number RCS 562 082 909 on January 1, 2005.

In fiscal 2022, the tax consolidation group included the following companies:

- Safran (head of the tax group);
- Établissements Vallaroche;
- Galli Participations;
- Lexvall 22;
- Lexvall 24;
- Safran Additive Manufacturing Campus;
- Safran Aero Composite;
- Safran Aerosystems;
- Safran Aerosystems Ducts;
- Safran Aerosystems Fluid;
- Safran Aerosystems Hydraulics;
- Safran Aerosystems Services Europe;
- Safran Aerotechnics;
- Safran Aircraft Engines;
- Safran Cabin France;
- Safran Ceramics;
- Safran Corporate Ventures;
- Safran Data Systems;
- Safran Data Systems Investment;
- Safran Electrical & Power;
- Safran Electrical Components;
- Safran Electronics & Defense;
- Safran Electronics & Defense Actuation;
- Safran Electronics & Defense Cockpit Solutions;
- Safran Engineering Services;
- Safran Filtration Systems;
- Safran Helicopter Engines;
- Safran Landing Systems;
- Safran Landing Systems Services Dinard;
- Safran Nacelles;
- Safran Power Units;
- Safran Reosc;
- Safran Seats;
- Safran Spacecraft Propulsion (formerly Lexvall 25);
- Safran Transmission Systems;
- Safran Ventilation Systems;
- Snecma Participations;
- SSI;
- Vallaroche Conseil.

There were no changes in the scope of consolidation in 2022 compared to 2021.

In accordance with the tax consolidation agreements entered into between Safran and its subsidiaries, each subsidiary in the tax group records in its accounts the amount of tax that it would have paid on a stand-alone basis. Any tax savings or additional liabilities arising as a result of tax consolidation are recorded by Safran in its capacity as head of the tax group.

Any tax savings arising on the use of tax losses of subsidiaries in the tax consolidation group are recorded in Safran's income statement and neutralized by way of a provision. This provision is released to profit or loss when prior-year losses are used by the consolidated subsidiary or when they become time-barred and may no longer be used by the subsidiary concerned.

NOTE 3 NOTES TO THE BALANCE SHEET

3.1 Intangible assets, property, plant and equipment and financial assets

Gross carrying amount

Movements in non-current assets break down as follows:

(in € millions)	Dec. 31, 2021	Acquisitions, contributions, creations, increases	Reclassifications	Sales, spin-offs, decreases	Dec. 31, 2022
Concessions, patents, licenses, software and similar rights	174	4	1	-	179
Intangible assets in progress	1	10	(1)	-	10
Payments on account	2	(2)	-	-	-
Intangible assets	**177**	**12**	**-**	**-**	**189**
Land and improvements	4	-	-	-	4
Buildings	108	3	2	(6)	107
Installations, equipment and tools	51	1	3	(3)	52
Other property, plant and equipment	65	13	3	(8)	73
Property, plant and equipment in progress	14	13	(8)	(6)	13
Payments on account	3	(2)	-	-	1
Property, plant and equipment	**245**	**28**	**-**	**(23)**	**250**
Financial investments(1)	17,987	-	-	(1)	17,986
Loans to equity investments(2)	353	38	-	(11)	380
Other long-term investments	74	-	-	-	74
Loans	9	-	-	(1)	8
Other financial assets(3)(4)	52	717	-	(336)	433
Financial assets	**18,475**	**755**	**-**	**(349)**	**18,881**
TOTAL NON-CURRENT ASSETS	**18,897**	**795**	**-**	**(372)**	**19,320**

(1) *In accordance with ANC Regulation 2015-06, the merger deficit has been classified within financial investments as a result of its allocation to unrealized capital gains on equity investments for an amount of €9,064 million. The merger deficit breaks down as follows:*
- the Snecma-Sagem merger for €3,069 million;
- the Safran-Zodiac Aerospace merger for €5,995 million.

(2) *Changes in "Loans to equity investments" essentially reflect intragroup loans.*

(3) *On October 28, 2022, upon the publication of its third-quarter revenue, Safran announced a liability management transaction in respect of the 2027 OCEANEs, with the buyback of up to 9.4 million shares to hedge the potential dilution of the 2027 convertible bonds. The transaction took effect with the launch of a first share buyback program, for which the bank agreement was signed on November 14, 2022 and which terminated on December 28, 2022.*
At December 31, 2022, the first tranche had been successively completed, with a total of 2,373,547 shares bought back under the agreement for a total amount of €275 million.
In addition, acquisitions mainly correspond to treasury share transactions carried out under the liquidity agreement entered into in 2012 with Oddo BHF for €336 million, and €100 million in investments that do not qualify as cash and cash equivalents.

(4) *Disposals correspond to treasury share transactions carried out under the liquidity agreement entered into in 2012 with Oddo. At December 31, 2022, 222,135 shares were held in connection with the liquidity agreement.*

Depreciation and amortization

(in € millions)	Dec. 31, 2021	Additions	Reversals	Dec. 31, 2022
Concessions, patents, licenses, software and similar rights	163	9	-	172
TOTAL INTANGIBLE ASSETS	**163**	**9**	**-**	**172**
Land and improvements	2	-	-	2
Buildings	68	7	(5)	70
Installations, equipment and tools	26	5	(2)	29
Other property, plant and equipment	50	9	(8)	51
TOTAL PROPERTY, PLANT AND EQUIPMENT	**146**	**21**	**(15)**	**152**

Asset impairment

(in € millions)	Dec. 31, 2021	Additions	Reversals	Dec. 31, 2022
Impairment of financial assets(1)	444	328	-	772
Impairment of current assets(2)(3)	6	6	(2)	10
TOTAL	**450**	**334**	**(2)**	**782**

(1) Additions to "Impairment of financial assets" relate to impairment of investments for €314 million (of which €272 million in respect of Galli Participations, €15 million in respect of ArianeGroup Holding, €7 million in respect of Safran UK and €20 million in respect of Établissement Vallaroche), and impairment of a loan to an investment with activities in Russia for €14 million.

(2) Additions to "Impairment of current assets" correspond to the impairment of a receivable related to activities in Russia for €6 million.

(3) Reversals of "Impairment of current assets" relate to the partial reversal of the impairment in respect of the Safran Middle East current account for €2 million.

List of subsidiaries and investments

Disclosures provided in accordance with Article R.123-197.2 of the French Commercial Code *(in € millions)*[1]

Company	Business line	Share capital	Equity other than share capital and profit	% voting rights	% share capital held
A. DETAILED INFORMATION ON SUBSIDIARIES AND ASSOCIATES WHOSE GROSS CARRYING AMOUNT EXCEEDS 1% OF SAFRAN'S SHARE CAPITAL (I.E., €0.8 MILLION)					
1. Subsidiaries (more than 50%-owned)					
a) French companies					
ArianeGroup Holding (SIREN: 519032171, Paris, France)	Holding company	374.1	3,405.40	50.0	50.0
Établissements Vallaroche (SIREN: 542028154, Paris, France)	Holding company	15.6	(1.5)	100.0	100.0
Galli Participations (SIREN: 402112403, Paris, France)	Holding company	334.0	1,603.5	100.0	100.0
Safran Additive Manufacturing Campus (SIREN: 815255773, Le Haillan, France)	Holding company	10.0	2.6	100.0	100.0
Safran Aircraft Engines (SIREN: 414815217, Paris, France)	Propulsion	154.1	401.90	97.4	97.4
Safran Ceramics (SIREN: 440513059, Le Haillan, France)	Propulsion	0.1	25.7	100.0	100.0
Safran Electrical & Power (SIREN: 301501391, Blagnac, France)	Aircraft Equipment	19.4	198.3	78.4	78.4
Safran Electronics & Defense (SIREN: 480107911, Paris, France)	Defense	45.6	448.4	65.3	65.3
Safran Helicopter Engines (SIREN: 338481955, Bordes, France)	Propulsion	38.8	207.9	100.0	100.0
Safran Landing Systems (SIREN: 712019538, Vélizy-Villacoublay, France)	Aircraft Equipment	83.7	414.5	100.0	100.0
Safran Nacelles (SIREN: 352050512, Gonfreville-l'Orcher, France)	Aircraft Equipment	56.7	41.8	88.5	88.5
Safran Transmission Systems (SIREN: 692015217, Colombes, France)	Aircraft Equipment	36.8	15.6	100.0	100.0
Safran Ventilation Systems (SIREN: 710802547, Blagnac, France)	Aircraft Equipment	1.3	11.4	100.0	100.0
b) Foreign companies					
Safran Aero Boosters	Propulsion	54.9	795.7	67.2	67.2
Safran China[3]	Holding company	2.9	5.5	100.0	100.0
Safran Electrical Power UK Ltd	Aircraft Equipment	259.0	(70.2)	100.0	100.0
Safran Maroc[3]	Holding company	1.7	(0.4)	100.0	100.0
Safran Serviços de Suporte de Programas	Aircraft Equipment	0.2	0.0	100.0	100.0
Aeronauticos[3]					
Safran UK Ltd	Holding company	18.3	(5.0)	100.0	100.0
Safran USA Inc.	Holding company	0.0	2,005.6	100.0	100.0
2. Investments (10%- to 50%-owned)					
a) French companies					
Corse Composites Aéronautiques[3]	Aircraft Equipment	1.7	34.9	24.8	24.8
FCPR Aerofund II	Investment fund	75.0		16.6	16.6
FCPR Aerofund III	Investment fund	167.0		16.3	16.3
Mobiwire[3]	Communications	2.0	0.1	10.6	0.0
B. SUMMARY INFORMATION CONCERNING OTHER SUBSIDIARIES AND INVESTMENTS					
1. Subsidiaries (more than 50%-owned)					
(a) French companies					
(b) Foreign companies					
2. Investments (10%- to 50%-owned)					
(a) French companies					
(b) Foreign companies					

(1) For foreign companies, share capital, equity, revenue and profit amounts were translated into euros at the exchange rate prevailing at December 31, 2022.
(2) Additional paid-in capital of US-based entities is shown under "Equity other than share capital and profit".
(3) Situation at December 31, 2021.

Carrying amount of investments Gross	Net	Outstanding loans and advances granted	Guarantees and endorsements given by the Company	2022 revenue	2022 profit	Dividends received by Safran in 2022	Receivables	Payables
1,510.9	1,510.9			10.0	140.9			317.2
62.8	25.9				(9.4)		50.4	
1,793.1	1,478.7		1.7	4.0	96.8		0.1	148.2
10.0	8.8			20.5	(7.2)		51.8	2.7
195.4	195.4		9.8	6,616.1	697.0	684.7	33.0	4,206.6
40.3	40.3			34.2	4.6	5.5	82.4	33.6
247.8	247.8		456.3	646.9	37.6	30.3	27.4	7.9
595.7	595.7		119.3	1,321.8	133.4	101.1	654.8	112.6
539.0	539.0		0.3	1,318.3	199.2	226.4	3.4	413.3
560.5	560.5		0.2	1,782.2	171.4	136.6	81.3	14.3
924.2	924.2		890.7	1,478.0	82.0	99.2	202.1	11.9
163.8	163.8		106.2	458.5	102.6	54.3	5.9	63.3
41.2	41.2			72.9	10.4	8.7	0.3	22.9
115.6	115.6			661.5	106.2	16.5		1,054.4
2.5	2.5			17.5	0.6			0.4
275.1	275.1		37.5	129.1	11.6			84.2
1.8	1.3			1.6				0.2
1.5	0.8			0.1				0.1
40.0	22			6.3	2.5			5.7
1,774.3	1,774.3		96.5	17.4	157.9			1,394.4
1.0	1.0			43.4	(2.0)			
3.8	3.8							
17.2	17.2							
1.0	0.0			35.3	0.1			
2.6	1.7						24.9	2.9
0.5	0.5						0.5	

3.2 Receivables

Receivables break down as follows at December 31, 2022:

(in € millions)	Gross carrying amount at Dec. 31, 2022	Less than 1 year	Between 1 and 5 years	More than 5 years
Payments on account made on outstanding orders	1	1	-	-
Trade receivables	129	41	88	-
Operating receivables	**130**	**42**	**88**	**-**
Miscellaneous receivables	388	388	-	-
Group current accounts	5,001	5,001	-	-
Prepayments	44	44	-	-
Unrealized foreign exchange losses	506	345	-	161
Other receivables	**5,939**	**5,778**	**-**	**161**
Impairment	(10)	(10)	-	-
TOTAL	**6,059**	**5,810**	**88**	**161**

3.3 Marketable securities, cash at bank and in hand

Marketable securities and cash at bank and in hand break down as follows:

(in € millions)	Dec. 31, 2021	Dec. 31, 2022
Marketable securities	3,288	4,253
Cash at bank and in hand	1,584	2,030
MARKETABLE SECURITIES, CASH AT BANK AND IN HAND	**4,872**	**6,283**

Marketable securities comprise:

(in € millions)	Dec. 31, 2021	Dec. 31, 2022
Treasury shares	24	9
Other securities	3,264	4,244
TOTAL	**3,288**	**4,253**

Treasury shares earmarked for employees

	Dec. 31, 2021	Purchase	Sale	Dec. 31, 2022
Number of shares	199,086	-	(120,779)	78,307
Gross value *(in € millions)*	24	-	(15)	9
Impairment *(in € millions)*	(3)	-	-	-
Net value *(in € millions)*	21	-	-	9

Sales correspond to a total of 120,779 shares delivered under a multi-year variable compensation plan and employee shareholding plans.

Other securities

Other securities include term deposits with liquid exit options exercisable at no cost within three months, readily convertible into known amounts of cash and subject to an insignificant risk of changes in value.

Marketable securities at December 31, 2022 include €4,235 million in investments falling within the scope of master agreements governing the subscription of OTC derivatives with bank counterparties.

As part of its investment policy, Safran has also committed to setting up term deposits in January 2023 for periods of less than 90 days. The commitment represented €350 million at December 31, 2022.

3.4 Accrued income

In accordance with the accrual principle, accrued income is recorded in the following asset headings:

(in € millions)	Dec. 31, 2021	Dec. 31, 2022
Loans to equity investments	-	-
Trade receivables	72	114
Other receivables	2	4
TOTAL	**74**	**118**

3.5 Prepayments

Prepayments amounted to €44 million at December 31, 2022.

They mainly concerned expenses on IT maintenance agreements for €27 million and insurance costs for €14 million.

3.6 Unrealized foreign exchange losses and redemption premiums

Unrealized foreign exchange losses represented €506 million at December 31, 2022.

They primarily resulted from the translation of foreign currency borrowings, loans and current accounts at the 2022 year-end exchange rate.

Redemption premiums on bonds amounted to €7 million at December 31, 2022.

These premiums are amortized on a straight-line basis over the term of the bonds.

3.7 Equity

Share capital

At December 31, 2022, Safran's share capital was fully paid up and comprised 427,245,970 ordinary shares, with a par value of €0.20 each.

The Safran share (ISIN code: FR0000073272/Ticker symbol: SAF) is listed continuously on Compartment A of the Eurolist market of Euronext Paris and is eligible for the deferred settlement service.

Changes in the breakdown of share capital and voting rights are as follows:

December 31, 2021

Shareholders	Number of shares	% share capital	Number of voting rights(1)	% voting rights(1)
Free float	348,856,484	81.65%	395,539,917	72.05%
French State	47,983,131	11.23%	95,966,262	17.48%
Employees(2)	29,946,660	7.01%	57,504,169	10.47%
Treasury shares	456,165	0.11%	-	-
TOTAL	**427,242,440**	**100.00%**	**549,010,348**	**100.00%**

(1) *Exercisable voting rights.*
(2) *Employee shareholding within the meaning of Article L.225-102 of the French Commercial Code* (Code de commerce).

December 31, 2022

Shareholders	Number of shares	% share capital	Number of voting rights(1)	% voting rights(1)
Free float	347,795,090	81.40%	388,799,278	71.95%
French State	47,983,131	11.23%	95,966,262	17.76%
Employees(2)	28,780,560	6.74%	55,590,234	10.29%
Treasury shares	2,687,189	0.63%	-	-
TOTAL	**427,245,970**	**100.00%**	**540,355,774**	**100.00%**

(1) *Exercisable voting rights.*
(2) *Employee shareholding within the meaning of Article L.225-102 of the French Commercial Code.*

Each share carries entitlement to one vote.

Shares held in registered form for over two years have double voting rights.

The 2,687,189 treasury shares have no voting rights.

At December 31, 2022, the total number of shares includes 3,530 shares issued throughout the year further to the exercise of stock subscription options resulting from employee commitments undertaken by Zodiac Aerospace, transferred to Safran following the Zodiac Aerospace merger on December 1, 2018 based on the exchange ratio used for the merger.

Changes in shareholders' equity

(in € millions)	Dec. 31, 2021	Appropriation of 2021 profit	Increase	Decrease	Dec. 31, 2022
Share capital	85	-	-	-	85
Additional paid-in capital	5,567	-	-	-	5,567
Legal reserve	9	-	-	-	9
Tax-driven reserves	302	-	-	-	302
Other reserves(1)	1,421	-	-	-	1,421

(in € millions)	Dec. 31, 2021	Appropriation of 2021 profit	Increase	Decrease	Dec. 31, 2022
Retained earnings[2]	4,125	691	-	(213)	4,603
Tax-driven provisions	22	-	2	(2)	22
2021 profit	691	(691)	-	-	-
2022 profit	-	-	1,036	-	1,036
TOTAL	**12,222**	**-**	**1,038**	**(215)**	**13,045**

(1) Including €9 million in reserves hedging treasury shares held at December 31, 2022.
(2) The decrease in retained earnings corresponds to the amount of the dividends for 2021 paid by Safran SA in 2022.

3.8 Tax-driven provisions and provisions for contingencies and losses

Movements in tax-driven provisions can be analyzed as follows:

(in € millions)	Dec. 31, 2021	Additions	Reversals		Dec. 31, 2022
			Surplus	Utilized	
Accelerated tax depreciation/ amortization	10	2	-	(2)	10
Accelerated tax depreciation/ amortization (share acquisition fees)	12	-	-	-	12
TOTAL TAX-DRIVEN PROVISIONS	**22**	**2**	**-**	**(2)**	**22**

Provisions for contingencies and losses can be analyzed as follows:

(in € millions)	Dec. 31, 2021	Additions	Reversals		Dec. 31, 2022
			Surplus	Utilized	
Foreign exchange losses	17	18	-	(17)	18
Disputes and litigation	5	3	-	(2)	6
Contingency provisions	**22**	**21**	**-**	**(19)**	**24**
Retirement benefits and similar obligations	25	7	-	(9)	23
Income tax – loss-making subsidiaries, under-capitalization	387	36	-	(36)	387
Other	61	66	-	(13)	114
Loss provisions	**473**	**109**	**-**	**(58)**	**524**
TOTAL	**495**	**130**	**-**	**(77)**	**548**
Loss from operations		76	-	(24)	
Financial income		18	-	(17)	
Non-recurring expense		36	-	(36)	
TOTAL		**130**	**-**	**(77)**	

In accordance with the tax consolidation agreements entered into between Safran and its subsidiaries, each subsidiary in the tax group records in its accounts the amount of tax that it would have paid on a stand-alone basis. Any tax savings or additional liabilities arising as a result of tax consolidation are recorded by Safran in its capacity as head of the tax group.

Any tax savings arising on the use of tax losses of subsidiaries in the tax consolidation group are recorded in Safran's income statement and neutralized by way of a provision. This provision is released to profit or loss when prior-year losses are used by the consolidated subsidiary or when they become time-barred and may no longer be used by the subsidiary concerned.

Employee benefit obligations

The main assumptions used to calculate the Company's employee benefit obligations were as follows:

	Dec. 31, 2021	Dec. 31, 2022
Discount rate	1.00%	3.70%
Inflation rate	1.75%	2.00%
Expected return on plan assets	1.00%	3.70%
Rate of future salary increases	Age table	Age table
Probable retirement age of managerial-grade staff	64 years	64 years
Probable retirement age of non-managerial-grade staff	62 years	62 years
MORTALITY TABLES USED	**INSEE 2013-2015/TGHF05**	**TGHF05**

The table below shows movements in employee benefit obligations:

(in € millions)	Dec. 31, 2021	Dec. 31, 2022	Defined benefit pension plans	Retirement termination benefits
Present value of obligation	51	37	12	25
Fair value of plan assets	(4)	(1)	(1)	-
Funding shortfall	**47**	**36**	**11**	**25**
■ o/w provision	51	37	12	25
■ o/w plan assets	(4)	(1)	(1)	-
Unrecognized actuarial gains and losses and past service costs	(23)	(13)	(7)	(6)
Benefit obligations covered by a provision in the balance sheet	**24**	**23**	**4**	**19**
Current service cost	4	3	1	2
Interest cost	-	-	-	-
Amortization of actuarial gains and losses	3	4	3	1
Special events	(3)	-	-	-
Expense	**4**	**7**	**4**	**3**
Benefits paid	(5)	(8)	(6)	(2)
PROVISION CHARGE/(REVERSAL)	**(1)**	**(1)**	**(2)**	**1**

Defined benefit pension plans

The Group closed a defined benefit supplementary pension plan on December 31, 2017 and froze all conditional entitlements as of December 31, 2016.

The beneficiaries of this closed plan are Group executive managers with five years' service at December 31, 2017.

The closure of the plan was part of a change in supplementary pension arrangements for Group executive managers, with the introduction of an additional "Article 83" defined contribution plan (mandatory collective plan) and an "Article 82" defined contribution plan (voluntary collective plan) as from January 1, 2017.

Retirement termination benefits

This caption includes obligations in respect of statutory termination benefits due on retirement and supplementary payments required by the collective bargaining agreement for the metallurgy industry.

3.9 Financial liabilities, operating payables and other liabilities

Movements in these items can be analyzed as follows:

(in € millions)	Total at Dec. 31, 2022	Less than 1 year	Between 1 and 5 years	More than 5 years
Bond issue	3,330	-	1,900	1,430
USD senior unsecured notes issue	1,054	-	473	581
Miscellaneous loans and borrowings				
■ Deposits and guarantees received	1	-	1	-
■ Other loans and borrowings	1,330	830	125	375
■ Accrued interest	18	18	-	-
Financial liabilities	**5,733**	**848**	**2,499**	**2,386**
Group current accounts	10,315	10,315	-	-
Payments on account received	14	14	-	-
Trade payables	133	133	-	-
Amounts payable on non-current assets	5	5	-	-
Other liabilities	375	371	4	-
Deferred income	33	9	23	1
Unrealized foreign exchange gains	372	372	-	-
Operating payables and miscellaneous liabilities	**11,247**	**11,219**	**27**	**1**

Borrowings

USD senior unsecured notes issue (2012-2024)

On February 9, 2012, Safran issued senior unsecured notes on the US private placement market, of which USD 505 million of 12-year notes due February 2024 at a 4.43% fixed-rate coupon was outstanding at December 31, 2022.

An interest rate hedge in the form of a cross currency swap (USD floating-rate borrower at inception, followed by EUR fixed-rate borrower from March 2019) was set up on these notes, allowing the USD fixed-rate debt to be fully swapped for EUR fixed-rate debt.

At December 31, 2022, the average interest rate of the issue came out at 1.76% after taking into account the impact of interest rate derivatives.

USD senior unsecured notes issue (2020-2032)

On June 29, 2020, Safran issued senior unsecured notes on the US private placement market (USPP) for a total amount equivalent to €564 million, comprising:

- USD 181 million due June 2030 at a 3.10% fixed-rate coupon (tranche A);
- USD 133 million due June 2032 at a 3.30% fixed-rate coupon (tranche B);
- €122 million due June 2030 at a 2.00% fixed-rate coupon (tranche C);
- €164 million due June 2032 at a 2.05% fixed-rate coupon (tranche D).

A EUR/USD cross currency swap (EUR fixed-rate borrower and USD fixed-rate lender) was set up on tranches A and B on July 21, 2020, swapping USD fixed-rate debt for EUR fixed-rate debt.

After taking this hedge into account, tranche A bears fixed-rate interest at 2.04% and has a notional amount of €158 million, while tranche B bears fixed-rate interest at 2.22% and has a notional amount of €116 million.

After taking this hedge into account, the 10-year notes (tranches A and C) of the USPP carry an effective coupon of 2.02% and have a notional amount of €280 million, while the 12-year notes (tranches B and D) carry an effective coupon of 2.12% and have a notional amount of €280 million.

Bond issue

- On April 11, 2014, Safran issued €200 million worth of 10–year bonds paying a fixed 2.875% coupon to French investors, maturing on April 11, 2024. The bonds were issued at 99.529% of par. A floating-rate swap was set up on the issue. The effective coupon in 2022 was 2.814% after taking into account the impact of interest rate derivatives.
- On March 16, 2021, Safran issued:
  - 5-year, 0.125% fixed-rate bonds for €700 million (maturing on March 16, 2026). The bonds were issued at 99.231% of par;
  - 10-year, 0.750% fixed-rate bonds for €700 million (maturing on March 17, 2031). The bonds were issued at 99.349% of par.

Since their issuance, the bonds have been rated by Standard & Poor's in line with Safran's long-term credit rating (BBB+ when the bonds were issued and A- since December 2, 2022).

Euro placement

On March 10, 2016, Zodiac Aerospace set up a placement in the form of a syndicated loan with an original maturity of seven years, falling due on March 10, 2023, on which €180 million was outstanding at December 31, 2022 at an adjustable rate of 2.902%.

2020-2027 OCEANEs

Issue of bonds convertible into new shares and/or exchangeable for existing shares ("OCEANEs") on May 15, 2020 for a nominal amount of €800 million. The bonds bear interest at 0.875% and were offered at an issue price representing 100% of par, or a gross yield to maturity at the issue date of 0.875%. Unless converted, redeemed or repurchased and canceled prior to maturity, the bonds are redeemable at par on May 15, 2027.

2020-2027 OCEANEs – Tap issue

Tap issue of bonds convertible into new shares and/or exchangeable for existing shares ("OCEANEs") on October 12, 2020 for a nominal amount of €200 million. The bonds bear interest at 0.875% and were offered at an issue price representing 109.03% of par, or a gross negative yield to maturity at the issue date of 0.419%.

The difference between the nominal amount (€200 million) and the amount of the issue (€218 million) was recognized in deferred income, to be amortized on a straight-line basis to the bonds' maturity date of May 15, 2027.

The bonds carry the same terms and conditions as those issued on May 15, 2020, with which they are fully fungible and with which they form a single series.

2021-2028 OCEANEs

Issue of bonds convertible into new shares and/or exchangeable for existing shares ("OCEANEs") on June 14, 2021 for a nominal amount of €730 million. The bonds do not carry a coupon and were offered at an issue price representing 103.5% of par, or a gross negative yield to maturity at the issue date of 0.50%.

The difference between the nominal amount (€730 million) and the amount of the issue (€756 million) was recognized in deferred income, to be amortized on a straight-line basis to the bonds' maturity date of April 1, 2028.

Unless converted, redeemed or repurchased and canceled prior to maturity, the bonds are redeemable at par on April 1, 2028.

Negotiable European Commercial Paper (NEU CP)

Negotiable European Commercial Paper (NEU CP) subscribed by a corporate mutual fund of the Group employee savings plan and amounting to €396 million at December 31, 2022. The average interest rate payable by Safran on this commercial paper was 0.01% at December 31, 2022. The sums managed by the corporate mutual fund and reinvested in Safran NEU CP are frozen for an initial period of five years. In view of the fund's commitments, this NEU CP is classified within long-term borrowings. At December 31, 2022, 84% of the sums managed by the corporate mutual fund will be available within one year.

Negotiable European Commercial Paper (NEU CP) representing €200 million at December 31, 2022 and €100 million at December 31, 2021, reflecting the priority given to longer-term debt instruments.

European Investment Bank

A bank loan from the European Investment Bank (EIB) for €500 million, at a fixed rate of 1.091%. It was signed on March 4, 2021 and drawn down in full on February 21, 2022 for 10 years (maturing in February 2032). The loan is being used to finance some of the Group's research into innovative propulsion systems for the next generation of single-aisle commercial aircraft, marking a major step forward in Safran's roadmap towards achieving carbon-free air transportation.

On February 9, 2022, the following borrowings were redeemed at maturity:

- the USD 540 million tranche of senior unsecured notes issued on the US private placement market (USPP) on February 9, 2012 a fixed-rate coupon of 4.28%.

3.10 Accrued expenses

Accrued expenses are included in the following liability headings:

(in € millions)	Dec. 31, 2021	Dec. 31, 2022
Other bond issues	18	16
Bank borrowings	-	2
Miscellaneous loans and borrowings	-	-
Trade payables	125	111
Taxes and payroll costs	62	82
Amounts payable on non-current assets	6	4
Other liabilities	7	7
TOTAL	**218**	**222**

3.11 Deferred income

Deferred income amounted to €33 million at December 31, 2022, breaking down as:

- the issue premium received in respect of the issue of the 2020-2027 OCEANEs for €12 million, which is being amortized in income on a straight-line basis over the term of the bonds (seven years);
- the issue premium received in respect of the issue of the 2021-2028 OCEANEs for €20 million, which is being amortized in income on a straight-line basis over the term of the bonds (seven years);
- an outstanding rent-free period for €1 million, which is being amortized over nine years.

3.12 Unrealized foreign exchange gains

Unrealized foreign exchange gains amounted to €372 million at December 31, 2022.

They primarily resulted from the translation of foreign currency borrowings, loans and current accounts at the 2022 year-end exchange rate.

NOTE 4 NOTES TO THE INCOME STATEMENT

4.1 Revenue

(in € millions)	2021	2022
General assistance	110	155
Administrative and financial services	60	66
R&T services	152	215
Group projects	1	1
IT services	205	236
Seconded employees	10	12
Real estate income	16	18
Other	21	49
TOTAL	**575**	**752**

4.2 Expense transfers

Expense transfers during the year amounted to €26 million and mainly concerned expenses rebilled to Group subsidiaries and the reallocation of costs by nature.

4.3 Financial income and expenses

Financial income and expenses break down as follows:

(in € millions)	2021	2022
Dividends received and other investment income	1,089	1,380
Interest and similar income	50	117
Reversals of impairment of equity investments	2	-
Other reversals of provisions for financial items	23	23
Foreign exchange gains	-	-
Financial income	**1,164**	**1,520**
Impairment of equity investments	(323)	(314)
Other charges to provisions for/impairment of financial items	(21)	(42)
Interest and similar expenses	(127)	(109)
Foreign exchange losses	(1)	(14)
Financial expenses	**(472)**	**(479)**
FINANCIAL INCOME	**692**	**1,041**

A breakdown of dividends is provided in the table of subsidiaries and investments.

"Impairment of equity investments" mainly concerns Galli Participations (€272 million), ArianeGroup Holding (€15 million), Safran UK (€7 million) and Établissement Vallaroche (€20 million).

Other additions to and reversals of provisions for financial items are mainly attributable to the impairment of loans to investments with activities in Russia for €15 million.

For the purpose of providing a meaningful comparison, foreign exchange gains and losses are presented on a single line of the income statement for the same fiscal year.

4.4 Non-recurring items

Non-recurring items can be analyzed as follows:

(in € millions)	2021	2022
Change in tax-driven provisions	(1)	-
Income from non-capital transactions	-	-
Income from capital transactions	23	26
Expenses on non-capital transactions	(5)	-
Expenses on capital transactions	(70)	(28)
Net charges to provisions and expense transfers	50	15
NON-RECURRING INCOME (EXPENSE)	**(3)**	**13**

Non-recurring income for the year mainly includes capital gains and losses on sales of treasury shares and capital gains on sales of property, plant and equipment (Joué-les-Tours, Cognac, Ars and Saint-Crépin).

4.5 Statutory employee profit-sharing

No employee profit-sharing expenses were recognized in either 2022 or 2021.

4.6 Income tax benefit

2022 Group relief

The application of tax consolidation in France led to the recognition of a net tax benefit totaling €65 million in the 2022 parent company financial statements (2021: net tax benefit of €47 million).

It breaks down primarily as:

- tax income of €328 million arising on the payment of tax by consolidated subsidiaries as though they had been taxed on a stand-alone basis; and
- a tax expense of €262 million resulting from the consolidated tax expense of €401 million, partially offset by €139 million in tax credits.

Provisions set aside to cover income taxes of loss-making subsidiaries

Safran refunds the tax savings arising due to the use of tax losses of subsidiaries when the subsidiaries return to profit. A provision is set aside in the Company's financial statements in this respect.

A net amount of €1 million was charged to the provision in 2022, versus a net amount of €28 million written back in 2021.

Other

Non-deductible expenses (Article 223 *quater* and Article 39.4 of the French Tax Code) amounted to €0.3 million in 2022 (€0.3 million in 2021) and relate to the non-deductible portion of vehicle lease payments and depreciation.

NOTE 5 OTHER INFORMATION

5.1 Off-balance sheet commitments and contingent liabilities

Commitments given

(in € millions)	Dec. 31, 2021	Dec. 31, 2022
Commitments given by Safran to third parties on behalf of its subsidiaries	3,243	3,445
Commitments given by Safran to customs authorities on behalf of its subsidiaries	8	12
Vendor warranties given	211	215
Actuarial gains and losses	23	13
Other commitments given	143	164
TOTAL[1]	**3,628**	**3,849**
(1) Of which related parties.	*3,450*	*3,648*

Commitments given to third parties relate mainly to guarantees granted by Safran to customers and principals (essentially aircraft manufacturers), in which Safran provides a joint and several guarantee that its subsidiaries will perform their duties under their contractual obligations. These guarantees are given in respect of research, design, development, manufacturing, marketing and product support programs in place at Group subsidiaries. They are generally granted for the term of the program concerned, and are capped at a certain amount.

In connection with the sale of the Identity and Security businesses on May 31, 2017, Safran granted Advent International a vendor warranty valued at €180 million at December 31, 2022, as well as a specific indemnity capped at BRL 200 million (€35 million) at December 31, 2022 to cover any financial consequences arising from the dispute between Morpho do Brasil and the Brazilian tax authorities concerning the calculation method for value added tax on certain products.

Commitments received

(in € millions)	Dec. 31, 2021	Dec. 31, 2022
Other commitments received	65	56
TOTAL	**65**	**56**

Commitments received primarily relate to commitments for the financing of civil programs.

Finance lease liabilities

The Company entered into two real estate finance leases for the Safran University campus and for the Safran Tech site in 2014.

			Theoretical charges to depreciation		
(in € millions)	Value at inception	Carrying amount at Dec. 31, 2016	Current period	Cumulative	Net
Land	9	9	-	-	9
Buildings	97	94	2	29	65
TOTAL	**106**	**103**	**2**	**29**	**74**

	Lease payments made		Lease payments outstanding			
(in € millions)	Current period	Cumulative	Less than 1 year	Between 1 and 5 years	More than 5 years	Residual purchase price (as per the lease)
Land	-	-	-	9	-	n/s
Buildings	10	76	10	16	-	-
TOTAL	**10**	**76**	**10**	**25**	**-**	**-**

Financial and hedging instruments

Foreign currency risk management

Safran holds derivative financial instruments including forward contracts, swaps and options which are used for the purposes of all Group companies to hedge (i) highly probable future transactions, determined on the basis of the order backlog and budget forecasts, and (ii) the net balance sheet position of foreign-currency denominated trade receivables and payables of subsidiaries.

As part of the cash pooling agreement entered into between Safran and its subsidiaries, Safran grants its subsidiaries a foreign exchange guarantee under which it commits to buying or selling net foreign currency surpluses or requirements at a guaranteed annual exchange rate. The guaranteed rates are based on worst-case scenarios and Safran undertakes to repay its subsidiaries any gain resulting from the difference between the actual traded rates and the communicated guaranteed rates, based on the currency and net volumes. These exchange rate gains are repaid at least annually.

The portfolio of foreign currency derivatives breaks down as follows:

	Dec. 31, 2021				Dec. 31, 2022			
(in millions of currency units)	Fair value[(1)]	Notional amount[(1)]	Less than 1 year	Between 1 and 5 years	Fair value[(1)]	Notional amount[(1)]	Less than 1 year	Between 1 and 5 years
Forward exchange contracts	**33**				**(304)**			
Short USD position	(34)	629	629	-	(386)	4,950	4,950	-
Of which against EUR	*(34)*	*629*	*629*	-	*(386)*	*4,950*	*4,950*	-
Long USD position	(7)	(163)	(163)	-	-	-	-	-
Of which against EUR	*(7)*	*(163)*	*(163)*	-	-	-	-	-
Long GBP position against EUR	37	(249)	(202)	(47)	16	(193)	(193)	-
Short GBP position against EUR	-	-	-	-	-	-	-	-
Long CAD position against EUR	12	(89)	(89)	-	2	(17)	(17)	-
Short CAD position against EUR	-	-	-	-	(2)	17	17	-
Long MXN position against EUR	25	(16,304)	(10,066)	(6,238)	67	(11,110)	(11,110)	-
Short MXN position against EUR	-	-	-	-	(1)	234	234	-
Currency swaps	**(3)**				**44**			
Cross currency swaps	(3)	(1,359)	(540)	(819)	44	(819)	-	(819)
Currency option contracts	**(1,113)**				**(5,048)**			
USD put purchased against EUR	404	37,143	34,483	2,660	278	40,852	40,852	-
USD call purchased against EUR	29	(1,200)	(1,200)	-	24	(1,699)	(1,699)	-
USD put sold against EUR	(1)	(400)	(400)	-	(116)	(3,166)	(3,166)	-
USD call sold against EUR	(1,430)	79,886	74,566	5,320	(5,069)	106,622	106,622	-
CAD call purchased against EUR	44	(645)	(645)	-	14	(748)	(748)	-
CAD put sold against EUR	-	(1,202)	(1,202)	-	(35)	(1,376)	(1,376)	-
GBP call purchased against EUR	55	(552)	(552)	-	28	(706)	(706)	-
GBP put sold against EUR	(1)	(826)	(826)	-	(25)	(1,412)	(1,412)	-
MXN call purchased against EUR	1	(3,306)	(1,380)	(1,926)	6	(2,818)	(1,772)	(1,046)
MXN put sold against EUR	(20)	(6,613)	(2,760)	(3,853)	(12)	(5,636)	(3,544)	(2,093)
Accumulators – sell USD for EUR[(2)]	10	2,323	863	1,461	(190)	5,485	2,563	2,922
Accumulators – buy USD for EUR[(2)]	(204)	(4,190)	(2,805)	(1,385)	50	(2,723)	(1,425)	(1,298)
TOTAL	**(1,083)**				**(5,308)**			

(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.

As mentioned in Note 2 on accounting policies, only premiums paid and received on options are recorded in Safran's balance sheet. The Company does not recognize the fair value of derivative instruments in its balance sheet, except for those set up to hedge the net position of foreign-currency denominated operating receivables and payables of subsidiaries covered by a Safran SA foreign exchange guarantee.

Interest rate risk management

EUR INTEREST RATE RISK MANAGEMENT

Interest rate swaps were taken out 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. These swaps are eligible for hedge accounting.

These interest rate swaps had a negative fair value of €5 million at December 31, 2022.

USD INTEREST RATE RISK MANAGEMENT

The interest rate on the outstanding tranche of the US private placement (USPP) issued on February 9, 2012 was converted to a floating rate at inception. A floating-rate borrower/fixed-rate lender USD swap was set up on the 12-year tranche for USD 505 million. This swap is eligible for fair value hedge accounting.

This interest rate swap had a negative fair value of €13 million at December 31, 2022.

In March 2019, this 12-year tranche for USD 505 million was reset 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 cash flow hedge accounting.

This cross currency swap had a fair value of €40 million at December 31, 2022.

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 cash flow hedge accounting.

This cross currency swap had a fair value of €22 million at December 31, 2022.

Liquidity risk management

On May 4, 2022 Safran set up a €2,000 million revolving credit facility (RCF), available until May 2027. At December 31, 2022, the new line was undrawn. It includes two successive one-year extension options, which have not yet been exercised. The financial terms and conditions of the liquidity line are indexed to the achievement by the Group of two sustainable development criteria: CO_2 emissions (Scopes 1 and 2) and the proportion of women among senior executives. Achievement or not of the criteria has no impact on the Group's ability to use the facility.

The new line replaces the €2,520 million facility set up in December 2015, which was due to expire in December 2022 and was terminated in advance at the same time as the new line was set up.

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. The covenant is tested every six months and the Group complied with the applicable ratio at December 31, 2022.

The following annual covenant applies to 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: net debt to EBITDA ratio of 3.5 or less. The Group complied with the covenant at December 31, 2022.

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).

5.2 Disputes and litigation

Safran is party to regulatory, legal or arbitration proceedings arising in the ordinary course of its operations. Safran is also party to claims, legal action and regulatory proceedings outside the scope of its ordinary operations.

The amount of the provisions booked is based on the level of risk for each case as assessed by Safran, and largely depends on the assessment of the merits of the claims and opposing arguments. However, it should be noted that the occurrence of events during the proceedings can lead to a reassessment of the risk at any time.

A provision is only booked to cover the expenses that may result from such proceedings when the expenses are probable and their amount can be either quantified or reasonably estimated.

Safran considers that the provisions booked are adequate to cover the risks it incurs.

5.3 Average number of employees

Safran's headcount can be analyzed as follows:

	2021	2022
Engineers and managerial-grade staff	1,455	1,596
Technicians, administrative personnel and supervisors	234	224
TOTAL HEADCOUNT	**1,689**	**1,820**

5.4 Management compensation

Management executives comprise the members of the Board of Directors (17 members from May 26, 2021 until May 25, 2022 and 16 members since May 26, 2022), the Chief Executive Officer, and any persons discharging managerial responsibilities considered as having the power to take management decisions with regard to Safran's strategy and future development, and/or with regular access to inside information concerning Safran (i.e., 4 directors in 2022 and 2021).

All compensation and benefits awarded to management executives are shown on a gross basis, including the fixed portion of compensation and the provision for the variable portion to be paid in the subsequent year.

(in € millions)	2021	2022
Short-term benefits	7.6	7.5
Post-employment benefits(1)	1.3	1.3
Termination benefits	-	-
Other long-term benefits	0.8	1.7
TOTAL	**9.7**	**10.5**

(1) Data measured in accordance with CNC Recommendation 2003-R-01 authorizing the application of the corridor method (see Note 2.9.1) which differs from the measurement method used in the IFRS consolidated financial statements subsequent to the mandatory application of the revised IAS 19 from January 1, 2013 (the corridor method is no longer permitted under IFRS).

The Company's total post-employment commitments in respect of management executives amounted to €5.5 million at December 31, 2022 and €5.8 million at December 31, 2021.

5.5 Statutory Auditors' fees

In accordance with the disclosure requirement set out in Decree no. 208-1487 of December 30, 2008, fees billed by the Company's Statutory Auditors for their audit of the 2022 financial statements totaled €1,431,000, while fees billed for other work came to €240,000.

5.6 Subsequent events

None.

3.4 STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

Year ended December 31, 2022

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of Safran for the year ended December 31, 2022.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company at December 31, 2022 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit and Risk Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules provided for in the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for Statutory Auditors for the period from January 1, 2022 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by Article 5(1) of Regulation (EU) No. 537/2014.

Justification of assessments – Key audit matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgment, were the most significant in our audit of the financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the financial statements.

Measurement of equity investments

Note 3.1 to the financial statements

Risk identified

At December 31, 2022, equity investments carried in the balance sheet represented a net amount of €17,305 million, the largest balance sheet item.

Equity investments are carried at cost on initial recognition and may be impaired based on their fair value.

The fair value of equity investments is calculated:

- based on their average stock market price for the month preceding the year-end for listed investments;
- based on their share in net equity, adjusted where appropriate for significant unrealized capital gains net of taxes; or
- based on the intrinsic value of equity, reflecting the present value of the expected future cash flows (enterprise value), less debt where appropriate, for unlisted investments.

We deemed the measurement of equity investments to be a key audit matter due to the significance of management's estimates, especially as regards the likelihood of achieving the forecasts, which is factored in to the fair value measurement.

How our audit addressed this risk

Our work involved familiarizing ourselves with the measurement approach adopted by management along with any quantitative inputs, as well as the assumptions on which management's estimates were based.

In particular:

- for approaches based on the share in net equity, adjusted where appropriate for significant unrealized capital gains net of taxes, we reconciled the net equity used in the calculation with the net equity recorded in the financial statements of the entities concerned, and analyzed any adjustments made to equity;
- for approaches based on the intrinsic value of equity, we obtained the cash flow forecasts for the investments concerned and assessed their consistency with the business plans drawn up by management and approved by the Board of Directors, reviewed the growth rate used to calculate forecast cash flows, and analyzed the discount rate applied to the estimated future cash flows.

We also reviewed the arithmetic accuracy of any calculations made to determine the fair value of the equity investments.

Specific verifications

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French legal and regulatory provisions.

Information given in the management report and in the other documents provided to shareholders with respect to the financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' management report and in the other documents provided to shareholders with respect to the financial position and the financial statements.

We attest to the fair presentation and the consistency with the financial statements of the information about payment terms referred to in Article D.441-6 of the French Commercial Code.

Information on corporate governance

We attest that the corporate governance section of the Board of Directors' management report sets out the information required by Articles L.225-37-4, L.22-10-10, and L.22-10-9 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L.22-10-9 of the French Commercial Code relating to compensation and benefits paid or awarded to corporate officers and any other commitments made in their favor, we have verified its consistency with the financial statements or with the underlying information used to prepare these financial statements, and, where applicable, with the information obtained by the Company from controlled companies within its scope of consolidation. Based on this work, we attest to the accuracy and fair presentation of this information.

Concerning the information given in accordance with the requirements of Article L.22-10-11 of the French Commercial Code relating to those items the Company has deemed liable to have an impact in the event of a takeover bid or exchange offer, we have verified its consistency with the underlying documents that were disclosed to us. Based on this work, we have no matters to report with regard to this information.

Other information

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Other verifications and information pursuant to legal and regulatory requirements

Presentation of the financial statements to be included in the annual financial report

In accordance with professional standards applicable to the Statutory Auditors' procedures for annual and consolidated financial statements presented according to the European single electronic reporting format, we have verified that the presentation of the financial statements to be included in the annual financial report referred to in paragraph I of Article L.451-1-2 of the French Monetary and Financial Code (*Code monétaire et financier*) and prepared under the Chief Executive Officer's responsibility, complies with this format, as defined by European Delegated Regulation No. 2019/815 of December 17, 2018.

On the basis of our work, we conclude that the presentation of the financial statements to be included in the annual financial report complies, in all material respects, with the European single electronic reporting format.

It is not our responsibility to ensure that the financial statements to be included by the Company in the annual financial report filed with the AMF correspond to those on which we carried out our work.

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Safran by the Annual General Meetings held on May 28, 2008 for Mazars and on May 27, 2010 for ERNST & YOUNG et Autres.

At December 31, 2022, Mazars and ERNST & YOUNG et Autres were in the fifteenth and thirteenth consecutive year of their engagement, respectively.

Responsibilities of management and those charged with governance relating to the financial statements

Management is responsible for preparing financial statements giving a true and fair view in accordance with French accounting principles, and for implementing the internal control procedures it deems necessary for the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The Audit and Risk Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Responsibilities of the Statutory Auditors relating to the audit of the financial statements

Objective and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit. They also:

- identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the financial statements;
- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit and Risk Committee

We submit a report to the Audit and Risk Committee which includes, in particular, a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit and Risk Committee includes the risks of material misstatement that, in our professional judgment, were the most significant for the audit of the financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit and Risk Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in Articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit and Risk Committee.

Paris-La Défense, March 24, 2023

The Statutory Auditors

MAZARS	ERNST & YOUNG et Autres
Jérôme de Pastors	Philippe Berteaux

4 Risk factors

Infrared, lightweight, multifunctional and long-range JIM Compact binoculars

4 Risk factors

FOREWORD

RISK MANAGEMENT

The diversity of the Group's businesses and its many sites across the globe expose Safran to risks that can have a material impact on its strategic objectives, with knock-on effects on its earnings, image and share price. These risks are managed and incorporated into the decision-making process via the Group Enterprise Risk Management (ERM) set-up.

Safran's internal control system rounds out this approach. It is designed to provide reasonable assurance that the Group's business sectors comply with the applicable requirements and that risks are adequately managed.

RISK FACTORS

This section presents the main risks that could impact the Group's businesses and financial position at the date this Universal Registration Document was filed. The risks identified as material for Safran are grouped into a limited number of categories and ranked by their degree of criticality, as assessed in terms of likelihood of occurrence and potential impact. The features of the main action plans deployed that underpin the management of these risks are also disclosed.

RISKS RELATING TO THE ENVIRONMENT IN WHICH THE GROUP OPERATES

- Geopolitical risks and supply chain capacity difficulties
- Risks related to inflation
- Competitive risks and cycle effects
- Financial market risks
- Health risks
- Environmental (excluding products), social and governance risks (ESG)
  - Environmental challenges (excluding products)
  - Social challenges
  - Governance challenges
- Legal and regulatory risks
- Risks of negative media coverage

RISKS RELATING TO GROUP OPERATIONS

- Aviation safety risks
- Risks relating to Group products and services
- Program profitability risks
- Risks of dependence on government procurement contracts
- Partner risks
- Supplier and subcontractor risks
- Personal safety, property and occupational health and safety risks

RISKS RELATING TO THE GROUP'S STRATEGIC DEVELOPMENT

- Risks relating to technological innovation and the decarbonization of aeronautics
- Risks relating to digitalization
  - Data confidentiality
  - Cyber threats
  - Cyber products
- Human resources risks
- Acquisition and restructuring risks

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 this Universal Registration Document was filed.

The information set out below is based on assumptions and forecasts that may, by nature, prove inaccurate.

INSURANCE

The key accident risks are covered by worldwide multi-risk policies spanning several years where applicable, negotiated with leading insurance companies.

Local insurance programs are subscribed across the globe either to cover specific risks or in response to local regulatory insurance requirements.

4.1 RISK MANAGEMENT

4.1.1 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) set-up. This risk management culture is now firmly embedded throughout the Company's processes and is shared by all teams, at all levels of the Group. It contributes to decision-making processes and, above all, 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 set-up 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 and helps to clarify strategic choices.

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

Moreover, the principles of the Group's ERM policy are consistent with the recommendations of the French financial markets authority (*Autorité des marchés financiers* – AMF), the provisions of the AFEP-MEDEF Corporate Governance Code and professional standards (COSO ERM), which have been transposed into exhaustive and adapted guidelines that cover the Group's entire portfolio of businesses.

The ERM set-up is deployed across the Group, at all levels of the organization and in accordance with the related governance rules. It covers all tier-one entities (see the definition in section 1.1.3) and corporate departments, and is then consolidated at Group level. The risk management policy is embedded in all of Safran's organizational processes and is the responsibility of all stakeholders.

Each risk factor identified is analyzed and forms the basis for various risk scenarios that are ranked and managed within the scope of customized action plans 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 how it should 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 liability, particularly involving regularly updated insurance policies.

An owner is designated for each risk identified and is responsible for drafting action plans and ensuring their implementation. The objective is to provide continuous risk oversight to ensure optimum treatment – in other words, moving the risk towards its assigned target.

The entire risk management approach is periodically reviewed and events that occurred within the Group over a given period are systematically compared with analyses and risk maps for the same period. This back-testing enables Safran to ensure that risks have been identified, assessed and managed as part of a continuous improvement process.

Lastly, the ERM set-up also has a prevention and crisis management component that enables the Group to anticipate and handle any "abnormal" situation affecting one or a number of its business oversight parameters. Regardless of the component affected, it seeks to provide the Group with the means for reacting in a pragmatic way by delivering the solutions needed to deal with the crisis. Such crises may range from serious accidents to people of technical, human or natural origin, to a global pandemic like Covid-19 that disrupts air traffic for a considerable period, or a breakdown in industrial facilities that jeopardizes Safran's capacity to honor certain commitments to customers and partners. As such, business contingency planning is an integral part of crisis management.

4.1.2 Organization

The Risk and Insurance Department reports to the Group Chief Financial Officer. It comprises a Risk and Insurance Department director, Corporate Risk Managers and insurance experts, and is responsible for implementing the Group's ERM set-up. It develops and provides Group risk management with the methodological techniques and processes to identify risks and, using appropriate scales, estimate their impact and probability of occurrence together with the level of control exercised over them.

The Risk and Insurance Department ensures that processes are effectively deployed and sets maturity objectives for risk managers in tier-one entities.

The Risk and Insurance Department also coordinates the tier-one entity risk manager network. Each tier-one entity (see section 1.1.3) has a risk manager who consolidates a risk map and organizes for it to be reviewed by their risk committee at least twice a year. The Risk and Insurance Department is involved in this work. Monthly meetings between the Risk and Insurance Department and the risk manager network are used to exchange information and best practices and identify and manage all of the Group's risks, including new and emerging risks. Task forces are set up on the basis of needs and priorities approved by the Group Risk Committee.

Risk managers of tier-one entities liaise constantly with the Risk and Insurance Department, to which they submit a series of half-yearly indicators (major risk mapping with the corresponding level of control, and degree of maturity). Once a year, the risk managers also submit a report on the organization and maturity of the ERM system within their respective operational scopes. The Risk and Insurance Department meets regularly with the risk manager of each tier-one entity. It also organizes monthly meetings that allow everyone to share information and other best practices and to discuss their work and indicators.

Tier-one entity risk managers are tasked with deploying the ERM set-up throughout their operational scope, i.e., throughout tier-one entities, as well as in their subsidiaries and investments. They appoint a network of risk representatives as appropriate to ensure coverage of the entire scope of their operations.

Each of Safran's central corporate departments also prepares a map of the main risks in their scope. They all have a risk representative who ensures that the appropriate risk management approach is respected and who verifies the consistency of the department's risk mapping and the associated action plans with those submitted by the corresponding corporate departments within the tier-one entities falling under their responsibility. The Risk and Insurance Department is also directly involved in this work by performing half-yearly reviews.

Lastly, the Risk and Insurance Department consolidates a comprehensive map of the Group's major risks and the associated action plans based on detailed analyses, action plans and maps of the major risks of tier-one entities, together with the analyses, risk maps and associated action plans submitted by the risk representatives of the central corporate departments.

The Group's risk mapping therefore guarantees the overall consistency of risk assessments and the associated action plans together with the level of control exercised over them.

All the work associated with identifying, analyzing and mapping risks and preparing and deploying the associated action plans is updated and validated by the Group Risk Committee, which meets at the end of June and December. The Risk and Insurance Department then presents the identified risks, consolidated risk mapping and associated action plans to the Board of Directors' Audit and Risk Committee.

4.1.3 Risk management bodies

The following bodies coordinate the integrated risk management system:

- the risk committees of tier-one entities;
- the Group Risk Committee;
- the Board of Directors' Audit and Risk Committee.

Internal procedures require regular meetings of tier-one entity and Group risk committees.

The manner in which the different bodies described below are structured is described in the Integrated Report, under "Safran's Enterprise Risk Management and its monitoring".

Risk committees of tier-one entities

Each tier-one entity has a risk committee comprising the entity's legal representative, who acts as the chair, and the directors of the central corporate departments, and is led by its risk manager. The Group Risk and Insurance Department director is invited and takes part in the meeting.

Tier-one entity risk committees are responsible for:

- rolling out the Group's risk management policy within their operational scope;
- validating risk identification and mapping for this reporting scope as well as the corresponding control measures;
- providing reasonable assurance of the maturity and effectiveness of the ERM set-up for its reporting scope;
- validating the crisis prevention, crisis alert and crisis management system for its reporting scope.

Group Risk Committee

The Group Risk Committee is composed of the Chief Executive Officer, who acts as the chair, and the Group directors, and is led by the Group Risk and Insurance Department director. It does not include the Chairs or Chief Executive Officers of tier-one entities.

Twice a year, the Committee reviews risk identification, assessment and treatment, and therefore the control of major risks to which the Group is exposed.

More specifically, its duties include:

- approving Group risk management policy;
- validating risk identification and consolidated Group risk mapping and the corresponding control measures;
- providing reasonable assurance of the risk management process' maturity and effectiveness;
- validating the Group crisis prevention, crisis alert and crisis management system.

Board of Directors' Audit and Risk Committee

The membership structure and duties of this Committee are set out in section 6.3 of this Universal Registration Document.

In terms of risk management, the Board of Directors' Audit and Risk Committee reviews the risk mapping and the work related to the main risks faced by the Group, together with any developments and risk mitigation measures, as presented to it twice a year by the Risk and Insurance Department.

The Committee reports to the Board of Directors on its risk management work at the same intervals.

4.2 INTERNAL CONTROL SYSTEM

4.2.1 Methodology

Safran implements its internal control system on the basis of the general principles advocated by the AMF. Internal control is defined as a process implemented by the Board of Directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- compliance with laws and regulations;
- application of instructions and strategies set by Executive Management;
- proper functioning of Safran's internal processes, particularly those contributing to the protection of its assets;
- reliability of financial information.

Internal control thus contributes to the safeguarding of the Company's assets, the management of its activities, the effectiveness of its operations, the efficient use of its resources and the prevention of any organizational dysfunctions. Nevertheless, as with all control systems, it can only provide reasonable assurance that the objectives described above will be achieved.

Internal control framework

The Audit and Internal Control Department has defined an internal control framework structured around 13 areas called internal control cycles:

- one cycle relating to the control environment;
- ten operating cycles;
- two IT cycles (general IT and IT system security controls);

plus cycles adapted to Shared Services Centers' risks.

For each cycle, the Audit and Internal Control Department and Group specialists in each of these areas have drawn up a list of control points and tests aimed at measuring for each entity:

- the conformity of its internal control procedures and control activities with the framework's requirements; and
- the operational effectiveness of these procedures and activities.

Around 200 control points have been defined, which serve to ensure the integrity of financial and accounting information. Every year, internal control tests are performed, based on objectives related to scope, content and the timeframes for carrying out action plans.

The internal control framework is reviewed every year to reflect risk and any organizational changes identified. This review also factors in recommendations made in the course of internal audits or by the Statutory Auditors together with proposals submitted by the heads of internal control networks, the central corporate departments and persons responsible for the process.

Appraisal principle

The Group has upheld the principle whereby each entity appraises its own internal control arrangements in relation to the framework (conformity and effectiveness). A test program (effectiveness) is devised annually; it investigates all of the cycles over two years in tier-one entities and over three years for their subsidiaries. A set of rules and guidelines with around 50 control points – formally tested annually – applies for small entities.

This annual assessment process is rounded out with ongoing controls, which are currently being deployed throughout the Group. Throughout the year, these controls process a full range of data concerning specific points, thereby significantly enhancing internal control.

Each year, the Group's audit plan includes internal audits aimed at verifying that the assessments carried out by the subsidiaries comply with the rules and principles that it has put in place.

Any disparity relative to the requirements of the internal control framework in the assessment of the conformity and effectiveness of procedures generates an action plan, with a project leader designated and a deadline established, and may also be incorporated into the risk map of the entity concerned. The progress of such action plans is monitored on a monthly basis.

Scope

In 2022, the internal control system had been rolled out in 174 companies, representing 99.5% of the Group's consolidated revenue.

Impact of the Covid-19 pandemic on the work program

As in 2021, the internal control campaign had to be adapted to the circumstances of the Covid-19 pandemic in 2022, while continuing to maintain the required level of control over the most serious risks. Accordingly, a mandatory core list of key control points and non-compliance issues from 2021 had to be tested and requirements relating to areas deemed locally to be the most at risk also had to be assessed. Based on these various constraints, the Group approved a work program covering 85% of the nominal testing program based on the approved methodology (75% in 2021).

All of the objectives were achieved for the 2022 campaign, which was a testimony to the massive efforts deployed by both internal control and operational teams in this challenging environment.

Internal control quality assurance

Every year, executives of tier-one entities send a representation letter to Safran's Chief Executive Officer on the internal control system put in place in their entity and their subsidiaries, in which they set out the work carried out during the year in the internal control domain and commit to a progress plan for the upcoming year.

Also every year, the Statutory Auditors examine the adequacy of the internal control procedures related to a selection of cycles that contribute to the preparation of financial and accounting information.

As part of the audits they perform, the internal auditors (i) assess the adequacy and appropriateness of the internal control procedures within the audit scope, (ii) verify that the relevant processes have been properly applied, and (iii) check the accuracy and reliability of the related test results.

Awareness-raising and training

A training course on internal control has been set up within Safran University (classroom and e-learning) with a view to raising awareness of internal control issues among both finance and operations staff.

4.2.2 Organization

Duties of the Audit and Internal Control Department

The Audit and Internal Control Department, which reports to the Corporate Secretary and Group Ethics, contributes to the management of the Group's activities, the effectiveness of its operations, the efficient use of its resources and the appropriate consideration of material risks. Its main responsibilities are to:

- define and implement the annual audit plan;
- define, organize and coordinate the internal control system.

Taken together, these responsibilities aim at ensuring compliance with applicable laws and regulations, the application of instructions and strategies set by Executive Management, and the proper functioning of internal processes, particularly those contributing to the safeguarding of the Group's assets and the reliability of financial information.

Internal Audit

The internal audit plan takes into account the Group's risk map. It is drawn up on an annual basis and revised whenever necessary. Internal auditors from the Audit and Internal Control Department conduct work aimed at identifying ways to improve the efficiency of the Group and of its entities, programs, projects and processes, by addressing four types of major risks: strategic, financial, non-compliance and operational.

The Internal Audit function therefore contributes to:

- identifying, assessing and dealing with risks, via analyses and observations made in relation to the audited entities, as well as the ensuing recommendations issued and the follow-up of action plans;
- continuously improving the internal control system, thanks to internal control compliance audits aimed at ensuring that the organizational structures and procedures in place are adequate and efficient;
- continuously assessing that compliance rules are respected by carrying out audits on the management, compliance and performance of subsidiaries and other entities included in the yearly audit plan.

The Audit and Internal Control Department also has an IT unit tasked with ensuring that IT Basics are correctly applied. These Basics are set out in specific IT audit guidelines that include Minimum Security Rules drafted by the Group Digital and Information Systems Department.

The Group's Internal Audit function has been certified compliant with the international standards of the Institute of Internal Auditors.

Internal Control

The central team that manages the internal control system is assisted by a network of internal control managers in each tier-one entity, with those managers supported by representatives within their operational scope.

At least once a year, the central team brings together internal control managers to conduct a review of obstacles encountered, suggest enhancements to the framework and define areas in which progress can still be made. These meetings also serve as a forum for sharing best practices about monitoring internal control.

The main areas for progress identified by Safran for 2022 fed into the continuous improvement of the internal control system, including ensuring that processes are adequate and part of operational managers' best practices. Controls focusing on anti-corruption, duty of care and personal data protection have been created or stepped up as part of the guidelines applicable as from 2022. The continuous improvement process includes the continued deployment of a project designed to round out the annual assessment process with ongoing controls that use operational indicators to process a full range of selected data throughout the year.

Group companies use the same reporting system for the results and conclusions of their internal control appraisals. Some 400 stakeholders contribute to this system, which allows:

- direct access to the Group framework, methodology and practical operating procedures;
- monitoring of rectifications of disparities identified in relation to the framework.

Other key players in the internal control system

Group Finance Department

The Group Finance Department centralizes and coordinates financing, treasury, taxation, the budget process, reporting, accounts consolidation and risk management. It ensures compliance with the internal control procedures falling within the scope of its responsibilities.

Operational departments

Each operational department is responsible for ensuring that its activities are carried out in compliance with the applicable laws, regulations and procedures. The purpose of the internal control framework is to check compliance with a number of control points using a risk-based approach.

Statutory Auditors

As part of the audit and certification of the parent company and consolidated financial statements, the Statutory Auditors examine the procedures of a certain number of Safran's processes that contribute to the preparation of financial and accounting information. In particular, they base the work they conduct at selected entities on the Group's internal control framework.

They present their findings to the Audit and Risk Committee.

The Statutory Auditors carry out the following as part of their work in this domain:

- review of documentation on controls carried out by companies;
- tests to verify the operational effectiveness of the procedures implemented;
- review of completed action plans;
- review of results of tests performed by the entities.

4.2.3 Internal control bodies

The internal control system is overseen by the following bodies:

Board of Directors

The Board of Directors defines the primary features of the internal control system, based on the opinions and recommendations of the Audit and Risk Committee.

The executives of the tier-one entities assume full responsibility for the internal control systems implemented within their operational scope; the system implemented must comply with the internal control principles determined by the Group.

Board of Directors' Audit and Risk Committee

The membership structure and duties of this Committee are set out in section 6.3.4 of this Universal Registration Document.

In terms of internal control, the Committee reviews the following:

- the findings of audits and other work related to internal control procedures presented by the Audit and Internal Control Department;
- the results of the work carried out by the Statutory Auditors, whose independence it also verifies.

The Group's Internal Control Guidelines are approved by the Chairman of the Audit and Risk Committee.

Internal control committees

Each tier-one entity has an internal control committee for all of the companies within its operational scope, as does each French and international Shared Services Center. These committees track the progress and conclusions of internal control appraisals. The Audit and Internal Control Department systematically participates in all meetings of these committees.

4.3 RISK FACTORS

4.3.1 Risks relating to the environment in which the Group operates

The main risks identified that could impact the Group's businesses and financial positions at the date this Universal Registration Document was filed are outlined below. The risks identified as material for Safran 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 in this chapter were to materialize, this could have a negative impact on Safran's businesses, financial positions, 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 Universal Registration Document.

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

In view of the environment in which it operates, the Group is exposed to the following risks:

- geopolitical risks and supply chain capacity difficulties;
- risks related to inflation;
- competitive risks and cycle effects;
- financial market risks;
- health risks;
- environmental (excluding products), social and governance risks (ESG);
- legal and regulatory risks;
- risks of negative media coverage.

Safran's operating activities generate risks that are specific to the Group:

- aviation safety risks;
- risks relating to Group products and services;
- program profitability risks;
- risks of dependence on government procurement contracts;
- partner risks;
- supplier and subcontractor risks;
- personal safety, property and occupational health and safety risks.

Lastly, Safran's strategic development involves risks that are specific to the Group:

- risks relating to technological innovation and the decarbonization of aeronautics;
- risks relating to digitalization;
- human resources risks;
- acquisition and restructuring risks.

4.3.1.1 Geopolitical risks and supply chain capacity difficulties

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 or export of defense equipment is prohibited or restricted 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, in particular ongoing tensions between the United States and the People's Republic of China, the fallout from the war currently being fought by Russia in Ukraine (see "Russo-Ukrainian conflict" below), a strengthening of sovereignty or interventionism, as well as the effects of the recent bilateral dimensions of certain relationships that add to or replace pre-existing multilateral relations.

In this context of heightened geopolitical tensions, and in the wake of the Covid-19 pandemic (see section 4.3.1.5), the main resulting risk scenarios to which Safran may be exposed have been adapted to focus primarily on the strategy for the location of its supply chains (make or buy), disruptions in sensitive components procurement (titanium and forged parts, energy and electronic components), and resulting inflationary impacts. Following a review of the Group's industrial strategy, gradual and targeted exposure reduction initiatives have been initiated, based mostly on the development or reactivation of a panel of alternative sources in certain competitive geographical areas where the Group operates (North Africa, Mexico). These are rounded out by adapting purchasing policy for critical and high-volume items. An emergency operations center has been maintained, at least for 2023, for the supply of sensitive electronic components in view of the continuing uncertainty concerning the complete coverage of the Group's requirements.

Safran has a Group International and Public Affairs Department and an Industrial, Purchasing and Performance Department that coordinate actions to manage these geopolitical and supply chain contingencies.

Russo-Ukrainian conflict

After activating the highest level of criticality on February 24, 2022 under the guidance of the Group International and Public Affairs Department, the Group crisis cell has been placed on active standby since September 15, 2022. The crisis cell has also coordinated the work of the mirroring crisis cells set up in the tier-one entities. The following actions have been deployed:

- the immediate suspension, from the beginning of the conflict, of all projects in Russia and Ukraine and the repatriation of all Safran staff and their families expatriated in Russia;
- reinforcement of IT security measures to counter possible cyberattacks;
- a halt of all shipments, deliveries, technical support and any other development work that may breach sanctions, including the suspension of the operational and commercial activities of the Group's joint ventures in Russia, and other actions to safeguard Safran's rights, including an insurance claim for aviation assets located in Russia that have not been returned to the Company;

- the rollout of a plan to reduce exposure to the Russian supplier of VSMPO titanium;
- support for humanitarian initiatives (a donation of €200,000 by Safran and the organization of collections and delivery of essential goods to support Ukrainian refugees).

Safran's revenue exposure to the conflict was limited, as Russia represented only 2% of its sales in 2021 (i.e., around €300 million), mainly through the Sukhoi Superjet 100 regional jet program by Russian manufacturer Irkut (see sections 2.1.4 and 4.3.2.5) for which the Group supplied the SaM146 engine alongside its Russian partner UEC Saturn, as well as nacelles, landing gear and onboard equipment. Russian airline companies operate several hundred Airbus and Boeing aircraft for which Safran, in partnership with GE Aviation through their joint venture CFM International (see section 4.3.2.5, "Partner risks"), supplied CFM56 and LEAP engines and related services and spare parts, as well as various systems and equipment. Certain suppliers of these CFM56 and LEAP engines were contracted through leases negotiated via the Shannon Engine Support Ltd (SES) joint venture in which Safran and Irish lessor AerCap both have a 50% stake. In strict compliance with international sanctions against Russia, including those applied by the European Union and the United States of America, these activities have all been halted. Lastly, Safran continues to have exposure to certain supplies from Russia, such as forged parts (see section 4.3.2.6) and other titanium requirements (see section 4.3.1.1), of which less than 50% are covered by the Russian company VSMPO, as stocks have been built up and this supplier's share has been reallocated between other American, European and Chinese players.

4.3.1.2 Risks related to inflation

These current economic risks in the wake of the Covid-19 pandemic (see section 4.3.1.5) are directly linked to the geopolitical and supply chain contingencies described in section 4.3.1.1 above. They include both potentially significant hikes in the cost of energy, transportation, logistics, raw materials and supplies, as well as increases in salaries and other compensation components. Some of these potential additional costs have already materialized and are an ongoing issue. Safran may not be able to pass on all or enough of these additional costs and this could adversely impact its overall performance. The main action plans deployed to date are based on the Group's Energy Sobriety Plan, reinforcing control over supplier price increases, passing certain cost increases on to customers and other specific and complementary actions relating to energy, raw materials and supplies, as well as keeping salary policy on a tight rein.

4.3.1.3 Competitive risks and cycle effects

The macroeconomic and aircraft program assumptions determined by the Group take into consideration the economic conditions observed at the date of this Universal Registration Document 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 according to the approach set out in section 4.1 above.

Changes in the global economy have a direct impact on demand for air transportation and freight, and in turn directly affect 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. Therefore, a decrease in air traffic as a result of a deteriorating economic, geopolitical, climatic or health environment may impact the volume of Group sales and services, including maintenance, repair and overhaul (MRO) and spare part sales.

Should the economic climate deteriorate, Safran's action plans are immediately adjusted accordingly, as happened following the Boeing 737 MAX flight ban and then the collapse in air traffic due to the Covid-19 pandemic. In order to deal with these risks, periodic specific steering committees have been set up within the Group (see section 4.3.2.3). Significant measures can be deployed, such as streamlining direct and indirect costs, pausing certain R&D investments and accelerating other R&T investments, as happened with the Revolutionary Innovation for Sustainable Engines (RISE) project.

Beyond exceptional events such as terrorism, pandemics, aviation disasters and adverse environmental or geophysical conditions, which can cause a temporary drop in air traffic and consequently impact the civil aircraft engine, aircraft equipment, maintenance and services markets, 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.

In 2022, civil aviation activities accounted for approximately 74% of the Group's adjusted consolidated revenue. While having to contend with a drastic drop in demand due to the Covid-19 pandemic, Safran took steps to prepare for the recovery that began in 2022. Demand is intensifying as many airline companies are looking to renew their aircraft fleets and equipment, notably in order to optimize capacity and improve their environmental footprint and this demand is being passed on by our airframer customers.

In addition, Safran has delivered more than 33,800 CFM56 engines over the past four decades, of which more than 31,800 remain in operation[1], making it the largest fleet of civil aircraft engines in service in the world[2]. Safran has also delivered more than 6,100 LEAP engines[3]. The increase in the age of the installed base of engines and associated equipment enables the Group to generate service revenue representing around 49% of its adjusted revenue in 2022.

Safran has demonstrated its ability to respond quickly and adapt to economic constraints when they impact the aerospace sector. After successfully ramping up production in the past (particularly for the LEAP engine), Safran adapted to the drastic drop in demand from its customers in 2020 and reviewed its internal and external supply chain accordingly (see section 4.3.2.6), while also securing new ramp-ups in its production pipeline. These have already begun to feed through into both its military and commercial aviation businesses. Safran also seeks to ensure that its production resources are adapted to long-term trends in demand and rigorously manages its investments accordingly.

Safran also 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 competition risk, Safran deploys its strategy with a view to being present across all segments and most aircraft components (see section 1.2), 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, from the original equipment to the aftermarket service. The Group continues to make targeted investments in R&D (see section 1.4.5) and in selected external growth transactions (see section 4.3.3.4). It also develops strategic partnerships on a number of programs (see sections 4.3.2.4 and 4.3.2.5). These partnerships, equity investments and targeted acquisitions 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.

4.3.1.4 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 9 billion for 2022.

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 in section 3.1, Note 33, "Management of market risks and derivatives" of this Universal Registration Document.

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 disclosed in section 3.1, Note 40, "List of consolidated companies" of this Universal Registration Document.

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.

(1) Engines in operation equals engines delivered (including engines in storage) less engines dismantled or scrapped.
(2) Source: Cirium.
(3) The LEAP engine achieves a 15% reduction in fuel consumption and CO_2 emissions compared with the latest generation of CFM56 engines. The new engine will also significantly reduce nitrogen oxide emissions and noise levels, with no compromise on the reliability or competitive cost of ownership of CFM56.

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.

As most of the derivatives in the portfolio have a maturity of less than one year, Safran extends derivatives in order to align their maturity with that of the flows hedged. Such extensions do not have a cash impact ("historical cost method").

Hedging portfolio

The Group's hedging portfolio is described in section 3.1, Note 33, "Management of market risks and derivatives" of this Universal Registration Document.

In 2022, 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 for the period between 2023 and 2027. It is currently estimated at USD 10 billion for 2023, at a target hedge rate of USD 1.13 to the euro, gradually increasing to USD 14 billion by 2027 and is regularly reviewed for each year covered by the foreign currency risk hedging policy.

The Group has also hedged its entire USD exposure for 2024, estimated at USD 11 billion, at a target hedge rate of between USD 1.13 and USD 1.15 to the euro, its entire USD exposure for 2025, estimated at USD 12 billion, at a target hedge rate of between USD 1.12 and USD 1.14 to the euro, and its entire USD exposure for 2026, estimated at USD 13 billion, at a target hedge rate of between USD 1.12 and USD 1.14 to the euro. Most options include knock-out barriers set at various levels between USD 1.15 and USD 1.30 to the euro. In the event of a sustained rise in the EUR/USD spot rate, certain options would disappear from the portfolio, partially jeopardizing targeted hedge rates for 2023 to 2026.

A one-cent change in the EUR/USD exchange rate parity on the hedged rate has an impact of around €60 million on average on adjusted recurring operating income for the 2022-2026 period.

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.

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 presented in section 3.1, Note 33, "Management of market risks and derivatives" of this Universal Registration Document.

Adjusted data *(in € millions)*	2021		2022	
EUR/USD exchange rate change assumptions	-5%	+5%	-5%	+5%
Average exchange rate		1.18		1.05
Average exchange rate used for sensitivity analysis	1.12	1.24	1.00	1.11
Closing exchange rate		1.13		1.07
Closing exchange rate used for sensitivity analysis	1.08	1.19	1.01	1.12
Revenue	398	(360)	161	(146)
Profit (loss) from operations	6	(6)	10	(9)
Financial income (loss)	(106)	96	(71)	64
Profit (loss) before tax	(100)	90	(61)	55

Non-adjusted consolidated data *(in € millions)*	2021		2022	
EUR/USD exchange rate change assumptions	-5%	+5%	-5%	+5%
Average exchange rate		1.18		1.05
Average exchange rate used for sensitivity analysis	1.12	1.24	1.00	1.11
Closing exchange rate		1.13		1.07
Closing exchange rate used for sensitivity analysis	1.08	1.19	1.01	1.12
Revenue	637	(577)	161	(146)
Profit (loss) from operations	239	(216)	4	(4)
Financial income (loss)	(2,685)	2,032	(4,222)	3,182
Profit (loss) before tax	(2,447)	1,816	(4,217)	3,178

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.

Exposure to EUR interest rate risk is described in section 3.1, Note 33, "Management of market risks and derivatives" of this Universal Registration Document.

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.

Exposure to USD interest rate risk is described in section 3.1, Note 33, "Management of market risks and derivatives" of this Universal Registration Document.

Sensitivity

A 1% (100 basis point) increase in euro or US dollar interest rates would increase the Group's cost of net debt by €2 million.

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 (see section 3.1, Note 33, "Derivatives and hedge accounting" of this Universal Registration Document).

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 in section 3.1, Note 21, "Trade and other receivables" of this Universal Registration Document.

Liquidity risk

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 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 or suffer a ratings downgrade, which could affect its future financing capacity. Lenders and/or investors could also develop a negative perception of the Group's CSR credentials, either because of the markets in which it operates or its non-financial performance (particularly in environmental, social or governance matters), or the way in which these lenders and/or investors assess its performance, which could also affect its future financing capacity.

Having now been rated by Standard & Poor's, the Group strives to maintain broad access to liquidity in order to meet its obligations as they fall due.

On February 25, 2021, Safran was rated for the first time by Standard & Poor's, which assigned the Company a long-term credit rating of BBB+ with a stable outlook. On April 29, 2022, Standard & Poor's revised the outlook on the Company's BBB+ rating from stable to positive. On **December 2, 2022**, Standard & Poor's raised the rating to A- with a stable outlook.

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 that 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.

The Group had an undrawn, confirmed credit facility at December 31, 2022. The €2,000 million facility was set up in May 2022 and is available until May 2027. It includes two successive one-year extension options. This line is not subject to any financial covenants.

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.

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.

The terms "net debt", "EBITDA" and "total equity" 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 in section 3.1, Note 29, "Interest-bearing financial liabilities" of this Universal Registration Document.

4.3.1.5 Health risks

The Group's businesses have been and continue to be impacted by the Covid-19 pandemic, which has triggered a sharp decline in global air traffic over the past three years. According to data published by the International Aviation Transportation Association (IATA)[(1)], traffic was still down by more than 20% on average (all segments combined) for 2022 as a whole, with significant disparities between the different market segments and regions. Wide-body commercial aircraft and business in the People's Republic of China due to its zero-Covid policy were the worst affected segments. This event has impacted Safran in line with the spread of the pandemic and the introduction of travel restrictions. Disruptions potentially resulting in reduced availability of Group employees and widespread malfunctions in the supply chain could persist and generate numerous problems and restrict the Group's operational capacity.

The Group's aircraft program assumptions (see section 3.1, Note 1 and section 4.3.2.3) have been adjusted accordingly. The initiatives deployed to meet these challenges are now led by the corporate and/or process department in charge, including the tier-one entities in the field. The crisis cell set up by the Group amid the Covid-19 pandemic has been stood down but can be reactivated at any time, if needed. Lastly, business continuity plans have been tested, strengthened and, in some cases, accorded permanent status in light of the ongoing crisis. Safran's requirements from its suppliers and subcontractors in this area have also been clearly specified.

4.3.1.6 Environmental (excluding products), social and governance risks (ESG)

Safran takes ESG issues into account, including in terms of their potential risk for its financial performance. Consideration is given to the expectations of all stakeholders (employees and employee representatives, civil society, the financial and other business communities, and public partners) with regard to the Group's strategic focuses. A number of consultations with these ecosystems have highlighted some key issues around which the CSR strategic commitments are based.

Environmental challenges (excluding products)

To contend with the physical risks inherent in climate change to which the Group is exposed, especially natural hazards, Safran has devised an HSE strategy and governance framework (see section 5.6) 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 also been deployed to contain and control the Group's overall risk exposure and improve its environmental and social footprint.

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) in phase with the Paris Climate Agreement.

Amid the energy crisis in Europe, Safran introduced an Energy Sobriety Plan in 2022, designed to cut gas and electricity consumption at its European sites by 10% by 2024 (compared with 2019). The plan concerns all employees and is based around simple rules on setting the temperatures of premises, eco-friendly actions, turning off equipment at the end of a shift and work organization. Safran has also begun installing solar panels at 17 key French sites – mainly in parking lots – to produce some of the electricity consumed in the Group's operations. These projects represent nearly 50 MWp and will cover an average of 15% of the sites' consumption. A second phase of tenders will be put out in 2023 (similar projects have either been completed or are underway in Australia, Belgium, China, Malaysia, Morocco, Mexico, the United Kingdom, Singapore, Thailand and Tunisia).

In addition, in July 2022 the Group launched a campaign to get its 400 most emissions-intensive suppliers to commit to plans to reduce emissions by 2025 in line with targets compatible with the Paris Agreement. Safran assessed the maturity of these 400 suppliers by surveying them on their strategy. Over 80% responded to the survey, enabling Safran to categorize them into three levels of maturity: around 50% do not yet have a structured approach, 22% have set targets for their Scope 1 and 2 emissions, and 28% have set up action plans that cover certain Scope 3 emissions.

(1) According to the IATA, in 2022 RPKs (or revenue passenger kilometers) for passenger traffic were 41.6% down on 2019 for short- and medium-haul aircraft, an improvement on 2020 when it represented only 34.2% of 2019 levels. On domestic routes, average traffic volumes in 2022 were 71.8% of the 2019 level. For international flights, RPK for 2022 was 24.5% of what it was in 2019. A total of 2.3 billion passengers flew in 2022 compared with 4.5 billion in the record year of 2019 (after only 1.8 billion people flew in 2020). Freight volumes were up by 6.9% in 2022 compared with 2019.

Lastly, carbon maturity and an internal carbon price (see section 5.3.3.2) are now factored into the supplier vetting process for new contracts and into all of the Group's investment projects.

Social challenges

Safran has developed a training and talent management program to keep pace with the changes in skills and professions brought about by digital transformation, the emergence of new technologies and new societal challenges, and in particular, the drive to reduce its carbon footprint. This program is based on a more strategic and more effectively structured training offering for employees, adapting and matching skills to these new needs, enhancing expertise, preparing and supporting the leaders of tomorrow, all the while ensuring that the aspirations of all employees are taken into account.

To boost its attractiveness in competitive job markets, Safran has set a number of targets: encouraging the recruitment of young people trained within the Group through internship, work-study and international corporate volunteer programs or having completed theses, diversifying the profiles of new hires, and increasing the number of engineers with doctorates among new hires.

Safran is also faced with the ongoing problem of the low number of female engineers in the aerospace industry. To counter the gender imbalance and under-representation of women in senior positions within the Group, a gender equality plan has been deployed and is being carried out across all entities. Aiming to enhance the Group's attractiveness and inclusive culture, the plan outlines practices and commitments and renews the agreements set out in the Diversity Charter to support women's careers and promote diverse profiles.

Governance challenges

Due to the nature of its businesses and its international footprint, Safran's governance risks mainly concern corruption risk, broadly covering direct and indirect active or passive corruption, with potentially material financial, reputational and criminal consequences, both for the Group and for its employees. Safran conducts its affairs according to the highest standards of transparency, integrity and professional rigor, with zero tolerance for non-compliance, based on values and ethics shared by all employees. As part of the Group's continuous improvement strategy, action plans focused on business ethics have been supplemented and strengthened, as described in section 5.5.1.3. The various channels for reporting fraud or unethical behavior include the secure and multilingual e-mail address, safran@alertethic.com, which can be used to file, anonymously or openly, any good faith report of a breach of the principles enshrined in the Group's Ethical Guidelines. It is available to Group employees, as well as to external or occasional employees, customers or suppliers (see section 5.5.1).

4.3.1.7 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. These claims could result in an obligation to pay damages that could have an adverse impact on the Group. 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 legal risks identified and disclosed in "Contingent liabilities arising on ordinary activities" of section 3.1, Note 7, "Off-balance sheet commitments and contingent liabilities" and in section 3.1, Note 36, "Disputes and litigation" of this Universal Registration Document, based on an analysis of the legal risks to which the Group is exposed, no other probable or material risks were identified at the date of this Universal Registration Document. However, there may be other claims risks that have not yet been identified or are not considered likely to have a material adverse impact at this time.

The Group is also subject to multiple regulations that can change on a regular basis in the various countries in which it does business. It is therefore exposed to the risk of non-compliance with regulations issued by international and national authorities in the European Union and the United States, particularly in the areas of anti-trust law, the fight against corruption (see section 4.3.1.6), customs and export controls – particularly in the context of the Russo-Ukrainian conflict, sanctions and embargoes against Russia, and other possible sanctions against countries in which it operates – as well as in the area of personal data protection (see section 4.3.3.2) and environmental or CSR-related regulations (see section 4.3.1.6). Any failure to comply with these regulations could open the Group up to investigations and legal or administrative proceedings and lead to sanctions, including criminal and financial penalties, which could have an adverse effect on the Group's business, financial position or reputation.

Safran takes all adequate and necessary measures to comply with all such rules affecting its operations. To ensure that it complies with French and international regulations, Safran has put in place action plans such as those outlined in section 5.5 of this Universal Registration Document. These action plans are designed to ensure that Group entities report all claims or potential cases of non-compliance, inform the authorities concerned of any such cases, 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.

4.3.1.8 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 officers or 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 and other media. As mentioned in section 4.1.1, Group crisis management processes have been devised to deal with these risks and include the use of "reflex tip sheets".

4.3.2 Risks relating to Group operations

4.3.2.1 Aviation safety risks

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 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 International Civil Aviation Organization (ICAO) and transposed into European regulations by the European Aviation Safety Agency (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 in the People's Republic of China (CAAC) and the Civil Aviation Authority (CAA) for the United Kingdom. Bilateral agreements exist between the different authorities to coordinate their efforts.

To comply with these requirements, Safran deploys a Safety Management System that meets the international standard published on October 3, 2018 by the Aerospace, Security and Defence Industries Association of Europe (ASD), based on four key principles:

- safety policy and objectives: commitment by Executive Management of the tier-one entity concerned;
- management of flight safety risks at different levels: engineering, program, quality and 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).

This Group policy is enshrined in a charter detailing Safran's commitments in this area that may be consulted on Safran's website at https://www.safran-group.com/media/4452/download.

4.3.2.2 Risks relating to Group products and services

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

Quality failures or shortcomings in Safran's equipment, systems or technology could result in liability and costly claims for damages from customers, partners or third parties (product recalls, upgrade campaigns or retrofits), lost revenue 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 necessary in the context of a health crisis, and a single Group quality audit tool, as indicated in section 1.7. 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.

4.3.2.3 Program profitability risks

Aircraft manufacturers may encounter program scheduling difficulties. Therefore, 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 occur and lead to the payment of damages for the stakeholders concerned if the Group is held to be liable. Delays can ultimately lead to Safran collecting cash later than forecast, thereby impacting the Group's cash and potentially its profitability. This may force Safran to write off assets.

For example, Safran was exposed to the consequences of the Boeing 737 MAX accidents and the ensuing flight ban in March 2019. All of these restrictions have since been lifted. Safran has taken specific action to deal with the ensuing difficulties.

Nevertheless, uncertainty arising from the health and economic crisis triggered by the Covid-19 pandemic and current geopolitical tensions also affected 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 such as specific health restrictions that could continue to limit air traffic.

Safran's activities – notably in R&D – require investments that only produce returns in the medium to long term (see section 1.2.1.1). Consequently, since 2021 the Group systematically conducts technical audits targeting risks arising on the development and technological maturity of its products.

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). Significant additional investments may appear to be justified to finance a temporary increase in demand, however profitability may ultimately prove to be insufficient.

Within the Group, robust processes and high-level oversight of certain key aspects (such as production rates) enable the Group to ensure strict and effective program oversight and a smooth transition between different programs. Similarly, investment decisions are coordinated at Group level, based on tried and tested guidelines and numerous, specific criteria which are audited on a regular basis.

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 (see section 1.7) 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 by a Program Management guide of best practices and rules to be respected, together with 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.

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 (see section 1.7), while constantly reducing the number of possible incidents in a context of continued growth in air traffic.

In the space industry, the ArianeGroup joint venture (see section 4.3.2.5) exposes Safran to possible delays in the design, development 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 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 Ariane 5 and Ariane 6 launchers, ArianeGroup is taking the necessary steps to transform its industrial design, ramp up developments and, most importantly, deploy proactive solutions in the quest for competitiveness.

4.3.2.4 Risks of dependence on government 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 budget cuts. Those constraints, affecting some of the Group's public customers, may 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 maintaining a balanced portfolio of civil aviation and military businesses. In 2022, military businesses accounted for approximately 21% 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, reinforced by a strong position as a supplier to the French Ministry of Defense. This global strategy is aimed at controlling the risk of dependency on government business.

4.3.2.5 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 partnership between Safran and GE Aviation has been renewed through 2050 and includes operational maintenance services.

A joint venture was set up in 2006 with Albany International Corp. to develop high-tech composite parts for aircraft engines, landing gear and nacelles. On November 30, 2021, this partnership was extended through 2046 and aims to produce the next generation of engines and help the aviation industry achieve its goal of zero net CO_2 emissions by 2050.

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 (see section 1.4.2): 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 CEA Safran Landing Systems Services Co Ltd) for landing gear repair and maintenance, Middle River Aerostructure System (Nexelle) for nacelle design, production 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 before the Russo-Ukrainian conflict (see section 4.3.1.1).

These partnerships are set up in full compliance with supranational and national treaties, laws and regulations, including sanctions, embargoes and the anti-trust laws applicable in all markets and countries in which they operate.

4.3.2.6 Supplier and subcontractor risks

Events likely to affect its suppliers and subcontractors may also have an impact on Safran's business activities. The Group's suppliers and subcontractors are facing numerous difficulties and even business failure. After a sharp drop in activity during the crisis triggered by the Covid-19 pandemic, and in a context of heightened geopolitical tensions (see section 4.3.1.1), suppliers and subcontractors are having to contend with strong demand driven by the ongoing recovery. These risks could interrupt Safran's supply chain and result in additional costs or production delays that would affect the Group and its customers. In 2022, Safran purchased goods and services worth €8 billion, i.e., around 52.7% of its revenue, and managing these risks is one of the Group's key challenges.

Safran must factor in various imperatives and actions when managing these risks. For example, the robustness and capacity of suppliers and subcontractors to continue doing business in crisis situations are key criteria in Safran's selection process. Moreover, the Group's Industrial Management and Purchasing Department conducts a monthly review of potentially problematic suppliers and subcontractors with a designated manager and associated action plans. It also assists them with their own risk analyses. For non-production purchases, Safran has put in place a central purchasing strategy (see section 1.5) 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 policy and duty of care plan (see section 5.5). Since the economic crisis triggered by the Covid-19 pandemic, Safran has stepped up its efforts using the programs described previously (see section 4.3.1.2) and has created an additional "Watch Tower" process for identifying and supporting the Group's five to ten key suppliers and subcontractors. Safran also contributed to the "ACE Aéro Partenaires" support fund for the French aerospace industry set up in the spring of 2020, and on February 22, 2022 signed a Memorandum of Understanding with the mining and metallurgy group Eramet to acquire its subsidiary Aubert & Duval through a holding company equally owned by Airbus, Safran and Tikehau Ace Capital.

The Group is exposed to risks of shortages and price volatility for energy, commodities and certain metals such as titanium and other alloys, cobalt, vanadium, certain composite fibers and resins and certain electrical components (see section 4.3.1.1). These difficulties could cause delays and impact the activities of Safran's customers. To limit the impact of these risks, the Group negotiates medium- and long-term procurement contracts with its suppliers, sets up multiple-source supply streams that reflect exposure to geopolitical tension and builds up appropriate inventories wherever possible. These tensions are currently being exacerbated by the persistence of the Russo-Ukrainian crisis (see section 4.3.1.1).

The volume of commitments undertaken by the Group 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 (although the current situation raises question marks over the continued availability of certain materials and electronic components), and set up a multiple-source supply approach organized around the related criticality, by sourcing new suppliers.

4.3.2.7 Personal safety, property and occupational health and safety risks

The Group's international scope may generate certain safety risks for its employees and property. The Safety Department has set up a specific oversight organization for each country to address these risks and deploy targeted measures that include a country watch and access controls. The Group is constantly assessing the risks of terrorism, armed conflict and confrontation with criminal organizations as well as the consequences of geopolitical change. It also benefits from information provided by the Group International and Public Affairs Department. 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.

All industrial activities generate risks, particularly health, safety and environmental (HSE) risks. More specifically, at the production sites, these risks concern 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. As indicated in sections 5.4.2 and 5.5.3, 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 its stakeholders. Both these challenges and the main initiatives deployed to meet them are described in chapter 5 below.

4.3.3 Risks relating to the Group's strategic development

4.3.3.1 Risks relating to technological innovation and the decarbonization of aeronautics

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. In particular, Safran has to contend with the risk inherent in its choice of certain emerging cutting-edge technologies to develop a low-carbon aviation sector. If these choices subsequently prove to be unsuitable, this could affect Safran's activities or financial position.

The actions taken by the Group to limit the impact of such risks are outlined in section 1.4, "Research and development". The Group draws on the complementary scientific and technical expertise provided by its partners, suppliers and subcontractors (see sections 1.4.2, 4.3.2.5 and 4.3.2.6). The Group has also created Safran Corporate Ventures (see section 1.4.4), 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, Safran Ceramics and Safran Campus Additive Manufacturing. Almost a hundred specialists in organic and ceramic matrix composites, organic chemistry and additive manufacturing work in these two facilities. Moreover, the Gennevilliers plant, near Paris, experiments in forging and casting to give Safran a cutting edge in the technologies involved in machining aircraft engine parts.

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 is exposed to the risk of infringement of its intellectual property (IP) rights as well as to allegations of infringement of third-party IP rights. Moreover, over-dependence on specific and protected third-party technologies could also have an adverse impact on the development of the Group's business. 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. The 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 and stable governance, skills pooling and deployment of processes for operational excellence are being used by the Group to both assess and control its exposure to IP risks.

More generally speaking, and to affirm its commitment to the decarbonization of the aviation industry over and above the transition challenges set out in section 4.3.1.6, and as described in section 5.3, Safran is involved in drafting 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, Security & 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). Safran also plays a key role in a number of major R&T programs, including seven R&T projects sponsored by the European Clean Aviation program. On January 16, 2023, Safran was selected to head up the first phase of one of these projects, namely the OFELIA project.

While the medium- and long-term forecasts for global air traffic remain strong, concerns over climate change and the urgency of decarbonization sometimes lead to media pressure in certain developed countries, mainly in Europe, for a decrease in air traffic. In response, the aviation industry has committed to targeting carbon neutrality by 2050, and Safran is a keen stakeholder in this global effort. This transition will require a common strategy supported by the entire sector, along with coherent public policies on a global scale and action on many different levels.

Safran believes that carbon neutrality can be achieved by 2050 by combining several levers[1]:

- technological innovation and aircraft renewal (between 35% and 40% of the overall effort, of which 20% from an ultra-efficient engine);
- introduction of new fuels (about 50%); and
- the rest by optimizing aviation operations and infrastructures and offsetting residual emissions.

Consequently, the Group is working hard to reduce the environmental footprint of all its products, in order to provide its customers with innovative and competitive solutions for low-carbon aviation by:

- developing ultra-optimized thermal propulsion systems for the next generation of short- and medium-haul aircraft;
- working on new forms of electric and hybrid propulsion systems for small aircraft;
- optimizing non-propulsive energy on board (electric control systems, e-taxiing, etc.);
- exploring all avenues to facilitate rapid, massive take-up of sustainable fuels, such as biofuels, synthetic fuels and liquid hydrogen.

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 and extended by the France 2030 investment plan.

(1) On January 30, 2023, the Science-Based Targets initiative (SBTi) validated these commitments as being aligned with the goals of the Paris Agreement.

Sustainable Aviation Fuels (SAF)

As part of its efforts to contribute to the decarbonization of aviation, the introduction of new fuels, in particular sustainable aviation fuels (SAF), is a powerful lever for Safran.However, the Group could face two types of risks here:

- certain regulations or certifications may make it impossible to incorporate sufficient quantities of SAF in the Group's products (i.e., engines, fuel systems, etc.); and
- the availability of SAF for aviation purposes may prove insufficient to enable Safran and the airline industry as a whole to meet their commitments.

To mitigate these risks, Safran's plans are based around the following actions:

- forging a partnership with TotalEnergies to develop sustainable fuels: technological building blocks validated by ground-based propulsion systems tests and in-flight engine test demonstrations, and supply of sustainable aviation fuels produced in France for the decarbonization of Safran's aircraft and helicopter engine tests at its French sites;
- actions to raise awareness among public and private stakeholders at national, European and international level. At the request of the European Commission, Safran has taken over the chair of the Aviation Section of the European Renewable and Low-Carbon Fuels Value Chain Industrial Alliance, which is mobilizing the entire value chain to encourage investment in new production facilities in Europe; and
- targeted investments in innovation via Safran Corporate Ventures: in particular, investment in early 2022 in German company Ineratec, which focuses on synthetic fuels.

4.3.3.2 Risks relating to digitalization

Safran's digital transformation provides a catalyst for improving performance and the quality of products designed, manufactured and maintained thanks to digital continuity, better control of risks related to human factors, and identification of new avenues for improvement with access to new data. Risks associated with insufficient or poorly managed digitalization could expose the Group to a possible loss of competitiveness right across its engineering, production and service activities. A team of nearly 450 digitalization experts and facilitators has been put together at both central and tier-one entity level. This makes it possible to organize the transformation roadmap, deploy it throughout the organization and identify more than 600 projects to be carried out in the field.

Data confidentiality

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 confidential data and threats to the security of its systems, prevention and protection measures are deployed on an ongoing basis to guarantee system and data integrity and ensure the Group's business continuity.

Safran is also exposed to the risk of inadequately protected personal data. As a B to B (Business to Business) player, this risk essentially concerns the personal data of the Group's employees. A comprehensive system has been deployed to ensure compliance with Regulation (EU) 2016/679 of April 27, 2016 (known as the General Data Protection Regulation) and any other applicable legislation or regulations in this area. The Group continually reviews and updates its internal guidelines (see section 5.5.1.6) and deploys regular awareness-raising and training initiatives for those employees in charge of activities that involve the processing of personal data.

Cyber threats

Like any large group, Safran is exposed to the risk of its information systems being compromised. Cyber threats can take many different forms – cybercrime, cyber espionage or cyber destabilization – and they are becoming more numerous and more sophisticated, especially in the context of the Russo–Ukrainian conflict. They could lead to disruptions in services, causing, for example, the loss of connection on internal and external network exchange platforms and the unavailability of the Group's information systems, or breaches in the confidentiality or integrity of data hosted by or transiting through its information systems (loss, destruction, theft and corruption). Such events could result in recovery and reconstruction costs, additional costs, including legal defense costs, operating losses due to stoppages and interruptions and penalties and even medium-term loss of confidence of major customers and possible loss of business.

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.

It meets requirements set out in French regulations on the protection of intangible assets contained in information systems and is based on internationally recognized standards. Under the policy, awareness-raising and training initiatives for Group employees are organized on a regular basis. At least one cyber attack simulation exercise is carried out at Group level each year, involving all tier-one entities and Safran SA. Safran is continuously improving its cyber governance, expertise and resources in response to this evolving and growing threat. The Group is stepping up its investment in information systems protection, incident detection and event response, security warnings and alerts, and in regular reviews of their effectiveness, particularly by performing audits and intrusion detection tests. Cyber maturity of suppliers and subcontractors is also closely monitored, and parties are made aware of the importance of informing Safran of any significant event.

Since February 15, 2022, around 60 Safran employees have been working at the Cyber Campus, a cybersecurity center of excellence located in Puteaux near Paris, to be as close as possible to the main national and international players in this domain and benefit from rewarding exchanges.

Cyber products

A cyber attack could also lead to the malfunction of equipment or systems marketed by the Group if they were insufficiently protected. Safran's Cyber Product Plan is based around a set of Safran Cyber Security Assurance Requirements (SARs) covering all equipment and systems life cycles (specifications, development, certification, entry into service, operational maintenance and retirement), the acquisition of key building blocks, hardware and software in make-or-buy, and the definition and production of demonstrators. The plan is supported by a network of Product Security Officer (PSO) cyber security correspondents (see https://www.safran-group.com/news/safran-strengthens-product-cybersecurity-policy-2020-12-04).

A Part-IS application project is underway to pave the way for the EASA's Information Security Management System (ISMS) scheduled for 2024.

4.3.3.3 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 due to increasing recruitment difficulties in certain critical areas or high turnover of personnel. This risk has been exacerbated by the Covid-19 pandemic, which has severely affected air transport, and by repeated media attacks in Europe.

To limit this risk, the Group continually strives to rescale, acquire, retain, train, redeploy, bolster and renew the skills that it needs or will need in the future. In addition to the workforce readjustment measures required to deal with the economic crisis, Safran also has to contend with a high attrition rate caused 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. Consequently, 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. There is a proactive approach to welcoming interns, work-study trainees, people on international corporate volunteer programs, PhD students and other young workers, underpinned by a policy to promote professional equality, diversity and inclusion sponsored by the Executive Committee. Managerial practices and work organization (especially teleworking) have been adapted to meet the expectations of younger generations. To boost its attractiveness in competitive job markets, Safran has set a number of targets: encouraging the recruitment of young people trained within the Group through internship, work-study and international corporate volunteer programs or having completed theses, diversifying the profiles of new hires, and increasing the number of engineers with doctorates among new hires. In addition, professional and geographic mobility programs, talent identification and support systems and the creation of talent pools, succession planning for key posts and skills, training, monitoring and career development, together with the transmission of the Group's know-how and values to new hires, are all being used to manage these risks. 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 adapt its salary policy and 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 had to be temporarily adapted to contend with the current economic situation. These measures, previously described in section 4.3.1.6, are explained in detail in sections 5.4 and 5.6 below, and have so far enabled the Group to meet its recruitment targets, for example, by hiring more than 14,000 people, including 3,200 in France, in 2022.

4.3.3.4 Acquisition and restructuring risks

As part of its growth strategy, Safran may conduct targeted acquisitions of businesses or companies, merge and/or set up companies, restructure certain entities, enter into strategic arrangements, or divest select non-core businesses. The Group has devised procedures, oversight systems and controls designed to limit the risks inherent in such transactions. These processes should ensure that these transactions meet the Group's strict financial criteria (debt, return on capital employed, etc.). These operations may have a negative impact on the Group's business, expected earnings or image should Safran fail to achieve the target objectives, notably to integrate the businesses acquired, achieve the business plans, gain market share and unlock the expected synergies, or maintain good trade or labor relations within the acquired entities following changes in management or control. A carefully designed system for monitoring integration issues has also been developed and is available on an as-needed basis.

4.4 INSURANCE

The Risk and Insurance Department identifies the accident risks to which the Group's businesses are exposed and puts in place the appropriate insurance policies. This does not include personal risk insurance or credit insurance.

The key accident risks are covered by worldwide multi-risk policies spanning several years where applicable, negotiated with leading insurance companies that reflect the Group's current exposure. They include:

- a "property damage and business interruption" policy providing coverage for damage to industrial installations (buildings, machines, inventories, etc.). The maximum payout under the policy is €400 million, or up to €1.2 billion for certain major Group sites, excluding market-imposed sub-limits for certain risks such as flooding, earthquakes, natural disasters or asbestos removal following an insurance claim;
- "product third-party liability" policies covering the Group in the event that it is held liable for damages to third parties as a result of an accident attributable to a delivered product no longer owned or controlled by a Group entity:
  - aviation products:
    - the policies provide coverage totaling USD 2.5 billion per annum that can be used during the year for aviation products. Coverage for helicopter products is capped at USD 1 billion, while coverage for terrorism totals USD 1 billion,
  - "land" products (excluding aviation businesses):
    - the policies provide coverage of €200 million per annum that can be used during the year.

Other specific types of insurance have also been taken out to round out the Group's insurance arsenal.

The Group's captive reinsurance company participates in the operational risk coverage scheme within the framework of "civil aviation liability" and "property damage and business interruption" insurance policies.

Local insurance programs are subscribed across the globe either to cover specific risks or in response to local legal or regulatory insurance requirements.

5 Non-financial performance

Additive manufacturing of a titanium hydraulic block for the Airbus A350

5 Non-financial performance

In this chapter, Safran presents its non-financial information statement (NFIS) in accordance with Article L.225-102-1 of the French Commercial Code (*Code de commerce*), outlining the policies, commitments, achievements and results of its corporate social responsibility (CSR) approach. The Integrated Report, which can be found in the introduction to this Universal Registration Document, includes a presentation of Safran's stakeholder relations and business model.

Chapter 5 takes into account the following French legislative requirements:

- government *ordonnance* (order) 2017-1180 of July 19, 2017 and decree no. 2017-1265 of August 9, 2017 transposing into national law the European directive of October 22, 2014 on the disclosure of non-financial information by companies;
- law no. 2017-399 of March 27, 2017 on the duty of care of parent companies and contracting companies;
- French law no. 2016-1691 of December 9, 2016 on transparency, anti-corruption measures and modernization of the economy ("Sapin II").

This chapter is an integral part of the management report provided for in Article L.225-100 of the French Commercial Code. It is verified by an independent third party, whose report is presented in section 5.7.5.

5.1 ORGANIZATION AND MANAGEMENT OF NON-FINANCIAL PERFORMANCE

5.1.1 "Engage for the Future", a CSR approach at the heart of Safran's strategy

"Engage for the Future" supports the Group's global strategy and aims to ensure sustainable growth. By associating profitability with responsibility, the strategy drives short-, medium- and long-term value creation, and consequently the Group's performance.

5.1.1.1 A CSR strategy co-constructed with all stakeholders

Safran developed its CSR strategy in consultation with all of its stakeholders (suppliers, customers, shareholders, employees, employee representative bodies, etc.). Expectations and challenges in terms of corporate social responsibility were compiled during two consultation exercises: one to produce a materiality matrix and another where employee working groups were formed. "Engage for the Future" illustrates the responsibility shared by the Company and its employees to strive towards a viable and sustainable world in our day-to-day actions.

Definition of the non-financial challenges through the materiality matrix

Safran updated the materiality matrix plotting its non-financial challenges in 2020. The materiality matrix is based on the Group's risk map, studies on the challenges facing the aerospace industry and an in-depth analysis of reference frameworks: the United Nations Sustainable Development Goals (SDGs), non-financial reporting obligations and recommendations, and international standards such as those of the Sustainability Accounting Standards Board (SASB), the Task Force on Climate-related Financial Disclosures (TCFD) and the Global Reporting Initiative (GRI). Further to this analysis, 37 challenges were identified.

These challenges were subsequently submitted to more than 600 senior executives from all Group companies at sites worldwide, to members of the Group Executive Committee, and to a panel of 70 external stakeholders from each major category (business community, financial community, public partners and civil society). The consultation comprised 25 interviews and an online survey.

The matrix shows:

- on the X-axis, challenges classified according to their importance for Safran employees;
- on the Y-axis, challenges classified according to their importance for external stakeholders.

It represents a snapshot of respondents' opinions and perceptions at a given point in time. A consensus emerged, both internally and externally, on Safran's nine priority challenges and on how respondents' expectations have changed. The results have enriched the CSR strategy.

The nine challenges appear in the circle in the upper right-hand corner of the matrix. They are:

- **quality and safety of products and services** (see section 5.5.1.1);
- **customer satisfaction and trust;**
- **business ethics and the fight against corruption** (see section 5.5.1.3);
- **reduction of atmospheric emissions and the carbon impact linked to the use of products and services** (see section 5.3);
- **innovation and eco-design of products and services** (see section 5.5.3.1);
- **technological developments** (see section 5.3);
- **attractiveness of Safran and talent recruitment** (see section 5.4.1.3);
- **skills development and talent retention** (see section 5.4.1.3);
- **health and safety in the workplace** (see section 5.4.2.1).

These challenges are then compared each year with the Group's risk mapping for confirmation and to ensure consistency with the Group's major risks (see chapter 4).

MATERIALITY MATRIX OF NON-FINANCIAL CHALLENGES

5.1.1.2 "Engage for the Future", Safran's CSR strategy

Safran's CSR strategy, "Engage for the Future", is the outcome of a collective effort involving all stakeholders. In addition to incorporating the CSR challenges outlined during the construction phases described above, "Engage for the Future" embodies Safran's core purpose (*raison d'être*).

"Engage for the Future", a strategy built on 4 pillars, with 12 key commitments

CORE PURPOSE

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

DECARBONIZE AERONAUTICS

Be recognized as a leader in the decarbonization of the aviation sector

13 CLIMATE ACTION · 7 AFFORDABLE AND CLEAN ENERGY

1. Make carbon neutral aircraft the R&T priority
2. Reduce CO_2 emissions throughout our value chain
3. Involve employees in the reduction of their carbon footprint

BE AN EXEMPLARY EMPLOYER

Be considered as an employer of choice by our employees and the talents of the sector

3 GOOD HEALTH AND WELL-BEING · 4 QUALITY EDUCATION · 5 GENDER EQUALITY · 8 DECENT WORK AND ECONOMIC GROWTH · 10 REDUCED INEQUALITIES

4. Accelerate training in the skills and professions of tomorrow
5. Ensure health and safety of employees, improve the quality of life at work and maintain a thriving social dialogue
6. Encourage equal opportunities and promote diversity

EMBODY RESPONSIBLE INDUSTRY

Be the benchmark in our production methods and throughout our value chain

6 CLEAN WATER AND SANITATION · 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE · 12 RESPONSIBLE CONSUMPTION AND PRODUCTION · 15 LIFE ON LAND · 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

7. Uphold the highest standards of ethics
8. Strengthen responsible practices throughout the supply chain, and support our suppliers
9. Respect the environment and natural resources

AFFIRM OUR COMMITMENT TO CITIZENSHIP

Get involved with our local communities and contribute to their development

4 QUALITY EDUCATION · 8 DECENT WORK AND ECONOMIC GROWTH · 17 PARTNERSHIPS FOR THE GOALS

10. Be at the forefront of innovation to protect citizens
11. Develop partnerships for training and research
12. Enhance professional and social integration

5.1.1.3 Key objectives aligned with the UN Sustainable Development Goals

To fulfill its ambitions and create value, Safran has set objectives that will enable it to track progress for each pillar of the CSR roadmap annually. The objective of reducing Scope 1 and 2 greenhouse gas (GHG) emissions is set for 2030. The objective related to Scope 3 emissions from product use is set for 2035. All other objectives are set for 2025. All of the indicators mentioned below relate to a Group scope unless otherwise stated (see section 5.7.2). Indicator definitions and methodologies are described in section 5.7.4.

Safran supports and contributes to the United Nations Sustainable Development Goals (SDGs) through its "Engage for the Future" strategy and clear and quantifiable objectives.

DECARBONIZE AERONAUTICS

Be recognized as a leader in the decarbonization of the aviation sector

Objectives	2020	2021	2022
2025 OBJECTIVES **#1** Keep 75% of self-funded R&T investment focused on environmental efficiency *(Scope 3 – product use)*	**75%**	**75%**	**81%**
2035 OBJECTIVES **#2** Reduce greenhouse gas emissions from product use (Scope 3), based on seat kilometers, by 42.5% by 2035 compared with 2018[1] *(in g CO_2eq./seat kilometer[2])*	**+14%**	**-13%**	**-24%**
2025-2030 OBJECTIVES **#3** Reduce greenhouse gas emissions (Scopes 1 and 2) by 30% by 2025 and then by 50.4% by 2030 compared with 2018[3] *(in t CO_2 eq.)*	**-30.4%** (402,839 t CO_2eq.)	**-30.3%** (403,133 t CO_2eq.)	**-30.2%** (403,730 t CO_2eq.)
2025 OBJECTIVES **#4** 100% of facilities to have achieved the five zero targets roadmap *(gradual rollout)*			
No non-recycled paper (from 2021)	**N/A**	**100%**[4]	**100%**[4]
No machines or equipment running unnecessarily (from 2022)	**N/A**	**N/A**	**50%**[4]

Contribution to the SDGs

SDG 13 – CLIMATE ACTION – TARGETS: 13.1, 13.2, 13.3

Safran aims to lead the way in the decarbonization of the aviation industry (see section 5.3):

- R&T investment focused on environmental efficiency, choice of technologies contributing to ultra-efficient aircraft by 2035 and use of sustainable aviation fuel (SAF), etc.
- Climate strategy – Scopes 1, 2, 3 (see section 5.3.3.1)
- Reduction of CO_2 emissions throughout our value chain, particularly Scope 3
- Adherence to the Climate-related Financial Disclosures (TCFD) recommendations on climate reporting
- Certification of Safran's GHG reduction trajectory by the Science-Based Targets initiative (SBTi) in January 2023. Safran is one of the first aerospace companies to have achieved a level of ambition recognized by SBTi as aligned with the goals of the Paris Climate Agreement

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

SDG 7 – AFFORDABLE AND CLEAN ENERGY – TARGETS: 7.2, 7.3

Safran is committed to energy efficiency and the decarbonization of its consumption (see section 5.3):

- 10% reduction target set for its European sites' gas and electricity consumption in 2024 compared with 2019
- Use of low-carbon energy sources
- On-site production and self-consumption of renewable energy
- Employee awareness-raising on eco-friendly practices

(1) 2018 was chosen as the earliest reference year to take into account the emissions of the former Zodiac Aerospace, acquired by Safran that year.
(2) As from 2022, the calculation is made per seat-kilometer as opposed to passenger-kilometer (see section 5.7.4).
(3) Change in Scope 1 and 2 emissions compared with 2018, market-based method (see section 5.7.4).
(4) At December 31, 2021 and 2022, supply contracts for white and color paper in France and Belgium included recycled paper only. At December 31, 2022, more than one-third of the Group's sites had identified 17,000 machines and equipment that should be labeled to indicate how to turn them off. Approximately half had the correct labeling.

BE AN EXEMPLARY EMPLOYER

Be considered as an employer of choice by our employees and the talents of the sector

Objectives	2020	2021	2022
2025 OBJECTIVES			
#5 Provide 26 hours of training on average per employee[(1)]	13	21	25
#6 Maintain a frequency rate of lost-time work accidents less than or equal to 2[(1)]	2	2.1	2.1
#7 100% of employees to benefit from a minimum level of health coverage (medical, optical and dental)[(1)]	N/A	79%	77%
#8 22% of women among senior executives[(1)]	13%	15.1%	17%

Contribution to the SDGs

SDG 4 – QUALITY EDUCATION – TARGET: 4.4

Safran is committed to supporting work- and sector-based transformations and to meeting the aspirations of its employees:

- Training on business skills, digital transformation, energy transition, performance and business support, managerial skills and leadership (see section 5.4.1.5)
- Support and development tools for employees: feedback culture, mentoring, orientation day, specific training, etc. (see section 5.4.1.4)
- Integration of young people into the workforce: mentoring of young people on training courses by Group employees, European agreement to promote the integration of young people into the workforce, communication campaigns on social networks and recruitment sites to promote awareness of jobs in Safran's businesses (see section 5.4.1.3)

SDG 3 – GOOD HEALTH AND WELL-BEING – TARGETS: 3.6, 3.8, 3.9

Safran strives to control risks and to promote a culture of prevention for the health and safety of its employees and all stakeholders (see section 5.4.2.1):

- On-site safety roadmaps, guidelines and assessments: HSE (health, safety and environment) policy, comprehensive internal HSE guidelines integrating ISO 45001 and operational requirements specific to Safran, annual audits of industrial sites to verify application of the guidelines
- Occupational health services: employee well-being, prevention of psychosocial risks, workstation ergonomics
- Training and awareness-raising for employees on a range of subjects: road risks, specific illnesses, access to occupational medicine, vaccinations, etc.

SDG 10 – REDUCED INEQUALITY – TARGETS: 10.2, 10.4

Safran is committed to reducing workplace inequality and combating all forms of discrimination (see section 5.4.3):

- Awareness-raising for employees on unconscious bias and stereotypes, online training on diversity, inclusion and non-discrimination
- Definition and rollout of the Diversity and Inclusion roadmap
- Coordination of the disability policy on all French sites

SDG 8 – DECENT WORK AND ECONOMIC GROWTH – TARGETS: 8.2, 8.3, 8.5, 8.8

Safran creates and maintains jobs (see section 5.4). In 2022:

- 17,354 new hires
- 83,276 employees on 256 sites in 31 countries
- Commitment to fair and equitable compensation, giving employees a stake in the Company's performance (see section 5.4.1.7)
- Calculation and publication of pay ratios (see section 6.6.2.4)

SDG 5 – GENDER EQUALITY – TARGETS: 5.1, 5.5

Safran works to promote workplace equality, equity and gender balance in all positions (see section 5.4.3.2):

- Promotion of gender equality in governance: individual objective for the Chief Executive Officer to increase the number of women executives
- Educational workshops on sexism
- Mentoring and coaching for women in their careers
- Sites with Gender Equality European & International Standard (GEEIS) certification
- Coordination of an internal women's network to promote scientific and technical professions among young women
- Visibility of women's careers in the aerospace industry

N/A Data not available.
(1) Indicator definitions and methodologies are described in section 5.7.4.

EMBODY RESPONSIBLE INDUSTRY

Be the benchmark in our production methods and throughout the value chain

Objectives	2020	2021	2022
2025 OBJECTIVES			
#9 100% of senior executives and exposed or affected employees trained in anti-corruption	**66%**	**89%**	**77%**(3)
#10 80% of purchases made from suppliers that have signed Safran's responsible purchasing guidelines	**40%**	**32.4%**(1)	**59.3%**
#11 100% of industrial facilities classified as "Gold" based on Safran's HSE standards	**60%**	**33%**(2)	**41%**
#12 Increase the waste recovery ratio compared with 2019 (68.3%)	**70.2%**	**71.1%**	**69.2%**

Contribution to the SDGs

SDG 16 – PEACE, JUSTICE AND STRONG INSTITUTIONS – TARGETS: 16.5, 16.7, 16.10

Safran is constantly striving to ramp up measures to promote transparency and combat corruption (see sections 5.5.1.2 and 5.5.1.4):

- Ethics policy consisting of the Ethical Guidelines, the code of conduct for the prevention and detection of acts of corruption and the anti-fraud policy
- Zero tolerance of corruption in the Group
- Transparency on the composition, appointment and compensation of governance bodies (see chapter 6)
- Whistleblowing system featuring various reporting channels, including a secure email address for collecting reports, managed by an independent third party
- Reinforcement of internal compliance procedures with the establishment of commitments and the automatic verification of partners' share ownership

SDG 15 – LIFE ON LAND – TARGET: 15.1

Safran complies with all applicable regulations and takes measures to protect biodiversity (see section 5.5.3.8):

- Study of the Group's main impacts on biodiversity, its dependence on biodiversity and initiatives in place
- Local impact studies on biodiversity before applying for operating permits

SDG 9 – INDUSTRY, INNOVATION AND INFRASTRUCTURE – TARGET: 9.4

Safran aims to develop its business without undermining the capacity for natural resources to replenish (see section 5.5.3):

- Rollout of an eco-design approach
- Limiting of chemical substances (European REACH regulation, etc.)
- Reduction in the use of natural resources by developing maintenance and reuse solutions
- Product repairability, recycling and recovery
- Waste reduction and recovery

SDG 6 – CLEAN WATER AND SANITATION – TARGETS: 6.3, 6.4

Safran limits its impact on ecosystems and pays particular attention to water management (see section 5.5.3.7):

- Control of water consumption, used mainly for sanitation
- Treatment of water from industrial processes

SDG 12 – RESPONSIBLE CONSUMPTION AND PRODUCTION – TARGETS: 12.4, 12.5

Safran recycles and recovers its products and waste (see sections 5.5.3.5 and 5.5.3.6), and maintains balanced relations with its suppliers:

- Sustainable Procurement and Supplier Relations Label obtained in 2017
- Reduction, treatment and recovery of waste on the Group's sites
- Joint creation of Tarmac Aerosave, a company specializing in the dismantling and recycling of aircraft and recovery of aluminum shavings
- Partnership between Tarmac Aerosave and start-up Fairmat to develop a low-carbon-footprint recycling process for carbon fiber composites

(1) Decline attributable first to the fact that signatures to the charter have only been taken into account since March 2020 (date of the update incorporating new laws and regulations), and second to the extension of the scope to include maintenance, repair and overhaul (MRO) suppliers.

(2) The percentage of sites classified as "Gold" (level of maturity required by Safran's HSE standards) decreased in 2021 with the inclusion of the former Zodiac Aerospace sites in the objective.

(3) The compliance training policy was reviewed in 2022, with a new structure and a larger pool of people to be trained (increase of more than 35%, from more than 4,000 to more than 6,500 people).

AFFIRM OUR COMMITMENT TO CITIZENSHIP

Get involved with our local communities and contribute to their development

Objectives	2020	2021	2022
2025 OBJECTIVES			
#13 Host more than 63 new PhD students in Safran teams each year	**36**	**47**	**80**
#14 100% of facilities with more than 100 employees to run at least one external social or professional integration initiative	**N/A**	**45.3%**	**76%**

N/A Data not available.

Contribution to the SDGs

SDG 17 – PARTNERSHIPS FOR THE GOALS – TARGETS: 17.16, 17.17

Safran contributes to skills development through scientific, technological and academic partnerships (see section 5.6.2):

- Collaboration with institutes, university laboratories and industrial research chairs
- Creation of training centers in the countries where Safran operates
- Partnership with CampusFab, a consortium of industry players and employment and training organizations that trains aerospace industry technicians and engineers for the jobs of the industry of the future
- Partnerships with innovative companies to develop emerging technologies: support for innovation and R&T projects with start-ups, creation of a start-up accelerator in 2022
- Number one French patent applicant in Europe according to the French National Institute of Intellectual Property in 2022

SDG 4 – QUALITY EDUCATION – TARGET: 4.4
SDG 8 – DECENT WORK AND ECONOMIC GROWTH – TARGET: 8.5

Safran is involved in a number of initiatives to promote professional and social integration (see section 5.6.3):

- 431 initiatives carried out worldwide on sites with more than 100 people thanks to the commitment of employees
- Initiatives by the Safran Corporate Foundation for Integration to help young people with disabilities and disadvantaged or marginalized young people
- Sponsorship: support for non-profits to promote learning in mathematics and science, partnerships to develop mentoring to promote equal opportunity, etc.

5.1.2 Stronger CSR governance

The CSR strategy is led by the Group Executive Committee and steered by the Executive Vice President, Corporate Human and Social Responsibility. In 2021, the Group Human Resources Department (HRD) became the Group Human and Social Responsibility Department (HSRD). This change illustrates Safran's determination to strengthen its commitments and rally all employees around CSR issues. The HR Director draws on the work of the CSR Department in defining the CSR strategy, its roadmap and its rollout. The CSR Department, in close collaboration with the Group Executive Committee, cross-functional departments and entities, is responsible for coordinating and implementing the strategy by ensuring that it is consistent and that everyone is involved.

The CSR roadmap is presented annually to the Group Executive Committee and to the Board of Directors. CSR issues are addressed, where appropriate, in committees reporting to the Group Executive Committee (Compliance, Ethics and Anti-Fraud Committee) or the Board of Directors (Audit and Risk Committee, Appointments and Compensation Committee, and Innovation, Technology & Climate Committee) (see section 6.3.6.3).

A network of CSR coordinators from each of the Group's companies contributes to the implementation of the CSR strategy. Alongside experts from the Group's departments, they attend several meetings each year as part of committees focused on each pillar. In 2022, Safran organized its first "younger generations" committee. It was a forum for 12 people under 30 from within and outside the Group to discuss their expectations regarding current societal trends with two Executive Committee members.

5.1.3 An approach backed by internal and external reference frameworks

5.1.3.1 United Nations Global Compact and Sustainable Development Goals

Safran became a signatory to the United Nations Global Compact in 2014. The Global Compact comprises ten principles relating to respect for human rights, international labor standards, the environment and the fight against corruption. Safran has willingly undertaken to adhere to and promote these universal principles in its practices. The Group's Chief Executive Officer assumes direct responsibility for this commitment.

Safran certifies the effective implementation of these principles by posting a Communication on Progress (CoP) on the United Nations Global Compact website each year. Safran is classified as Advanced in the CoP reporting framework, the highest standard in terms of CSR performance.

Safran's CSR strategy is aligned with the global effort to achieve the 17 Sustainable Development Goals (SDGs) for 2030 established by the United Nations.

5.1.3.2 Key Safran CSR documents

The key internal documents concerning Safran's corporate social responsibility are as follows:

- the global CSR framework agreement (see below);
- the CSR strategy (see section 5.1.1.2);
- the Ethical Guidelines (see section 5.5.1.2);
- the climate strategy (see section 5.3.3);
- the code of conduct for the detection and prevention of acts of corruption and the responsible lobbying charter (see section 5.5.1.3);
- the health, safety and environmental policy (see section 5.4.2.1);
- the responsible purchasing policy (see section 5.5.2.1);
- the Group's duty of care plan (see section 5.5.4).

These documents are applicable at all Safran sites, in all of the countries where the Group operates.

5.1.3.3 Safran's global CSR framework agreement

As one of its internal CSR commitments, Safran signed a global CSR framework agreement with the IndustriALL Global Union and representatives of the French metalworking federations of the CFE-CGC, CFDT, CGT and CGT-FO unions in 2017. It covers the entire scope of Safran's activities and applies to all of its employees.

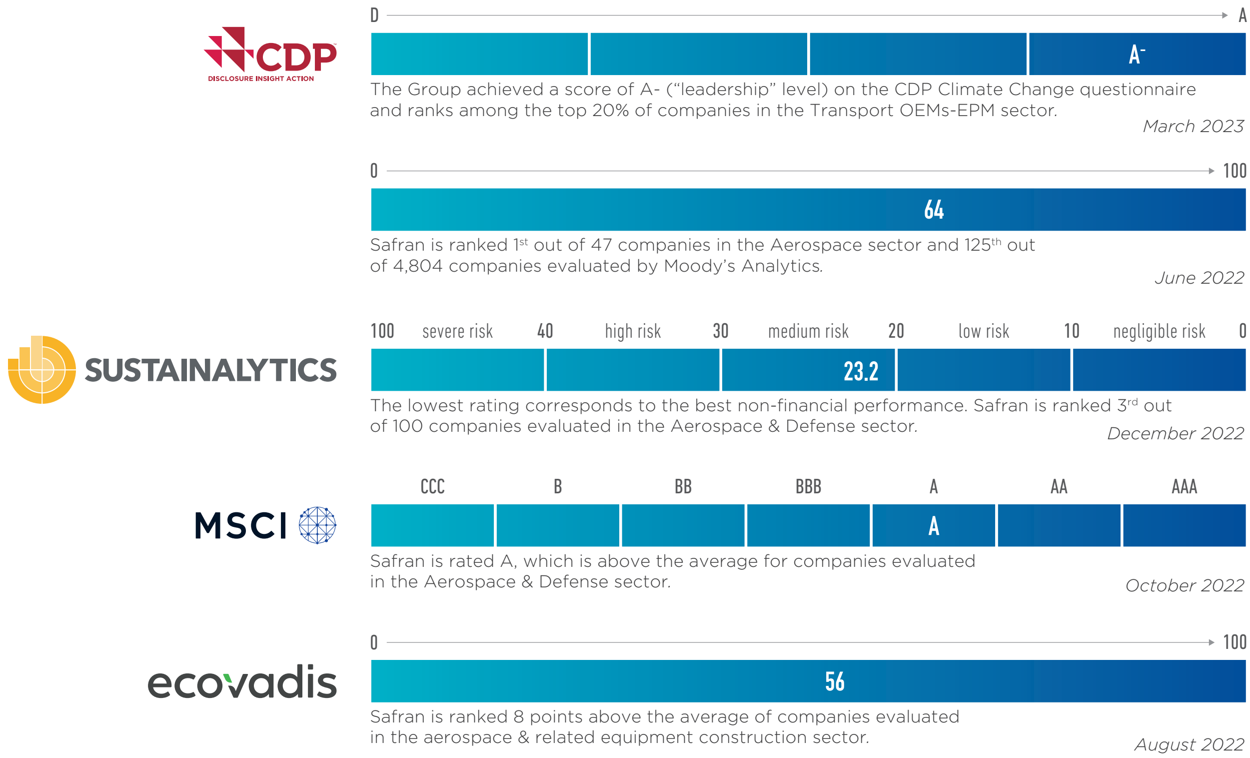
The agreement is designed to:

- provide a formal framework for the Group's corporate social responsibility policy, notably in compliance with the International Labour Organization (ILO) Conventions;
- continue to deploy the Group's human resources policies, which nurture talent and skills, support quality of worklife and well-being, promote diversity and ensure equal opportunity;
- enhance recognition of Safran by both customers and suppliers for its outstanding compliance with business ethics. Safran is committed to fighting against all forms of corruption and regularly sharpens employee awareness through appropriate communication resources and training. To this end, it applies a risk prevention policy with respect to tax evasion;
- guarantee fundamental union rights, including freedom of association, collective bargaining and social dialogue;
- ensure that fundamental rights are upheld by Group subsidiaries, as well as in the selection and assessment of suppliers, subcontractors and service providers;
- fight global warming and protect the environment through preserving natural resources and biodiversity, reducing and reusing waste, and preventing the risk of pollution in order to minimize the impact of the Group's activities on the environment;
- take into account the impact on the local community, so that available positions are filled locally in every host country, to the extent possible.

5.1.4 CSR performance assessment by non-financial rating agencies

Assessments by non-financial rating agencies of respect for the environment, social values, community engagement and corporate governance attest to the Group's CSR performance. These assessments are used by fund managers and investors looking for companies with strong environmental, social and governance (ESG) performance.

THE GROUP'S NON-FINANCIAL RATINGS



In addition, some sites have CSR certification, such as the Safran Electrical & Power site in Morocco, which has renewed the CGEM (*Confédération générale des entreprises du Maroc*) CSR label obtained in 2017 for 2020-2022. The label was also awarded to MATIS Aerospace (a joint venture between Safran and Boeing) in 2022. In Mexico, the Safran Aircraft Engines and Safran Landing Systems sites were recognized as socially responsible companies for the third consecutive year by CEMEFI (Mexican Center for Philanthropy). The Safran Aerosystems site in Mexico was also certified by CEMEFI for the first time in 2022. These two CSR labels are aligned with ISO 26000 and attest to the commitment to CSR actions and their effective rollout in labeled companies.

5.2 MAIN NON-FINANCIAL RISKS AND SUMMARY OF NON-FINANCIAL PERFORMANCE

Chapter 4, "Risk factors" and chapter 5, "Non-financial performance" of this Universal Registration Document are linked, and cross-references are provided. Chapter 4 presents an analysis of the main risk factors and describes how they are addressed by Safran, while chapter 5 is dedicated to the main non-financial risks (listed in the table below) and the associated performance (see sections 5.3 to 5.6). They have been assessed based on the key risks identified in Safran's Enterprise Risk Management (ERM) system, which is described in chapter 4. The indicators presented show the effectiveness of the policies implemented to manage the risks. All of the indicators mentioned below relate to a Group scope unless otherwise stated.

The main non-financial risks described in this section are as follows:

- risks relating to climate change;
- risks relating to shortages of skills and know-how;
- risks relating to loss or lack of attractiveness;
- risks relating to insufficient gender balance;
- health, safety and environmental (HSE) risks;
- psychosocial risks;
- corruption risks;
- risks relating to supplier relationships;
- risks relating to Group products and services.

RISKS RELATING TO CLIMATE CHANGE

Climate change presents a twofold challenge for Safran in terms of:

1. the impact of climate change on the Group's activities, in most regions of the world;
2. the impact of the Group's activities on climate change. Safran contributes to greenhouse gas emissions both directly, through its industrial operations, purchases, freight and employee travel, and indirectly, through customers' use of Group products, particularly in the aviation sector.

Safran has identified two types of risk:

- physical risks (see section 5.5.3.9) resulting from damage caused directly by extreme weather and climate events, which could cause damage to the Group's facilities and endanger the safety of its employees. The exposure of Safran's sites and their value chains to these risks is largely dependent on their geographic location. The frequency and intensity of climate events, aggravated by the rise in global temperatures, are taken into account when deciding where to locate Safran's activities;
- transition risks stemming from economic, regulatory, labor and social changes in relation to the fight against climate change. This could include new taxes, regulatory measures to reduce the use of air transport, loss of market share or loss of attractiveness of the industry for investors or of Safran if more competitive products for decarbonization are developed by competitors.

These risks are described in section 4.3.1.6.

The challenges relating to climate change may also present opportunities for the Group, especially through the development of innovative products that improve the energy efficiency of aircraft and the energy consumption of our industrial processes.

Policies and procedures	Indicators	2018	2020	2021	2022	Year-on-year change
Strategy and action plan to combat climate change (see section 5.3)	Emissions in metric tons of CO_2 equivalent:					
	■ Scope 1[(1)(7)]	219,790	149,077	177,317[(2)]	177,299	-1.3%
	■ Scope 2 (location based)[(1)]	383,186	277,640	244,466[(2)]	264,420	+8.2%
	■ Scope 2 (market based)[(1)(6)]	358,887	253,762[(3)]	225,796[(2)]	226,431	+0.3%
	■ Scope 3[(1)]:					
	• product use	123,400,000[(5)]	61,300,000[(5)]	52,300,000[(5)]	56,100,000	+7.3%
	• purchased goods and services	4,961,000	3,146,000	2,735,000	4,392,000[(4)]	+61%
	• freight	264,700	172,100	183,200	267,400[(4)]	+46%
	• business travel	68,450	21,150	16,100	28,100	+75%
	• employee commuting[(8)]	118,600	102,100	97,100	103,600	+6.7%
	Upstream emissions related to energy consumption	118,591	87,079	89,785	97,500	+8.6%
	Emissions related to waste treatment	21,000	14,000	14,200	14,700	+3.8%

(1) Indicator definitions and methodologies are described in section 5.7.4.
(2) 2021 emissions figures, which included estimated data for fourth-quarter 2021, were revised in 2022 to reflect the actual data.
(3) Scope 2 market-based emissions data for 2020 were estimated using market-based emission factors for 2018.
(4) The increase in emissions in 2022 is partly attributable to the resumption of operations. The increase resulting from purchases of goods and services is also partly attributable to inflation, as greenhouse gas emissions are measured based on monetary emission factors.
(5) The 2018-2021 values have been revised to incorporate the upward trajectory of sustainable aviation fuel incorporation.
(6) Scope 2 market-based values were reported for the first time in the 2021 Universal Registration Document and were fine-tuned in this document, notably to take into account the emission factors of Safran's suppliers.
(7) Direct emissions from biogas are included in the Scope 1 calculation.
(8) The method of calculating emissions related to commuting was improved in 2022 to take into account absenteeism.

RISKS RELATING TO SHORTAGES OF SKILLS AND KNOW-HOW

The risk of a shortage of skills and know-how may be related to:

- accelerated change in business, stemming from digital transformation or the emergence of disruptive technologies and new societal challenges;
- challenges of adapting load/capacity and matching skills to needs, which was particularly the case in 2022, with strong workforce growth amid a business recovery and a slight increase in departures compared with the pre-Covid-19 situation;
- tension on key expertise in the labor market, intense competition between business sectors and high staff turnover in certain geographic areas.

Risks relating to human resources are described in section 4.3.3.3.

Policies and procedures	Indicators	2020	2021	2022	Year-on-year change
Talent management policy (see section 5.4.1.1)	% of Group employees who have taken one or more training courses	67%	82%	90%	+8.7%
Safran University transformation plan (see section 5.4.1.5)	Average number of training hours per employee	13	21	25	+20%

RISKS RELATING TO LOSS OR LACK OF ATTRACTIVENESS

The risk of loss or lack of attractiveness for the Group may be linked to:

- long recruitment times for specialized roles (materials, special processes, electrical, power electronics, etc.) and for new professions for Safran;
- the high concentration of industrial companies in certain pools, generating intense competition (flexibility, compensation, career paths and development) to attract skills and talent;
- a work environment specific to large industrial groups perceived as not very agile;
- the poor public image of jobs in the industry in general and in the aerospace industry in particular.

These risks are described in section 4.3.3.3.

Policies and procedures	Indicators	2020	2021	2022	Year-on-year change
Recruitment policy (see section 5.4.1.3)	Permanent departure replacement index	0.2	0.82	1.5	+83%

RISKS RELATING TO INSUFFICIENT GENDER BALANCE

The risk of insufficient gender balance may be related to:

- insufficient representation of women in the Company, especially in senior positions, generating a risk in terms of image, attractiveness and performance. This stems from the under-representation of women in the aerospace sector.

Policies and procedures	Indicators	2020	2021	2022	Year-on-year change
Approach and action plan for professional equality between men and women (see section 5.4.3.2)	% of women:				
	■ in external recruitment	34.6%	31.3%	34.4%	+10%
	■ in the workforce	27.7%	27.9%	28.5%	+2%
	■ among senior executives	13%	15.1%	17%	+14%

HEALTH, SAFETY AND ENVIRONMENTAL (HSE) RISKS

Risks relating to industrial activities:

- risks inherent to activities, such as major industrial and environmental accidents;
- health and safety risks relating to activities;
- public health risks;
- impacts of weather events on property and people.

Risks relating to new regulations:

- diverse, shifting and increasingly stringent local and international HSE regulations and standards that are applicable to Safran's activities. Non-compliance with regulations is a risk for the Group.

HSE risks are described in section 4.3.2.7.

Policies and procedures	Indicators/key documents	2020	2021	2022	Year-on-year change
HSE policy (see section 5.4.2.1)	Frequency rate of lost-time work accidents	2.0	2.1	2.1	-
	Severity rate	0.08	0.08	0.07	-13%
	Reported accident frequency rate	11.3	9.6	8.4	-13%

PSYCHOSOCIAL RISKS

Psychosocial risks include stress and a lack of well-being in the workplace. These risks have intensified since the Covid-19 crisis. They are related to:

- the uncertain socio-economic environment;
- changes in the organization of work (telework, furlough, etc.);
- anxiety from coping with a series of crises and their impacts on human relationships and management methods;
- the increasing complexity of work and the intensification of both the pace of work and workloads.

Policies and procedures	Indicators	2020	2021	2022	Year-on-year change
HSRD pillars (see section 5.4)	Absenteeism rate	2.7%	2.84%	3.7%	+30%

CORRUPTION RISKS

As a global company, Safran must comply strictly with all anti-corruption laws and regulations, including any extraterritorial effects.

Corruption risks cover exposure of various types, from direct and indirect active corruption to passive corruption, influence peddling and conflicts of interest.

Policies and procedures	Indicators	2020	2021	2022	Year-on-year change
Corruption risk prevention and detection program (see section 5.5.1) Ethical Guidelines (see section 5.5.1.2)	% of senior executives and exposed and affected employees trained in anti-corruption	66%	89%	77%[1]	-13%

(1) *The compliance training policy was reviewed in 2022, with a new structure and a larger pool of people to be trained (increase of more than 35%).*

RISKS RELATING TO SUPPLIER RELATIONSHIPS

Safran purchased goods and services worth €11.7 billion in 2022, representing nearly 60% of adjusted Group revenue, from more than 15,500 major suppliers[1] worldwide. Despite the care taken by Safran, it is difficult to guarantee strict compliance with all social, environmental and ethics laws by all stakeholders in the supply chain. One of the aims of the responsible purchasing policy is to reduce the risks attributable to suppliers in respect of non-compliance with human rights, impacts on health, safety and the environment, impacts on climate change and corruption. By association, these kinds of supplier risks pose risks to Safran in terms of business, image and profitability. The ongoing Covid-19 pandemic and the inflationary environment have also heightened the risk of failure by some of Safran's strategic suppliers and subcontractors.

The management and monitoring of these risks are addressed in the duty of care plan (see section 5.5.4), prepared pursuant to French law no. 2017-399 of March 27, 2017 on the duty of care of parent companies and contracting companies.

These risks are described in section 4.3.2.6.

Policies and procedures	Indicators	2020	2021	2022	Year-on-year change
Responsible purchasing policy (see section 5.5.2.1) Duty of care plan (see section 5.5.2.6)	% of buyers trained in responsible purchasing methods	43.5%	49.8%	48.1%[2]	-3.5%
Safran's responsible purchasing guidelines (see section 5.5.4.2.3)	% of purchases made from suppliers that have signed the responsible purchasing guidelines	N/A	32.4%	59.3%	+83%

RISKS RELATING TO GROUP PRODUCTS AND SERVICES

To control the risks of aircraft accidents potentially involving its goods or services (see section 4.3.2.2), Safran has implemented aviation safety and quality policies (see sections 1.7 and 5.5.1.1) and a robust and proven safety management system (see section 1.7).

(1) Safran works with nearly 25,000 suppliers, of which 15,500 generate annual purchase volumes exceeding €10,000.
(2) The decline reflects staff turnover in the purchasing function in 2022.

5.3 CLIMATE: DECARBONIZE AERONAUTICS

DECARBONIZE AERONAUTICS

Be recognized as a leader in the decarbonization of the aviation sector

- Make carbon neutral aircraft the R&T priority
- Reduce CO_2 emissions throughout our value chain
- Involve employees in the reduction of their carbon footprint

Safran aims to lead the way in the decarbonization of the aviation industry. It has made low-carbon aircraft the priority of its research and technology (R&T) and is committed to reducing its CO_2 emissions across its entire value chain. Employees are also called on to reduce their individual carbon footprint.

5.3.1 Background and challenges

The 2015 Paris Climate Agreement set the goal of capping the increase in the Earth's average temperature at 2°C, or even 1.5°C, by the end of the century compared with pre-industrial levels. Safran is fully committed to that objective, and accordingly assesses its strategy, risks and opportunities under a range of climate scenarios[(1)].

In 2019, prior to the Covid-19 crisis, civil aircraft in operation worldwide emitted 2.5% of global CO_2 emissions[(2)]. The need to reduce these emissions is more urgent in view of the significant growth prospects for air traffic in the coming decades, despite the Covid-19 crisis. In addition to CO_2, aircraft engines produce other emissions (contrails, nitrogen oxides) that could have a further impact on global warming.

The decarbonization of air transport is Safran's main climate challenge: emissions from the use of our products fitted on aircraft account for more than 95% of the Group's total carbon footprint.

In addition to the risks presented in sections 5.2 and 4.3.3.1, the challenges associated with climate change also present opportunities for Safran's business model:

- primarily, a business development opportunity for latest-generation products contributing in the short term to the reduction of emissions in the aviation sector and an opportunity to develop new innovative products capable of significantly reducing the energy consumption and emissions of future aircraft;
- on a secondary basis, an opportunity to strengthen the operational performance of the Group's industrial activities by investing to reduce energy consumption and greenhouse gas (GHG) emissions.

5.3.2 Climate commitment and governance

As an engine and equipment manufacturer operating in the aerospace sector, Safran has made the decarbonization of aviation central to its mission and concerns. It is one of the two key pillars of the Group's strategy. To affirm its commitment, Safran's corporate purpose cites climate change as a priority challenge.

The Group's commitment to climate change is supported at the highest level of the company:

- The **Innovation, Technology & Climate Committee** of the Board of Directors. It reviews, appraises and issues opinions on both the strategy proposed by the Executive Management and the action plan and indicators associated with climate issues (see section 6.3.6.3). The Committee is chaired by an independent Director tasked specifically with monitoring climate issues, Since 2021, he has spoken at the Annual General Meeting to present Safran's strategic focuses in this area.
- The **Climate Steering Committee**, chaired by the Chief Executive Officer. It brings together members of the Group Executive Committee representing the main businesses involved in action on climate challenges: Research and Technology, Strategy, Public Affairs, Finance, Financial Communications, Operations, Corporate Social Responsibility and Communications. It lays down the Group's focuses and endorses the objectives and roadmaps for the various types of CO_2 emissions. It met four times in 2022.

  The focuses and strategy overseen by these high-level committees are implemented by the Climate Department.

(1) *The Sustainable Development Scenario (warming well below 2°C) and Net Zero Scenario (warming of 1.5°C) of the International Energy Agency (IEA).*

(2) *Based on 2020 International Council on Clean Transportation data and taking into account global CO_2 emissions generated by change in land use.*

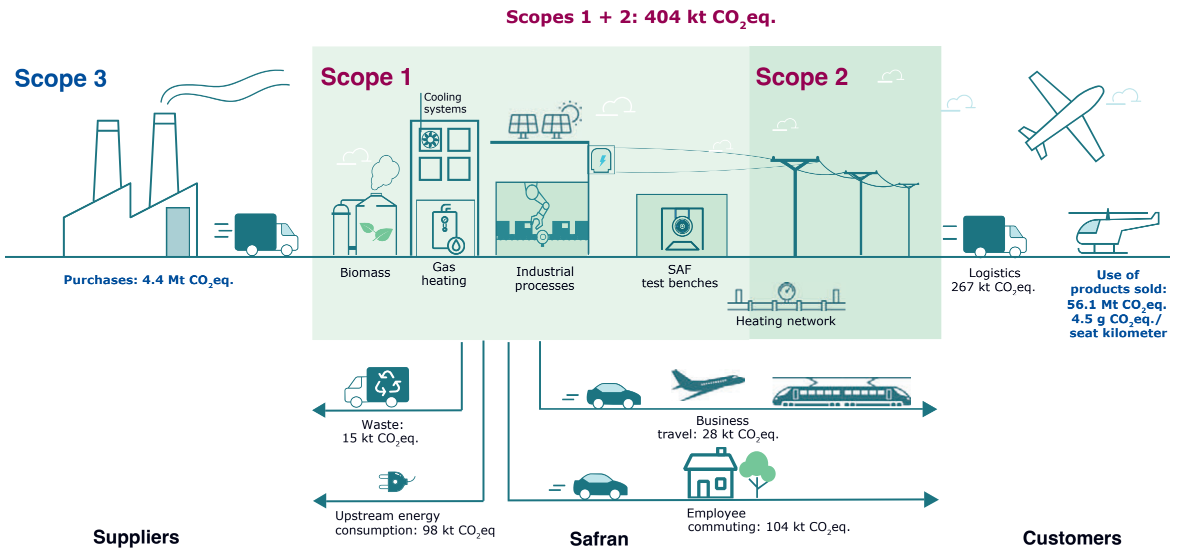
Responsibility for the implementation of the roadmap and its follow-up falls to different bodies:

- **Four committees of a more operational nature**, each chaired by two members of the Executive Committee, including a tier-one entity CEO, adapt and implement Safran's climate strategy in the following areas: **energy and low consumption; supply chain; employee mobility; and product use.**
- The operational management of initiatives also involves various bodies, which call on low-carbon project managers in the tier-one entities, as well as representatives in the business departments (purchasing, supply chain, energy, business travel, etc.).
- Lastly, progress on the action plan is reviewed regularly by the Group Executive Committee.

5.3.3 Strategy

5.3.3.1 Strategy and objectives in the fight against climate change

BREAKDOWN OF SAFRAN'S CO_2 EMISSIONS THROUGHOUT ITS VALUE CHAIN



SAFRAN'S OBJECTIVES

For its strategic pillar of decarbonizing aeronautics, Safran has set the following objectives:

- emissions from its operations (Scopes 1 and 2): reductions of 30% by 2025 and 50.4% by 2030 compared with 2018[1], in line with a global warming trajectory of 1.5°C;
- emissions related to employee travel (Scope 3 business travel and commuting): reduction of 50% by 2030 compared with 2018, in line with a global warming trajectory of 1.5°C;
- emissions from the purchase of goods and services: mobilizing its 400 main suppliers on meeting the commitments under the Paris Agreement to keep global warming to below 2°C and preferably to 1.5°C;
- emissions related to product use: reduction in emissions per seat kilometer of 42.5% by 2035 compared with 2018, or an average of 2.5% per year, thereby contributing to achieving net zero emissions for the aviation sector by 2050.

Safran used several scenarios compatible with the Paris Agreement when setting its objectives: specific sector scenarios, both global (ATAG Waypoint 2050, aiming for carbon neutrality by 2050) and European (Destination 2050, aiming for a 55% reduction in CO_2 emissions by 2030), and the aviation component of the International Energy Agency (IEA) scenarios (Sustainable Development Scenario, compatible with warming of less than 2°C, and Net Zero Scenario, compatible with warming capped at 1.5°C). Safran has used the absolute contraction approach for the reduction of GHG emissions in Scopes 1 and 2, as provided by the Science Based Targets initiative (SBTi). It has accordingly set short-term (2025) and medium-term (2030) targets, in line with its budget projections and action plans. 2018 was chosen as the reference year to take into account the emissions of the former Zodiac Aerospace acquired by Safran that year.

Safran's climate objectives are designed to meet the European Union's aim of reducing emissions by 55% by 2030 compared with 1990 and to achieve net zero emissions by 2050.

(1) *2018 was chosen as the reference year to take into account the emissions of the former Zodiac Aerospace acquired by Safran that year.*

CLIMATE OBJECTIVES ALIGNED WITH THE PARIS AGREEMENT AND VALIDATED BY THE SBTI

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

In January 2023, the SBTi validated Safran's GHG emission reduction targets, 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 is a global organization that helps companies set emission reduction targets based on the latest climate science. It is a collaborative initiative between the Carbon Disclosure Project (CDP), the United Nations Global Compact, the World Resources Institute (WRI) and the World Wide Fund for Nature (WWF). The SBTi independently evaluates and validates companies' CO_2 emission targets, drawing on a scientific approach and criteria.

The SBTi's validation shows that the GHG emission reduction targets set by Safran are aligned with the goals of the Paris Agreement adopted at COP21 in December 2015.

Safran's GHG emission reduction targets, validated by the SBTi, cover direct (Scope 1) and indirect (Scope 2) emissions from the energy consumption of Group operations, as well as emissions related to the use of its products (Scope 3). Safran has committed to reducing its Scope 1 and 2 emissions by 50.4% by 2030 compared with 2018, and its Scope 3 emissions by 42.5% per seat kilometer by 2035 compared with 2018.

5.3.3.2 Strategy to reduce Scope 1 and 2 emissions[1]

Safran is committed to a 1.5°C trajectory, aiming for reductions of 30% by 2025 and 50% by 2030 compared with 2018.

The targets apply to Safran SA and its tier-one entities[2], covering 100% of Scope 1 and 2 emissions in the reporting scope.

Safran is taking action on the energy transition at every level.

The Group has structured its action plan for reducing its Scope 1 and 2 emissions around the following strategic priorities:

- energy performance of new buildings;
- reduction of energy consumption at existing sites;
- shift from fossil fuels to alternative energy sources for heat production;
- purchase of low-carbon energy (electricity, gas, aviation fuel, heat);
- on-site production and self-consumption[3] of renewable energy.

For several years, Safran has also had an internal carbon price, in the form of a shadow price (with no associated cash flow) set at 80 USD/t CO_2eq. for its investments. The aim of the carbon price is to make internal investors aware of the consequences of their choices and to promote greener financing solutions by accelerating the return on investment for the most environmentally friendly ones.

Key 2022 initiatives

To achieve these objectives, Safran SA and its tier-one entities have embarked on energy transition action plans. 2022 saw the following achievements:

- **Energy performance of new buildings**: an internal construction standard for new buildings has been prepared; it applies to both the tertiary and industrial sectors. Derived from regulatory standards and norms, it is based on three key parameters:
  - the building's consumption during the operational phase;
  - the supply or production and self-consumption of low-carbon energy;
  - the use of building materials with lower carbon content.

  In 2022, Safran opened three sites or extensions meeting the internal standard in India, and a further three in France.
- **Reduction of energy consumption at existing sites**: an internal energy management system, based on ISO 50001, is being rolled out at Safran sites to intensify and accelerate the reduction of energy consumption. In 2022, 90%[4] 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 various entities, with local representatives at each site. An energy committee combining a range of skills is led by the Climate Department to share tools, methods, best practices and feedback. In addition to efforts to improve energy efficiency, Safran launched an energy efficiency plan in mid-2022 with a view to reducing consumption rapidly and involving all Group employees in the process. By using simple rules for setting temperatures, encouraging eco-

(1) *Scope 1: Direct GHG 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.*
(2) *See the simplified organization chart in section 1.1.3.*
(3) *Consumption of electricity produced at Safran sites for its own needs.*
(4) *The energy management system applies to sites with more than 50 employees, where Safran is the industrial operator, and where infrastructure and resources are in place to promote energy efficiency. In 2022, Safran had 169 sites meeting these criteria worldwide.*

friendly practices, turning off equipment at the end of shifts (see the 2022 "zero" targets in section 5.3.4) and adjusting work arrangements, Safran aims to reduce its gas and electricity consumption by 10% in 2024 compared with 2019[(1)] in Europe.

- **Energy switchover for heat production**: in 2022, Safran Landing Systems' Vélizy (France) site commissioned a geothermal heating system enabling a reduction of 400 t CO_2 per year. With the Bordes site (biomass heating) and Tarnos site (heating via a biogas plant) in France, this means that Safran now has three sites heated entirely or partially by renewable energy. In 2022, certain Safran sites began electrifying their old gas heating systems by replacing them with heat pump systems.
- **Purchase of low-carbon energy**: 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. Moreover, 27.9% of the electricity consumed in the United Kingdom is covered by guarantees of wind origin, as is 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. Safran has also signed contracts for the use of biogas at its Milmort (Belgium) and Bordes (France) sites.

  Safran is committed to sourcing **sustainable fuels** to be blended into the aviation fuel used for aircraft and helicopter engine approval tests on its sites. The proportion of sustainable fuels incorporated for these tests was 10% in 2021 and 20% in 2022. Safran plans to increase this to 35% by 2025. They are essentially advanced biofuels, the only existing source to date, and bring a reduction of up to 80% in emissions compared with fossil fuels.
- **On-site production and self-consumption**[(2)]: in 2022, Safran commissioned solar power plants dedicated to self-consumption at two sites in China, one in Morocco, three in Singapore and one in Thailand. The Group 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.

Outcomes

Safran estimates that 60% of the action program needed to reach the 2025 climate change target had been completed at the end of 2022, including production and self-consumption at industrial sites, streamlining of the industrial footprint and energy savings in plants. Work is already underway on the next 20% of the action program, and the final 20% is included in the Group's medium-term plan.

In 2022, Safran is reporting its Scope 2 GHG emissions using the market-based method. The market-based method corresponds to CO_2 emissions calculated based on the emission factors for the energy suppliers under contract with Safran. Details of this method are presented in the methodology note in section 5.7.4.

All of the indicators mentioned below relate to a Group scope unless otherwise stated.

Gross Scope 1 and 2 GHG emissions[(1)]	2018	2020	2021[(2)]	2022
Scope 1 direct emissions[(6)] *(t CO_2eq.)*	219,790	149,077[(2)]	177,317	177,299
Scope 2 energy-related indirect emissions, location-based method[(5)] *(t CO_2eq.)*	358,887	253,762	225,796	226,431
Change in Scope 1 and 2 emissions compared with 2018, market-based method	-	-30.4%	-30.3%	-30.2%
Total Scope 1 and 2 emissions, market-based method *(t CO_2eq.)*	**578,675**	**402,839**	**403,113**	**403,730**
Scope 1 biogenic direct emissions[(3)] *(t CO_2eq.)*	N/A[(4)]	N/A[(4)]	N/A[(4)]	N/A[(4)]
Scope 2 energy-related indirect emissions, location-based method[(6)] *(t CO_2eq.)*	383,186	277,640	244,466	264,420

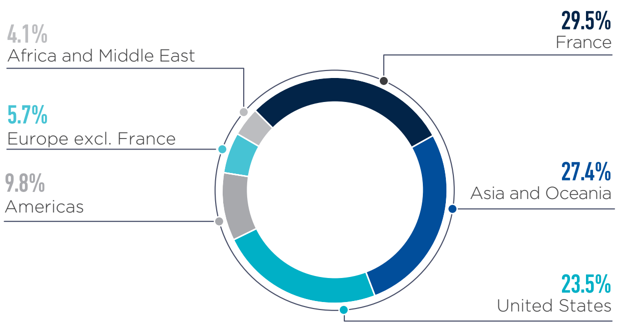
(1) All GHG emissions reported in this document are presented on a "gross" basis, in accordance with the GHG Protocol, without taking into account the deduction of CO_2 allowances under the European Union Emissions Trading Scheme or any other carbon offsetting measures.
(2) 2021 emissions figures, which included estimated data for fourth-quarter 2020, were revised in 2020 to reflect the actual data.
(3) Biogenic carbon is the carbon contained in biomass and organic matter in soil, as opposed to carbon of fossil origin (coal, natural gas, oil).
(4) Data not available.
(5) Scope 2 market-based values were reported for the first time in the 2021 Universal Registration Document and have been fine-tuned in this document, notably to take into account the emission factors of Safran's suppliers.
(6) Direct emissions from biogas are included in the Scope 1 calculation.

(1) As 2019 is the reference year for the French government's energy sobriety plan, Safran has used the same date.
(2) Self-consumption is the consumption of electricity produced on Safran sites for its own needs.

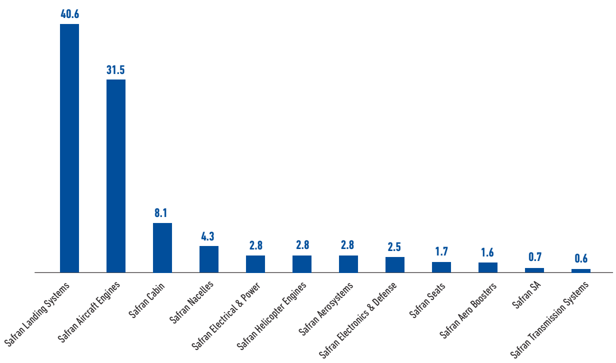
Energy	2018	2020	2021[1][2]	2022
Conventional and renewable electricity *(in MWh)*	1,304,597	1,016,255	1,073,389	1,142,812[4]
of which self-consumed electricity from renewable sources: PV[4] (in MWh)	70	734	903	3,837
of which electricity contractually obtained from renewable sources: GO, PPA[2] (in MWh)	0	230,222	210,064	163,258[4]
Natural gas and liquefied petroleum gas – LPG *(in MWh PCS)*	868,910	620,446	730,381	766,759
of which biogas[2] (in MWh PCS)	0	0	14,344	32,363
Aviation fuel *(in liters)*	17,305,991	11,642,273	13,433,463	14,283,324
Aviation fuel *(in MWh)*	178,094	119,810	138,242	146,988
Sustainable aviation fuel (SAF) *(in liters)*	0	0	870,024	1,258,083
Sustainable aviation fuel (SAF) (in MWh PCS)	0	0	8,953	12,947
Heating/steam and cooling networks *(in MWh)*	53,491	35,242	26,396	19,607
Fuel oil *(in liters)*	865,466	510,023	513,573	859,819
Fuel oil *(in MWh)*	9,475	5,583	5,622	9,413
Total energy consumption *(in MWh)*	2,414,567	1,797,335	1,982,984	2,098,526
Share of total energy consumption from renewable energy (including biogas)	0.01%	12.9%	11.8%	10.12%[3]

(1) 2021 figures, which included estimated data for the fourth quarter, were revised in 2022 to reflect the actual data.
(2) Voluntary renewable origin, not taking into account energy from renewable sources in the energy mix of energy suppliers through specific contracts, namely guarantees of origin and Power Purchase Agreements.
(3) The 2022 figures do not take into account renewable energy guarantees of origin for which contracts were signed in 2022 but which have not yet been certified.
(4) Electricity produced and consumed on sites thanks to solar panels.

GEOGRAPHIC BREAKDOWN OF GROSS SCOPE 1 AND 2 GHG EMISSIONS (MARKET-BASED) IN 2022



BREAKDOWN OF GROSS GHG EMISSIONS (SAFRAN SA AND ITS TIER-ONE ENTITIES) (AS A %) IN 2022



5.3.3.3 Strategy to reduce Scope 3 emissions excluding those related to product use

Analysis of the Scope 3 emission items listed by the GHG Protocol resulted in eight of the 15 items being classified as material for the Group. The first six are discussed in below, while the last two are discussed in sections 5.5.3.4 and 5.3.3.6:

- purchased goods and services;
- upstream transportation and distribution, when managed by Safran;
- downstream transportation and distribution, when managed by Safran;
- business travel;
- employee commuting;
- upstream emissions related to energy consumption;
- waste generated in operations (see section 5.5.3.6);
- use of products sold (see section 5.3.3.4).

In 2022, Safran continued work to develop or implement operational roadmaps to reduce emissions in these areas. In addition, a Green IT plan, implemented by the Digital and Information Systems Department to promote responsible digital technology, is in place to reduce emissions from digital tools, equipment and services. One of the key thrusts of its roadmap is to extend the life of equipment. The use of digital tools can complement this plan by helping to avoid a measure of employee travel, reducing the related carbon emissions.

Purchased goods and services

Safran has set the objective of mobilizing its 400 main suppliers (accounting for more than 80% of the CO_2 emissions from Safran's purchases) on committing to an emissions reduction trajectory compatible with the Paris Agreement goal of keeping global warming to well below 2°C and preferably to 1.5°C.

Safran's roadmap on this objective is based on three components:

- accurately assessing the greenhouse gas emissions content of its purchases;
- getting suppliers to commit to a decarbonization trajectory;
- incorporating carbon considerations into the entire purchasing process.

Each year, Safran assesses the emissions from its most CO_2-intensive purchases with its suppliers. Exchanges with these suppliers result in an annual calculation of the actual carbon footprint of the Group's purchases, which is currently assessed on the basis of monetary emission factors. This approach also improves suppliers' knowledge of their own emissions, particularly at a time of rising energy costs worldwide in 2022.

Currently, greenhouse gas emissions related to purchases of goods and services are assessed based on monetary emission factors, which are external reference data that associate a given expense with a volume of emissions. In addition to their imprecise nature, monetary emission factors also pose a problem during periods of inflation because they are not revised annually: inflation mechanically increases the volume of purchases, and in turn the greenhouse gas emissions calculated using them. As such, the increase in estimated emissions from purchases of goods and services between 2021 and 2022 reflects both an increase in the volume of the Group's business and an artificial effect stemming from inflation. Exchanges with its 400 main suppliers will gradually enable Safran to improve the assessment of emissions from its purchases.

Safran is also encouraging its suppliers to commit to a decarbonization trajectory by phasing in minimum requirements to customer-supplier relationships. In July 2022, Safran invited the 400 suppliers that contribute the most to its carbon footprint to an event dedicated to reducing CO_2 emissions in the value chain. Dubbed Safran Supplier CO_2 Day, the event was kicked off by the Chief Executive Officer and hosted by the EVP Production, Purchasing and Performance and the VP Climate Change. Safran presented its strategy for reducing GHG emissions from its purchases and shared its expectations of its suppliers: measuring their carbon footprints, committing to a reduction target, implementing action plans, and reporting on progress made.

In addition, Safran has assessed the maturity of its 400 biggest suppliers by surveying them on their strategy. With a response rate of 83%, Safran was able to categorize its suppliers into three levels of maturity: around 50% do not yet have a structured approach, 22% have set targets for their Scope 1 and 2 emissions, and 28% have set up action plans covering certain Scope 3 emissions.

Lastly, Safran ensures that carbon considerations are incorporated into the entire purchasing process, from its responsible purchasing policy to its supplier selection process. Since 2022, Safran has required new suppliers to meet a minimum level of maturity in terms of GHG emissions management. Its aim is to ensure that only committed suppliers remain on the panel and to encourage those that have not yet done so to commit to an approach compatible with the Paris Agreement. The Group also applies its internal carbon price in assessing supplier tenders. In 2022, Safran launched an initiative specifically for the supply of materials in order to determine the emissions related to the production of the main materials used by the Group. The aim of this work is to identify the key stages (extraction, production of semi-finished products, shaping) where emissions could be reduced. From there, Safran intends to work with the entire value chain to reduce the carbon intensity of the materials used.

Logistics

In 2022, the Group identified the various means at its disposal to reduce the carbon intensity of its logistics activities. The overall assessment confirmed that a decarbonization trajectory compatible with the Paris Agreement is achievable. The modal shift from air to sea transport, for certain internal flows within the Group or to its customers, is a major thrust of the action plan currently being implemented. The plan to reduce logistics-related emissions will be rolled out more systematically throughout the Group in 2023.

Business travel

Safran sees business travel as its direct responsibility. As such, the Group has set an objective of a 50% reduction by 2030 compared with 2018, in line with its medium-term objective for Scopes 1 and 2 and a global warming trajectory of 1.5°C.

To achieve its objective, Safran plans to:

- reduce emissions in partnership with travel service providers (airlines, car rental companies, taxi companies, hotels, etc.);
- raise employees' awareness and accountability as regards the impact of their travel (reason for travel, choice of mode of transport, return on assignments, etc.);
- use a proportion of sustainable fuels in employee air travel, in line with Safran's strategy for the decarbonization of the aviation sector. In 2022, Safran began its first partnership with Air France-KLM to purchase and incorporate sustainable aviation fuel (SAF) into its operations.

Employee commuting

Similarly, Safran has set an objective of reducing business travel by 50% by 2030 compared with 2018, in line with its medium-term Scope 1 and 2 objectives and a global warming trajectory of 1.5°C.

The roadmap is based on two main priorities:

- converting company or service vehicles under its direct responsibility to electric power and offering incentives for employees to electrify their own vehicles by providing a sufficient number of charging points and access to charging at reduced cost;
- promoting collective (public transport or carpooling) and active mobility solutions.

Scope 3 GHG emissions (excluding product use)	2018	2020	2021	2022
Emissions related to purchases of goods and services *(t CO_2eq.)*	4,961,000	3,146,000	2,735,000	4,392,000[(1)]
Emissions related to freight *(t CO_2eq.)*	264,700	172,100	183,200	267,400[(1)]
Emissions related to business travel *(t CO_2eq.)*	68,450	21,150	16,100	28,100[(3)]
Emissions related to commuting[(2)] *(t CO_2eq.)*	118,600	102,100	97,100	103,600
Upstream emissions related to energy consumption	118,591	87,079	89,785	97,500
Emissions related to waste treatment *(t CO_2eq.)*	21,000	14,000	14,200	14,700

(1) The increase in emissions in 2022 is partly attributable to the resumption of operations. The increase resulting from purchases of goods and services and freight is also partly attributable to inflation, as greenhouse gas emissions are measured based on monetary emission factors.

(2) The method of calculating emissions related to commuting was improved in 2022 to take into account absenteeism.

(3) In 2022, business travel emissions take into account the use of SAF under the Book and Claim principle, similar to the approach used for renewable energy.

5.3.3.4 Strategy to reduce emissions related to product use (Scope 3)

Safran has been working to improve aircraft fuel efficiency for several years, and contributes to reducing aviation sector emissions with its latest generation of products, namely the LEAP engine, which is 15% more efficient than the earlier CFM56 engine. Through its products, the Group helps to save 120,000 metric tons of CO_2 per aircraft, over the lifetime of the latest generation of short- to medium-haul aircraft.

To that end, Safran is making a major R&T effort (see section 1.4.5), with 81% of its self-funded expenditure in 2022 dedicated to improving the environmental impact of its products[(1)]. Thanks to European and French subsidies, the Group has been able to maintain its level of activity on decarbonization projects throughout the Covid-19 crisis.

Taking a step further, in 2021 Safran joined the other aviation sector players of the Air Transport Action Group (ATAG) in making a commitment to achieve carbon neutrality for civil aviation worldwide by 2050. This goal was adopted in October 2022 by governments meeting at the General Assembly of the International Civil Aviation Organization (ICAO).

Lastly, for emissions associated with the use of its products, Safran has set an objective of reducing GHG emissions from product use (Scope 3), based on seat kilometers, by 42.5% by 2035 compared with 2018 (*in g CO_2eq./seat kilometer*). This target has been validated by the SBTi.

Safran's technology roadmap to decarbonize the aviation sector is based on the following pillars:

1) Prepare technologies for the development of new ultra-low energy aircraft by 2035, compatible with carbon neutrality in the industry

Accelerating the transition to carbon neutrality means "skipping a generation" and going much further than the 15% improvement in fuel consumption usually achieved with each new generation of aircraft. This is the aim 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. In July 2022, CFM International, the joint venture between Safran and GE Aerospace, entered into an agreement with Airbus to build a flight test demonstrator for the open-fan engine architecture. 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 15% more efficient than the CFM56, the previous generation engine).

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.

2) Enable extensive use of sustainable aviation fuel (SAF)

Sustainable aviation fuel covers several categories of fuels with significantly reduced or virtually zero CO_2 emissions over their life cycle: drop-in fuels – advanced biofuels and synthetic fuels produced from low-carbon electricity[(2)] which are similar to traditional aviation fuel and can potentially be used in conventional aircraft, either on their own or blended with fossil-derived aviation fuel – and liquid hydrogen used to directly power aircraft[(3)]. The massive rollout of these sustainable fuels is critical in all air transport decarbonization scenarios.

(1) The main areas of focus for environmental impact improvements are decarbonization and the reduction of product energy consumption, pollution, product weight (and in turn resources consumed) and noise.

(2) So-called "power-to-liquid" fuels, synthesized from CO_2 and hydrogen by electrolysis using low-carbon electricity.

(3) Provided that the hydrogen is produced without the use of carbon, the main solution being electrolysis using low-carbon electricity.

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. Several projects were carried out in this area in 2021 and 2022, including test flights of an A319neo equipped with a LEAP-1A engine (the VOLCAN project with Airbus and ONERA) and an H225 helicopter with a Makila 2 engine (a project with Airbus Helicopter), both running on fully sustainable fuels. There have also been several other demonstrations involving Safran and CFM International, including a commercial flight on a Boeing 737 MAX operated by United Airlines. Further demonstrations are planned for 2023, together with an ambitious R&T plan to define the properties of fully sustainable aviation fuel and ensure full compatibility with all systems.

Safran actively supports the development of a sustainable fuel production industry. In 2021, the Group invested in German jet engine start-up Ineratec to produce 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.

In addition to kerosene-type fuels, Safran is working to develop a propulsion system for a future short- to medium-haul or smaller liquid hydrogen aircraft. Because it does not emit CO_2 in flight, the option of direct hydrogen combustion offers potential for considerable environmental gains. It nevertheless presents significant technical challenges and will require an in-depth study of the consequences for aircraft and propulsion system architecture, safety management, and ground infrastructure and operations. The impact of emissions from hydrogen combustion, especially water vapor, must also be taken into account in the environmental assessment, and is the subject of research work to which Safran is contributing. In 2022, Safran and GE Aerospace signed a partnership agreement with Airbus to flight-test a hydrogen engine fitted on an A380 by the middle of the decade.

3) Develop electric propulsion systems for use over short distances, and, more generally, aircraft hybridization

For reasons of mass energy density and management of high voltage systems at altitude, all-electric propulsion will initially be confined to short distance flights in low-capacity aircraft (small shuttles to start with, such as ATR regional jets with a maximum of 50 seats after 2030, for distances of around 300 km). Subsequently, the hybridization of propulsion systems will contribute to meeting the fuel efficiency goals of the next generations of commercial aircraft. It also represents significant potential for the development of future helicopter platforms.

Safran is a leader in hybrid and all-electric architectures, thanks to its expertise across the entire energy chain. The Group works with various aircraft manufacturers in the training aircraft, shuttle and VTOL[1] segments for logistics and passenger transport. In 2022, Safran signed several agreements to equip CAE's Piper Archer electric aircraft, VoltAero's Cassio 330 hybrid electric aircraft prototype and Diamond Aircraft's eDA40 electric aircraft with its ENGINeUS™ electric motors. Safran is also working with Aura Aero on the architecture and electric propulsion of the INTEGRAL E training aircraft and the ERA regional jet.

In addition to its partnerships, Safran is also ramping up its own activities in this area. In September 2022, the Group opened a new electrical engineering center of excellence in Créteil (France) and entered into exclusive negotiations with Thales to acquire its aeronautical electrical systems business (see section 2.1.3.2).

Safran, a driving force in the aerospace ecosystem

Safran is deeply committed to sharing its technological vision of decarbonization within the aerospace ecosystem, and participating in the emergence of a consistent and shared roadmap within the sector. This collaborative work takes place:

- in France with the French Aerospace Industries Association (*Groupement des Industries Françaises Aéronautiques et Spatiales* – GIFAS) and, more specifically, the French Civil Aviation Research Council (*Comité pour la Recherche Aéronautique Civile* – CORAC). The French industry has drawn up a coordinated roadmap for decarbonizing aeronautics, which incorporates Safran's strategic priorities and receives special support from the French government as part of its aerospace industry support plan;
- in Europe with the Aerospace, Security and Defence Industries Association of Europe (ASD) and the Advisory Council for Aviation Research and Innovation in Europe (ACARE);
- globally with the International Aerospace Environmental Group (IAEG), the International Civil Aviation Organization (ICAO) and the Air Transport Action Group (ATAG).

Assessment of Scope 3 emissions from product use and associated objectives

Due to the intensity of use of commercial aircraft, emissions related to the product use phase constitute virtually all of the emissions related to products sold (the "processing" and "end-of-life treatment" categories of products sold under the GHG Protocol being completely negligible in terms of emission volumes).

(1) Vertical Take-Off and Landing aircraft.

A CLOSER LOOK AT THE ASSESSMENT OF SCOPE 3 EMISSIONS RELATED TO THE USE OF SAFRAN PRODUCTS OVER THE LIFE OF THE EQUIPMENT[(1)]

In accordance with the GHG Protocol, Safran presents emissions resulting from the use of its products in two sub-categories, for which the methodology used is similar:

- **emissions directly linked to product use**: for Safran, this corresponds to emissions linked to the use of products in the area of propulsion (engines or engine subsystems, and nacelles);
- **emissions indirectly linked to product use**: these are emissions allocated to equipment and cabin interiors that do not consume energy, such as seats or landing gear. The use of this equipment is associated with emissions from the aircraft on which it is fitted, but the equipment itself is not the source of these emissions.

The assessment of the Group's product portfolio showed that the relevant scope could be confined to civil aviation (commercial aircraft, helicopters, large business jets). Emissions related to Safran's products in the general aviation (private aircraft) and military aviation sectors, as well as in other sectors (defense ships, armored vehicles, etc.) appear to be negligible (around 1%) due to their very low emission intensity or very limited business volume.

In accordance with the GHG Protocol methodology, emissions linked to the use of Safran's products, which are intermediate goods, reflect the allocation of a portion of the emissions from the aircraft (final products) on which the Group's products are fitted. Safran has elected to use a physical allocation ratio equal to the weight of its products over the weight of the aircraft. This ratio is used to assess the impact of the two areas where Safran is able to take direct technological action, i.e., improving engine fuel efficiency and reducing the weight of all products.

Assessing emissions from the use of Safran products therefore involves developing a scenario for the use of the aircraft on which these products are fitted, facilitating the estimation of the corresponding aircraft emissions. Safran assumes the life of a commercial aircraft to be 22 years, which is in line with the practices of its two main customers, Airbus and Boeing.

Estimating future aircraft emissions also involves making an assumption about the use of sustainable fuels. 2022 was a big year for the development of sustainable fuel use. In the United States, there was the adoption of an incentive framework based on tax credits as part of the Inflation Reduction Act. In Europe, discussions continued to take place on the obligation to incorporate sustainable fuels into fuel volumes, with an increasing ratio over time; many other countries, particularly in Asia, have adopted such targets. And a large number of sustainable fuel supply agreements were signed by Western airlines, most of which aim for an incorporation rate of 10% by 2030. According to the International Civil Aviation Organization (ICAO), agreements announced in 2022 for the purchase of sustainable fuels to be delivered in the coming years represented volumes of nearly 22 billion liters, compared with 9 billion for agreements announced in 2021 and less than 1 billion in previous years. While production of sustainable fuels remained modest in 2022, it was up nearly tenfold compared with 2021: the International Air Transport Association (IATA) estimates a production volume of sustainable aviation fuel of 300 million liters in 2022, or 0.1% of aviation fuel consumed worldwide.

Safran has taken this dynamic into account for its emissions report, using as its central assumption the increasing trajectory of sustainable fuel incorporation set out in the Sustainable Development Scenario of the International Energy Agency (IEA), cited as a secondary assumption in the 2021 Universal Registration Document. It appears to be relatively close, in the short term, to ambitions expressed in the United States and Europe, and it is the benchmark used by Safran to define its objective of reducing Scope 3 emissions from product use. This trajectory would result in a 13% reduction in reported emissions for 2022 compared with a more conservative assumption corresponding to the continued use of the 0.1% incorporation rate observed in 2022.

In addition to absolute Scope 3 emissions from product use, Safran also reports its emissions in the form of intensity per seat kilometer, which is absolute emissions divided by the volume of capacity (expressed in seats) generated over the life of aircraft delivered each year and fitted with Group equipment[(2)]. Following discussions with the SBTi, Safran changed its intensity indicator in 2022, which is now expressed in terms of emissions per seat kilometer as opposed to passenger kilometer, to better reflect its role as an engine and equipment manufacturer rather than airline operator. Safran has no influence on aircraft load factors (number of passengers in proportion to the number of seats), which reflect airlines' operating decisions.

Based on this methodology, change in Scope 3 emissions related to the use of Safran products will depend mainly on the following factors:

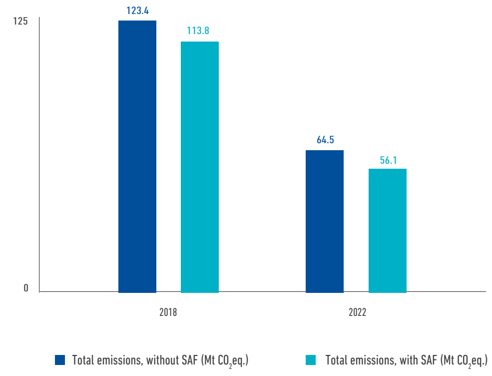
- growth in aircraft deliveries (effect on absolute emissions only, no impact on emissions intensity per seat kilometer);
- changes in Safran's market share: a gain in market share for the supply of equipment on existing programs would automatically increase Safran's emissions (but not those of the market as a whole);
- technological developments of products sold: progress can be measured in terms of both platforms equipped (latest generation aircraft entering service, end of production of older aircraft) and products (e.g., lighter seats between two generations of the same aircraft);
- the development of sustainable fuels, allowing increasing incorporation rates to be taken into account in evaluating emissions in the coming years.

(1) The full methodology and calculation assumptions are set out in section 5.7.4.
(2) In practice, all commercial aircraft delivered each year are fitted with at least one system or item of equipment made by Safran.

In 2022, emissions from the use of products sold continued to be disrupted by the impact of the Covid-19 crisis on aircraft delivery volumes. Between 2019 and 2021, the intensity indicator was impacted by the crisis, as well as by the difficulties encountered by Boeing on the 737 MAX and 787 programs, which have resulted in a significant time lag between equipment and engine deliveries by Safran and aircraft deliveries by Boeing.

As regards Scope 3 emissions from product use, Safran has set a target of reducing emissions per seat kilometer by 42.5% by 2035 compared with 2018, or an average of 2.5% per year. It assumes the incorporation of sustainable fuels corresponding to the trajectory in the IEA's Sustainable Development Scenario, at a rate of 48% in 2050 and 63% in 2060. Safran's objective is consistent with the minimum SBTi requirement for a global warming scenario well below 2°C (straight-line annual reduction of at least 2.5%).

IMPACT OF SAF ON TOTAL EMISSIONS



NON-CO_2 EFFECTS OF AVIATION

In addition to CO_2, aircraft engines emit components (nitrogen oxides (NO_x) and particles such as sulfates, soot, etc.) causing physicochemical or atmospheric phenomena (persistent contrails) that may contribute directly or indirectly to global warming. These phenomena, known as "non-CO_2 effects", which vary depending on fuel chemical composition or flight conditions, can contribute to global warming, but can also sometimes have a cooling effect, depending on the conditions. The scope of these effects, which change over time, is still difficult to quantify. Climate scientists currently estimate the warming power of these phenomena to be twice that of CO_2, but with considerable uncertainty as to the values to be considered.

In recent years, the scientific community and aerospace companies, including Safran, have stepped up their efforts to better understand and more accurately quantify these non-CO_2 effects so as to propose solutions to reduce or eliminate them. Safran is reducing NO_x emissions from its engines, in line with changes in air quality standards. Safran's work on sustainable aviation fuels, such as the VOLCAN research project, shows that the combustion of such fuels produces significantly less particulate matter than conventional aviation fuel, which would reduce the global warming effect of contrails. In collaboration with several major players in research and industry, Safran is also looking into operational solutions that would involve making minor adjustments to certain flight paths at specific times of day to avoid areas prone to the formation of persistent contrails. This would involve verifying that such adjustments would indeed reduce a flight's overall climate impact, even if its flight path were longer and consumed more fuel. The reduced fuel consumption of Safran's future engines could provide support for such approaches, limiting the increase in CO_2 emissions associated with avoidance paths.

In addition to contributing to advancing scientific knowledge of these effects, Safran has included preliminary measures aimed at reducing non-CO_2 climate effects in its strategic focuses, on top of its existing decarbonization initiatives.

Scope 3 GHG emissions – product use	2018[1]	2020[1]	2021[1]	2022
Emissions directly related to the product use phase *(t CO_2eq.)* – engines	31,400,000	15,900,000	14,700,000	16,300,000
Emissions indirectly related to the product use phase *(t CO_2eq.)* – other equipment sold	82,300,000	41,500,000	37,600,000	39,800,000
TOTAL EMISSIONS RELATED TO THE PRODUCT USE PHASE	**113,800,000**	**61,300,000**	**52,300,000**	**56,100,000**
Total emissions related to the product use phase, based on passenger traffic on aircraft equipped with Safran products *(g CO_2/seat kilometer)*	5.9	6.8	5.1	4.5

(1) The 2018-2021 values have been revised to reflect the upward trajectory of sustainable aviation fuel incorporation.

ENGAGE FOR THE FUTURE – CSR OBJECTIVES:

- **#1** Keep 75% of self-funded R&T investment focused on environmental efficiency by 2025.
- **#2** Reduce greenhouse gas emissions (Scopes 1 and 2) by 30% by 2025 and then by 50.4% by 2030 compared with 2018 (in t CO_2eq.).
- **#3** Reduce greenhouse gas emissions from product use (Scope 3), based on seat kilometers, by 42.5% by 2035 compared with 2018 (in g CO_2eq./seat kilometer).
- **#4** 100% of facilities to have achieved the five zero targets roadmap by 2025.

5.3.3.5 Sites concerned by the European CO_2 quota trading system (EU ETS)

Of more than 150 sites in Europe, only three are affected by the EU ETS (European Union Emissions Trading System). They are the Gennevilliers, Villaroche and Villeurbanne sites. In 2022, Safran purchased carbon credits on the market for the first time, for its Gennevilliers site. The other two sites had sufficient free allowances. The Group is working on an opt-out option from the EU ETS for its Gennevilliers and Villaroche sites by looking into the use of alternative energies.

The other environmental indicators are provided in section 5.5.3.11.

5.3.3.6 Safran follows the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in its climate reporting

CROSS-REFERENCE TABLE WITH THE TCFD PRINCIPLES

TCFD principles		Sections
1.	**Governance**	
1.1	Describe the Board's oversight of climate-related risks and opportunities	4.3.1.6, 5.2, 5.3.1, 6.3.3
1.2	Describe management's role in assessing and managing climate-related risks and opportunities	5.3.2
2.	**Strategy**	
2.1	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	5.2, 4.3.3.1
2.2	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	4.3.3.1
2.3	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	5.3.3
3.	**Risk management**	
3.1	Describe the organization's processes for identifying and assessing climate-related risks	4.3.3.1
3.2	Describe the company's processes for managing climate-related risks	4.3.3.1
3.3	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	4.3.3.1
4.	**Metrics and targets**	
4.1	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	5.3.3
4.2	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks	5.3.3
4.3	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	5.3.3

5.3.3.7 Application of the EU taxonomy to Safran's activities

Safran is subject to European Regulation 2020/852 of June 18, 2020 on the establishment of a framework to facilitate sustainable investment, known as the Taxonomy Regulation. This section sets out how this regulation applied to Safran in 2022, the second year of application of the system, for which disclosure requirements include "alignment" in addition to "eligibility". Based on the legal texts in force[1], none of the Group's commercial activities are covered by the Taxonomy (not "eligible").

(1) Annexes 1 and 2 of the "Climate" Delegated Act supplementing Regulation (EU) 2020/852 by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation.

Eligibility and alignment of Safran's activities in 2022 and key indicators

Safran's main activities fall into three main areas of economic activity, namely aerospace, defense and space. These activities do not appear in the legal texts in force at the end of 2022, which reflect the European Commission's prioritization of the economic sectors to be addressed within the framework of the first two objectives, namely climate change mitigation and climate change adaptation. This does not imply that these activities have a particularly negative impact on the environment, but rather that the European Union has not at this stage laid down objective criteria for determining whether an economic activity in these areas would substantially contribute to the environmental objectives of the Taxonomy.

Turnover

In the absence of the publication to date of a delegated act relating to the eligibility and alignment criteria applicable to the aviation sector, Safran's eligible revenue (referred to as "turnover" for the purposes of the Taxonomy) for 2022 are nil.

				Substantial contribution criteria						Do no significant harm (DNSH) criteria										
	Code(s)	Absolute turnover	Proportion of turnover	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of turnover, year N	Taxonomy-aligned proportion of turnover, year N-1	Category (enabling activity)	Category (transitional activity)
ECONOMIC ACTIVITIES		€m	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E/T	
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0%	0%												0%	0%		
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%																	
TOTAL A (A.1 + A.2)		**0**	**0%**														**0%**			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-non-eligible activities (B)		19,523	100%																	
TOTAL A + B		**19,523**	**100%**																	

CAPEX

As Safran's main activities in the aviation sector are not eligible, the only eligible capital expenditure (CAPEX) is that relating to ancillary activities, notably the Group's property.

Regarding the alignment of these activities, Safran does not believe the real estate projects included in eligible CAPEX (capitalized in 2022) meet the highly ambitious energy criteria set out in the Taxonomy Regulation. However, other investments relating to renewable energies, energy efficiency or electric vehicle charging stations, in the amount of €20 million, are aligned.

				Substantial contribution criteria						Do no significant harm (DNSH) criteria										
	Code(s)	Absolute Capex	Proportion of Capex	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of Capex, year N	Taxonomy-aligned proportion of Capex, year N-1	Category (enabling activity)	Category (transitional activity)
ECONOMIC ACTIVITIES		€m	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E/T	
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Renovation of existing buildings	7.2	0	0%	0%	0%					Y	Y	Y	Y	Y	Y	Y	0%	0%		
Installation, maintenance and repair of energy efficiency equipment	7.3	12	1%	1%	0%					Y	Y	Y	Y	Y	Y	Y	1%	0%		
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to building)	7.4	2	0%	0%	0%					Y	Y	Y	Y	Y	Y	Y	0%	0%		
Installation, maintenance and repair of renewable energy technologies	7.6	6	1%	1%	0%					Y	Y	Y	Y	Y	Y	Y	1%	0%		
Acquisition and ownership of buildings	7.7	0	0%	0%	0%					Y	Y	Y	Y	Y	Y	Y	0%	0%		
Capex of environmentally sustainable activities (Taxonomy-aligned)		**20**	**2%**	**2%**	**0%**					**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**2%**	**0%**		

				Substantial contribution criteria						Do no significant harm (DNSH) criteria										
	Code(s)	Absolute Capex	Proportion of Capex	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of Capex, year N	Taxonomy-aligned proportion of Capex, year N-1	Category (enabling activity)	Category (transitional activity)
ECONOMIC ACTIVITIES		€m	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E/T	
A.2. TAXONOMY-ELIGIBLE BUT NOT ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (NOT TAXONOMY-ALIGNED ACTIVITIES)																				
Renovation of existing buildings	7.2	12	1%																	
Installation, maintenance and repair of energy efficiency equipment	7.3	0	0%																	
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	7.4	0	0%																	
Installation, maintenance and repair of renewable energy technologies	7.6	0	0%																	
Acquisition and ownership of buildings	7.7	43	4%																	
Capex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		**55**	**5%**														**5%**	**17%**		
TOTAL A (A.1. + A.2.)		75	7%														7%	17%		
B. TAXONOMY NON-ELIGIBLE ACTIVITES																				
Capex of Taxonomy non-eligible activities (B)		**942**	**93%**																	
TOTAL A + B		1,017	100%																	

Consequently, the amount of Taxonomy-eligible CAPEX in 2022 is €75 million, or 7% of the Group's CAPEX, and the amount of Taxonomy-aligned CAPEX is €20 million, or 2% of total Group CAPEX.

OPEX

In view of the eligibility criteria, the only eligible operating expenses (OPEX) are those concerning the upkeep and maintenance of fixed assets corresponding to the other types of eligible activities mentioned in the previous point. This OPEX is immaterial (less than 1%) in relation to the Group's total operating expenses *(see section 3.1, Note 9, "Breakdown of the other main components of profit from operations")*. Consequently, Safran considers Taxonomy-eligible OPEX in 2022 to be immaterial in relation to its business model[(1)].

				Substantial contribution criteria						Do no significant harm (DNSH) criteria										
	Code(s)	Absolute Opex	Proportion of Opex	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of Opex, year N	Taxonomy-aligned proportion of Opex, year N-1	Category (enabling activity)	Category (transitional activity)
ECONOMIC ACTIVITIES		€m	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E/T	
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Environmentally sustainable activities (Taxonomy-aligned)																				
Renovation of existing buildings	7.2	0	0%														0%	0%		
Opex of environmentally sustainable activities (Taxonomy-aligned)		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**0%**	**0%**		
A.2 TAXONOMY-ELIGIBLE BUT NOT ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (NOT TAXONOMY-ALIGNED ACTIVITIES)																				
Renovation of existing buildings	7.2	0	0%																	
Opex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**0**	**0%**	**0%**																
TOTAL A (A.1 + A.2)		0	0%	0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0%	0%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Opex of Taxonomy-non-eligible activities (B)		**1,543**	**100%**																	
TOTAL A + B		1,543	100%																	

(1) *Pursuant to Delegated Regulation 2021/2178 of July 6, 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation.*

Eligibility and alignment outlook for Safran's activities from 2023

In addition to the "Climate" Delegated Act, the European Commission has signaled its intention of adopting in 2023 a new delegated act listing the eligible economic activities and alignment criteria for four complementary environmental objectives, and addressing certain complementary economic activities. The Platform on Sustainable Finance submitted a draft report for that purpose in March 2022, proposing the inclusion of the aviation sector in the taxonomy. Based on the draft report, Safran conducted an analysis of its main activities that could be eligible and aligned with the Taxonomy from 2023, subject to verifying the associated "Do No Significant Harm" criteria. These items are provided for information purposes and are subject to change depending on the final content of the regulation.

The main parameters of the Platform on Sustainable Finance's draft report for the eligibility and alignment of aerospace manufacturing activities with the Taxonomy are as follows:

- The eligible scope of activity would, at a minimum, include the manufacture of commercial aircraft.
- For commercial aircraft manufacturing, alignment with the Taxonomy would depend on compliance with the emissions criteria set by the International Civil Aviation Organization (ICAO) for the certification of new aircraft, with a measure of leeway. Pending the release of a precise list of aligned aircraft programs, it appears that the vast majority of latest-generation aircraft would meet these criteria (in particular A320neo, A330neo and A350 for Airbus, and 737 MAX, 787 and 777-X for Boeing).
- The draft report also proposes that alignment be confined to fleet renewal (in view of the emission reductions provided by new aircraft compared with those they replace), thereby excluding aircraft contributing to the expansion of the fleet in service. For the aerospace industry, this would be taken into account by applying a cross-sectional ratio representing the proportion of aircraft delivered that contributed solely to fleet renewal over the last ten years to the aggregates measured. The precise definition of this ratio is still uncertain, but it is expected to be around 40%.
- Lastly, equipment manufacturing and aftermarket service activities would be subject to the same criteria as the aircraft manufacturing activity. The alignment of Safran's activities will therefore be analyzed in respect of the aircraft programs to which they relate.

If the Platform on Sustainable Finance's proposals are confirmed, Safran's manufacturing and service activities related to the latest generation civil aircraft programs could be aligned from 2023 (in addition to the eligible activities listed in section 1 of this document and subject to verification of the associated technical screening criteria), and thus the associated turnover and CAPEX allocated on the basis of the aforementioned ratio, representing the share of deliveries contributing solely to fleet renewal. For OPEX, R&T expenditure on low-carbon aviation and future aircraft programs could constitute the bulk of aligned expenses.

5.3.4 Eco-citizenship

Safran's commitment to decarbonizing aeronautics carries through to the day-to-day initiatives and efforts of the Group's employees.

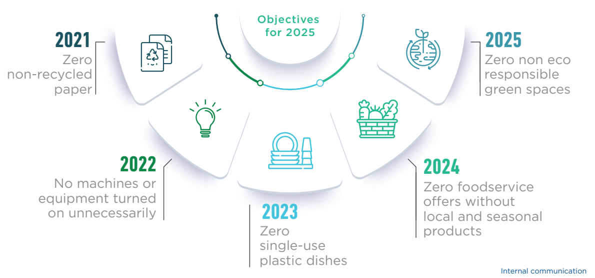
In 2021, the Group's HSE Department created an environment/eco-citizenship coordinator position to oversee eco-citizenship initiatives. There is an "Eco-citizenship" roadmap setting out initiatives in areas such as active mobility, awareness of civic initiatives, biodiversity and resource preservation. The Group has set itself the goal of achieving five "zero" targets for everyday activities, allowing employees to contribute directly to Safran's commitment to fight global warming.

The five "zero" targets are being rolled out gradually on the following schedule:

- zero non-recycled paper used at Safran: 100%[1] from 2021;
- zero machines or equipment running unnecessarily from 2022[2];
- zero single-use plastic tableware used at Safran sites from 2023;
- zero foodservice offers without local and seasonal products from 2024;
- zero non-eco-friendly green spaces at Safran sites from 2025.

Employees are encouraged to optimize the Group's environmental and social footprint, notably through training courses (Sustainable Aviation MOOCs, etc.), awareness-raising initiatives (eco-friendly actions, etc.), talks and the Safran Innovation Awards. Launched in 2021, the open innovation program recognizes innovations driving the energy transition and helping to reduce the Group's carbon footprint. Safran SA and its tier-one companies also offer employees the opportunity to take part in collective challenges to reduce the carbon footprint of their sites and products. Each challenge results in hundreds of employee-driven ideas for practical improvements and innovation.

THE 5 ZERO TARGETS



(1) At December 31, 2021 and 2022, supply contracts for white and color paper in France and Belgium include recycled paper only.
(2) At December 31, 2022, more than one-third of the Group's sites had identified 17,000 machines and equipment that should be labeled to indicate how to turn them off. Approximately half had the correct labeling.

5.4 HUMAN RESPONSIBILITY: BE AN EXEMPLARY EMPLOYER

BE AN EXEMPLARY EMPLOYER

Be considered as an employer of choice by our employees and the talents of the sector

- Accelerate training in the skills and professions of tomorrow
- Ensure health and safety of employees, improve the quality of life at work and maintain a thriving social dialogue
- Encourage equal opportunities and promote diversity

Safran is committed to being an exemplary employer for its employees, its most essential resource. The Group gives itself the means to achieve that ambition by fostering skills development for all employees and all teams. It also works hard to guarantee health and safety, to improve the quality of life at work, to maintain dynamic social dialogue adapted to current challenges and to promote diversity and equal opportunity.

The ambitions and work of the Group Human and Social Responsibility Department (HSRD) are aligned with this commitment. The HSRD has four key focuses:

- developing skills and creating development opportunities;
- ensuring a quality work environment;
- encouraging equal opportunity and promoting diversity and inclusion;
- promoting collaboration and mutual support.

These key focuses are sources of collective performance through the creativity, vitality and innovation they promote.

The analysis of risks relating to human responsibility is presented in sections 4.3.3.3 and 5.2.

Indicators – Workforce

All of the indicators mentioned below relate to a Group scope unless otherwise stated.

	2020	2021	2022	
Total	**78,892**	**76,765**	**83,276[(1)]**	
Europe	52,115	49,520	51,754	62%
■ of which France	43,315	41,346	43,106	52%
Africa and Middle East	4,903	5,084	5,613	7%
Americas	18,469	18,186	20,858	25%
Asia and Oceania	3,405	3,975	5,051	6%
% of men employees	72.3%	72.1%	71.5%	
% of women employees	27.7%	27.9%	28.5%	
% of managerial-grade employees (Managers & Professionals)	40.4%	40.7%	41.9%	

(1) *The increase in the workforce reflects higher recruitment amid the business recovery.*

5.4.1 Accelerate training in the skills and professions of tomorrow

In terms of innovation in the aerospace value chain, Safran is positioned as an architect of comprehensive solutions, products and services. This positioning generates numerous needs in terms of operational and strategic resources, both expert and managerial. In a context of major digital transformation and a commitment to decarbonize aeronautics, skills and careers are in the throes of a profound shift. Preparing and supporting these changes is a major challenge for the Human Resources function. Safran must ensure that the necessary skills are available in sufficient quality and quantity to respond to changes in the sector. These skills are the foundation of the Group's longevity.

5.4.1.1 Talent management policy

Safran offers its employees career development opportunities aligned with their aspirations and the company's needs, and seeks to improve the candidate and employee experience throughout the employee's career in the Group.

In doing business, Safran is committed to developing the skills of its employees through a dynamic policy that:

- anticipates future requirements in terms of skills;
- strengthens expertise;
- prepares the senior executives and leaders of tomorrow;
- takes into account the aspirations of all employees.

Skills requirements are identified through a process of forward-looking management of jobs aligned with a medium-term plan (MTP) built on five-year industrial and financial forecasts.

These forecasts are consolidated at Group level in order to build a comprehensive vision of changes in professions and skills that can be blended into support plans. This vision is built around a job description repository divided into four sections, 35 business lines and more than 160 benchmark jobs, which serves as an interpretive and analytical framework.

5.4.1.2 Roadmap

The roadmap comprises four objectives:

- strengthen digital skills within all business lines, especially skills related to:
  - new approaches to product development based on physical models and systems (model-based system engineering),
  - Product Lifecycle Management (PLM) covering technical and industrial departments, and services subject to a new need for digital continuity,
  - innovative Lean 4.0 methods for the transition to the industry of the future, such as augmented reality for quality control and assembly assistance, physical assistance (cobots and robots) and closed-door machining,
  - use of data science in all business lines, from health monitoring and predictive maintenance algorithms to artificial intelligence for image recognition, not to mention vast areas including cybersecurity, software development, and systems and technical architecture;
- fine-tune its organizational and managerial approaches:
  - collaborative management and versatile autonomous team,
  - development of new ways of working and managerial attitudes attuned with the digital transformation in a digital, collaborative and secure working environment,
  - development of multi-skilling, especially in production,
  - emergence of a digital culture, notably through free access to the Digital Academy training platform, promoting new attitudes and new managerial practices, the importance of which has grown since the Covid-19 health crisis (widespread use of work-from-home arrangements, hybrid work environment, etc.);
- maintain Safran's legacy skills (mechanics, avionics, materials) through its network of experts and their development. The Group also ensures that key knowledge is passed on between generations. Other existing skills will also need to be reinforced as the ecological transition takes hold: electrical, power electronics, energy management, systems, airworthiness, new fuels;
- better identify and support high-potential employees in their development through:
  - a feedback culture,
  - a mentoring program for people with potential, notably covering business and behavioral skills,
  - an onboarding process,
  - a transparent and joint policy for the management of high-potential employees,
  - their inclusion in succession plans.

5.4.1.3 Recruitment and employer brand

Safran is continuing to develop its employer brand worldwide in order to increase the Group's attractiveness. The Group strives to ensure that its approach is consistent across its various host locations, where labor market needs differ and recruitment requirements are specific.

Safran's recruitment policy is aimed at achieving the following objectives:

- recruit young people who have completed an internship, work-study program, academic research or an international corporate volunteer program within the Group to graduate positions;
- diversify the profiles of new hires;
- maintain the recruitment of engineers with doctorates.

Another priority is the recruitment of people with specialized experience (materials, special processes, electrical and power electronics, as well as information and data technologies).

Safran picked up its recruitment rate in 2022, bringing on board 17,354 employees worldwide. More than 25% of graduate positions in Europe were filled by young people who had completed an internship, a work-study program, a doctorate or an international corporate volunteer program within the Group.

Numerous communication campaigns are run on social media and recruitment platforms to promote awareness of the Group's jobs of the future. These campaigns have sparked great interest. The number of subscribers to Safran's LinkedIn showcase page rose by 16% from 700,000 at the end of 2021 to 812,000 at the end of 2022. Aware of the impact and importance of employees reaching out online, the Group supports employees volunteering to become e-ambassadors and promote Safran on social media through its Employee Advocacy program.

An employee referral program was launched in France and the United States in 2022.

Through its European framework agreement to support young people transitioning from school to work, Safran has reaffirmed its commitment to ensuring that PhD students and young people on work-study programs, internships or international corporate volunteer programs account for 5% of its workforce in Europe.

In 2022, the Group employed 6,753 young people, representing 13% of its workforce in Europe. Every year, this commitment enables a large number of employees to mentor a young trainee in their company. Safran's partnership with the Global Apprenticeship Network is helping boost its appeal among young people.

Events for students, including forums, roundtables, conferences, mock interviews and CV coaching by experienced recruiters and site visits, are organized on a regular basis. The many partnerships signed with target engineering schools and universities (including 18 partnerships in France) are managed dynamically; in 2022, they received support from an active network of 255 Safran employee ambassadors. The ambassadors participate in the design of the educational content of their schools, and organize or participate in numerous events between Safran and their partner school. The Group is strengthening its attractiveness in new digital skills thanks to partnerships with specialized schools, and data and cybersecurity masters programs, as well as via a communication campaign with recruitment targets and new digital ambassadors.

The Group has chosen to focus its employee skills sponsorship and charitable work on the social and professional integration of young people, see section 5.6.3.

Safran features in the following rankings:

- Forbes: twenty-eighth best global employer and fourth best in the aerospace and defense sector in 2022;
- Universum: #6 ranking among the preferred companies of engineering school students and #9 ranking among the preferred companies of engineering school graduate managerial grade employees in France in 2022;
- Capital: #5 ranking in the "Aerospace, Rail and Marine" category in France in 2023;
- Le Figaro-Epoka: #5 benchmark employer for students and graduates from engineering schools France in 2022;
- recognized as a top employer for young people by *Engagement Jeunes* for the third year running, thanks to very positive ratings by young recruits in Group companies in France.

5.4.1.4 Mobility and career management

The mobility of employees and their ability to improve their skills are both a key to maintaining their employability and a prerequisite for the Group's transformation and agility.

To offer varied and specific pathways to each person, the HSRD relies on:

- a performance and professional development interview completed by 86% of employees in 2022, with access to a digital interview system;
- career committees in the operating companies;
- 14 business line committees, which meet several times a year to discuss the medium-term plan (MTP) and HR issues related to changes in the business lines.

In the wake of the pandemic, during which the Group took a number of measures to retain and develop skills, Safran is continuing to encourage and support the mobility required to adapt workloads, notably by allowing secondments between its companies, or special leave.

A central mobility coordination team regularly brings together mobility officers from all Safran subsidiaries. It identifies needs, shares information between companies and coordinates the correct application of mobility rules. Another body deals specifically with the difficulties associated with the movement of senior executives in companies. In addition to mobility between related business lines, the Group is strengthening its HR policy aimed at allowing people to sidestep from declining professions into growing ones. Reassignments have enabled the Group to keep these employees within Safran and to develop their skills.

5.4.1.5 Training

Training plays an essential role in supporting the company in its countless transformations, helping make it more agile, digital, innovative and attractive. It is a major source of enduring growth and enables employees to acquire the knowledge and skills needed to adapt to rapid change, fostering adhesion and engagement among employees while maintaining their employability. Safran has accordingly founded a university, Safran University, and a campus. Safran University draws up the training roadmap and provides part of the training hours of all employees worldwide (nearly 20% of training hours in 2022). In 2022, Safran was certified by Qualiopi, a French label that recognizes the quality of its internal training organization's processes.

Safran University has three main goals:

- **define a strategic training offer to develop skills within the various business lines in the fields of operational excellence, digital transformation, energy transition, business performance and support, managerial skills and leadership, diversity and inclusion.**

  Safran offers 200 training programs. The roadmap includes comprehensive retraining programs for jobs in demand, such as those related to software, operational safety, control systems and electronic card programming. For example, employees who were previously system architecture engineers with some knowledge of electronics have been retrained in software development and FPGA (field-programmable gate array) or programmable logical device design. The Group supports professional development and reorientation towards new jobs (data scientists, enterprise architects, CQPM metallurgy qualification certificate for autonomous production unit technicians, Industry of the Future learning expeditions, etc.). In 2022, training was rolled out on social responsibility issues including awareness-raising on corruption, the climate, psychosocial risks and diversity.

  In collaboration with the Group's Digital and Information Systems Department, whose director is a member of the Group Executive Committee, a 4.0 Employee Experience initiative has been launched to support digital transformation. One of the goals of this approach is to develop individual and collective skills for all of Safran's business lines in the major "4.0s": Engineering 4.0, Manufacturing 4.0, Customer, Sales, Support and Services 4.0, Data 4.0 and Employee Experience 4.0.

  In 2022, extensive work to train employees on digital challenges was supported by the creation of the Digital Academy training platform, which offers more than 450 courses of digital-related content (e-learning modules or face-to-face training courses) spanning cybersecurity and personal data protection, digital responsibility and hybrid work, in addition to personalized training courses adapted to various jobs. Six months after its launch, more than 29,000 users had logged on, 60% of whom had completed at least one module dealing with a topic related to digital skills;
- **develop innovative, high-performance educational solutions focused on the user experience through best-in-class training tools and in-house content production.**

Teaching focuses on the employee, with learning methods resulting from the latest technological and neuroeducational advances. Safran University promotes the "learning enterprise" approach through an educational and digital innovation plan and the implementation of methods related to social learning and the workplace, such as mentoring and tutoring. These courses are backed up by a range of teaching approaches and a variety of resources ranging from e-learning content on the 360Learning platform (1,500 courses available, excluding courses dedicated to digital), virtual and face-to-face classes, immersive learning or learning in a work situation, with e-tutoring for example. Among these innovations, Safran provides employees with tools to produce training content internally and on an independent basis, and to become more professional in the field of digital training. The "Safran teaches Safran" principle is being rolled out to facilitate the creation and transmission of knowledge within the Group. In addition, an English-language learning platform, available 24/7, enables employees to practice English anywhere, from a workstation, tablet or phone;

- **roll out a more efficient and international organization to support the growth of training.**

ENGAGE FOR THE FUTURE

- **2025 CSR objective #5:** Provide 26 hours of training on average per employee.

2022 key training figures:

- internationally:
  - 25 hours dedicated to training per employee on average,
  - 90% of employees have taken at least one training course,
  - 1,988,615 hours of training,
  - of which 13% in distance formats (e-learning, MOOCs and virtual classes);
- France:
  - 914,018 hours of training,
  - 3.7% of the payroll.

5.4.1.6 Indicators – Training, hirings and separations

All of the indicators mentioned below relate to a Group scope unless otherwise stated.

	2020	2021	2022
BREAKDOWN BY TYPE OF CONTRACT			
% of permanent contracts[(1)]	97.7%	97%	95.4%
% of temporary contracts[(1)]	2.3%	3%	4.6%
TRAINING			
Average number of training hours per employee[(1)]	13	21	25
% of employees having completed at least one training course[(1)]	67%	82%	90%
WORKFORCE BY AGE GROUP			
% of people aged under 30 in the workforce	14%	14%	17%
% of people aged 30 to 39 in the workforce	31%	30%	29%
% of people aged 40 to 49 in the workforce	26%	27%	27%
% of people aged over 50 in the workforce	29%	29%	27%
Average age	42 years	42 years	41 years
HIRINGS AND SEPARATIONS			
Total new hires – world	3,332	8,039	17,354
% of men new hires	65.4%	68.7%	65.6%
% of women new hires	34.6%	31.3%	34.4%
Number of definitive departures	19,845	9,760	11,541
Of which retirements	1,481	1,760	1,286
Of which resignations and other voluntary departures	4,946	4,985	7,423
Of which dismissals and other involuntary departures[(1)]	13,418	3,015	2,832
Workforce turnover rate[(1)]	12.1%	11.3%	19%
Attrition rate[(1)]	5.57%	6.47%	9.4%
Permanent departure replacement index	0.17	0.82	1.5
Absenteeism rate	2.73%	2.84%	3.7%

(1) Methodology for calculating the indicators described in section 5.7.4.

5.4.1.7 Compensation and giving employees a stake in company performance

To boost its appeal, Safran is committed to compensating its employees fairly and equitably, and to guaranteeing attractive additional benefits such as employee savings plans, health insurance, profit-sharing and supplementary pensions, in accordance with the agreements in force.

Compensation

Safran is committed to compensating its employees in such a way as to:

- take into account local situations (local standards and laws in the various employment areas) and support mobility and promotions to encourage risk-taking and initiative. Close attention is paid to jobs subject to shortages, gender equality, starting salaries and employees beginning their careers. Specific sums are set aside to make up for any wage gaps;
- build compensation partly on the basis of employees' individual performance and level of responsibility, but also partly on the collective performance of each company and the Group. In addition to Group agreements, Safran encourages the negotiation of local collective agreements in line with the applicable legal framework;
- offer differentiating and attractive benefits.

COMPENSATION PACKAGE OBJECTIVES AND STRUCTURE

** TSR : Total Shareholder Return.*

Safran's overall compensation policy is aligned with market practices and systematically complies with legal minimums in the 30 countries where it operates. Safran analyzes the consistency of its employees' compensation, both internally and externally, using positioning and compensation surveys provided by a benchmark provider, in order to attract potential applicants and retain employees. The payroll represented 30% of consolidated revenue in 2022 (see section 2.1.1).

Compensation helps drive the Group's operational, economic and non-financial performance. In addition to operational and economic objectives, variable compensation is set partly on objectives linked to CSR indicators:

- the Chief Executive Officer's variable compensation for 2022 was partly dependent on CSR and HR objectives related to safety, diversity, gender balance, and climate and low-carbon outcomes (see section 6.6.3.2). These objectives represented 35% of his personal objectives;

- the variable compensation of Executive Committee members is also based in part on CSR indicators, notably those on employee safety and carbon emission reductions;
- since 2022, 20% of the Long-Term Incentive Plan has been indexed to objectives in the fields of employee safety, the reduction of carbon emissions and the number of women senior executives (see section 6.6.5.2).

In France, the following measures concerning compensation have been taken under the agreement on the post-Covid-19 working environment of January 1, 2022:

- a framework for pay negotiations, with specific amounts set aside for certain categories of employees in 2022;
- the payment in 2022 of additional profit-sharing in respect of 2021;
- a freeze on the Company top-up contribution to invested employee savings in 2022 and 2023;
- a cap on optional employee profit-sharing in respect of 2022.

In 2022, global compensation trends were in line with local market trends in an environment characterized by the health crisis and mounting inflation.

Specific measures were implemented, such as:

- in France, additional wage measures applied from July 2022, with an emphasis on the lowest wages and easing the criteria for profit-sharing;
- in France, an additional optional profit-sharing payment of 2% for the Group's French companies, payable in 2023 in respect of 2022;
- a value-sharing bonus of €750 paid in 2022 to employees in France (except top executives and trainees);
- the Board of Directors approved the principle of allocating 10 free shares to all Group employees in 2023 and will submit a resolution to the 2023 Annual General Meeting for that purpose (see section 8.2.2.2).

Employee profit-sharing

Various profit-sharing schemes give employees a share in their company's results.

Profit-sharing

In France, all employees are eligible for the Group's French profit-sharing agreement, which gives them a share in financial results achieved in France.

Optional employee profit-sharing

In France, companies and their employees benefit from optional profit-sharing agreements based on economic, operational and non-financial performance criteria.

Savings and employee shareholding plans

Since 2006, Group agreements have made it possible to develop employee shareholdings through:

- permanent schemes such as the Group employee savings plan (PEG) in France and international plans (PEG) outside France (Germany, Belgium, Canada, Mexico, United Kingdom, United States and Morocco, excluding former Zodiac entities). These schemes allow employees to build up savings thanks to employer contributions (suspended in 2021, 2022 and 2023 pursuant to the agreement on the post-Covid-19 working environment). The international plan covers sums invested in company mutual fund units invested in Safran shares. The employer contribution is capped at €2,000 per year and per employee;
- one-off initiatives, such as the leveraged employee shareholding offer in 2012, the classic employee shareholding offer with employer contributions in 2014 and the leveraged "Safran Sharing 2020" plan;
- 6.8% of Safran's share capital was held by current and former employees at December 31, 2022, representing one of the highest employee shareholding rates of CAC 40 companies;
- employees in France can build up savings through the collective retirement savings plan (PERCOL). The employer contribution associated with this plan was increased in 2022 to €1,000 per year and per employee. It has also been increased to €1,800 for employees in their last two years of service ahead of retirement. Under the agreement on the post-Covid-19 working environment (see section 5.4.2.2), the Company top-up contribution to invested employee savings was suspended for 2022.

The PEG and PERCOL investment mechanisms were reviewed in 2022, in order to benefit from a socially responsible investment (SRI) label as from January 1, 2023, with the exception of funds invested in Safran shares.

INDICATORS – COMPENSATION

All of the indicators mentioned below relate to a Group scope unless otherwise stated.

(in € millions)	2020	2021	2022
Statutory employee profit-sharing(1)(3)	103	132	154
Optional employee profit-sharing(2)(3)	15	22	174
Matching contributions (World scope)(3) (Amount paid as PERCO, PEG and PEGI matching contributions for all employees)	33	2	2
Employee savings (Total amount paid in respect of statutory and optional profit-sharing [France scope] and related contributions [World scope] [including the corporate social contribution])	538	122	369

(1) For French companies, the minimum salary used to calculate the individual amount of statutory employee profit-sharing is 1.2 times the annual social security ceiling (PASS) (i.e., €49,363.2 for a full-time employee in 2021). Employees who received lower salaries during the year under consideration will receive the minimum amount (pro-rated to the period of their employment).

(2) For French companies, the amount of optional employee profit-sharing may total up to 7% of payroll, depending on the agreement and the company's performance. However, in accordance with the provisions of the Activity Transformation Agreement, the amount of optional profit-sharing for French companies for 2020 and 2021 has been capped so that the sum of statutory and optional profit-sharing does not exceed 4% of the company's reconstituted gross payroll.

(3) Amount from the consolidated financial statements (see section 3.1, Note 8) of companies included in the scope of consolidation, as defined in section 3.1, Note 40.

Employee benefits and social protection

Safran is committed to providing all of its employees worldwide with access to a minimum level of health coverage, including medical, optical and dental services. In 2022, 77% of employees had access to medical, optical and dental services.

Special attention is paid to healthcare and personal risk insurance plans through the implementation of single, harmonized plans for all Safran companies in a given country, notably in the United States, Canada, India and Morocco.

ENGAGE FOR THE FUTURE

- **2025 CSR objective #7**: 100% of employees worldwide to benefit from a minimum level of health coverage (medical, optical and dental).

In France, since 2009, employees have been enrolled in a single mandatory life and healthcare benefits plan covering short- and long-term disability, death and supplementary healthcare costs. The plan offers generous benefits for employees themselves and for their dependents. Including dependents, 103,006 people were covered by the healthcare plan in 2022, as well as 24,008 retirees (dependents included). Since 2018, the Group has also offered carer assistance, plus entirely free medical teleconsultations since 2020.

In France, Safran established a mandatory retirement savings plan (PERO), which replaced the defined contribution supplementary pension plan known as the "Article 83 plan" from January 1, 2022 (see section 6.6.1.3 of the 2021 Universal Registration Document).

5.4.2 Ensure health and safety of employees, improve the quality of life at work and maintain a thriving social dialogue

5.4.2.1 HSE (health, safety and environment) challenges, policies and guidelines

Challenges

Preserving employee health and safety and the quality of life at work is a priority for Safran. On sites, employees are exposed to the risks inherent in industrial activities through the use of production equipment, load handling, shift work, the use of chemicals and working at heights. Health, both mental and physical, must also be taken into account so that employees can feel good at work and perform their duties effectively.

Maintaining the attention paid by all teams to preserving the health and safety of employees and on-site partners, in all of the Group's host countries, is central to Safran's prevention culture in HSE.

Section 5.4.2.1 describes the policy and reference framework related not only to health and safety but also to the environment, the three themes being combined in Safran's HSE framework documents. Initiatives related to respect for the environment and natural resources are set out in section 5.5.3.

Policy

The Group is committed to nurturing a risk management approach and a culture of prevention to defend the health and safety of its employees, supplier partners, customers and all other stakeholders concerned by its operations, in a spirit of transparency and sincerity. Updated and signed by the Chief Executive Officer in 2021, the HSE policy is a key component of the Group's operating performance. It reflects our commitment to health, safety, environmental protection and the fight against climate change, and contributes to making Safran a sustainable leader in the global aerospace industry.

This global HSE roadmap is managed at Group level. It can be more finely tuned in individual companies in line with their health, ergonomics, industrial risk prevention and eco-citizenship challenges.

It is rolled out as part of a continuous improvement process by the corporate HSE and Climate Control department teams, the HSE coordinators and Low-Carbon correspondents of Safran SA and its tier-one entities, and the prevention specialists, ergonomists and occupational health departments of the various sites.

The policy applies to all Group players, from company CEOs and senior executives to managers and employees. Senior executives and managers, especially in industrial areas such as production, support and services, receive specific training in day-to-day health and safety management. Their appraisals are based in part on an objective related to health and safety.

The multi-year HSE roadmap is aligned with this policy and has been adapted for the business recovery. It is based on four HSE fundamentals:

- ensure that all Safran employees and on-site partners benefit from the same health, safety and work adaptation programs;
- develop a highly qualified HSE network and involve all employees in HSE issues wherever the Group operates;
- ensure the physical and mental health of all employees;
- encourage the involvement of HSE networks in the rollout of HSE policy and adherence to the CSR strategy to build sustainable performance.

To enhance prevention initiatives with the involvement of all stakeholders, the Group HSE Department has undertaken to strengthen the HSE culture through continuous improvement of occupational health and safety in all the countries where the Group operates, in line with its policies.

Work began on three main areas of focus in 2022:

- establishment of a partnership with the Institute for an Industrial Safety Culture;
- rollout of an "HSE Leadership" training program for the Group's managers;
- performance of HSE culture diagnostics at Group company level.

Site HSE Guidelines and audits

The HSE policy is rolled out on the basis of global internal HSE Guidelines.

These Guidelines have been endorsed by an external organization as meeting the requirements of environmental management (ISO 14001) and occupational health and safety management (ISO 45001) standards. They also meet Safran's specific operational requirements.

The HSE Guidelines lay down various standards and their applicable requirements, including in terms of:

- risks and impacts, compliance with regulatory obligations;
- stakeholder involvement (employees and on-site providers), commitment and managerial leadership;
- best practice in respect of physical and chemical risks, health and working conditions, ergonomics, road risk, etc.

The guidelines apply to all Group entities, and are part of the "One Safran" management system (see section 1.7). A maturity matrix is used to assess the maturity level on each standard and to set specific improvement objectives. All sites conduct an annual self-assessment in respect of these standards and their HSE operational performance.

For industrial sites, the application of the guidelines' requirements is also subject to annual audits carried out by internal auditors or an external certification body. These audits measure maturity with respect to the guidelines. They validate the level of maturity achieved, from bronze (basic level) to gold (mandatory target level). Audit reports are reviewed by the Group Certification Committee, in the presence of a representative of the external certification body. The Committee certifies the maturity achieved by each site on all standards, at the Bronze, Silver or Gold level. The objective is for 100% of industrial sites to achieve Gold-level classification. A first wave of 149 sites concerned by this objective is the subject of the "Gold 2025" roadmap, which is reviewed quarterly by the Group Executive Committee.

- 41% of sites were classified as "Gold" based on Safran's HSE standards in 2022[1].

Well-being at work and prevention of psychosocial risks (PSR)

In 2022, following the development of its health/working conditions standard, the Group launched the "One Health!" roadmap across its entire scope. "One Health!" promotes occupational health (in respect of technical occupational risks), mental health and health in general.

"One Health!" has three levels of prevention:

- primary prevention: assessment of occupational risk factors, especially psychosocial factors. It relies on the sites' "Quality of Life and Working Conditions" steering committees;
- secondary prevention: training, awareness-raising and publications on psychosocial factors regularly made available to employees (detection and support for people in difficulty, prevention of harassment and violence in the workplace, prevention of at-risk or addictive behavior);
- tertiary prevention: monitoring of situations of work-related unhappiness by internal health services and PSR monitoring units, in particular on sites in France.

Safran uses the questionnaire devised by the EVREST occupational health developments and relationships observatory, a tool that allows the Group to gather data on employees' experience and health, and which informs action plans aimed at improving well-being at work. Indicators such as workload, recognition, quality of working relationships, psychological and physical health are regularly shared.

As work resumed following the Covid-19 crisis, efforts continued to protect the health of all employees as much as possible, while complying with the rules laid down by the health authorities of the various countries where Safran operates. A health protocol adapted to the local epidemic impact is central to the Group's pandemic plan.

- The Group's management of the Covid-19 pandemic was recognized, in 2021, by the International SOS Foundation (ISOS), with an honorable mention in the international "Duty of Care Covid-19 Ambassador" category.

In 2022, against a backdrop of multi-factorial crises, more complex work and heightened workloads, Safran continued its efforts to protect employee health. For example:

- further to the 2020 survey on experience at work, which was followed in 2021 by an action plan, rollout of a second survey in 2022 to define a new action plan included in "One Health!";
- continued efforts to train employees and managers in the prevention of psychosocial risks through the implementation of regular digital and awareness-raising sessions throughout the Group;
- access to remote health consultations with a psychologist for all employees through the listening and support systems;
- exchanges between the various players involved in prevention (HR, HSE, ergonomists, CSR, doctors) through multidisciplinary seminars, designed to be more effective in primary prevention on the three "One Health!" levels of prevention.

Safran seeks to promote work-life balance. Depending on their company and sites, employees may have access to sports equipment, childcare assistance and concierge services. They can also choose to work part-time.

Workstation ergonomics to put people at the heart of production systems

Within the Group, 80% of reported illnesses are attributable to musculoskeletal disorders (MSDs). Safran is pursuing its continuous improvement program for workstations. The HSE standard relating to the ergonomics of workstations sets out the tools, training, skills and organization of the ergonomics network. The Group's "ergonomics" roadmap reflects its determination to step up the mapping and reduction of risks. Each Group company adapts the roadmap, with a view to implementing appropriate actions that are consistent with its specific characteristics and challenges.

The ergonomics network allows risks present in workstations to be detected, and contributes to their elimination. It comprises more than 200 ergonomics officers, 1,000 ergonomics representatives in design and 15 full-time ergonomists who analyze and improve workstations. It has already produced more than 400 best practices. Employees performing ergonomics-related risk assessments and proposing improvements are trained in accordance with the PRAP program (prevention of risks linked to physical activity) developed by the INRS (National Institute for Research and Safety). Awareness-raising campaigns are also carried out for management teams and key players in design teams.

(1) *Methodology for calculating the indicator described in section 5.7.4.*

Emphasis is placed on the risks associated with poor posture, load carrying and repetitive work, which are the main sources of workplace accidents and occupational illnesses. This approach applies to existing positions, as well as to any design project for future workstations.

Related risk assessments also facilitate the integration of ergonomics principles into the design of the Group's Factory of the Future production facilities. New technologies such as collaborative robotics offer opportunities to improve production systems and performance.

Ergonomic analyses of workstations are factored into the design of production resources, especially for the Group's digital transformation. New physical and cognitive assistance technologies such as collaborative robotics offer opportunities to improve production systems and performance.

Preventing road risks

Employees are exposed to the risk of traffic accidents during business trips and when commuting. The HSE Guidelines feature a road risk standard, showing that preventing road risks is an integral part of the Group's overall prevention approach. A road risk prevention charter covers all sites worldwide.

In 2022, some Group companies implemented road risk prevention plans according to the following axes:

- training (in an actual vehicle or in a simulator) to raise awareness among the teams at risk;
- improvement of infrastructure and services;
- investigation of accidents to raise awareness of prevention;
- optimization of travel conditions to reduce the risk of tiredness.

Health and safety objectives and indicators

All of the indicators mentioned below relate to a Group scope unless otherwise stated.

	2020	2021	2022
% of sites classified as "Gold"[(1)]	60%	33%[(2)]	41%
Frequency rate of lost-time work accidents[(1)]	2.0	2.1	2.1
Severity rate of work-related accidents[(1)]	0.08	0.08	0.07
Fatal work-related accidents	0	0	0
Reported accident frequency rate[(1)]	11.3	9.6	8.4
Number of occupational illnesses (France)	47	49	60
Number of occupational illnesses (United States and Mexico)	22	5	24
Level of fire protection	6.8	68[(3)]	68

(1) Methodology for calculating the indicators described in section 5.7.4.
(2) In 2021, the percentage of sites classified as "Gold" decreased with the inclusion of the former Zodiac Aerospace sites in the 2025 objective.
(3) The scoring method changed from a scale out of ten to a scale out of 100 in 2021.

ENGAGE FOR THE FUTURE – 2025 CSR OBJECTIVES:

- **#6** Maintain a frequency rate of lost-time work accidents less than or equal to 2.
- **#12** 100% of facilities classified as "Gold" based on Safran's HSE standards.

5.4.2.2 Social dialogue

A culture of labor relations

Since its creation, Safran has made social dialogue a major focus of its corporate culture, contributing to the balance and regulation of labor relations within the Group. As a shared foundation for labor policy, collective agreements demonstrate the Group's commitment to its employees and contribute to the success of the entire organization and to economic performance.

The Group undertakes to guarantee the proper representation of all its employees, freedom of association and respect for trade union rights in accordance with international standards (notably the ILO conventions) and local laws, through:

- membership of the United Nations Global Compact since 2014, see section 5.1.3.1;
- application of a global framework agreement on corporate social responsibility (see section 5.1.3.3).

The quality of the social climate is the result of ongoing dialogue between management, employees and their representatives. All dialogue is carried out with unfailing respect for trade union rights as defined by the ILO, the United Nations Global Compact, the OECD guidelines and local laws in each country, and with an unbiased attitude towards the various trade union organizations. Social dialogue takes place at the global, European, country, Group, company and subsidiary levels. At the highest level, Safran's Board of Directors includes two employee representatives. Lastly, nearly 80% of employees have access to employee representation bodies in their company.

Social dialogue bodies

Social dialogue bodies are adapted to local practice.

In Europe, social dialogue mainly revolves around the European Works Council (EWC) and the application of two agreements covering all European Union countries, plus Switzerland and the United Kingdom. In 2022, EWC members were trained in CSR and on Safran's international agreements.

At the global level, social dialogue is conducted through the monitoring committee for the global CSR agreement, with IndustriALL Global Union representatives. In 2021, a European framework agreement was signed between IndustriALL Europe[1] and Safran, with the aim of preserving jobs by developing skills and securing professional careers. Safran is committed to ensuring the employability of all employees by increasing access to training, defining an annual number of hours of training per employee, and facilitating mobility. A European job observatory was created to that end in 2022. It is an annual forum for sharing information on medium-term changes in jobs and skills in line with the Group's strategy, and for discussing ways of preparing and adapting the workforce to those changes.

Support for transformation in the Group

Since 2020, social dialogue has intensified against the backdrop of the health and economic crisis stemming from the Covid-19 pandemic. It enabled the implementation of adaptation measures through agreements on the introduction of long-term furlough arrangements[2], the reduction of working hours and work-from-home arrangements in France, Germany, Poland, the Czech Republic, Spain, Belgium, Tunisia and Morocco.

The partners unions are regularly informed or consulted on the company's strategy, including industrial processes, employment, digitalization, financial questions, health and safety, CSR strategy and new projects.

In France, 2022 saw a strong uptick in business, resulting in very limited use of the long-term furlough arrangements first implemented in March 2020. Furlough represented 7% of employees' theoretical hours.

An agreement on the post-Covid-19 working environment (2022-2023) was signed, with the following two goals:

- preserve jobs to support Safran's industrial policy (no layoffs on economic grounds) and strengthen the workforce in France by hiring 1,000 people per year in 2022 and 2023;
- regulate wage increases in 2022.

It includes the following main measures:

- wage increases in 2022 representing 2.80% of payroll, plus a specific budget of 0.20% for promotions, gender equality, starting salaries and young people under 32;
- additional profit-sharing of 0.5% paid in 2022;
- moderation of Company top-up contributions to employee savings plans and retirement savings;
- a cap on optional employee profit-sharing and a business resumption clause;
- extension into 2022 of measures targeting seniors and new, more comprehensive negotiations during 2022;
- 2,300 work-study trainees per year for the duration of the agreement;
- neutralization of the impact of long-term furlough arrangements in the calculation of the end-of-year bonus, in companies where the practice is in force, due for 2021 and 2022.

Social dialogue was active and constructive within each subsidiary in 2022, in keeping with a more complex economic and social environment, including pressure on wages. In addition, specific measures were implemented to address the health crisis and mounting inflation (see section 5.4.1.7).

Agreements at each level of employee representation

Social dialogue takes place with representative bodies and trade unions at the country, company and local levels. It is reflected in agreements signed at global, European, country (for France) and local levels. The rollout of these agreements is monitored with employee representatives through a number of dedicated committees.

(1) IndustriALL Europe is a European association of industrial trade unions. It is partnered with IndustriALL Global Union, which brings together unions in the metal, chemical, energy, mining, textile and related industries.

(2) Under the furlough system, employers can access government support to cover part of the wages of employees experiencing an unforeseeable drop in their activity. Used until September 30, 2020. The long-term furlough system is designed to support companies that continue to be affected by a sustained decline in their business during the recovery phase. It was introduced within Safran via the agreement updating the Activity Transformation Agreement (ATA), concluded for a fixed term from September 2020 to September 2022.

Overview of company agreements and their scope:

Agreements and themes	Scope
Framework agreement on working conditions and corporate social responsibility (see section 5.1.3.3); topics covered include: ■ Respect for trade union rights in accordance with international standards (notably the ILO conventions) and local laws ■ Protection of the environment	100% of employees
Local company agreements: ■ Comprehensive local multi-year collective bargaining agreements: very broad scope within the company ■ Agreements signed with employee representative bodies: specific subjects and variable durations (working hours, optional employee profit-sharing, work-from-home arrangements, working conditions, union rights, gender equality, etc.)	Nearly 80% of employees ■ United States, Canada, Mexico, Czech Republic, etc. ■ France, Belgium, Germany, Netherlands, United Kingdom, Switzerland, Morocco, Tunisia, Poland, Spain, Singapore, China
Collective bargaining agreements	■ France (collective bargaining agreements of the metallurgy and rubber industries) ■ Germany (Hesse state Tariff agreement) ■ Belgium (joint commissions 209, 111 and 315; 01) ■ Netherlands (Metaal Unie) ■ Brazil (SEAAC) ■ South Africa (National Textile Bargaining Council)
European collective agreements: ■ Development of skills and securing of career paths ■ Professional integration of young people	Europe (62% of Group employees)
16 agreements applicable in France, including: ■ employee savings; ■ pensions and personal risk insurance; ■ intergenerational relationships; ■ disability; ■ training and management of jobs and career paths; ■ prevention of stress at work; ■ development of social dialogue.	Applicable to companies in France (52% of Group employees)

5.4.3 Encourage equal opportunities and promote diversity

5.4.3.1 Make Safran a more inclusive company

Safran opposes all forms of discrimination and seeks to promote an inclusive corporate culture. Diversity and inclusion are a marker of the Group's identity. They promote well-being, development and engagement by allowing everyone to feel respected, empowered and valued. They are also a source of innovation and success for the Group.

Diversity and inclusion are one of the four fundamental focuses of the Human and Social Responsibility Department. The Group is aligned with the principles of the United Nations Global Compact, including that of contributing to the elimination of discrimination in respect of employment. Safran's Ethical Guidelines state that the Group does not tolerate any form of discrimination, notably based on gender, disability, family status, age, sexual orientation, religious beliefs, trade union activity or ethnic, social and cultural background, whether internally or externally.

Safran has been a signatory of the Diversity Charter since 2010, and takes a proactive approach to applying its principles at all its sites, in all HR, management and decision-making processes. Safran renewed its commitment in 2021 when the Chief Executive Officer signed the Charter. To mark the occasion, Olivier Andriès said: "Scientific studies have demonstrated, and experience has taught us, that diversity in all its dimensions including opinions, experience or cultures, is a driver of innovation and success. This applies at all levels from small teams all the way up to the whole company. We all have the responsibility to welcome and respect differences between our Group's employees."

Safran conducted its first Inclusion Barometer in 2022. Translated into 12 languages, it targeted all Group employees. Its aim was to assess their perceptions and expectations in terms of diversity, inclusion and non-discrimination. The findings will serve to lay out an appropriate roadmap.

The barometer included 20 questions, which were used to calculate two composite indicators:

- **an indicator of the experience of inclusion in the workplace:** this combines the individual feeling of inclusion, the assessment of the inclusion of others, and the evaluation of the Group's actions on this matter;
- **an indicator of the perception of the Group's commitment to inclusion:** this combines feelings on the Group's commitment on the subject, individual knowledge of initiatives and projects carried out, the assessment of the work environment as being inclusive and the likelihood of recommending Safran externally as an inclusive company.

These indicators will be monitored when employees are next surveyed in 2025 so as to track progress and assess the impact of actions taken.

The results of the barometer were circulated to all employees in each company.

Based on the results and discussions with employees, the HR function and experts, the Diversity and Inclusion roadmap was drawn up and approved by the Group Executive Committee. It promotes transformation, awareness-raising and anti-discrimination initiatives with two aims:

- instill and develop a culture of inclusion;
- accelerate momentum on strategic priorities: gender, equal opportunities, multiculturalism, disability.

The roadmap's sponsor is the CEO of Safran Electrical & Power, a member of the Executive Committee.

Awareness-raising campaigns on stereotypes and non-discrimination were carried out among employees in 2022. Online training entitled "From non-discrimination to living well together" was rolled out to employees in France. It has been completed by more than 15,000 employees since its release.

5.4.3.2 Gender equality

Gender equality in the workplace is essential for the Group, broadening visions to ensure that Safran is able to respond to the challenges in store. Safran is committed at every level of the company, from top management down, by applying a dynamic policy to promote gender equality, fairness and gender balance in all positions. Both internally and externally, Safran raises awareness of gender stereotypes and biases.

Safran builds its actions on three ambitions:

- bring about lasting change in corporate culture, in favor of greater inclusion and gender balance in the workplace;
- accelerate the professional development of women and their access to senior positions;
- increase attractiveness among women candidates.

The objectives are reflected at the highest level, with an individual objective for the Chief Executive Officer assessed on the increase in the number of women executives.

Progress on gender equality is presented annually to the Board of Directors and regularly monitored by the Group Executive Committee. The management committees of Safran SA and its tier-one entities also regularly discuss the initiatives taken and their outcomes. The Group Human and Social Responsibility Department (HSRD) and the human resources departments of each Group company directly and cross-functionally supervise and coordinate the promotion of equality and gender balance.

Externally, Safran is part of the Inclusion Observatory run by *Institut du capitalisme responsable* (Responsible Capitalism Institute), the *Sommet de l'inclusion économique* (Economic Inclusion Summit) and the *Assises de la parité* (Gender Equality Forum).

Safran also partnered with the Gender Balance Observatory, BVA and Bureau Veritas at the end of 2021 in a study conducted on Opting Out[1] to achieve a better understanding of the phenomenon and to remove the obstacles identified in order to enable women to pursue their career plans.

Among initiatives to promote career and skills development for women in 2022, nearly 150 mentoring pairs between a senior executive mentor and a more junior mentee were created worldwide. The number of women in leadership development programs has increased. Eight sessions of the Women's Leadership Program were held in 2022. Initiatives to promote awareness of unconscious biases are being run for managers and human resources staff. The Women@Safran network also brings in personalities to talk about issues such as the place of women in business and the work-life balance. This network organizes meetings, notably in France, the United Kingdom, Morocco, the United States, China and Singapore.

Despite the tight job market, the number of women moving into senior management positions was up 14% compared with 2021. The proportion of women in senior executive succession plans is also increasing (28% in 2022). All HR processes have been reviewed to strengthen the identification of women talent pools and facilitate gender equality at all levels and in all business lines, through career committees, succession plans and recruitment.

Safran also continues to adopt feminine forms for job titles and recruitment offers. This editorial practice is aimed at changing mentalities, fighting representations conveyed by habit and avoiding unconscious bias.

Safran is accelerating the pace of its transformation in terms of gender balance within the company. In 2022, women accordingly represented:

- 28.5% of the workforce;
- 17% of senior executives;
- 16.7% of Group Executive Committee members;
- 46.15% of Board of Directors members (see section 6.2.4.2).

ENGAGE FOR THE FUTURE

- **2025 CSR objective #8:** 22% of women among senior executives[2].

Gender Equality European & International Standard (GEEIS)

Safran's certification by the GEEIS international and European standard label for gender equality, initially obtained in 2018, was renewed in 2022, with some of its entities assessed at a higher level of maturity than before. This demonstrates the Group's resolute commitment to gender equality in the workplace. All policies, processes, managerial practices and actions, as well as the corporate culture, are reviewed during audits carried out every two years. The certification has notably served to strengthen the management of the gender equality policy. The following entities received the label in 2022: Safran SA in respect of the Group policy, Safran Electrical & Power France, Germany and the United Kingdom,

(1) High-level women failing to apply or even refusing a promotion to a senior position.
(2) Indicator defined in the methodology section (see section 5.7.4).

Safran Aircraft Engines France, Safran Transmission Systems France and Poland. The Safran SA entities, as well as Safran Aerosystems France and one of its entities in the United States, were certified in February 2023.

Gender equality index in France

Safran's objective is to ensure an equitable compensation policy for men and women worldwide. The French legal index relating to the pay gap between men and women provides a means to manage this issue for all legal entities. The Group's overall score continues to improve, rising from 89/100 at March 1, 2020 and 2021 to 90/100 at March 1, 2022 and 91/100 at March 1, 2023.

Promotion of gender diversity within its ecosystem

Safran carries out initiatives outside the Company to combat stereotypes and encourage women to enter the technical scientific professions.

With 461 *Elles Bougent* sponsors in its ranks, Safran promotes the place of women in the aerospace industry among schoolgirls, high school students and university students (see section 5.6.3.2). This internal network takes part in school forums and workshops, and organizes Safran site visits.

Safran also partners with the *Fondation CGénial*, with 206 employees giving time to take classes and give school talks about Safran's business lines (see section 5.6.3.2).

The Safran ambassador network also takes part in school and university forums. Safran speaks at conferences, including those of the International Aviation Womens Association, the Council of European Aerospace Societies (the Women in Aerospace Conference), and the Selective and Functional Movement Assessment. Safran also participates in the Women in Aviation & Aerospace Charter in the United Kingdom. A range of initiatives to combat all types of discrimination are developed and offered to women in all Group companies. They include "Illuminate" in the United States, "Girl's Day" in Mexico and "Future en Tous Genres" (Future in all Genders) in Switzerland. Since 2019, Safran Helicopter Engines Brasil, through its declaration of support for a United Nations entity in Brazil – UN Mulheres – has been promoting gender equality increasing the place of girls and young women in the technical and scientific sectors.

5.4.3.3 Disability: inclusion and job retention

Since 2010, Safran has been running a proactive policy on the inclusion of people with disabilities, set out in a "Disability" agreement applicable across all of Safran's legal entities in France. The fourth three-year agreement has was kicked off in 2023. Mission Handicap, which is part of the CSR Department, is tasked with implementing this agreement and coordinating the network of more than 100 disability correspondents and liaison officers on the various sites. These correspondents and liaison officers play a pivotal role in supporting employees on a day-to-day basis and raising awareness among managers and within teams.

The Disability policy has four main focuses:

- job retention through:
  - multidisciplinary units to study individual situations and prevent the risk of incapacity,
  - the adaptation of workspace or provision of disability compensation tools (hearing aids, etc.),
  - training for company staff who assist employees with disabilities;
- recruitment through:
  - the establishment of a *résumé* unit to create a pool of potential candidates,
  - the development of partnerships with non-profits and specialized recruitment firms,
  - the creation of online recruitment platforms (job boards) specialized in disability;
- collaboration with the sheltered and adapted sector (see section 5.5.2.2) through:
  - the development of partnerships and subcontracting with organizations and services providing assistance through work. Purchasers make use of these structures whenever possible. The use of the sheltered and adapted sector is also a criterion in purchasing scoring matrices. In France, the useful revenue (total cost of labor) spent with sheltered workshops and disabled-staffed companies exceeded €3.6 million[(1)] in 2022;
- improved inclusion on sites with the rollout of the Afnor "disabled-friendly organization" compliance approach. This approach incorporates disability into all company processes. Close to 30 sites made a commitment to the process in 2022.

Awareness-raising initiatives are held throughout the year. In France, for example, an exhibition presented in 31 sites featured testimonials from employees with disabilities.

- The Group employed 2,028 people with disabilities in France in 2021[(2)].
- The employment rate of people with disabilities was 5.25% in 2021[(2)].

This indicator covers all employees with disabilities in France, regardless of the type of their employment contract. However, it only takes into account those employees wishing to declare their disability and have it recognized, as not all employees concerned wish to do so systematically. In view of the differences in legal frameworks between countries, Safran's data are not consolidated worldwide.

In addition, certain initiatives with a broader social focus, carried out directly by the sites or by the Safran foundations, promote the professional and social integration of people with disabilities, see section 5.6.3.1.

(1) *Amount in the process of being validated at the time of publication of this document.*
(2) *Due to the new calendar introduced by Urssaf for the declaration relating to the obligation to employ people with disabilities, the 2022 rate and the number of employees with disabilities will be disclosed in the 2023 Universal Registration Document.*

5.4.3.4 Balance between generations

Social and professional integration of young people

Safran is committed to the social and professional integration of young people, offering them orientation, training or employment opportunities (see section 5.4.1.4).

A European agreement was first signed between Safran and IndustriALL in 2013. It has three main objectives:

- contribute to vocational training for young people;
- ensure capacity development and skills renewal;
- promote gender balance and equality.

In 2022, more than 25% of graduate positions in Europe were filled by young people who had completed an internship, a work-study program, academic research or an international corporate volunteer program within the Group.

Safran also participates in numerous guidance and training initiatives, notably to promote technical professions, in schools and universities or by inviting young people to its sites. Safran is a partner of *Article 1*, a non-profit working to build a society where academic choices and success, and professional integration are not dependent on social, economic and cultural origins. At Safran, 90 mentors are actively involved in supporting these young people (see section 5.6.3).

Seniors

To maintain a balance between generations, the Group is committed to promoting job retention, mainly through the various agreements that have existed since 2011.

Safran is implementing special end-of-career measures, such as work-from-home arrangements, flexible working hours and part-time work.

5.4.3.5 Indicators – Diversity

All of the indicators mentioned below relate to a Group scope unless otherwise stated.

	2020	2021	2022
INTEGRATION OF YOUNG PEOPLE ON TRAINING			
Number of interns – Europe	1,652	2,037	2,364
Number of work-study trainees (including apprentices) in Europe	3,224	3,512	4,090
Number of PhD students in Europe	254	232	271
Number of young people on international corporate volunteer programs in Europe	80	21	28
DIVERSITY AND EQUAL OPPORTUNITIES			
% of women employees	27.7%	27.9%	28.5%
% of women hires	34.6%	31.3%	34.4%
% of women managerial-grade employees (Managers & Professionals)(1) among total managerial-grade employees (Managers & Professionals)	24.8%	25.1%	25.7%
% of women among senior executives(1)	13%	15%	17%
% of women on the Group Executive Committee	11%	11%	17%
% of women on the Company's Board of Directors(2) (see section 6.2.4.2)	42.86%	42.86%	46.15%
Number of people with disabilities (France agreement scope)	2,155	2,028	N/A(4)
Employment rate of people with disabilities (France agreement scope, including all Safran entities)(1)	5.23%	5.25%(3)	N/A(4)

(1) *Indicators defined in the methodology section (see section 5.7.4).*
(2) *Excluding Directors representing employees and Directors representing employee shareholders as provided for under French law (see section 6.2.4.2).*
(3) *Rate updated in May 2022 following the 2021 declaration relating to the obligation to employ people with disabilities.*
(4) *Data cannot be calculated at the publication date of this Universal Registration Document due to the new calendar introduced by Urssaf for the declaration relating to the obligation to employ people with disabilities; the 2022 data will be disclosed in the 2023 Universal Registration Document.*

5.5 ETHICS, RESPONSIBLE PURCHASING AND THE ENVIRONMENT: EMBODY RESPONSIBLE INDUSTRY

EMBODY RESPONSIBLE INDUSTRY

Be the benchmark in our production methods and throughout the value chain

- Uphold the highest standards of ethics
- Strengthen responsible supply chain management and support suppliers
- Respect the environment and natural resources

To "Embody responsible industry", Safran is committed to demonstrating exemplary ethics, providing safe equipment, engines and services, strengthening responsible supply chain practices, supporting its suppliers, and respecting the environment and natural resources.

5.5.1 Uphold the highest standards of ethics

5.5.1.1 Safety of products and services

Aviation safety has always been an absolute Group-wide priority for Safran. Aviation safety is the responsibility of all Group employees. As a leading global aerospace industry player, Safran places great importance on safety, as the lives of passengers, crew and those on the ground under flight paths depend on it. Safran reasserts its commitment to assuring all its stakeholders that its products and services are safe, an imperative that influences everything Safran does.

One of the main challenges for aviation, defense and space companies is to ensure safety for their end customers, the people using their products and services. For Safran, industrial responsibility entails commitment to providing safe products and services. The Group's Quality Management System (see section 1.7), Safety Management System (SMS), and Enterprise Risk Management (ERM) set-up (see section 4.3.2.1) are geared to this purpose. This commitment to prioritizing safety is expressed in the Group's aviation safety and quality policies, and underlies all of Safran's actions and decisions, thereby contributing to the satisfaction of direct customers. It is applied across the entire company. It falls within the scope of the Group Quality Department, which is overseen by the EVP Industrial, Purchasing and Performance, who is a member of the Group Executive Committee.

In a preventive and continuous improvement approach, aviation safety considerations are factored into the design phase of products and services, and are adapted to all phases of the product life. The safety management system meets international regulatory and industry requirements, enabling the Group to continuously improve aviation safety through specific procedures and tools designed to collect security-related information, integrate feedback into internal processes and manage risks with a reactive, preventive and proactive approach. In addition, any employee, occasional or external collaborator, customer or supplier can report any deviation or unusual or non-compliant situation through the various channels set up by each company, or through the Group's aviation safety whistleblowing channel, aviationsafety@safrangroup.com.

The network of Safety Management System (SMS) liaison officers contributes to the adoption of an aviation safety culture through the use of shared tools among all Group companies. All Group companies organize awareness-raising and training sessions devoted to the issue. In addition, in September 2022 an e-learning course on the SMS was made available to all employees.

Implementation of Safran companies' aviation safety policy is monitored to ensure its efficacy. A range of additional measures are being taken to promote safety, train personnel and encourage input on how to further improve safety.

Safran chairs the French Aerospace Industries Association (GIFAS) Quality Commission and also takes an active part in work carried out within the industry, notably through involvement in the Aerospace, Security and Defence Industries Association of Europe (ASD) and the International Aerospace Quality Group (IAQG).

5.5.1.2 Ethics whistleblowing policy, program and system

Safran's Chief Executive Officer has made an unequivocal and continuous commitment to ethics in the conduct of Safran's policies and operations: "*To ensure that all our commitments are upheld, each and every one of us must play our part. Irrespective of our role in the Company, the entity to which we belong or the country where we work, we must all be irreproachable in the performance of our duties. No breach of ethics can be tolerated at Safran, or among any of our partners.*"

A policy built on the Ethical Guidelines

Safran's ethics policy is set out in its Ethical Guidelines[1], a baseline for internal policies and rules, notably including a code of conduct for the prevention and detection of acts of corruption, a charter for the prevention and management of conflicts of interest, an anti-fraud policy, responsible purchasing guidelines, a personal data protection policy and a policy on health, safety and the environment.

Employees are all required to be fully acquainted with the Ethical Guidelines, to comply with them, and to ensure that others comply with them. The Ethical Guidelines cover:

- adherence to the fundamental principles (respect for laws and regulations, duty of care, respect for fundamental freedoms and human rights);
- adoption of appropriate business practices (fairness and integrity, zero tolerance for corruption and discrimination, compliance with import and export regulations, fair competition);
- promotion of honest and stringent management of information (protection and control of information);
- climate impact reduction and environmental protection (taking environmental challenges into account to ensure sustainability, combat global warming and protect the environment);
- provision of an attentive ear for stakeholders: shareholders, suppliers, customers, partners and civil society.

The Compliance, Ethics and Anti-Fraud Committee

The Compliance, Ethics and Anti-Fraud Committee is tasked with supervising employee respect for the general framework governing compliance with the rules laid out in the Ethical Guidelines and any changes in the system. It is chaired by the Corporate Secretary and Group Ethics, but all of the Group's departments are responsible for ensuring that their teams respect the compliance criteria. Its other permanent members are the Chief Financial Officer, the EVP International and Public Affairs, the EVP Corporate Human and Social Responsibility, the Chief Legal Advisor, the Group Ethics and Compliance Officer, the Group Chief Security Officer, the Head of Audit and Internal Control, the EVP Industrial, Purchasing and Performance, the Chief Digital and Information Officer, and the Head of Group Internal Control. The Committee met twice in 2022.

Whistleblowing system

Employees who suspect that a practice or incident may be illegal or in violation of the Group's rules of business conduct, the anti-fraud policy or the Code of Conduct have the right to notify or request guidance from their managers, the Head of Internal Control, the Head of IT Security, the Security Officer, the Head of Human Resources, the Ethics and Compliance Department, the Legal Department, the Finance Department, the Quality Department, the Audit and Internal Control Department or the Compliance, Ethics and Anti-Fraud Committee. They can use the alert method of their choice.

Regardless of the channel used, the input and investigation process guarantees protection for the person raising the alert and any persons concerned. The information gathered during the investigation is processed in total confidentiality.

The issues that may be reported are:

- any fraud or attempted fraud;
- any conduct or situation contrary to Safran's code of conduct for the prevention and detection of acts of corruption;
- more broadly, any serious and manifest violation of applicable laws and regulations, notably those bearing on human rights and fundamental freedoms, including discrimination of any kind, issues relating to health, personal safety and the environment, as well as any violations relating to the duty of care in respect of suppliers or a threat or serious prejudice to general interest.

The various channels for reporting fraud or unethical behavior include the secure and multilingual e-mail address, safran@alertethic.com, which can be used to file, anonymously or openly, any good faith report of a breach of the principles enshrined in the Group's Ethical Guidelines. It is available to employees, as well as to external or occasional employees, customers or suppliers. The collection of alerts is managed by an external and independent third party. The whistleblowing system meets all relevant requirements including the legal requirements on duty of care and the French Sapin II law.

In 2022, Safran received 50 reports through this system (20 from external or anonymous whistleblowers and 30 from internal whistleblowers):

- after their initial characterization, 17 reports were qualified as beyond scope and closed;
- 19 reports concerned HR matters (allegations of inappropriate behavior or behavior non-compliant with Safran rules and values). After analysis and investigation, action was taken in 4 cases, 12 cases were closed without action, and 3 are under investigation;
- 12 reports concerned alleged fraudulent behavior: action was taken in 1 case, 10 cases were closed without action, and 1 is under investigation;
- 2 reports concerned allegations of corruption: investigation found both to be unsubstantiated.

5.5.1.3 Business ethics and prevention of corruption risk

Safran ensures that its activities are conducted with high standards of honesty, integrity and professionalism that are consistent with the highest international standards of business ethics, promoted by the International Forum of Business Ethical Conduct (IFBEC), which includes the world's major international aerospace and defense companies. The Group believes that responsible business management helps preserve its reputation and contributes to the competitiveness and attractiveness of the organization. Safran sees corruption as a serious risk, and addresses it by backing up its anti-corruption policy with appropriate governance and processes. Safran is at the forefront of the fight against corruption, participating in initiatives led by national and international professional bodies such as the French Aerospace Industries Association (GIFAS), the French Employers' Federation (Medef), the International Forum on Business Ethical Conduct (IFBEC) and the European Business Ethics Forum.

Policy of zero tolerance of corruption

Safran's policy for the prevention and detection of corruption risks is based on the principle of "zero tolerance" for any corrupt practice.

(1) *Safran's Ethical Guidelines can be consulted on the* safran-group.com *website.*

Commitment of the Executive Management and company CEOs

The Board of Directors, its Chairman, the Chief Executive Officer and all members of the Group Executive Committee have pledged, for themselves and on behalf of their employees, to be exemplary in their behavior. Maintaining business integrity and refusing all forms of corruption are non-negotiable, even if it means losing contracts and revenue. This is the only way for the Group to secure its sound, sustainable growth and retain the trust of its stakeholders. This commitment involves:

- the monitoring of corruption risk and the anti-corruption program by the Board of Directors' Audit and Risk Committee;
- a representation letter on integrity and the fight against corruption, signed each year by the CEOs of all Group entities, who commit to these principles on behalf of their companies. CEOs ensure that the letter is also signed by their subsidiaries;
- a half-yearly presentation of anti-corruption issues to the Group Executive Committee;
- regular updates of the situation in the various entities with the Chief Executive Officers of each tier-one entity.

A robust corruption risk prevention and detection program

The program's aim is to instill a Group-wide culture of honesty, as laid out in Safran's Ethics Guidelines, and to see that every employee embraces exemplary conduct in this regard.

It integrates all the requirements of international conventions and national regulations applying to its activities, including the requirements of the law of December 9, 2016 on transparency, anti-corruption measures and modernization of economic life ("Sapin II"). It comprises a series of standard operating procedures applied by each subsidiary in accordance with local legislation applicable to its organization, products and markets. It is also proposed to the Group's minority-owned affiliates.

The program thus addresses two main concerns: (i) promoting responsible behavior among management and employees, and (ii) protecting Group assets through risk management. It is based on the following pillars:

- **Anti-corruption pillar no. 1 – Leading by example: "Tone at the Top"**

  The anti-corruption commitment is led by Safran's management and companies.

- **Anti-corruption pillar no. 2 – Dedicated organization**

  The anti-corruption organization is overseen by the Group Ethics and Compliance Department, which reports to the Corporate Secretary and Group Ethics, who in turn reports to the Chief Executive Officer. A network of Trade Compliance Officers (TCOs) implements the anti-corruption program throughout Safran SA, its tier-one entities and operationally-managed subsidiaries. The TCOs work with Trade Compliance Managers or Correspondents (TCMs or TCCs), appointed in each of their company's subsidiaries or divisions.

- **Anti-corruption pillar no. 3 – Corruption risk maps**

  Corruption risk maps are integrated into the Group's consolidated risk map (see sections 4.1.1 and 4.3.3.2) and cover the operational corruption risks to which the Group and all its subsidiaries are exposed. They also reflect the level of maturity of contributors to the analysis, processing and in turn control of such risks.

  As stated in section 4.1.1, all of the Group's central corporate departments and the tier-one entities review their exposure to corruption risks at least once every six months. Corruption risk maps are updated accordingly and form the basis of risk consolidation work for the Group's consolidated risk map. The work of identifying, mapping and addressing corruption risks serves to determine areas for improvement, prepare training and prevention plans and implement the controls needed to fight corruption.

  Lastly, the back-testing required by the Enterprise Risk Management (ERM) system (see section 4.1.1), the results of second level controls and the annual internal and external audits contribute to the continuous improvement of these systems. The demands of the anti-corruption program are aligned with the most rigorous international standards: US Foreign Corrupt Practices Act, UK Bribery Act, OECD Convention, the French Sapin II law, the tenth principle of the United Nations Global Compact, and ISO 37001.

- **Anti-corruption pillar no. 4 – Risk prevention and detection program**

  The program comprises a procedure setting out the roles and responsibilities of the various players, the methodology for mapping corruption risks, and the program components: prevention, detection, control and disciplinary measures:

  - **a code of conduct for the prevention and detection of acts of corruption** defines and illustrates the various types of behavior that are prohibited because they could be construed as corruption, based on the risks identified in the risk mapping. It is integrated into all the entities' internal rules and welcome packs, and is applicable to all employees. It was updated in 2022;
  - **a guide to assessing the integrity of third parties** sets out the rules to be applied in assessing the various categories of third parties according to criteria common to all Group companies and adapted to the risk level of each third party. All business partners of Group companies are systematically subject to internal and external due diligence and validation by the Ethics and Compliance Department. The procedure includes approving, managing and monitoring lobbyists, who must comply with Safran's responsible lobbying guidelines. The project to digitalize the third-party assessment process was finalized in 2022 and launched in 2023;
  - **a guide and reference framework for anti-corruption accounting controls** set out the methodology for identifying, implementing, reinforcing and formalizing anti-corruption accounting controls (first and second level), to ensure that the level of control is appropriate in light of the issues and risks identified;

- **the procedures for gifts and hospitality** and other sponsorship expenses given to or received from customers, suppliers and other stakeholders, as well as **the corporate patronage charter**, are designed to avoid any violation of current legislation or any potential conflict of interest. Since early 2022, a digitized register of gifts, hospitality and sponsorship expenses has been made available to all employees, allowing them to self-declare any benefit offered or received, regardless of its value.

Anti-corruption is also an integral part of procurement practice:

- an ethics clause is included in Safran's general purchasing and sales conditions;
- written advice from a Trade Compliance Officer (TCO) is required for the use of consulting or intellectual services outside France, to assess the need to validate the partner in accordance with the third-party integrity assessment guide outlined above;
- Safran's responsible purchasing guidelines[1] incorporate the terms of the IFBEC Supplier Model Code of Conduct for the aerospace and defense industry (see section 5.5.4.2.3).

- **Anti-corruption pillar no. 5 – Information and training program**

  Regular and appropriate information is distributed to all members of the Group Executive Committee, the executive management teams of the companies and all employees directly or indirectly involved in preventing corruption risk. A variety of tools are used to promote a culture of corruption prevention within the Group, including a fortnightly anti-corruption "observatory", a weekly business ethics newsletter, and specific country regulation reviews.

  International Anti-Corruption Day on December 9, 2022 was an opportunity to mobilize all members of the Ethics and Compliance network on the fight against corruption.

  Training dedicated to the prevention of corruption risk is mandatory for all senior executives, all people in the Group exposed directly or indirectly to the risk of corruption, as well as for new hires among managerial-grade staff or those belonging to the target populations. Senior executives and exposed people must repeat the training each year. The training sessions are provided on site. In 2022, a new e-learning system was made available online, with a core model, specific business modules and a relevant knowledge test.

  Preventing and detecting corruption was a topic incorporated into several Safran University training programs aimed at staff involved in sales, marketing, purchasing, human resources, financial resources and programs. The management committees of Safran subsidiaries are also briefed each year. These courses are designed to give every employee concerned adequate knowledge of regulations applicable to his or her activities and a full understanding of Group procedures and how to apply them in performing his or her duties.

  The compliance training policy was reviewed in 2022, with a new organization and the pool of people to be trained expanded by more than 35%. In 2022, 77% of senior executives and employees exposed or affected received anti-corruption training, including 90% of senior executives.

ENGAGE FOR THE FUTURE

- **2025 objective #9:** 100% of senior executives and exposed or affected employees[2] trained in anti-corruption.

- **Anti-corruption pillar no. 6 – Control and monitoring of procedures**

  In accordance with the latest recommendations of the French anti-corruption agency (*Agence française anticorruption* – AFA), Safran has drawn up a control framework for its program to prevent and detect the risk of corruption (second level control, or control of the correct implementation of first level controls to ensure that procedures are applied before operations are carried out). As part of its due diligence, the Audit and Internal Control Department conducts annual management audits of entities; they systematically include work on ethics verification, trade compliance and export control.

  In addition, the French strategic intelligence agency (ADIT) renewed its certification for Safran Aero Boosters' anti-corruption program in 2022. ADIT certification for Safran Nacelles' anti-corruption program is also under renewal.

- **Anti-corruption pillar no. 7 – Internal alert system (see section 5.5.1.2)**

5.5.1.4 Complying with export control laws, and sanctions and embargoes

As stated in its core purpose, Safran "designs, builds and supports high-tech solutions to contribute to a safer world". Safran buys and sells "dual-use" components, equipment and technologies (i.e., those that can be used for both civil and military purposes) in more than 30 countries to protect the interests of France, its allies and the European Union. Safran accordingly complies with all applicable export control regulations for military equipment, dual-use products and civilian equipment, and related technologies and services. Safran is particularly committed to combating the proliferation of conventional weapons, weapons of mass destruction and their means of delivery, with the purpose of preserving domestic and international security.

(1) *Available on* www.safran-group.com*.*
(2) *Exposed or affected employees in the Purchasing, Human Resources and Labor Relations, Legal, Finance, Audit and Internal Control, Ethics and Compliance, Risk and Insurance and Communications departments.*

Safran has set up a global organization and is constantly strengthening its internal measures and procedures. The Group Export Control Department reports to the EVP International and Public Affairs, who is a member of the Group Executive Committee. The system is implemented by a worldwide network of more than 400 experts and correspondents. A Group Export Control Committee also meets at least twice a year. It includes the Head of the Group Export Control Department and the Export Control managers of the main Group companies and departments. It allows for an exchange of information on the progress made, difficulties encountered and risks identified, the implementation of joint improvement actions and the sharing of information on the latest regulatory developments.

Compliance with regulatory requirements

The Group takes into account changes in the global geopolitical environment, which may result in export restrictions to countries, legal entities or individuals. Safran analyzes said changes to determine their impact on its companies' operations and ensure compliance with all requirements. It adheres scrupulously to all restrictive measures, particularly those imposed by Europe and the United States, applicable to its operations and financial transactions. Safran requires the same compliance from its suppliers through its responsible purchasing guidelines (see section 5.5.4.2.3). Regarding international trade, Safran also ensures compliance with applicable customs laws, and takes the most appropriate measures to guarantee the smooth running of its international operations.

As regards the Russo-Ukrainian conflict, Safran is complying with the international sanctions imposed on Russia, particularly those of the European Union and the United States of America. The sanctions notably apply to aerospace activities and products. In application of these sanctions, Safran has stopped all activities in Russia (see section 4.3.1.1).

Safran undertakes to:

- comply with all laws and international agreements signed in each of the countries where it operates, including but not limited to the Treaty on the Non-Proliferation of Nuclear Weapons, the Convention on Cluster Munitions, the Anti-Personnel Mine Ban Convention, the Wassenaar Arrangement, the EU Common Position on Arms Exports and the Arms Trade Treaty;
- apply for any governmental authorization that may be required to transfer and export defense-related products, and to comply with all conditions and caveats associated with such licenses.

Safran is not involved in any business related to "controversial weapons" such as anti-personnel mines, cluster munitions, chemical and biological weapons, blinding lasers, autonomous lethal weapons systems, depleted uranium munitions or white phosphorus weapons.

Internal compliance program

To take into account the risks associated with export control activities (see section 4.3.1.1), Safran has established a system aimed at ensuring strict compliance with all export control regulations and laws in all Group companies worldwide. The system has been specifically adapted for Safran subsidiaries in the United States to comply with US regulatory requirements, such as the International Traffic in Arms Regulations (ITAR), the Export Administration Regulations (EAR) and all restrictive measures imposed by the Office of Foreign Assets Control (OFAC).

The export control arm of Safran's internal compliance program is based on:

- **the identification of product export restrictions**, including transactions with countries and companies subject to sanctions or embargoes. Safran provides all of its employees with a tool to assess the compliance of operations and financial transactions involving countries, legal entities and individuals subject to sanctions or embargoes, and to obtain a better understanding of regulations. Prospective transactions are systematically subject to an analysis of export controls and the compliance of financial flows by the relevant Group company, and are then approved or rejected by the Group Export Control Department and the Group Finance Department. Safran strengthened its internal procedures in 2022 with the implementation of compliance commitments, awareness-raising on sanction circumvention risks, and a dedicated system for automatic verification of partners' shareholdings;
- **management of export authorization and license applications;**
- **compliance with the terms and conditions of the licenses granted;**
- **identification and protection of controlled technologies;**
- **training, exchanges of good practices and awareness-raising** for the employees concerned: training and awareness-raising by the companies, the Group departments concerned and by Safran University (via a dedicated MOOC), distribution of information notes, dedicated intranet site with a directory of export control network correspondents;
- **three-yearly reviews** of the maturity of the control program of the companies and Group departments concerned by an external service provider, internal control points by the Audit and Internal Control Department, and one-off audits;
- **a comprehensive twice-yearly risk review;**
- **treatment of non-compliance with applicable regulations:** Safran ensures that its companies detect, assess and report any cases of non-compliance. The companies inform the relevant authorities of each identified case and take every precaution to prevent similar cases from recurring in the future;
- **application of the compliance standard by each company:** Safran SA and all tier-one entities are responsible for ensuring the implementation and effectiveness of the control program in their own subsidiaries.

2022 key export control figures:

- 0 penalties on disclosures closed by authorities in 2022;
- 6,050 senior executives and exposed or affected employees(1) trained in export control.

To improve understanding of national and international regulations, and proper application of them, Safran participates in a variety of working groups with public authorities and trade associations, such as the French Aerospace Industries Association (GIFAS), the Aerospace, Security and Defence Industries Association of Europe (ASD), the French employers' federation (Medef) and Business Europe. Safran chairs the GIFAS working group on French export control regulations, and co-chairs the GIFAS working group on foreign export control regulations. Lastly, Safran co-chairs the working group on international regulations with the French Directorate General of Weapons Procurement (DGA).

5.5.1.5 Tax compliance

In accordance with its Ethics Guidelines, Safran is committed to applying the highest standards of tax compliance, namely the fight against fraud and tax evasion. In its tax policy, which is available on its website, Safran undertakes to:

- ensure compliance with all applicable legislations with regard to tax compliance and the fight against tax evasion in all of the countries where the Group operates;
- cooperate fully and openly with the various tax authorities and disclose all the information they need to perform their reviews.

The tax function, headed by the Group Chief Tax Officer, works directly under the Chief Financial Officer, who is a member of the Group Executive Committee. A dedicated tax team deals with the Group's operations. Tax processes are reviewed annually through the global risk management process (see section 4.1).

The Group works proactively with tax authorities. Safran complies with the international tax principles set by the Organization for Economic Cooperation and Development (OECD): "Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations". Safran thus ensures that its intra-group transactions comply with the arm's length principle, declares its reporting on a country-by-country basis in accordance with Action 13 of the Action Plan on Base Erosion and Profit Shifting, and discloses the breakdown of its taxes and duties by major geographic area on its website.

5.5.1.6 Protecting personal data and privacy

The Group ensures that its business is conducted with respect for privacy and the protection of the personal data of its employees and contacts (customers, prospects, suppliers, partners, applicants, etc.). The compliance of Safran's personal data protection system is built on three pillars:

- **A Group policy**, which provides a framework for the governance and organization of personal data protection.

  Safran's personal data protection organization comprises a Group Data Protection Officer (DPO), DPOs in the tier-one entities, country correspondents and local correspondents for the Group's major sites. This network circulates procedures (rights of individuals, management and notification of personal data breaches, register of processing activities transferred outside the European Union), raises awareness among internal players and coordinates the compliance of activities and processes involving the processing of personal data.

  In the event of change in the Group's personal data protection policy, the new version will be made available to the people concerned, on the intranet.
- **An internal standard comprising procedures** aimed at implementing European and international regulations (and any developments therein) on personal data protection, including the binding corporate rules (BCR) that govern the transfer of personal data between the Group's international subsidiaries.
- **Harmonized tools** to ensure accountability(2) and the principles of privacy by design and by default.

The Group is thus continuing to develop its compliance system through:

- awareness-raising for Group employees through e-learning and *ad hoc* sessions (IT, HR, etc.), and signature of an annual representation letter by the CEOs of the tier-one entities;
- reinforcement of the application of the principles of privacy by design and by default through the performance of compliance reviews and annual compliance audits by the DPO;
- transparency with regard to data subjects, mainly through access to Safran's personal data protection policy and BCR controllers on the Group's website.

In addition, through its responsible purchasing guidelines (see section 5.5.4.2.3) and the personal data protection clauses in its contracts, Safran also requires the same compliance from all suppliers with which personal data is shared.

(1) The employees exposed or affected are mainly from the Purchasing, Sales, Aftermarket, Programs, Technical and Industrial departments.

(2) Accountability is the obligation for companies to implement internal mechanisms and procedures to demonstrate compliance with data protection rules.

5.5.2 Strengthen responsible practices throughout the supply chain, and support our suppliers

5.5.2.1 The Group responsible purchasing policy

The Purchasing Department is the main intermediary through which Safran extends its CSR commitments through to its 15,500 significant suppliers[(1)]. It comprises three entities: the Group Purchasing Performance Department, the Non-Production Purchasing Department, and the purchasing departments of tier-one entities in charge of bill of materials (BOM) procurement. There are approximately 1,600 purchasing employees across the Group's various geographic locations.

Total purchases amounted to more than €11.7 billion, or nearly 60% of Group revenue. 46% of the total was sourced from French-based suppliers, reflecting its industrial footprint, and close to 86% from French SMEs and intermediate-sized enterprises.

Safran's responsible purchasing policy is geared towards the Group's objectives of operational excellence and competitiveness, and strengthens responsible practices and innovation capacity throughout the production chain. It is consistent with the Group's industrial policy and complies with the Group's Ethical Guidelines and CSR strategy. Through its responsible purchasing guidelines and its support for suppliers, particularly on issues such as decarbonization, it contributes to relaying the Group's CSR commitments.

The aim of the responsible purchasing policy is to award business to suppliers that meet Safran's demanding ethical, social and environmental requirements, along with the challenges on health and safety, competitiveness, and the rules applicable to aerospace and defense markets. Safran favors long-lasting, balanced and mutually beneficial relationships.

The responsible purchasing policy involves constant collaboration with and between Group companies: all Group buyers apply the purchasing process set out in One Safran; there are internal progress plans and a training program; and the Procure to Pay (P2P) system ensures that suppliers and subcontractors are paid on time.

Responsible purchasing is part of our duty of care (see section 5.5.4.2).

2022 key figures:

- 59% of purchases made from suppliers that have signed the Safran responsible purchasing guidelines[(2)].

ENGAGE FOR THE FUTURE

- **2025 CSR objective #11:** 80% of purchases made from suppliers that have signed Safran's responsible purchasing guidelines[(3)].

5.5.2.2 Actions to integrate the CSR strategy into purchasing and address the climate challenge

In 2022, the **scoring matrix used for each call for tenders was updated. It now includes the following CSR criteria:** degree of maturity in the decarbonization approach, product carbon footprint, responsible purchasing (signature of the guidelines or specific CSR program), and the proportion of employees with disabilities on the payroll. It has been implemented through a communications and training plan for buyers and service providers.

To address the challenge of climate change, **Safran has decided to extend its decarbonization approach to the 400 suppliers that contribute the most to its carbon footprint**, in order to encourage them to reduce their greenhouse gas emissions. At the Safran Supplier Day in July 2022, each supplier was asked to complete a maturity questionnaire (see section 5.3.3.3). Online training for buyers on "low-carbon" purchases started in 2022, outlining practices and methods to support suppliers in this endeavor.

Safran is also committed to continuing to develop partnerships with disabled-staff companies and organizations and services providing assistance through work. The ambition to further develop collaboration with the social economy is supported by the Group Disability Agreement (see section 5.4.3.3). In 2022, Safran spent more than €3.6 million with disabled-staff companies and organizations and services providing assistance through work[(4)].

In addition to the above actions on integrating the CSR strategy into purchasing, buyers can also be trained on responsible purchasing. 48% of Group buyers completed the training in 2022.

(1) Safran works with nearly 25,000 suppliers, of which 15,500 generate annual purchase volumes exceeding €10,000.
(2) Or have equivalent responsible purchasing guidelines of their own (see section 5.7.4).
(3) Methodology for calculating the indicator mentioned in section 5.7.4.
(4) Amount in the process of being validated at the time of publication of this document.

5.5.2.3 Quality relationships

Safran has been a signatory to the Sustainable Procurement and Supplier Relations Charter of the French Ministry of the Economy, Finance and Industry since 2010[1], obtaining the corresponding label in 2017. In 2020, its **Sustainable Procurement and Supplier Relations Label** was renewed for a further three-year period. The label is awarded by the French Business Mediation Service and the National Procurement Council and recognizes companies demonstrating sustainable and balanced relationships with their suppliers. It is aligned with the ISO 20400:2017 Sustainable Procurement guidelines. As an alternative method of preventing and resolving disputes smoothly and advantageously to both suppliers and Safran, the Group appointed an internal mediator to handle interaction with Safran suppliers and companies.

- Safran's responsible purchasing maturity level, with respect to ISO 20400: 2017 Sustainable Procurement, has been assessed as "mature" (level 3 out of 4, the fourth level being the "leading" level).

5.5.2.4 Support for suppliers and the aviation, defense and space industry

Since 2020, Safran has been a signatory to the charter of commitments on customer-supplier relationships within the French aerospace industry through the French Aerospace Industries Association (GIFAS). The Group is accordingly reinforcing its responsible purchasing approach in the French supply chain and reaffirming its use of mediation.

Industry-specific relief fund

Safran participates in two main relief funds. Since 2020, Safran has invested €58 million in the **Ace Aéro Partenaires fund** set up under the French aerospace industry support plan. In 2022, the Group also continued **Aerofund I, Aerofund II and Aerofund III** investment initiatives underway since 2004. In contributing to the financing of SMEs impacted by the recent crises, the Group actively participates in the restructuring and consolidation of the industrial fabric of the French aerospace sector. Strengthening its suppliers' financial structures is a means for the Group to secure its supply chain while promoting the emergence of more robust and competitive intermediate-sized companies that can expand in the global marketplace when the crisis ends.

Suppliers crisis support unit

To deal with the impacts of the health crisis and then with the global economic crisis and its repercussions on the aerospace industry (namely rising raw materials and energy costs), Safran has set up a support unit to help its stragetic suppliers. Its purpose is to:

- identify the suppliers most at risk, with a potential impact on the Group's businesses;
- establish a dialogue with those suppliers in order to understand the impact of the crises on them and their ability to sustain their business;
- examine alongside the suppliers possible local government aid;
- direct them towards longer-term and structural solutions such as backing from other industry players and investment funds in cases where standard measures are insufficient.

This approach is carried out in coordination with the public bodies that can offer aid, as well as with other contractors (Airbus, Dassault Aviation, Thales) within the framework of GIFAS when the supplier is shared, and can result in proposals for consolidation with the "Ace Aéro Partenaires" fund.

Closer links with suppliers in the sector

Safran is involved in a number of bodies and initiatives aimed at supporting the aerospace industry, which includes many SMEs, intermediate-sized businesses and startups. The Group wishes to help their progress on identified challenges, such as innovation, digitalization and cybersecurity.

Since 2010, Safran has been a member of the *Pacte PME* association and sits on its Board, in a commitment to strengthening ties between SMEs and large accounts, to supporting the development of French SMEs, and particularly to helping innovative companies get off the ground and grow. Through *Pacte PME*, Safran contributes to the *Destination ETI* program designed to help SMEs modernize. Safran also participated in the *Pacte PME* 2021 barometer on the quality of supplier relations, for the 2021-2022 period. It addressed 139 Safran suppliers to assess their relationships with Safran. The ongoing aim is not only to establish lasting partnerships between the SMEs supported and major ordering accounts, but also to bolster the growth and competitiveness of member SMEs through advice, workshops and feedback. The survey findings released in 2022 highlighted the quality of contractual relationships and support for innovation. Particular attention must be paid to suppliers' financial equations.

Safran is also a signatory to a bilateral agreement under the SME Action Plan, **which aims to improve access for SMEs to defense procurement contracts**, thereby consolidating the Defense Industrial and Technological Base (DITB) and preserving France's sovereignty. An annual review is conducted by the French Ministry of the Armed Forces and the French Directorate General of Weapons Procurement (DGA) with the various aerospace and defense manufacturers.

Safran sits on the steering committee for two GIFAS programs on improving performance and competitiveness in the aerospace industry, more than two-thirds of which is populated by Safran suppliers: "Industrial Performance 1 and 2" and "Industry of the Future". The aim of Industry of the Future is to usher in new 4.0 technologies and to support the sector's transformation. As such, it sponsors French suppliers.

Lastly, the Group is a founding member of Space, a body dedicated to improving the performance of French SMEs. Safran plays an active role each year by contributing its proven methodologies and assisting in the implementation of new systems for SMEs. It also hosts roundtables and webinars, including one on CSR and decarbonization in 2022.

(1) *New name for the Responsible Supplier Relations Charter in 2021.*

Fostering innovation

Innovation throughout the supply chain is a source of added value for Safran and contributes to customer satisfaction. Safran is also developing a collaborative innovation approach with its suppliers. Regular reviews are organized with strategic suppliers to discuss innovation and share technology roadmaps.

Safran also contributes to the development of startups through its subsidiary Safran Corporate Ventures, whose mission is to develop and accelerate innovation cooperation between the Group and startups. Such arrangements can go as far as taking minority stakes in the capital of certain strategic startups, which can then become Safran suppliers. More than 30 projects involving such startups were carried out in 2022, with orders in progress. In addition, a support program and business accelerator have been set up (see section 5.6.2.2).

5.5.2.5 Conflict minerals

Although Safran only buys processed products, it is highly vigilant with regard to the origin of the minerals used in certain purchased products such as tin, tungsten, tantalum and gold. Purchasing volumes including such minerals are low. To ensure the minerals do not come from conflict zones, Safran complies with applicable laws and regulations, including the European T3G regulation, in force since January 1, 2021 (also known as the Conflict Minerals Regulation), and US regulations under the Dodd-Frank Act.

Safran requires its suppliers to commit to its responsible purchasing guidelines, which demand compliance with applicable laws and regulations regarding the sourcing of minerals. It requires them to establish a policy allowing them to reasonably ensure that minerals purchases do not serve to fund, directly or indirectly, armed groups whose activities are contrary to human rights. They must also exercise due diligence in choosing the source and ensuring the traceability of minerals, and in turn impose the same requirements on their suppliers.

In addition, Safran identifies any suppliers that may use such minerals, and vets their commitments and internal policies by means of a three-yearly campaign using the Conflict Mineral Reporting Template (CMRT).

5.5.3 Respect the environment and natural resources

The transition to sustainable aviation is a priority for Safran. In its environmental dimension, that means developing business without undermining the capacity to renew natural resources or the proper functioning of ecosystems. With a determination to lead by example in its development and production methods and throughout its value chain, Safran pays particular attention to reducing the environmental impact of its operations and products.

To do so, Safran has chosen to focus on four areas of meaningful improvement for its businesses:

- chemical risk (limiting the use of dangerous substances);
- noise (limitation of noise pollution);
- non-renewable natural resources (reduction in the use of natural resources, product recycling, reduction and treatment of waste);
- energy consumption (see section 5.3).

5.5.3.1 The adoption of eco-design principles

Safran applies eco-design practices to reduce the environmental impact of its products. With its eco-design approach, the Group aims to make product development choices that minimize pollution transfers over the product life cycles. For Safran, eco-design is a key factor in the systemic management of product-related environmental issues. Other eco-design objectives include:

- anticipation of changes in regulatory requirements and shifts in stakeholder, especially customer, expectations;
- inclusion of environmental criteria in technological innovation choices;
- stimulation of synergies within the Group, particularly across subsidiaries handling the same product.

In 2015, eco-design principles were introduced through an environmental management approach that is included in the eco-design standard, which is part of the Group's HSE Guidelines. The eco-design standard is audited in all tier-one entities and has achieved silver-level certification, demonstrating compliance with the requirements of ISO 14001.

Safran strengthened the overall performance of its organization through a number of initiatives:

- from its pivotal position in eco-design decision-making, the Materials and Processes Unit of the Strategy, Technology and Innovation Department ensures that eco-design requirements are included in all new materials and processes development choices. The teams are guided through environmental assessments of the material or process developed, and assisted in using the findings to propose areas for improvement and associated solutions. The approach takes into account the degree of knowledge available at each stage of development; eco-design requirements are intended to be adapted and phased in;
- organizational performance on eco-design was boosted in 2021 by the Group eco-design project, which defined an eco-design governance and trajectory across all Safran's businesses and companies. The project enhances the integration of eco-design within the Group's development processes, and contributes to the development of teams' skills. In 2023, the project will become a Group Transformation Plan, giving priority status to the structural changes and improvements to be made.

Safran received the Best Business Practice Award at the 2022 International Conference on EcoBalance, for the quality of its eco-design approach.

Safran is also actively involved in the European Clean Sky 2 project, contributing to a number of eco-design technology demonstrators.

5.5.3.2 Limitation of chemical substances

Safran aims to limit the use of substances of concern on health and environmental grounds in all of its operational activities. The challenge is twofold: reduce the risks associated with the use of chemical products throughout the life cycle of equipment, and anticipate the risks of regulatory obsolescence, notably those associated with the REACH regulation, so as to guarantee the sustainability of the business. Employees, residents living near sites and consumers all have high expectations in this area, as do customers.

In response, Safran has rolled out a responsible management approach to chemical substances, based on three principles: anticipate, substitute and control. The Group accordingly conducts strategic monitoring of substances so as to identify those that pose the greatest risk as early as possible and to draw up an appropriate strategy. Any technical work needed to identify alternative solutions is coordinated at Group level, before being brought up to industrial scale within each company, in partnership with suppliers, subcontractors and customers. Residual risks that could not be eliminated through anticipation and substitution work are managed in accordance with the provisions of the Group's Health, Safety and Environment guidelines.

The responsible management of chemical substances involves a cross-functional approach calling on several Safran departments and various businesses. It brings together a network of focal points identified within each company, coordinated at the Group level. Substances Committee meetings are organized quarterly to ensure overall progress and set strategic guidelines. The committee brings together the Industrial, Purchasing and Performance, Programs, Technical, Materials and Processes, Product Environment and Health, Safety and Environment departments. With this organization, Safran can identify emerging potential risks, such as those concerning perfluoroalkylated substances (PFAS), and run action plans to limit these risks and seek alternative solutions.

For example, the substitution of processes using chromium VI compounds is a key challenge for the Group. The Substances Committee is monitoring the subject. Substitution work began several years ago, and technical solutions have been offered for most of the relevant processes. Significant resources are being mobilized to enable these alternatives to be rolled out on an industrial scale.

At the same time, Safran is actively involved in the work underway at the European level as part of the Chemicals Strategy for Sustainability, through French and European bodies representing the aerospace industry. The strategy is aimed at improving the protection of human health and the environment while encouraging innovation. Its rollout in the coming years will make further steps towards sustainable chemical solutions possible.

5.5.3.3 Reducing noise pollution

The increase in air traffic is making aircraft noise a growing concern for residents in the vicinity of airports, as noise can undermine human health when exposure reaches a certain level. Airport resident associations are lobbying against noise, regularly prompting the ICAO to tighten noise standards worldwide. The European Union has set a target of reducing perceived aircraft noise by 65% by 2050 compared with 2000. With Safran's participation, the Advisory Council for Aviation Research and Innovation in Europe (ACARE) is drawing up a European research and technology roadmap to achieve this goal. Safran is cooperating in research with aircraft manufacturers, helicopter manufacturers and the largest French and European laboratories, notably ONERA and the German Aerospace Center (DLR)[1]. Some airports also impose additional constraints determined by specific local conditions (traffic, local population, etc.).

To meet and anticipate such standards, Safran is working with aircraft manufacturers to lessen the noise emissions of its engines and equipment. Between the most optimized versions of CFM56 engines certified in the early 2000s and the LEAP engine, an average improvement of 12 decibels has been achieved. Noise emissions from Safran engines are below the level specified in the current standard. Aircraft noise has been reduced by 80% on average over the last 50 years.

5.5.3.4 Emphasis on maintenance and repairability

Safran pays particular attention to the issue of non-renewable natural resources. The Group therefore places great importance on the repairability of its products, offering MRO (maintenance, repair and overhaul) solutions worldwide. Each year, Safran experts develop and perform several hundred new repairs on an industrial scale and offer a comprehensive range of services including performance restoration, replacement of parts with a limited life, and inspection and maintenance of all equipment.

Safran also offers the use of second-hand parts. CFM Materials, a joint venture between GE and Safran specializing in second-hand parts for CFM56 engines, offers its customers access to large stocks of spare parts with guaranteed quality and traceability, in a real-time response to the needs of maintenance workshops around the world.

5.5.3.5 Product recovery and recycling

Safran has partnered with two other leading players (Airbus and Suez) to create Tarmac Aerosave, under Safran 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. In total, Tarmac Aerosave has handled the recycling of 45% of the aircraft recycled in Europe since 2015, as well as 67% of the Airbus A340 and 86% of the A380. Tarmac Aerosave is working with Airbus and Safran on the development of short recycling circuits for aerospace materials (titanium, inconel and aluminum).

In 2022, Tarmac Aerosave partnered with the startup Fairmat to develop a low-carbon-footprint recycling process for carbon fiber composites.

In addition, aluminum shavings, which account for 90% of material loss during the machining of the LEAP OGV (Outlet Guide Vanes) at Safran Aircraft Engines in Querétaro, were resold. Investments are planned with a view to reusing them for Safran's production. Safran Electronics & Defense has also developed a methodology to provide customers with the information they need on waste treatment channels for the proper handling of end-of-life products.

(1) Deutsches Zentrum für Luft- und Raumfahrt.

5.5.3.6 Waste treatment

Safran is also committed to reducing and treating waste from its production sites. Waste is broken down into seven categories (plastics, paper/cardboard, wood, composite, metallic, hazardous and other non-hazardous waste). The sites do not discharge radioactive waste.

Several treatments are possible for each type: material recycling, incineration with energy recovery, incineration without energy recovery and landfilling for final and hazardous waste. Depending on the type of waste, the maturity of existing channels and the countries in which Safran operates, recovery rates (material and energy) can vary from 99% for metallic waste to 35% for composite waste, for which treatment channels are only now taking shape. In 2022, 69.2% of waste was recovered.

ENGAGE FOR THE FUTURE

- **2025 CSR objective #13:** Increase the waste recovery ratio compared with 2019.

5.5.3.7 Water management

Water is used mainly for sanitary purposes. In addition, water from industrial processes that could represent a risk is discharged into continuously monitored treatment facilities or treated off-site by a service provider. The Group has commissioned independent experts to perform studies and analyses to assess any potential risk of soil and groundwater contamination at its industrial facilities. Preventive or remediation measures have been implemented wherever necessary.

5.5.3.8 Biodiversity

A number of initiatives are being taken to protect biodiversity at Group sites and in the value chain, including eco-design processes, prevention of chemical pollution, water intake limitation, protection of natural areas, recycling, etc. Safran is aiming to draw up a global biodiversity strategy, integrating the various challenges faced by its businesses and value chain, from upstream (materials consumption) to downstream (air transport). To this end, in 2022 Safran launched a study to develop a qualitative understanding of its main biodiversity impacts and dependencies, and the consistency of actions underway within the Group in these areas.

Safran complies with all applicable environmental regulations in all its projects. In applying for operating permits, studies are performed as needed to determine the impact of its activities on local biodiversity.

For example, Safran Aero Boosters has been implementing a biodiversity plan at its sites in Belgium since 2020. The aim is to create ecological networks, or connections between ecosystems in an urbanized environment, so as to allow genetic exchanges between populations and in that way to foster biodiversity. In recognition of this commitment, the Natagora association awarded the Milmort site its Nature Network label in 2021.

5.5.3.9 Control of industrial risks

Safran is committed to controlling the industrial risks associated with its activities and mitigating their impact on the environment, wherever they are carried out (see ERM methodology in section 4.1.1). Each site undertakes preventive measures to ensure the compliance of its facilities and to prevent and reduce pollution that could be generated by its activities.

The rollout of the HSE Guidelines makes it possible to cover all industrial risks and to ensure compliance with requirements through audits.

No industrial accidents with a significant impact on the environment were brought to the Group’s attention in 2022.

The Group HSE Department participates in the due diligence process for asset disposals and acquisitions.

A roadmap on the prevention of industrial risks sets out the Group’s challenges and actions through to 2026, addressing cross-cutting issues such as industrial risks, chemical risks, fire safety and emerging risks. Two of the emerging risks have a particularly strategic dimension for the Group: the use of hydrogen for next-generation engines, and the physical risks related to climate change.

Physical risks related to climate change

Physical risks related to climate change may impact Safran in terms of HSE, property damage and business continuity.

To start with, physical risk exposure analysis is carried out for all new acquisition projects. Physical risks for existing sites are also taken into account in Safran’s risk mapping.

The “major risks” roadmap identifies physical risks as emerging risks, liable to become increasingly frequent and intense in coming years. Several sites were affected by events such as flooding and hail in 2022, with impact primarily in the form of property damage. The “major risks” roadmap therefore identifies physical risks as an important issue for the Group.

Facilities subject to operating permits

Since 2016, the Group has operated two Safran Landing Systems facilities, in Molsheim and Bidos in France, that are classified as upper-tier Seveso sites. Both facilities comply with prevailing legislation, with safety management systems, an internal operations plan and technological risk prevention plans in place.

Some units operate facilities that are subject to permits, registration or reporting depending on national legislation. All of the facilities requiring an operating permit have been reported by the Group to the proper authorities. In line with French legislation, financial warranties cover the eventuality of safety and decontamination work being required if sites classified as environmentally risk-prone are decommissioned.

Fire prevention

Action plans on improved fire risk prevention are systematically implemented to ensure the protection of sites and the people working on them. Expansion or renovation projects undergo fire safety reviews to ensure appropriate prevention and protection actions are included.

In addition, the HSE Department performs a regular six-monthly review with a fire prevention and protection firm, insurers and the Group Risk and Insurance Department. These review sessions provide a forum for discussion on past and future developments.

An annual fire audit plan, drawn up jointly with the Risk and Insurance Department, ensures that recommendations are appropriate and properly implemented. These audits make it possible to assess the level of protection against fire risk through a rating. The rating is based on several criteria such as the installation of appropriate sprinklers, documentary and operational management, and building condition and construction materials. The criteria are then weighted to give an overall score from 0 to 100, 100 being the best.

On August 4, 2022, a fire broke out in a surface treatment area at the Molsheim site in France. The consequences of the fire were dealt with immediately (by means of a local crisis unit and a business continuity plan), and caused no major harm to the Group's activities or, according to the analyses carried out, to the external environment. The Group's internal fire safety requirements are upgraded based on feedback from this type of event.

5.5.3.10 Environmental litigation and alerts

Safran was not the subject of any convictions, and did not have to pay any fines or sign any legal settlements in connection with a violation of environmental law in 2022.

5.5.3.11 Indicators – Water and waste

Waste – Water	2020	2021	2022
Total waste generated *(in metric tons)*	57,558	58,256	58,812
Total waste recovered and reused *(in metric tons)*	40,396	41,403	40,689
Waste recovery *(%)*	70.2	71.4[1]	69.2
Water *(cu.m.)*	2,521,900	2,599,461	2,780,005

(1) 2021 figures, which included estimated data for fourth-quarter 2021, were revised in 2022 to reflect the actual data.

5.5.4 Duty of care plan

Safran's duty of care plan is designed to comply with France's Sapin II[1] and duty of care laws[2]. It is aligned with the Group's CSR strategy and its four pillars: decarbonize aeronautics, be an exemplary employer, embody responsible industry and affirm our commitment to citizenship.

Under the legislation on the duty of care, large French companies are required to publish a duty of care plan. Safran's plan includes the following:

1. a risk map for identifying, analyzing and prioritizing risks;
2. procedures for regularly assessing, with regard to the risk map, the situation of subsidiaries, subcontractors and suppliers with which there is an established business relationship;
3. appropriate programs to mitigate risks or prevent serious harm or damage;
4. an alert and reporting system on the existence or outcome of risks, put together jointly with trade unions at Group level;
5. a system for tracking the measures taken and assessing their effectiveness.

Safran's duty of care plan covers various risks related to human rights, fundamental freedoms, health, safety, the environment and the fight against corruption, in both the Group's own operations and those of subcontractors and suppliers with which Safran has an established business relationship.

It is overseen by the following departments: Audit and Internal Control, Climate, Ethics and Compliance, Industrial, Purchasing and Performance, Legal, Corporate and International Relations, Corporate Human and Social Responsibility, Risk and Insurance, CSR, and Health, Safety and Environment.

(1) French law no. 2017-399 of March 27, 2017 on the duty of care of parent companies and contracting companies is an extension of companies' corporate social responsibility obligations.
(2) French law no. 2016-1691 of December 9, 2016 on transparency, anti-corruption measures and modernization of the economy ("Sapin II").

5.5.4.1 Duty of care plan related to the Group's operations

Risk map

Risks are managed via the Group Enterprise Risk Management (ERM) set-up (see section 4.1.1). Safran is exposed to risks that may impact its activity and situation owing to the diversity in its businesses and geographical locations. Accordingly, its ERM accommodates systematic processing of all operational and strategic challenges to which the Group is exposed. Each risk factor identified is analyzed and forms the basis for various risk scenarios that are ranked and managed within the scope of customized action plans 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. The required level of control is then determined. Each tier-one entity has a risk manager who consolidates its risk map and organizes for it to be reviewed by their risk committee at least twice a year. Each of Safran's central corporate departments also prepares a map of the main risks in their scope. These maps are then consolidated by the Risk and Insurance Department, which draws up a Group-wide risk map.

The Group's risk mapping therefore guarantees the overall consistency of risk assessments and the associated action plans together with the level of control exercised over them. This enables non-financial risks to be identified (see section 5.2). They include risks central to duty of care responsibilities, in areas including climate change, health, safety, security and the environment, corruption, protection of personal data, and psychosocial impacts.

Safran has also drawn up a materiality matrix of non-financial challenges (see section 5.1.1.1), based on the Group's risk map, studies on the challenges facing the aerospace industry and an in-depth analysis of reference frameworks. The 37 challenges identified were measured for importance by internal and external stakeholders, with the matrix plotted accordingly. It highlights challenges in the areas of human rights, health, safety and the environment, the fight against corruption, and business ethics.

In 2022, Safran strengthened its response to the requirements of the duty of care legislation, calling in support from an external body to draw up a specific and detailed Group-wide map of human rights risks. Data from Safran SA and its tier-one entities was analyzed, and additional information was gathered through interviews with the stakeholders concerned. A total of 54 interviews were conducted with the heads of the Corporate Human and Social Responsibility, Compliance, HSE, Legal, Risk and CSR departments. Valuable insight into human rights risks was gained. A risk prioritization matrix was created by conducting a detailed analysis of each risk, applying certain focuses set out in the ERM, such as probability and criticality, plus an evaluation of the extent to which they might be considered irremediable, in accordance with the United Nations Guidelines. The level of control, derived from the ERM, is also mentioned, for information purposes, with regard to the mitigation measures that the stakeholders have already implemented.

Regular assessment of subsidiary situations

- In addition to the ERM maturity assessment, Group companies are also monitored each year through a dual audit and internal control system. The Audit and Internal Control Department has defined an internal control framework structured around 13 areas called internal control cycles, which are applicable to all Group companies. A specific standard adapted to the Shared Services Centers has been drawn up (see section 4.2.1). For all cycles, 200 control points have been defined. They measure the adequacy of each company's processes and control activities with regard to the requirements of the standard, and their operational efficiency.

The internal audit plan is drawn up on an annual basis. It is largely based on the Group's risk map. Internal auditors from the Audit and Internal Control Department conduct assignments to assess and measure the compliance and performance of the processes and organizations of the Group and of its companies, programs and projects. The assessments also provide opportunities to identify areas for improvement. A total of 36 assignments were completed in 2022.

By analyzing the results of its work, the Internal Control function can identify and deal with non-compliance in relation to the requirements of the standard, which is reviewed annually to adapt to changing requirements. Controls focusing on anti-corruption, duty of care and personal data protection have been created or stepped up as part of the guidelines applicable in 2022.

The various assessment procedures enable Safran to ensure compliance with laws and regulations, application of instructions and guidelines set by Executive Management, and proper functioning of internal processes.

On the subject of human rights, Safran launched its first Inclusion Barometer in 2022, inviting all Group employees to express themselves and provide insight into their perceptions and expectations in terms of diversity, inclusion and non-discrimination. By giving an all-round vision of current issues, the findings of the barometer will be used to implement specific actions to foster a work environment in which everyone feels respected, empowered to be themselves and valued.

As regards HSE, risks are also assessed at workstation level, in order to establish action plans for resources or the work environment. The assessments are systematically consolidated site by site, in addition to the assessment of compliance with Safran's HSE standards, aligned with the One Safran management system. In relation to the standards, all sites undergo a self-assessment every year, with annual audits for industrial sites. In the field of health, two additional surveys were conducted in 2020 and 2022, allowing the Group to collect data on employees' experience at work (see section 5.4.2.1).

With regard to corruption, in 2022 Safran stepped up its program on the prevention and detection of acts of corruption, notably by rounding out its control framework. The Audit and Internal Control Department conducts annual management audits of entities, which systematically include verification of compliance requirements. These specific audits represent approximately half of the annual internal audit plan.

Appropriate programs to mitigate risks or prevent serious harm or damage

Based on the identification and analysis of the risks facing the Group, Safran prepares and implements risk mitigation or prevention actions in accordance with the various applicable legal frameworks and its imperatives.

External reference frameworks

In its operations, Safran is committed to complying with the United Nations Global Compact, which comprises 10 principles relating to respect for human rights, international labor standards, the environment and the fight against corruption. Safran has willingly undertaken to adhere to and promote these universal principles in its practices. Safran also contributes to progress toward the UN Sustainable Development Goals[(1)], making particular contributions to certain objectives (see section 5.1.1.3). Lastly, Safran scrupulously complies with all rules (treaties, laws and other regulations) applicable to its operations (see section 5.5.1.4).

Internal reference frameworks

Safran has also committed to deploying internal measures based on references such as the global CSR framework agreement (see section 5.1.3.3). Its CSR strategy (see section 5.1.1.2), Ethical Guidelines (see section 5.5.1.2), health, safety and the environment policy (see section 5.4.2.1) and code of conduct for the prevention and detection of acts of corruption (see section 5.5.1.3) are all in line with its duty of care responsibilities.

- **Ethical Guidelines:** Safran's Ethical Guidelines form the cornerstone of Safran's ethical commitments and apply to all employees and stakeholders. They cover aspects such as adherence to the fundamental principles, adoption of appropriate business practices, promotion of honest and stringent management of information, environmental protection and attention to stakeholder expectations.
- **Global CSR framework agreement:** in 2017, Safran signed a global CSR framework agreement with the IndustriALL Global Union and representatives of the French metallurgy federations of the French CFE-CGC, CFDT, CGT and CGT-FO unions. It covers the entire scope of Safran's activities worldwide and applies to all of its employees. The purpose of this agreement is to specify the framework of the Group's CSR policy, to facilitate ongoing deployment of the HR policy, to reinforce business ethics and step up the fight against corruption, to guarantee fundamental union rights and respect for fundamental rights, to protect the environment, and to ensure due consideration is given to the impact of each site's activities on their local community.
- **CSR Strategy:** Safran's CSR strategy, launched in 2021 under the name Engage for the Future, aims to ensure sustainable performance and is built on four pillars: decarbonize aeronautics, be an exemplary employer, embody responsible industry and affirm our commitment to citizenship. It comprises 12 key commitments along with key objectives for following the CSR roadmap.
- **HR Policy:** respect for **human rights** is guaranteed through the human responsibility pillar: be an exemplary employer (see section 5.4). The Group Human and Social Responsibility Department undertakes to develop skills and create opportunities for mobility, to ensure a quality work environment, to encourage equal opportunity, diversity and inclusion, and to encourage collaboration and mutual support. Safran has taken actions to roll out the Group's HR policy, establish social dialogue and ensure that union rights are respected.

  Diversity and inclusion are one of the four key focuses of this HR policy and actions are taken to promote equal opportunity and diversity (see section 5.4.3). In 2022, Safran launched its first Inclusion Barometer. A roadmap was then co-constructed with the CEO of one of the Group companies, acting as Diversity and Inclusion sponsor.
- **Health, safety and environment policy:** The HSE policy, updated and signed in 2021 by the Chief Executive Officer, reflects Safran's commitment to health, safety, environmental protection and the fight against climate change. Through its ERM, the Group primarily establishes a culture of prevention to protect the health and safety of its employees, partners, suppliers, customers and all other stakeholder concerned by its operations, in a spirit of transparency and sincerity.

  One of the outcomes of the policy has been the introduction of HSE standards (see section 5.4.2.1). The policy also yields commitments in areas such as respect for the environment and natural resources (see section 5.5.3). A pandemic plan (see section 5.4.2.1) and climate strategy plan have also been established, enabling the development of a culture of anticipation and prevention as part of a continuous improvement process. To fulfill its ambitions, Safran has set objectives for tracking progress annually for each pillar in the Engage for the Future CSR roadmap (see section 5.1.1.3).

  The Paris Climate Agreement set the goal of capping the increase in the Earth's average temperature at 2°C, or even 1.5°C, by the end of the century compared with pre-industrial levels. To comply with the agreement, **policy, strategies and actions** are drawn up and implemented by the Group Climate Department. Safran aims to lead the way in the decarbonization of the aviation industry. Its policy seeks to make carbon-neutral aircraft a research and technology priority, requiring reductions in CO_2 emissions throughout its entire value chain, and encouraging its employees to reduce their carbon footprint. A Climate Challenge Steering Committee sets targets (see section 5.3.2) and an Innovation, Technology & Climate Committee monitors effective rollout of the climate strategy (section 6.3.6.3).
- **Code of conduct and prevention of acts of corruption:** Safran ensures that its activities are conducted with high standards of honesty, integrity and professional standards that are consistent with the highest international standards of business ethics, promoted by the International Forum on Business Ethical Conduct (IFBEC). Safran sees corruption as a major risk, and addresses it by backing up its business ethics policy with appropriate governance and processes. Safran has a zero tolerance policy on all corrupt practices. Safran's actions against corruption include promotion of best practices, and participation in and contributions to initiatives led by national and international professional bodies such as the French Aerospace Industries Association (GIFAS), the French Employers' Federation (Medef), the International Chamber of Commerce (ICC), the International Forum on Business Ethical Conduct (IFBEC), formed by major international aerospace and defense companies, and the European Business Ethics Network.

(1) *The United Nations has established Sustainable Development Goals (SDGs) to address global challenges.* https://unric.org/en/united-nations-sustainable-development-goals/

- **Charter on the prevention and management of conflicts of interest:** The Group's ethics policy includes a charter on the prevention and management of conflicts of interest. Safran is committed to conducting its business with honesty and integrity, in full compliance with legislation and regulations in all its host countries. Any conflict-of-interest situation must systematically be disclosed through a declaration of conflict of interest so that the necessary measures can be taken to protect Safran's interests while respecting rules of confidentiality and protection of privacy.
- **Safety policy:** Safran strives to ensure the **safety of all its employees** (see section 4.3.2.7) in all its host countries, through a dedicated structure. The workplace safety policy includes a country watch, training and monitoring for employees and partners, and other appropriate support systems in sensitive geographies.
- **Personal data policy:** Safran operates specific governance and organization for **personal data protection** (see section 5.5.1.6) to ensure that its activities are conducted with respect for the privacy and protection of the personal data of its employees and correspondents.

Whistleblowing system

Safran's whistleblowing system enables anyone to report any situation in breach of the principles of the Ethical Guidelines, the requirements of France's Sapin II and duty of care laws. Details on this system appear in section 5.5.1.2.

It is open to all of Safran's internal and external stakeholders. It mainly covers issues including human rights, corruption, health, safety and the environment. Every employee is entitled to notify or request guidance from their manager, the Head of Internal Control, the Head of IT Security, the Security Officer, the Head of Human Resources, the Ethics and Compliance Department, the Legal Department, the Finance Department, the Quality Department, the Audit and Internal Control Department or the Compliance, Ethics and Anti-Fraud Committee. They can use the alert method of their choice. Additionally, regardless of the channel used, the input and investigation process guarantees protection for the person raising the alert and any persons concerned. The information gathered during the investigation is processed in total confidentiality.

Reports can also be made, anonymously or openly, via the secure, multilingual email address, safran@alertethic.com. Each report is investigated, and action taken if it is found to be substantiated. Employees are kept informed on the whistleblowing system via the Group's intranet. The public web page also mentions the existence and operation of the system.

System for tracking the measures taken and assessing their effectiveness

All risk prevention and remediation measures are monitored and their effectiveness assessed to determine the extent to which objectives have been achieved.

Internal monitoring and assessment of effectiveness

Progress along the Engage for the Future CSR roadmap is monitored by means of non-financial key performance indicators and their respective objectives. Certain key indicators, in particular those on environmental, social, and occupational health and safety objectives, are used for monitoring the measures taken under the duty of care plan (see page 46 and section 5.1.1.3). Results on the pursuit of environmental, social, health and safety objectives provide year-by-year insights on the progress made. Details on the data collected for the HSE-Climate indicators appear in section 5.7.3.

Results in the area of respect for human rights are monitored by the indicators on diversity and equal opportunity outlined in section 5.4.3.5. These indicators measure diversity within the Group and thus the progress being made on the Diversity and Inclusion roadmap in terms of the inclusion of young people, diversity and equal opportunities.

As regards HSE, the Group's Health, Safety and Environment guidelines include the requirements of environmental management (ISO 14001) and occupational health and safety management (ISO 45001) standards, as well as Safran's specific operational requirements. A maturity matrix is used to assess the maturity level on the guidelines and to set specific improvement targets. The level of maturity is an indicator of the effectiveness of the measures put in place by the Group (see section 5.4.2.1).

Safran was not convicted of any infringements of environment legislation in 2022 (see section 5.5.3.10).

Regarding anti-corruption, 77% of senior executives and employees exposed or affected received anti-corruption training in 2022 (see section 5.5.1.3).

External monitoring and assessment of effectiveness

Rating agencies assess the measures implemented in the areas of respect for human rights, health, safety and the environment, and the fight against corruption. In 2022, Safran was rated by five major non-financial rating agencies (see section 5.1.4).

Some sites, such as the Safran Electrical & Power site in Morocco and the Safran Aircraft Engines and Safran Landing Systems sites in Mexico, have obtained CSR certifications from external bodies. These labels are aligned with ISO 26000 and certify that CSR actions are being deployed at those sites.

Measures implemented in the area of respect for human rights are monitored by means of indicators. In 2022, Safran was awarded the Gender Equality European & International Standard (GEEIS) label in recognition of its commitment to gender equality at the workplace. Safran's gender equality index in France is on the rise, at 91/100 at March 1, 2023.

As regards HSE, the Group's Health, Safety and Environment guidelines, on which its HSE policy is based, has been validated by an external body as meeting the requirements of ISO 14001 and ISO 45001. In addition, the maturity of its industrial sites with regard to these guidelines is measured by internal auditors or an external body. In 2022, 41% of facilities were classified as "Gold" based on Safran's HSE standards.

Regarding anti-corruption, the French strategic intelligence agency (ADIT) renewed its certification for Safran Aero Boosters' anti-corruption program in 2022. ADIT certification for Safran Nacelles' anti-corruption program is also under renewal (see section 5.5.1.4).

Lastly, an independent third-party organization, accredited by the French accreditation committee (COFRAC), produces a verification report on the non-financial performance statement. The report is provided in section 5.7.5.

5.5.4.2 Duty of care plan related to the operations of subcontractors and suppliers with which Safran has an established business relationship

Risk map

The Risk and Insurance Department consolidates and charts a comprehensive map of the Group's major risks, including those related to supplier relations (see section 4.3.2.6). The data on supplier relationship risks required for the consolidation comes from entities' operational teams, risk correspondents and risk managers, as well as from the Group Industrial, Purchasing and Performance Department and its correspondents in the entities. Supplier relationship risks are thus identified, integrated into work programs and managed.

In 2022, the Group Purchasing Performance Department changed the internal procedure for managing subcontractor and supplier relations to strengthen the rules on duty of care and anti-corruption. All employees involved in supplier relations have access to duty of care handbooks examining three risks: human rights, health, safety and the environment, and corruption. Purchasing families and the suppliers concerned are identified for each risk category.

Human rights risks

Safran examines the geographic locations of its suppliers with a map drawn up by an independent external body analyzing human rights risks.

Health, safety and environmental (HSE) risks

Safran has identified the activities concerned by HSE risks and determined nine types of HSE risks based on the HSE standards applicable to Safran sites and grouped by relevance to duty of care with regard to suppliers. The nine types of HSE risks are toxicology, aqueous discharges, gaseous discharges, fires, explosions, radiation, waste, accidents and regulations. It has also rated the criticality of the risk for each "activity/type of risk" pair, and each supplier in line with the activity with the highest risk coefficient.

Corruption risks

Suppliers at risk are identified based on their geographic location and the Transparency International map[1]. Assessment of supplier integrity is based on a risk analysis, framed by the application of criteria shared by all Group companies, via a procedure updated in 2022.

Regular assessment of subcontractor and subsidiary situations

Subcontractor assessments are managed by the Group Industrial, Purchasing and Performance Department, with the help of the subsidiaries' purchasing departments. Safran also asks subcontractors to complete self-assessment questionnaires on human rights, corruption, or health, safety and the environment, depending on the nature of the activities concerned. Action plans are then prepared based on the subcontractor's compliance and the level of risk control. In 2022, Safran entered into a partnership with an external service provider to help step up the implementation and analysis of its subcontractor self-assessments.

Subcontractors and suppliers affected by the protection of human rights

Safran identified 84 suppliers with revenue of more than €50,000 to Safran subsidiaries (excluding Group companies and suppliers belonging to an international group with a publicly disclosed CSR policy), located in the geographical areas most exposed to human rights risks.

These 84 suppliers received a self-assessment request (based on the human rights questionnaire validated by the IndustriALL Global Union, a stakeholder with which Safran has signed a global framework agreement on "working conditions, social responsibility and sustainable development") bearing on ten issues spanning human rights and corruption. Of these 84 suppliers, 32 declared themselves compliant, and 52 are undergoing investigation or monitoring by Safran under a specific action plan after an analysis of the HSE and human rights questionnaires was considered incomplete or unsatisfactory. The approach is shared with the Group Ethics and Compliance and Export Control departments. In addition, a regular review of the supplier base is carried out using the Visual Compliance database, to verify suppliers' compliance with international sanctions and embargoes and any sanctions concerning fraud or corruption.

Subcontractors and suppliers affected by HSE challenges

Moreover, a list of suppliers from the Safran global panel has been drawn up, based on eight critical activities: waste removal, chemical product development, surface treatments with baths, paint application, additive manufacturing, thermal spraying, buildings and public works, and radiation control.

Safran does not classify suppliers belonging to a group that applies an HSE policy as "at risk". Suppliers with the highest criticality level were selected, as defined in the purchasing risk map. Among them:

- 247 suppliers with revenue of more than €50,000 with Safran and whose activities are subject in whole or in part to the REACH regulation (for chromium 6 in particular) are considered "at risk" and therefore prioritized (priority 1 for suppliers in Europe and priority 2 for those outside Europe). Among the most critical suppliers:
  - 116 are in compliance with HSE expectations through self-declaration,
  - 31 are being monitored with action plans,
  - responses from other suppliers are being reviewed or pending receipt;
- 441 suppliers have a lower priority; of these, 44 are in compliance with HSE expectations and 23 have action plans. Responses from others are pending or being reviewed.

In addition, there is an annual assessment of CO_2 emissions from purchases from suppliers accounting for the majority of the CO_2 emissions from Safran's purchases (see section 5.3.3.3).

(1) *Transparency International's Corruption Perceptions Index (CPI) ranks countries by the perceived levels of public-sector corruption.*

Appropriate programs to mitigate risks or prevent serious harm or damage

Policy

Rollout of the duty of care plan and anti-corruption policy for the Group's suppliers and subcontractors stems from preventive actions and includes plans on risk mitigation and management. These form the basis for the Group's Ethical Guidelines (see section 5.5.1.2), code of conduct for the prevention and detection of acts of corruption (section 5.5.1.3), responsible purchasing guidelines (section 5.5.2.3), responsible purchasing policy (section 5.5.2.1) and HSE-Climate Policy (section 5.3.3).

The cornerstone of this policy is formed by the Safran responsible purchasing guidelines, the purpose of which is to obtain suppliers' commitment and involvement in complying with the Group's requirements in terms of health, safety and the environment (HSE), human rights and corruption. They incorporate the terms of the IFBEC Supplier Model Code of Conduct. The nine key principles of the guidelines are:

- promotion and respect for human rights;
- development of human potential;
- maintenance of a culture of integrity within the Group;
- compliance with international import and export controls;
- accurate and reliable data archiving;
- protection of information;
- continuous efforts to achieve excellence in the security and protection of people and property;
- development of innovative products and processes with a lower environmental impact (CO_2, energy, chemicals, waste);
- involvement of suppliers and partners in the implementation of the CSR strategy.

Action plans

Safran runs specific actions to roll out the duty of care plan and anti-corruption policy to suppliers and subcontractors, involving targeted prevention through responsible purchasing training, provided systematically to all Group buyers.

Application of the CSR and duty of care strategy in purchasing procedures is also systematic:

- development of purchasing strategies, inclusion of CSR criteria in supplier selection processes, supplier approval (including mandatory signing of Safran's responsible purchasing guidelines), contracting and contract management, supplier monitoring and supplier performance metrics;
- creation of a specific communication kit on the duty of care and its distribution among Group buyers to improve their understanding of the law and the existing system, together with another communication kit on the duty of care, which is geared towards suppliers and is designed to allow buyers to raise awareness among their suppliers;
- the Buyer's Memo distributed among the purchasing community, indicating the mandatory training courses to be completed by all buyers during their career, including the "Responsible Purchasing" course.

As indicated in section 5.5.1.3, Safran applies a principle of zero tolerance to all instances of corruption, and has set up a program to prevent and detect corruption risks (see section 5.5.1.3).

Whistleblowing system

The ethics whistleblowing system consists of:

- a reporting system open to all Safran internal and external stakeholders, via a secure email address that allows anonymity: safran@alertethic.com. The whistleblowing system is given to all suppliers in Safran's responsible purchasing guidelines and published on the website.

Alerts are classified and then processed by the Group (see sections 5.5.1.2 and 5.5.4.1.4).

System for tracking the measures taken and assessing their effectiveness

Management of the duty of care plan:

- additional information from other stakeholders where necessary, and requests for explanations from the supplier concerned;
- specific analysis with the supplier;
- corrective action plans to reduce risks, under the supervision of Safran's lead buyer;
- quarterly reviews with the purchasing departments to oversee the deployment plan, track action plans and make adjustments where necessary, potentially resulting in action to discontinue work with a supplier, or even terminate the business relationship completely;
- a decision by the Group Purchasing Committee, which may decide to terminate the relationship.

At each bi-monthly meeting of the Group Purchasing Committee, a review of CSR indicators and the duty of care plan takes place, with presentation of indicators and progress in the various actions underway: signature of the responsible purchasing guidelines, issue of questionnaires, collection and follow-up of responses, analysis of responses, and launch of action plans as required, etc. The Group Purchasing Committee brings together all the purchasing directors of Safran companies.

More specifically, in the same way as for the Group's activities (see section 5.5.4.1.5), the effectiveness of measures taken is monitored and assessed by means of the Group's indicators. The percentage of buyers trained in responsible purchasing during their careers with the Group, and the percentage of purchases made from suppliers who have signed the responsible purchasing guidelines, are two indicators reported by Safran (see section 5.2, page 262). The responsible purchasing training indicator tracks the involvement of buyers in duty of care issues. In 2022, 48% of the Group's buyers were trained in responsible purchasing. In 2022, 59.3% of purchases were made from suppliers that have signed Safran's responsible purchasing guidelines or have equivalent guidelines of their own.

5.6 CORPORATE SOCIAL RESPONSIBILITY: AFFIRM OUR COMMITMENT TO CITIZENSHIP

AFFIRM OUR COMMITMENT TO CITIZENSHIP

Get involved with our local communities and contribute to their development

- Be at the forefront of innovation to protect citizens
- Develop partnerships for training and research
- Enhance professional and social integration

This chapter corresponds to the fourth pillar of the CSR strategy, "Affirm our commitment to citizenship". It covers the impacts on society stemming from Safran's decisions, businesses, development and corporate citizenship initiatives. It also describes Safran's aim of engaging with local communities and contributing to local development. Safran is committed to being at the forefront of innovation to protect people, develop training and research partnerships, and enhance professional and social integration, notably for young people.

5.6.1 Be at the forefront of innovation to protect citizens

5.6.1.1 Building a "safer world" through our defense business

Safran contributes to national sovereignty by providing state-of-the-art defense equipment. As defined in its core purpose, Safran "designs, builds and supports high-tech solutions to contribute sustainably to a safer world". Protecting the sovereignty of the French State, its allies, the European Union and their citizens requires heightened vigilance and high-performance technological resources to deal with risks of attack or other threats in numerous forms, from asymmetric warfare to cybercrime. Against a backdrop of growing geopolitical instability worldwide, Safran offers high-tech products, services and solutions to equip armies and thereby protect national and individual interests. It supplies the armed forces with equipment offering an excellent level of precision and efficiency in all environments: land, air, sea, space and cyber. In 2022, defense activities accounted for approximately 21% of revenue.

Safran contributes particularly to French independence and sovereignty since its defense equipment businesses are located in France and are part of the French Defense Industrial and Technological Base (DITB). Therefore, France does not rely on other nations to equip its soldiers in strategic segments. Safran's industrial footprint in defense is a guarantee of the long-term viability and security of resources and skills in France. The Group's defense activities are spread over some 20 French départements and represent several thousand high value-added jobs that cannot be offshored.

Safran invests heavily in research and technology to provide the armed forces with state-of-the-art equipment enabling them to deal with increasingly complex situations. Safran's responsibility is to supply the armed forces with reliable equipment that helps ensure a high level of protection and performance for military personnel and civilians. Safran's avionics, navigation, optronics and guidance systems provide soldiers with situational intelligence that reduces uncertainty during missions and contributes directly to the success of military operations and territorial defense (see section 1.2.2.5). Safran's ability to innovate provides a precise and accurate response to the needs of soldiers in the field. The industry's development also owes much to the dual use of its innovations: military innovations are regularly adapted for the civilian world, accelerating progress in fields such as energy, space launchers and inertial measurement units fitted on airliners.

5.6.1.2 Compliance with laws on defense

As a defense contractor, Safran scrupulously complies with international conventions (including the International Traffic in Arms Regulation, the Oslo Convention, the Ottawa Convention, the Wassenaar Arrangement, the EU Common Military List, the Treaty on the Non-Proliferation of Nuclear Weapons, the United Nations Arms Trade Treaty, the Convention on Cluster Munitions, the Anti-Personnel Mine Ban Convention and the EU Common Position on Arms Exports), as well as with French arms legislation.

Safran complies strictly with export control laws and embargoes imposed by the governments in whose territories the Group is located, as well as the rules of international bodies. The Group applies for any governmental authorization that may be required to transfer and export defense-related products, and complies with all conditions and caveats associated with such licenses.

Safran's system for ensuring strict compliance with all arms export regulations, and its trade compliance program featuring procedures relating to business ethics and the prevention of corruption risk are described in sections 5.5.1.2, 5.5.1.3 and 5.5.1.4. Safran acts responsibly, and regularly trains its employees on these regulatory and business ethics issues. All prospective new transactions with entities, individuals and countries subject to sanctions are analyzed and either approved or rejected by the Group's Export Control and Finance departments.

France has made the sovereign choice of making nuclear deterrence a central pillar of its national defense. The existence of a highly efficient, sovereign industrial and technological defense industry is therefore critical. Safran participated in the establishment of France's nuclear deterrent and contributes to meeting the needs of the French deterrence policy, strictly defined within the general and sovereign framework of national consultations.

All of Safran's military launcher activities (including missiles for France's nuclear Strategic Ocean Force: M51) were transferred to ArianeGroup, a 50-50 joint venture with Airbus, on June 30, 2016. Safran consolidates 50% of the net profit of ArianeGroup (which also includes civil launcher vehicle activities) in its recurring operating income, and receives dividends in proportion to its interest. Safran and ArianeGroup do not manufacture nuclear warheads for M51 missiles.

France's strictly defensive strategy is therefore aimed at deterring any potential enemy from seeking to harm the country's vital interests. It is consistent with the Non-Proliferation Treaty, to which France is a signatory, and adheres to a principle of "strict sufficiency". It is based on a principle of permanence and has a delivery system structured around two components, air and submarine. Lastly, it ensures strict independence in this area, a principle of sovereignty.

French defense policy will always be reliant on the country's industrial base. France has decided to modernize its two air and submarine components, as the principle of permanence and credibility of deterrence requires the most modern technologies.

To meet the priority needs of our customer governments, which comply with international treaties, Safran will continue to provide the best of its technology as a means of protecting sovereign choice in defense policy.

5.6.2 Develop partnerships for training and research

Safran contributes to the dynamics of a broader ecosystem around scientific knowledge and innovation. It participates in skills development through scientific and academic partnerships. By enabling students to work on thesis topics or internships in fields related to the Group's technological activities, Safran contributes to developing their knowledge and employability.

5.6.2.1 Partnerships for scientific research

Safran contributes to the development of scientific knowledge and innovation through its scientific partnerships. As a major contracting company, Safran provides visibility to its ecosystem (manufacturers, SMEs, startups, laboratories, etc.) on the sector's challenges and outlook. This knowledge sharing in turn supports the roadmaps of other players in the aerospace, defense and space industry, and vice versa. Moreover, Safran ranks among the world's most innovative companies. In 2022, it was the number one French patent applicant in Europe according to the French National Institute of Intellectual Property.

Safran maintains over 300 scientific, technological and industrial research partnerships with external public and private stakeholders (see section 1.4.2). Thirty of these partnerships are seen as strategic because they carry high research and technology stakes for the Group. They are governed by framework agreements with ONERA, CNRS, École des Mines, CEA Tech and École Polytechnique de Montréal (Canada). Safran is closely involved in 15 industrial and scientific sponsorship chairs, in competitiveness clusters (ASTech, Aerospace Valley, etc.) and in the creation of three technological research institutes as part of France's PIA Investments for the Future Program. Long-term partnerships like these, together with the coordination of thematic networks, such as the Advanced Combustion Initiative (INCA) network, serve to advance knowledge and innovation, and to promote a more efficient aerospace industry with less environmental impact (see section 1.4.2). For example, PRIMEO (Partnership for Research and Innovation in Emerging Materials for Photonics) is a long-term joint laboratory based on collaboration between the University of Poitiers, CNRS and Safran, going back to 2010. Safran is working on joint projects to increase the pace of technology transfer between basic research and industrial applications.

ENGAGE FOR THE FUTURE

- **2025 CSR objectives: #13** Host more than 63 new PhD students in Safran teams each year

Safran also supports research through training by welcoming more than 250 PhD students, by working in partnership with schools and university research centers, and through industrial chairs supported by France's national research agency. Safran was the leading employer of PhD students in France between 2018 and 2022, through industrial training-through-research agreements (CIFRE) A large number of Safran employees are involved in higher education institutions each year, teaching classes or participating in educational program guidance bodies, including 255 "ambassador" employees (see section 5.4.1.3). This engagement in broader society helps to bring young people into the workforce in high-tech professions, and also serves to unite the academic community around concerted scientific objectives, complementing bilateral mechanisms and research chairs.

2022 key figures:

- 271 PhD students hosted by Safran teams, including 80 new PhD students[(1)];
- more than 300 scientific research partnerships, 30 of which are strategic;
- 255 employee "ambassadors" working with schools and universities (see section 5.4.1.3);
- number one French applicant for patents in Europe.

(1) Students preparing a thesis and embarking on their first year of research at Safran.

5.6.2.2 Partnerships with innovative companies to develop emerging technologies

Through Safran Corporate Venture, Safran supports innovative start-ups, particularly in the areas of decarbonization, defense and space. Safran identifies, supports and establishes cooperative ventures with start-ups for innovation and R&T projects. These players become preferred partners and may ask to join the Safran supplier panel (see section 5.5.2.4).

In 2022, Safran took the following noteworthy actions with its ecosystem:

- creation of a start-up accelerator to give players in the ecosystem access to training and laboratory resources and help them reach maturity;
- implementation of a support and development program for start-ups in hydrogen-related technologies: Explore H_2;
- launch of a skills loan pilot project aimed at supporting partner start-ups in their growth, as part of Safran's signature – alongside other large companies – of a manifesto to support start-ups in France;
- recognition of innovation and entrepreneurship within engineering school Institut Polytechnique de Paris through the Jean-Louis Gérondeau prize. The Group paid €15,000 to each of the three winning start-ups for their innovations in the fields of decarbonized maritime transport, land observation and health.

5.6.2.3 Training partnerships

Safran plays a role in society by developing the knowledge and skills of the many young people who complete part of their training (through internships, work-study programs or PhDs) with the Group each year.

Safran welcomes students through partnerships with a number of schools (see section 5.4.1.3). More than 6,700 young people completed internships, work-study programs or international corporate volunteer programs on sites in Europe in 2022. Other partnerships include:

- In Mexico, Safran Aircraft Engines and Safran Landing Systems are involved in the Mexprotec bilateral university cooperation program, which enables Mexican senior technicians to earn a professional degree in a French institute of technology. The Group is partnered with several universities, including the National Autonomous University of Mexico (UNAM), the Aeronautical University in Querétaro (UNAQ) and the Technological University of Querétaro (UTEQ). It has collaborated with the Lycée Franco-Mexicain in Mexico City to set up a work-study program delivering a professional degree from the University of Créteil in France. Safran is also a founding member of the AeroClúster de Querétaro association.
- In Brazil, Safran Helicopter Engines promotes excellence and mobility among young students, especially in the field of science and technology. Since 2018, Safran has had a partnership agreement with the University of Brasília (UnB) to foster collaboration in research and knowledge transfer.

5.6.2.4 Professional training centers created by Safran worldwide

The global CSR framework agreement signed in 2017 stipulates that "in each country where it operates, Safran favors local human resources to fill available jobs and whenever possible, develops local integration".

This commitment is demonstrated in the provision of vocational training for aerospace jobs to facilitate skills transmission, as well as in Safran's support for research to encourage innovation at the Group's various locations.

For example:

- Safran operates in India through six companies located in New Delhi, Bangalore and Hyderabad, with more than 700 employees, a joint venture and a CFM Training Center, which allows Group employees and employees of local airlines to upgrade their skills. 300 interns were trained there in 2022. The joint venture between Safran Helicopter Engines and Indian company, HAL, provides support to national and international operators using helicopter engines, primarily the Indian air force, navy and army.
- In China, the CFM International training center trained more than 400 trainees in 2022. It is CFM's third-largest training center worldwide.
- In Morocco, Safran helped forge the partnership between the Moroccan government, the Moroccan Aeronautical and Space Industries Group (GIMAS) and France's Mining and Metals Industry Confederation (UIMM). It also supported the creation of the IMA aerospace vocational training institute and is partnering with Moroccan authorities to develop the country's research capabilities by creating doctoral programs in aerospace disciplines. Partnerships are also in place with École Centrale Casablanca and Mohammed VI Polytechnic University.
- In France, Safran has been working since 2016 with the MetaFensch research and development platform and several metallurgy groups, including Aubert & Duval and Vallourec, with the aim of developing the French titanium sector of the future.

CampusFab training – preparing for the Factory of the Future

Since 2019, Safran partner CampusFab has been providing acculturation and training for aerospace and space technicians and engineers in the jobs that will be part of the industry of the future. The campus, located in France, is run by a consortium of industrial and employment stakeholders and training organizations. It is also supported by public institutions and by the French government as part of its Investments for the Future (PIA) program. CampusFab provides Safran employees with continuous training to prepare them for the challenges of tomorrow's digital factory, and to give them the knowledge needed to pilot industrial systems and manage data. Training modules are also offered to people on combined work-study programs. From their initial training, they will be ready for Industry 4.0 developments. Safran is also promoting the platform among engineering schools, with the aim of providing future graduates with a tool geared toward the Factory of the Future.

CampusFab is equipped with the technologies, industrial equipment and software solutions underpinning Industry 4.0. Digital technology is omnipresent in this modular 2,000 sq.m. space, with collaborative robots, connected objects, virtual or augmented reality, and additive manufacturing. Everything is designed and organized to monitor data continuity, from product design to completion.

CampusFab is an essential component of support for the digital transformation of the Group's operations. Working alongside industry experts, Safran University develops training programs geared towards the Factory of the Future. These programs meet the skills development needs of the Group's employees by offering certificates such as the CQPM metallurgy qualification certificate for autonomous production unit technicians, as well as programming modules and other training courses such as product design on the digital platform.

5.6.3 Enhance professional and social integration

Safran is committed to the host communities in which it operates, and supports a wide range of initiatives, especially those involving non-profits, to help people who are out of work or who have difficulty integrating into society. These community-focused actions are carried out through the two Safran Foundations, one for corporate initiatives and the other for skills sponsorship, as well as by means of local initiatives by sites and employees.

ENGAGE FOR THE FUTURE

- **2025 objective #14:** 100% of facilities with more than 100 employees to run at least one external social or professional integration initiative every year.

Created in 2021, this indicator maps the civic engagement of foundations, sites and employees by listing the many initiatives carried out within local communities to create a fairer society. An increasing number of initiatives have been listed since the indicator was established. The rate has risen from 45.3% of facilities with 100 or more employees having carried out one or more initiatives in favor of social or professional integration in 2021 to 76% (i.e. 150 sites carrying out 428 initiatives of this type) in 2022.

Such initiatives include material, human or financial assistance initiated directly by Safran or by employees in partnership with non-profits or local authorities. The aim is to have a positive impact on the Group's host communities, with a particular focus on supporting people who are out of work or having difficulty integrating into society.

5.6.3.1 A sustained Group-wide effort on sponsorship activities in support of education and the integration of young people

Safran has decided to extend the term of its two foundations for the 2022-2026 period and to refocus its direct sponsorship activities on education. The grouping of its various sponsorship activities into a Corporate Sponsorship Department within the Human and Labor Relations Department underscores the Group's renewed commitment to young people, a common thread running through its commitments since 2004.

The Safran Foundation for Integration

The Safran Foundation for Integration provides support for young people with disabilities and disadvantaged or marginalized young people. It supports professional integration projects, particularly in a mainstream environment, as well as social integration projects in the areas of housing, culture and sport.

The Foundation has decided to strengthen its commitment to its partners by phasing in multi-year support contracts effective from 2023. The partnership already established with Entourage to develop the Linked Out program for homeless youth in France has been extended until the end of 2024. A promising partnership has also been formed with École à l'Hôpital to support its work on the mental health of middle and high school students in France. Lastly, two projects have been started in Morocco to provide professional support to very disadvantaged young people.

In addition to its appeals, the Foundation is continuing its commitment to the AlphaOmega foundation, initiated in 2017 with a total endowment of €1 million. Leveraging the innovative notion of venture philanthropy, the AlphaOmega Foundation supports the scaling up of eight non-profits in the field of education, from elementary to university level.

In addition, 11 Group employees represented the Foundation in a solidarity hackathon to raise money for disability, organized with partner Big Bloom for non-profit Souffleurs de Sens. The project selected by the panel in November 2022 will be incubated in the first quarter of 2023.

2022 key figures:

- nearly €630,000 in donations to 39 non-profits;
- 36% of the projects receiving support were put forward by Group employees.

The Safran Corporate Foundation for Music

The Safran Corporate Foundation for Music supports talented young musicians as they start their professional journeys to become leading performers in the classical music world of tomorrow, by offering them scholarships to study or to prepare for international competitions for example. Many generations of virtuosos have also benefited from partnerships (often long-term) forged with venues that have a genuine commitment to promoting young talent.

2022 key figures:

- 24 young people and 11 venues supported;
- €218,000 donated;
- 2022 Safran Foundation for Music Prize, spotlighting guitarists, awarded to Maxime Dayre.

Group educational sponsorship

Firmly believing in the importance of education in allowing people to achieve their potential, as well as its role as a vector of integration and equal opportunity, Safran supports practical educational initiatives. Two years after being suspended due to the economic crisis and the pandemic, sponsorship has resumed, and its focus has been turned to projects that improve knowledge in the fields of mathematics and science.

Two initiatives shed special light on this commitment, with the funding in 2022 of:

- ten reading, writing and mathematics clubs set up by Coup de Pouce, a non-profit working with elementary school children;
- visits to scientific sites for seven schools in the Espérance Banlieues network to give students a glimpse into a range of scientific environments and a chance to try out the knowledge learned in class.

5.6.3.2 Strong employee and site involvement through numerous aid and sponsorship initiatives

OUTPOURING OF SOLIDARITY WITH UKRAINIANS, SYRIANS AND TURKS

At the outbreak of the Russo-Ukrainian crisis in early 2022, as part of efforts to support the Ukrainian people, Safran donated €200,000 to the Ministry for Europe and Foreign Affairs' support fund. In addition, employees at many Safran sites around the world (France, Poland, England, Canada, etc.) spontaneously took initiatives to collect basic necessities (clothing, foodstuffs, products for babies and infants, etc.). They distributed some of these goods from Safran sites in Poland to local and international NGOs, which then passed them on to Ukrainian refugees in Poland.

Safran also donated €100,000 to the Humanitarian and Stabilization Operations Center of the Ministry for Europe and Foreign Affairs to help the Turkish and Syrian populations affected by earthquakes in February 2023.

Financial and material donations as well as volunteer efforts helped many non-profits, especially those working with people with disabilities and chronic illnesses. Here are some examples from among more than 400 actions carried out by Safran companies on sites worldwide to promote professional or social integration in 2022:

- Safran Aircraft Engines, Poland: employees at three sites joined forces to raise funds and donate school supplies and toys to children at two local orphanages and a hospital;
- Safran Helicopter Engines, France: employees took part in a week-long collection drive for various local and national non-profits specializing in social integration;
- Safran Nacelles, France: two employees provided full-time skills sponsorship covering logistical and administrative assignments for two non-profits. This skills sponsorship scheme began in France in 2020;
- Safran Cabin, USA: through non-profit Give & Grow, created by Safran Cabin in 2007, seventeen sites collected donations of money and shoes, and raised money to renovate local elementary schools. Give & Grow aims to support the education of underprivileged children in the United States and to help very small businesses and people in less-developed and developing countries. Over 250 employees are members of Give and Grow, and volunteer their time to support its work. The 2022 budget of USD 90,000 was funded by Safran Cabin's contribution, employee donations and fundraising events.

Group-wide commitments

The list of non-profits receiving long-term support from Safran and in which employees are involved include:

Article 1, equal opportunity through mentoring

Safran has been promoting the social and professional integration of young people in difficulty or from underprivileged neighborhoods by contributing to *Article 1* as a sponsor since 2008. Group employees have also been working as mentors, supporting young people during their studies and as they enter the workforce. In 2022, 90 Safran employees took part in one of these two mentoring programs.

_CGénia_l, linking education and industry

The *Fondation CGénial* aims to develop young people's appetite for science and technology, and introduce them to related professions. Safran has been partnering with *CGénial* since 2017. 206 employees give classroom talks about their jobs as engineers or technicians. Safran also welcomes teachers and managers from the French national education system at its sites in France every year.

Elles Bougent, encouraging women to take up careers in engineering

The non-profit *Elles Bougent* works to promote the place of women in the aerospace industry among girls attending middle school, high school and university, through a variety of activities including forums, workshops and company visits. Safran has been a partner since 2005; in 2022, more than 461 of its employees were members.

5.7 METHODOLOGICAL NOTE AND REPORT OF THE INDEPENDENT THIRD PARTY (ITP)

5.7.1 Methodology note on labor, HSE and climate indicators

The labor, HSE and climate indicators in this chapter have been defined by experts from the Group's support functions and businesses. These indicators take into account legal obligations and are adapted to changes in the Group and its operations.

The reporting period is the calendar year from January 1 to December 31, 2022.

Safran has elected to have a member of the network of one of its Statutory Auditors, EY & Associés, review the entire non-financial information statement (NFIS), in accordance with prevailing legislation. The nature and scope of the work of the Statutory Auditor, and their conclusions, are presented in the report of the independent third party in section 5.7.5.

5.7.2 Reporting scope

The scope of the NFIS indicator reporting covers the following entities:

- the parent company Safran SA;
- its 11 tier-one entities (see sections 1.1.2 and 1.1.3);
- the subsidiaries of its companies that are more than 50% controlled directly or indirectly.

The geographic scope of all the indicators is worldwide, except for the indicators relating to disability (France) and work-study programs and internships (Europe).

Data from any acquired or newly consolidated entities (more than 50% interest only) are included in the scope of reporting at the date on which control is acquired. Data from any sold, liquidated or deconsolidated entities (50% interest or less) are excluded from the scope of reporting at the date of disposal, liquidation or loss of control. Introducing reporting systems in start-ups and acquisitions takes time, as the necessary tools must be installed.

In addition, the scope of the reporting process for each indicator varies slightly:

- HSE and climate reporting also includes joint ventures under Safran's operational management: SAVI, MATIS Aerospace, HAL, SAE Services Morocco, Ceramic Coating Center, SAC, Famat, Saifei, Xiesa, Smartec, Airfoils Advanced Solutions, SSAMC and Aero Gearbox International;
- environment and climate reporting covers all facilities with more than 50 employees;
- health and safety reporting covers all facilities with more than 100 employees.

Facilities with fewer than 100 employees and high-risk manufacturing operations are encouraged to report health and safety information. Facilities with fewer than 100 employees and no significant risks can contribute to health and safety reporting if they wish.

5.7.3 Data collection

Labor, HSE and climate indicators are based on several internal data collection systems, each of which is managed by a specific department.

Labor indicators

Labor data for the scope excluding France and the United States are collected in each of the subsidiaries directly controlled by Safran (tier-one entities), which in turn are responsible for collecting labor data from their respective subsidiaries. Labor data are collected from Group data. On the France and United States scopes, an additional BIHR reporting tool receives input at the end of each month from the SELIA information system and the payroll systems.

After checking for consistency, the Group HR Data Analytics Department consolidates labor data.

HSE and climate indicators

At every facility, data are entered by appointed representatives into a dedicated Group collection tool. They are consolidated by the Group Health, Safety and Environment and Climate Departments.

5.7.4 Details on certain indicators

The definitions of the labor indicators are presented in a reference document that may be consulted by the social data managers in the various companies. The definitions of the key indicators are presented below.

The definitions and calculation methods of the HSE and climate indicators are provided in the reporting system. The main assumptions are presented below by category of indicator.

Absenteeism

Absenteeism corresponds to the total number of paid or unpaid hours lost (illness, occupational accidents or work-related travel accidents, strikes and unjustified absences) divided by the theoretical number of hours worked. The rate is based on the reference headcount, excluding employees on long-term absence and expatriates/seconded workers.

Long-term absence is defined as:

- contract suspensions, downtime, etc.;
- employees on sick leave for more than six consecutive months.

Accidents

The frequency rate of occupational accidents equals the number of incidents resulting in more than one day's lost time, divided by the number of hours worked, multiplied by one million. The reported accident frequency rate equals the number of reported occupational accidents (all reported accidents with or without lost time), divided by the number of hours worked, multiplied by one million. Hours worked correspond to theoretical hours, calculated based on a three-year average of actual hours worked. This average is calculated by country.

The occupational accident severity rate corresponds to the total number of working days lost to occupational accidents, divided by the number of hours worked, multiplied by 1,000.

Purchases made from suppliers that have signed Safran's responsible purchasing guidelines

This indicator represents the percentage of the volume of purchases in euros made by Safran SA, its tier-one entities and its subsidiaries from production and non-production suppliers that have signed the GRF-0164 responsible purchasing guidelines or have equivalent guidelines. This volume of purchases corresponds to the volume managed by the Industrial Purchasing and Performance Department, and excludes purchases related to partners and public authorities. Guidelines are considered to be equivalent if (i) the supplier can demonstrate their equivalence by means of a matrix of compliance with Safran's CSR requirements, (ii) if the supplier has signed equivalent guidelines with one of the other major GIFAS contractors (Airbus, Dassault Aviation, Thales), or (iii) if the supplier has signed the guidelines drawn up by the French Business Mediation Service or other IFBEC members.

Work-study contracts, internships, CIFRE and DRT research internships

This indicator includes persons working under work-study contracts (apprenticeship and professional training contracts), internship agreements with a minimum duration of four weeks and CIFRE and DRT research internships during the year on the European scope.

Senior executives

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

Permanent and fixed-term contracts

Permanent employment contracts are open-ended contracts. Fixed-term employment contracts are temporary contracts excluding special contracts (work-study students, research students, international corporate volunteers, interns and temporary staff).

Permanent departures

Permanent departures concern the departure from the Group of members of the reference headcount for the following reasons:

- retirements;
- resignations and other voluntary departures (e.g., end of trial period at the employee's initiative, abandonment of position);
- dismissal and other involuntary departures (e.g., negotiated termination, death, end of trial period at the employer's initiative, redundancy);
- end of contract.

Waste

Waste corresponds to the total of all hazardous and non-hazardous waste. In 2022, reporting covers facilities with more than 100 employees. In previous years, coverage also included facilities with between 50 and 100 employees.

Categories of waste are defined according to local legislation and classed as:

- recovered waste (material or energy);
- non-recovered waste (incineration without energy recovery or landfill).

Water

Reported water consumption corresponds to total water withdrawn and used for all sources, including the public water supply, surface water and groundwater.

Cooling water is not reported because it is not directly used in the industrial processes and is not physically or chemically treated before being released into the natural environment.

Reference headcount

Headcount is stated as of December 31, 2022. It includes all employees of companies included in the labor reporting scope that work under permanent or fixed-term employment contracts, and excludes other types of contracts such as work-study programs, PhD students, international corporate volunteers, interns and temporary staff. Headcount is calculated in terms of physical persons.

The data on the employee age pyramid cover nearly all the headcount (99.8%), as some subsidiaries qualify the information as confidential and/or discriminatory.

Training

The indicator on training hours covers the worldwide scope and includes the hours delivered face-to-face and remotely.

The indicator showing the percentage of employees that have completed a training course during the year corresponds to the number of active employees to have completed training during the year as a proportion of the number of registered employees excluding long-term absence. The number of employees on long-term leave worldwide is determined by extrapolating the number of employees on long-term leave in France.

High-potential employees

High-potential employees are managers who are expected to be able to successfully assume responsibilities within a management committee or equivalent, in the short to medium term.

Permanent departure replacement index

The replacement index for permanent departures is the ratio of external new hires to permanent departures.

Managers & Professionals (managerial-grade employees)/Non Managers & Non Professionals (non-managerial-grade employees)

Managerial-grade employees (Managers & Professionals) are employees who coordinate an assigned set of physical, human or financial resources with the degree of independence and responsibility required to meet targets. The management and responsibility entrusted to them can relate to a team, projects, a process, a technique (R&D or production) or a customer or supplier portfolio.

All other employees who are not identified as Managers & Professionals are classified as Non Managers & Non Professionals.

Job mobility

This indicator takes into account mobility and transfers:

- mobility is a movement corresponding to a change of legal entity within the Group;
- transfer is a movement corresponding to a change of site within the same Safran legal entity.

New hires

New hires concern the recruitment of employees on fixed-term or permanent contracts, including employees from outside the Company hired following specific contracts. Employees who join the Group further to acquisitions are not included in the indicator.

Sites classified as “Gold” according to the Group’s HSE standards

In 2021, Safran committed 149 industrial sites to its “Gold 2025” roadmap, which is reviewed quarterly by the Group’s Executive Committee. The indicator measures the proportion of facilities classified as “Gold” based on Safran’s HSE standards. Some of these sites left the reporting scope in 2022, following various industrial choices. So as not to modify the initial base, those sites (12 in 2022) are nevertheless counted among the sites that have reached the objective.

Employee turnover rate

The turnover rate is the average of departures and arrivals of employees during a given period, divided by the number of employees present at the beginning of that period.

Attrition rate

The voluntary attrition rate is equal to all resignations and other voluntary departures (end of trial period at the initiative of the employee) over a given period, divided by the average number of employees over that period. Outgoing mobility is not taken into account in this indicator.

Employment rate of people with disabilities

In France, since 2020 Safran has applied the methodology for calculating the employment rate of people with disabilities as required under French law no. 2018-771 on the freedom to choose one’s professional future.

Percentage of senior executives and exposed or affected employees trained in anti-corruption

This indicator represents the rate of senior executives and exposed or affected employees trained in anti-corruption among Executive Management and the Purchasing, Sales, Human and Labor Relations, Legal, Finance, Program, Ethics and Compliance, Risks and Insurance and Communication departments.

CO_2 emissions

Emissions are classified as Scopes 1, 2 and 3 using the regulatory methodology for greenhouse gas emissions accounting.

Calculating CO_2 emissions

Safran measures the carbon footprint of its activities and energy consumption on Scopes 1 and 2, in line with the general framework proposed by the GHG Protocol. The figures take into account the increase in business, which has a significant impact on electricity and gas consumption. Carbon accounting, common to all Group companies, is based on international standards, namely the GHG Protocol, the International Energy Agency (IEA), ISO 14064-1-2016 and ADEME. Data from more than 200 sites with at least

50 employees are consolidated for the purpose of the reporting.

Scope 1: Scope 1 includes direct greenhouse gas emissions linked to the combustion of energy sources such as natural gas, liquefied petroleum gas, heating oil or diesel, heavy fuel oil and aviation fuel, as well as emissions related to refrigerant leaks during recharging at Safran sites. Direct emissions from biogas are included in the Scope 1 calculation.

Scope 2: Scope 2 includes indirect greenhouse gas emissions linked to the consumption of purchase of electricity, steam, heat and cold.

The emission factor for electricity only takes combustion into account.

Scope 2 emissions are calculated using two methods:

- the **location-based method** corresponds to CO_2 emissions calculated based on the average emission factors for the electricity networks in Safran's host countries. These "country" emission factors are sourced from ADEME for the years 2018-2020 and from the IEA from 2021 onwards. They do not take into account the purchase of renewable electricity with guarantee of origin;
- the **market-based method** corresponds to CO_2 emissions calculated based on the emission factors for the energy suppliers under contract with Safran, including guarantees of origin.

Scope 3: Scope 3 includes other indirect emissions from Safran's operations, upstream (purchases of goods and services, business travel and employee commuting) or downstream (freight and use of products sold).

Use of products sold: the GHG Protocol breaks these emissions down into two sub-categories:

- emissions directly linked to product use: for Safran, these are emissions resulting from the use of the engines produced by the Group. Non-propulsive energy consumed by the other equipment produced by Safran is negligible;
- emissions indirectly linked to product use: these are emissions allocated to equipment and cabin interiors that do not consume energy, such as seats or landing gear. The use of this equipment is associated with emissions from the aircraft on which it is fitted, but the equipment itself is not the direct source of these emissions.

Given the size of the portfolio of non-engine products sold, Safran has chosen to report all its emissions, both direct and indirect, linked to the use of its products, although the reporting of emissions indirectly linked to the use of products is not mandatory.

For this calculation, Safran used the following methodology, in accordance with the recommendations of the GHG Protocol and the principles discussed within the French Aerospace Industries Association (GIFAS):

- The assessment was confined to the civil aviation sector (commercial aircraft, helicopters, large business jets). Emissions related to Safran's products in the general aviation and military aviation sectors, as well as in other sectors (defense ships, armored vehicles, etc.) appear to be negligible due to their very low emission intensity or very limited business volume. The precise scope of reporting includes Safran's main joint ventures in the civil aviation sector, in particular CFM International (with Safran's 50% share of the corresponding engine emissions). Joint programs, in which Safran participates in the investments and shares in the profits, have also been taken into account to the extent of Safran's proportionate share. These contracts are called risk-and-revenue-sharing partnerships.
- The engines, systems and other equipment produced by Safran are intermediate goods, not finished products. They are not used independently of an aircraft. The emissions reported by Safran are therefore derived from the emissions of the aircraft on which the Safran products are fitted, using an allocation ratio. In view of its diversified product portfolio, and insofar as the Scope 3 emissions assessment concerns all such products, Safran has opted to adopt a physical allocation ratio, equal to the weight of its products over the weight of the aircraft. This cross-functional ratio makes the most sense for products, services and retrofits, since it highlights Safran's two direct technological levers, i.e., engine fuel efficiency and the reduction in mass of all products. This choice also avoids double counting within the same company. Lastly, it corresponds precisely to the recommendations given by the GHG Protocol, which cites it as an example(1). Safran has changed one calculation assumption compared with the reporting of engine emissions in the 2020 URD: the average weight of aircraft has been used as the reference weight for calculating the allocation ratio, rather than the operational empty weight used in 2021. This provides a closer reflection of the operational reality and better aligns future improvements on Safran's Scope 3 emissions with airlines' Scope 1 emissions, which could be achieved by making equipment lighter. This assumption is also the one currently recommended by GIFAS following exchanges within the aerospace sector to identify common methodologies.
- Depending on the diversity of products, engine families have been defined to simplify the calculation, corresponding to the most popular types sold by Safran and therefore the most representative.
- The calculation also requires numerous assumptions to be made, particularly with regard to aircraft use scenarios (annual distance flown, load factor, etc.). Wherever possible, Safran has used external data (2019 average load factor provided by the International Air Travel Association (IATA), open-source fleet flight data). The average aircraft life assumption of 22 years is in line with those used by its two main customers, namely Airbus and Boeing, in their disclosures. These assumptions may be updated in the coming years depending on developments in the aerospace industry, or if a sector-specific methodology is defined.
- In 2022, given the strong momentum in SAF production and demand, Safran has used as a reference the upward trajectory of SAF incorporation contained in the IEA's Sustainable Development Scenario. This trajectory, developed in 2021, was adjusted in 2022 on the basis of revised rates for the years from 2018 to 2021 to reflect the effective incorporation rate. Nevertheless, a more conservative alternative scenario was presented, in which the SAF incorporation rate remained lastingly at the 2022 level.

The intensity indicator reported by Safran is calculated as follows:

- in the numerator, Scope 3 emissions linked to the use of the Group's products, calculated according to the principles indicated above, and limited to the scope of commercial aviation (excluding helicopters and business jets, which represent less than 1%);
- in the denominator, the volume of traffic (expressed in seat capacity) generated over the lifetime of all commercial aircraft delivered in the year in question, on which Safran products are fitted. In practice, all aircraft delivered in

(1) *Technical Guidance Calculating Scope 3 Emissions – Supplement to the Corporate Value Chain (Scope 3) Accounting & Reporting Standard, GHG Protocol, p. 124.*

recent years are fitted with at least one Safran product.

This indicator is therefore consistent with the one that an aircraft manufacturer would calculate for its aircraft delivered each year, but it is calculated for all aircraft delivered worldwide, taking into account the rule for allocating emissions attributed to Safran, based on the weight of the products fitted on each aircraft.

Given the many uncertainties affecting the assumptions required for the calculation, the estimate of Scope 3 emissions related to product use may be improved in subsequent years.

Scope 3 (business travel): emissions related to business travel within the Group's scope of consolidation are taken into account using the business travel and business expense management tools. The scope covers 94% of Safran employees in 2022. All modes of transportation (plane, train, private car, taxi) are taken into account, as well as accommodation. Emissions are then calculated for each kilometer traveled depending on the mode of transportation selected. Accommodation is also estimated for each night spent depending on the hotel chosen. Business travel emissions take into account the use of SAF under the Book and Claim principle, similar to the guarantees of origin approach used for renewable energy.

Scope 3 (employee commuting): emissions related to commuting to and from work were calculated taking into account the distance traveled to and from work for 93% of Group employees in 2022, with an estimate for the remainder. The distance is calculated town-to-town for a number of days corresponding to the number of statutory work days during the year. The calculation is performed by estimating the modes of transportation used, which are assigned a CO_2 emission factor per kilometer for each mode: private vehicle (100% thermal); public transport (bus, train, tram, metro), moped/motorbike. In 2022, absenteeism was included the calculations of emissions for 2018 to 2022. The emissions related to commuting represent an estimate and not an exact calculation due to the availability of data and the use of numerous assumptions. The level of uncertainty remains significant and will be gradually reduced over time.

Scope 3 (freight): the scope selected mainly covers internal and downstream freight. The calculation method used is that of monetary emission factors, which allow CO_2 emissions to be associated with the amounts committed according to the mode of transportation (road, air, rail).

Scope 3 (purchased goods and services): the emissions induced by Safran's controlled purchases of goods and services have been estimated using monetary emission factors that associate CO_2 emissions with the value of purchases made for the different types of goods or services purchased. The scope is limited to Safran SA and tier-one entities and excludes energy purchases (gas, electricity, aviation fuel) and freight purchases. In addition, the estimate was made on the 80% of the purchasing cost elements provided by the Group's financial consolidation team.

Exclusions from the non-financial information statement (NFIS)

In view of its businesses, the fight against food waste and food insecurity, respect for animal welfare and social commitments in favor of a responsible, fair and sustainable food system are not major challenges for Safran.

5.7.5 Report by the independent third party on the verification of the consolidated non-financial information statement

Year ended December 31, 2022

This is a free translation into English of the Statutory Auditor's report issued in French and is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In our capacity as independent third party ("third party"), certified by COFRAC (COFRAC Inspection Accreditation n°3-1681, whose scope is available at www.cofrac.fr) and member of the network of one of the Statutory Auditors of Safran (hereinafter "Entity"), we conducted work in order to issue a reasoned opinion expressing a limited assurance conclusion on the compliance of the consolidated non-financial information statement for the year ended December 31, 2022 (hereinafter the "Statement") with the provisions of Article R.225105 of the French Commercial Code (*Code de commerce*) and on the fairness of the historical information (observed or extrapolated) provided in accordance with Article R.225105 I, 3 and II of the French Commercial Code (hereinafter the "Information"), prepared in accordance with the Entity's procedures (hereinafter the "Guidelines"), presented in the management report pursuant to the provisions of Articles L.225-102-1, R.225-105 and R.225-105-1 of the French Commercial Code.

It is also our responsibility to provide, at the request of the Entity and outside the scope of our certification, a reasonable assurance conclusion as to whether the information selected by the Entity and identified by an asterisk * in Appendix 1 (hereinafter the "Selected Information" was prepared fairly in accordance with the Guidelines.

Conclusion

Based on the procedures performed, as described in the section "Nature and scope of our work" and the evidence that we have obtained, nothing has come to our attention that causes us to believe that the consolidated non-financial information statement is not compliant with the applicable regulatory provisions and that the Information, taken as a whole, is not presented fairly and in accordance with the Guidelines.

Reasonable assurance conclusion on the Selected Information

In our opinion, the Selected Information was prepared, in all material respects, in accordance with the Guidelines.

Preparation of the non-financial information statement

The absence of a generally accepted and commonly used framework or established practices on which to evaluate and measure the Information permits the use of different, but acceptable, measurement techniques that may affect comparability between entities and over time.

Consequently, the Information must be read and understood with reference to the Guidelines, significant elements of which are presented in the Statement.

Inherent limitations in the preparation of the Information

As indicated in the Statement, the Information may be subject to inherent uncertainty because of incomplete scientific and economic knowledge and the quality of the external data used. Certain information is sensitive to the methodological choices, assumptions and/or estimates used to prepare the Information presented in the Statement.

Responsibility of the Entity

The Board of Directors is responsible for:

- selecting or establishing suitable criteria for the preparation of the Information;
- preparing the Statement in accordance with legal and regulatory provisions, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented in light of those risks and the outcome of those policies, including key performance indicators, and, if applicable, the information required by Article 8 of Regulation (EU) 2020/852 (green taxonomy);
- implementing such internal control as it deems necessary to enable the preparation of Information that is free from material misstatement, whether due to fraud or error.

The Statement has been prepared in accordance with the Entity's Guidelines as mentioned above.

Responsibility of the independent third party

On the basis of our work, our responsibility is to provide a reasoned opinion expressing a limited assurance conclusion on:

- the compliance of the Statement with the provisions of Article R.225-105 of the French Commercial Code;
- the fairness of the historical information (observed or extrapolated) provided in accordance with Article R.225-105 I, 3 and II of the French Commercial Code, i.e., the outcomes of the policies, including key performance indicators, and the measures implemented in light of the principal risks.

As we are responsible for forming an independent conclusion on the Information as prepared by management, we are not permitted to be involved in the preparation of the Information, as doing so may compromise our independence.

It is not our responsibility to comment on:

- the Entity's compliance with other applicable legal and regulatory provisions, in particular the information required by Article 8 of Regulation (EU) 2020/852 (green taxonomy), the French duty of care law and anti-corruption and tax evasion legislation;
- the fairness of the information required by Article 8 of Regulation (EU) 2020/852 (green taxonomy);
- the compliance of products and services with the applicable regulations.

Applicable regulatory provisions and professional standards

The work described below was performed in accordance with the provisions of Articles A.225-1 *et seq*. of the French Commercial Code and with the professional standards applicable in France to such engagements serving as verification, as well as with ISAE 3000 (as revised)[1].

Independence and quality control

Our independence is defined by the provisions of Article L.822-11 of the French Commercial Code and the French Code of Ethics (*Code de déontologie*) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures to ensure the compliance with the ethical requirements, French professional guidance and applicable legal and regulatory requirements.

Means and resources

Our work was carried out by a team of seven people between September 2022 and March 2023 and took a total of 30 weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted around 10 interviews with people responsible for preparing the Statement, representing Executive Management and the Risk Management and Insurance, Human Resources, Health, Safety and Environment (HSE), Climate, Trade Compliance, Talent and Skills, CSR, and Performance and Purchasing departments.

Nature and scope of our work

We planned and performed our work taking into account the risk of material misstatement of the Information.

We believe that the procedures that we performed, based on our professional judgment, are sufficient to provide a basis for our limited assurance conclusion:

- we obtained an understanding of all the consolidated entities' activities and the description of the principal risks;
- we assessed the appropriateness of the Guidelines with respect to their relevance, completeness, reliability, objectivity and understandability, with due consideration of industry best practices, where appropriate;

(1) *ISAE 3000 (as revised) – Assurance engagements other than audits or reviews of historical financial information.*

- we verified that the Statement includes each category of labor and environmental information set out in Article L.225-102-1 III of the French Commercial Code, as well as information regarding compliance with human rights and anti-corruption and tax evasion legislation;
- we verified, where relevant with respect to the principal risks, that the Statement provides the information required under Article R.225-105 II of the French Commercial Code and includes, where appropriate, an explanation for the absence of the information required under Article L.225-102-1 III, 2 of said Code;
- we verified that the Statement presents the business model and a description of the principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships and products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators related to the principal risks;
- we referred to documentary sources and conducted interviews to:
  - assess the process for identifying and confirming the principal risks, as well as the consistency of the outcomes and the key performance indicators used with respect to the principal risks and the policies presented, and
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix 1. For certain risks, relating to employment, training, gender equality, responsible purchasing and anti-corruption, our work was carried out at the level of the consolidating entity; for other risks, our work was carried out at the level of the consolidating entity and in a selection of entities, namely: Safran Aircraft Engines, Safran Aerosystems, Safran Cabin, Safran Electronics & Defense, Safran Electrical & Power, Safran Helicopter Engines, Safran Landing Systems, Safran Nacelles, Safran Seats, Safran Transmission Systems, Safran Aero Boosters and Safran Ceramics;
- we verified that the Statement covers the scope of consolidation, i.e., all the entities included in the scope of consolidation in accordance with Article L.233-16 of the French Commercial Code within the limitations set out in the Statement;
- we asked what internal control and risk management procedures the Entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information;
- for the key performance indicators and the other quantitative outcomes that we considered the most important presented in Appendix 1, we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data, and
  - tests of details, using sampling techniques or other selection methods, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. The work was carried out on a selection of contributing entities as listed above and covers between 24% and 59% of the consolidated data selected for these tests (24% of employees and 59% of GHG emissions);
- we assessed the overall consistency of the Statement based on our knowledge of all the entities included in the scope of consolidation.

The procedures performed in a limited assurance engagement are less extensive than those required for a reasonable assurance engagement performed in accordance with the professional guidance applicable in France; a higher level of assurance would have required us to carry out more extensive procedures.

Nature and scope of our work on the Selected Information

Concerning the information selected by the Entity (hereinafter the "Selected Information"), our work was similar in nature to that described above under "Nature and scope of our work" for the key performance indicators and other quantitative outcomes that we considered to be the most important, but it was more in-depth, in particular with regard to the scope of the tests.

The selected sample represents 100% of new PhD students, 100% of facilities with a "Gold" HSE rating, 100% of women among senior executives, 92% of purchases made from suppliers that have signed the responsible purchasing guidelines and 59% of Scope 1 (including refrigerant emissions) and 2 GHG emissions.

We believe that this work allows us to express a reasonable assurance conclusion on the Selected Information.

Paris-La Défense, March 23, 2023

The independent third party

EY & Associés

Christophe Schmeitzky

Partner, Sustainable Development

Appendix 1: information considered to be the most important

* Indicator within the scope of the reasonable assurance conclusion.

LABOR INFORMATION	
Quantitative information (including key performance indicators)	**Qualitative information (measures and outcomes)**
Total headcount and breakdown of employees by gender, region, age and professional category. Number of new hires. Number of internal mobilities and transfers. Number of permanent departures. Permanent departure replacement index. Absenteeism rate. Average number of training hours per employee. Percentage of Group employees having completed at least one training course. Number of new PhD students in the Group per year*. Percentage of woman new hires. Percentage of woman engineers and managers among total engineers and managers. Percentage of women among senior managers*. Employment rate of people with disabilities (year Y-2) Percentage of employees benefiting from a minimum level of health coverage (medical, optical and dental) Frequency and severity rate of lost-time work accidents. Number of occupational illnesses. Percentage of industrial facilities with more than 100 employees with a "Gold" HSE rating*.	Attractiveness and talent retention. Health and safety and its application in the workplace Equal opportunities (men/women, anti-discrimination, employment of people with disabilities).
ENVIRONMENTAL INFORMATION	
Quantitative information (including key performance indicators)	**Qualitative information (measures and outcomes)**
GHG emissions linked to refrigerant leaks: t CO_2eq.* GHG emissions, Scope 1: t CO_2eq.*. GHG emissions, Scope 2, location-based and market-based: t CO_2eq.* GHG emissions, Scope 3: t CO_2eq. ■ use of products sold with mass weighting; ■ purchases of goods and services; ■ freight; ■ employee commuting; ■ business travel; ■ waste. Electricity consumption: MWh. Natural gas and liquefied petroleum gas consumption: MWh HHV. Fuel oil consumption: liters Aviation fuel consumption: liters Heating/steam network consumption: MWh. Cooling network consumption: MWh. Total waste: metric tons. Total waste recovered and reused: metric tons. Waste recovery/reuse ratio: %. R&T investment focused on environmental efficiency: %. Zero target for 2021: no non-recycled paper (% of supply contracts).	Means and outcomes relating to the environmental and energy policy. Circular economy (raw materials, energy, waste management). Climate change (significant sources of emissions owing to operations; target reductions; adaptation measures). R&T and innovation resources.

SOCIAL INFORMATION	
Quantitative information (including key performance indicators)	**Qualitative information (measures and outcomes)**
Percentage of CSR-trained buyers (cumulative basis).	The Group's responsible purchasing policy.
Percentage of purchases made from suppliers that have signed the responsible purchasing guidelines*.	Subcontracting and supplier relations (labor and environmental challenges).
Percentage of senior executives and exposed or affected employees trained in anti-corruption.	Measures taken to fight against corruption and tax evasion.
Percentage of facilities with more than 100 employees that run at least one external social or professional integration initiative per year.	

6 Corporate governance

"Pulse line" for the final assembly of the LEAP engine

6 Corporate governance

This chapter constitutes the main body of the Board of Directors' report on corporate governance[1]. It provides information on the membership structure of the Board of Directors, the application of the AFEP-MEDEF Corporate Governance Code, which the Company uses as its corporate governance framework, the conditions for preparing and organizing the work of the Board of Directors and the Board Committees, the powers of the Chairman of the Board of Directors and the Chief Executive Officer, and the compensation policy applicable to the corporate officers, as well as the components of their compensation and benefits.

The information contained in this chapter was approved by the Board of Directors following a preparation and review process that notably involved the Appointments and Compensation Committee, the Chairman of the Board of Directors, and various corporate departments within the Company.

Corporate governance reference framework

In accordance with Article L.22-10-10 of the French Commercial Code, Safran uses as its corporate governance framework the "Corporate Governance Code of Listed Corporations" (revised version published in December 2022) (the "AFEP-MEDEF Code"), drawn up jointly by the French employers' associations, AFEP[2] and MEDEF[3], as well as the related application guidelines (revised version of March 2022). These documents are available on the AFEP and MEDEF websites at www.afep.com and www.medef.com.

Where certain recommendations included in this Code or in its application guidelines are not implemented, the reasons are explained in section 6.4, "Application of the AFEP-MEDEF Corporate Governance Code" of this Universal Registration Document.

(1) *Report drawn up in accordance with Article L.225-37, paragraph 6, of the French Commercial Code.*
(2) Association française des entreprises privées.
(3) Mouvement des entreprises de France.

6.1 SAFRAN'S CORPORATE GOVERNANCE STRUCTURE

6.1.1 Board of Directors – Chair of the Board of Directors – Executive Management

Separation of the roles of Chair of the Board of Directors and Chief Executive Officer

At the Annual General Meeting of April 21, 2011, Safran's shareholders approved the adoption of a corporate governance structure with a Board of Directors.

The Board of Directors comprises at least three and no more than 14 members (who may be either individuals or legal entities), including, where applicable, a representative appointed by the French State and/or Directors put forward by the French State in accordance with Articles 4 and/or 6 of French government *ordonnance* (order) 2014-948 of August 20, 2014. This number may be increased to allow for the inclusion of any Directors representing employee shareholders and any Directors representing employees.

The Board elects a Chair from among its members.

The Company's Executive Management is placed under the responsibility of either (i) the Chair of the Board of Directors or (ii) another individual appointed by the Board, who holds the title of Chief Executive Officer and who may or may not be a Director.

At its meeting on April 23, 2015, the Board of Directors opted to separate the roles of Chair of the Board of Directors and Chief Executive Officer. Following the appointment of Olivier Andriès as the Chief Executive Officer, the Company maintained the same governance structure.

The reasons given at the time of this decision are still valid, namely that this governance structure is suited to the Group's current needs, in particular in order to:

- make a clear distinction between (i) strategic, decision-making and oversight duties, which fall within the remit of the Board of Directors and whose members act in a collegiate manner, and (ii) operational and executive duties, which fall within the remit of Executive Management; and
- enable the Chief Executive Officer to fully exercise his duties alongside the Chairman of the Board, who must be able to devote the time and attention required for leading the Board of Directors in a continuous manner.

This separation of roles is the most effective structure for achieving the sustainable and balanced governance that Safran requires in order to pursue its business development under the best possible conditions and deliver on its objective of creating sustainable value.

- On April 23, 2015, **Ross McInnes** was appointed Chairman of the Board of Directors for an initial period of four years.

  At its meeting on May 23, 2019, as the Board wished to continue to benefit from Ross McInnes' commitment, expertise and professionalism, it re-appointed him as its Chairman for the duration of his term as a Director (which was also renewed by the Annual General Meeting of May 23, 2019, for a further four-year term), i.e., until the Annual General Meeting of May 25, 2023.

  The Board took this decision in view of its satisfaction with (i) the governance structure based on segregated roles of Chairman of the Board and Chief Executive Officer, and (ii) Ross McInnes' performance of his duties as the Board's Chairman.

  At its meeting on October 27, 2022, the Board decided that, at the 2023 Annual General Meeting, it would invite the shareholders to re-appoint Ross McInnes as a Director for a further four-year term expiring at the close of the Annual General Meeting to be held to approve the financial statements for the year ending December 31, 2026. At the same meeting, the Board also decided that if the shareholders vote in favor of the related resolution and re-appoint Ross McInnes as a Director, it will then re-appoint him as Chairman of the Board for the duration of his term of office as a Director.
- **Olivier Andriès** was appointed as the Group's Chief Executive Officer with effect from January 1, 2021, by way of a decision of the Board of Directors on December 16, 2020.

  In accordance with the Company's bylaws, the Chief Executive Officer's initial term corresponds to his term as a Director and therefore runs until the close of the 2023 Annual General Meeting.

  The Board also appointed Olivier Andriès as a Director, for a term commencing on January 1, 2021 and expiring at the close of the 2023 Annual General Meeting. This decision reflected the Board's continuing belief that it is useful, necessary and of real value for the Chief Executive Officer to also be a Director of the Company, as it enables the Chief Executive Officer to be among his peers around the Board table, and also allows the Board to benefit from his contribution to its discussions.

  At its October 27, 2022 meeting, the Board confirmed its decision to re-appoint Olivier Andriès as Chief Executive Officer at the close of the 2023 Annual General Meeting, and to invite the shareholders to re-appoint him as a Director for a further four-year term expiring at the close of the 2027 Annual General Meeting.

The complementary profiles, expertise and careers of the Chairman of the Board of Directors and the Chief Executive Officer are a major factor for ensuring the Group's efficient governance, based on transparency between Executive Management and the Board, and a balanced, measured split between the roles of the Chairman and the Chief Executive Officer which ensures their duties are effectively segregated, as sought by the Board.

See section 6.2.2 for the profiles of the Chairman of the Board of Directors and the Chief Executive Officer.

Balanced distribution of powers

The Board deems that the Company has a balanced governance structure, in particular due to the separation of the roles of Chairman and Chief Executive Officer, the independent status of the majority of the Directors (eight out of the 12 Directors were independent at the filing date of this Universal Registration Document[(1)]), the powers of the Board, the existence of specialized Board Committees made up of a majority of independent Directors, the fact that the Board comprises Directors representing employees and employee shareholders, the pro-active work of the Executive Committee, and the restrictions placed on the Chief Executive Officer's powers as described below (in section 6.1.4.2). This governance structure, which is subject to the Internal Rules of the Board and its Committees (see section 6.3.1), ensures compliance with governance best practices.

Quality of relations between the Board and Executive Management

Executive Management communicates with the Board of Directors via its Chairman, or directly at Board meetings, and keeps the Board regularly informed about all aspects of the Company's operations and performance.

The Board deals with all matters falling within its remit, in particular matters relating to setting the Company's strategic objectives, overseeing and monitoring the achievement of those objectives, and ensuring that the Company is managed properly and effectively.

The Board regularly meets with members of Executive Management during presentations and strategy sessions. Board meetings may be called at any time when so required. The Board may also hold meetings that are not attended by the executive corporate officer ("executive sessions").

The Board of Directors is a forum for reflection and strategic impetus, and provides valuable support to Executive Management. The Chairman leads the work of the Board, with a view to ensuring that the Board fulfills its duties and that the Company is run efficiently in a climate of trust and confidence. It is in the interests not only of all the Company's shareholders but of all its stakeholders in general for the Chair to lead the Board's discussions and encourage debate among its members.

Deputy Chief Executive Officer(s)

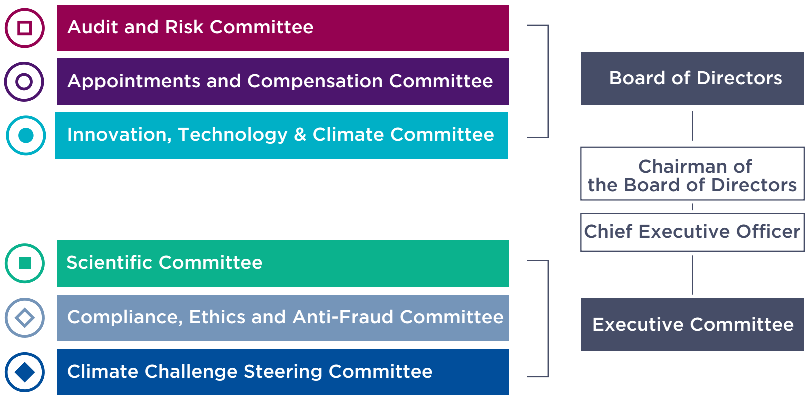
At the proposal of the Chief Executive Officer, the Board of Directors may, at any time, appoint up to three Deputy Chief Executive Officers (who must be individuals and who may or may not be Directors) to assist the Chief Executive Officer in his duties.

In agreement with the Chief Executive Officer, the Board of Directors shall determine the scope and duration of the powers vested in the Deputy Chief Executive Officer(s). The Deputy Chief Executive Officer(s) shall have the same powers as the Chief Executive Officer with respect to third parties.

(1) Directors representing employees and Directors representing employee shareholders are not included in this calculation.

Annual General Meetings

The powers of the shareholders are regulated by law. Collective decisions of the shareholders are taken in general meetings, which are qualified as ordinary, extraordinary or special depending on the nature of the decisions they are called on to take.



6.1.2 Powers and responsibilities of the Chairman of the Board of Directors

The Board of Directors has assigned the following specific responsibilities to Ross McInnes in his role as Chairman of the Board of Directors:

- representing the Group (with the support of and in conjunction with Executive Management) in France and abroad in dealings with government authorities, major customers, partners and institutional shareholders;
- organizing the Board's strategic work;
- working with the Board on the preparation and implementation of succession plans for the Group's key operations managers and support function managers.

These specific responsibilities – which mainly cover issues relating to institutionally representing the Group, governance and strategy, as well as decisions that fall within the remit of General Shareholders' Meetings, which he chairs – are carried out without prejudice to the powers of representation vested in the Chief Executive Officer by law (see section 6.1.3).

In addition, Ross McInnes represents the Board of Directors and is responsible for organizing and managing the work of the Board, on which he reports to shareholders at the Annual General Meeting. He coordinates the work of the Board and the Board Committees, as well as ensures that the Company's corporate governance structures function effectively and, particularly, that Directors are in a position to properly perform their duties. To that end, in accordance with the applicable legislation and Article 15.2 of the Company's bylaws, he is responsible for:

- calling Board meetings based on an annual schedule and on other occasions where necessary, drawing up the agenda and ensuring that the Directors are given the appropriate information;
- ensuring that the Board Committees discuss certain matters in preparation for Board meetings and that the Directors respect the Board of Directors' Internal Rules and those of the Board Committees;
- monitoring the implementation of the Board's decisions.

Work carried out by the Chairman of the Board of Directors in 2022

In addition to the duties assigned to him by law, the Chairman represented the Group in France and on the international stage within the scope of specific assignments entrusted to him, notably dealing with public authorities and shareholders. He took part in various meetings to hear their points of view and explain the Group's situation and positions relating to both corporate governance issues and strategic development.

Throughout the year the Chairman also continued his active role of organizing the Board's work, which notably included:

- in conjunction with the Chief Executive Officer, deciding on and preparing the particular issues and strategy points to be discussed at the Board's annual strategy seminar;
- carrying out preparatory work, in conjunction with the Directors, on significant agenda items prior to Board meetings, in order to ensure that the meetings were fully effective and that the Board discussions were of the highest quality;
- informing the Directors of significant events that occurred between Board meetings;
- continuing to develop shareholder dialogue, in particular through governance roadshows organized for the Company's main shareholders and investors in order to present (i) the membership structure of the Board and its operating procedures, (ii) proposed changes in governance, (iii) the compensation of corporate officers, and (iv) Safran's business strategy and climate pledges (presented alongside the Lead Independent Director and the Director responsible for monitoring climate issues).

In addition, working with the Lead Independent Director and the Appointments and Compensation Committee, the Chairman:

- prepared the annual self-assessment of the Board and its Committees, which was carried out in late 2022 (see section 6.3.7);
- in liaison with the members of the Appointments and Compensation Committee, participated in meetings and discussions on changes to the Board's membership structure, particularly in preparation for the 2023 Annual General Meeting;
- reviewed the succession plans for Executive Management and the Executive Committee, and examined issues relating to gender equality.

6.1.3 Powers and responsibilities of the Chief Executive Officer

The Chief Executive Officer has authority over all the Group's operations departments and support departments.

The Chief Executive Officer represents the Company in its dealings with third parties and has the broadest powers to act in all circumstances in the Company's name. He exercises these powers within the scope of the Company's corporate purpose and subject to the powers expressly vested by the applicable laws and regulations in Shareholders' Meetings and the Board of Directors.

The Company is bound by the actions of the Chief Executive Officer with respect to third parties even when they fall outside the scope of the corporate purpose, unless it can be proven that the third party knew, or under the circumstances could not have failed to know, that such actions exceeded the remit of the corporate purpose. Publication of the Company's bylaws does not in itself constitute such proof.

Any restrictions placed on the powers of the Chief Executive Officer by the bylaws or a decision of the Board of Directors are not binding on third parties. The restrictions placed by the Board on the powers of the Chief Executive Officer are set out in the Board of Directors' Internal Rules (see sections 6.1.4.2 and 6.3.1), and particularly relate to investments and divestments and certain strategic transactions.

6.1.4 Powers and responsibilities of the Board of Directors

6.1.4.1 Roles and responsibilities of the Board of Directors

The Board of Directors sets Safran's overall business strategy and oversees its implementation, in accordance with the Company's best interests and taking into account the social and environmental aspects of its activities. Subject to the powers directly vested in Shareholders' Meetings, the Board is responsible for dealing with all matters concerning the efficient running of the Company and for making all related decisions, within the scope of the Company's corporate purpose.

In accordance with the applicable laws and regulations and the terms and conditions set out in the Board of Directors' Internal Rules, the roles and responsibilities of the Board of Directors include, but are not limited to:

- calling the Annual General Meeting and setting its agenda;
- approving the Group's annual budget presented by the Chief Executive Officer, as well as any amendments thereto;
- approving the Group's medium-term business plan;
- approving the financial statements of the Company and the Group and drawing up the annual corporate governance report;
- authorizing related-party agreements governed by Article L.225-38 of the French Commercial Code (*Code de commerce*);
- selecting the Company's management structure in accordance with Articles 21.1 and 21.4 of the bylaws;
- appointing or removing from office the Chairman of the Board of Directors, the Chief Executive Officer, and, on the recommendation of the Chief Executive Officer, the Deputy Chief Executive Officer(s) (if any);
- determining the powers of the Chief Executive Officer and, in agreement with the Chief Executive Officer, of the Deputy Chief Executive Officer(s) (if any);
- appointing Directors prior to ratification by shareholders;
- setting the compensation payable to the Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Chief Executive Officer(s) (if any);
- appointing the members of the Board Committees set up in accordance with the applicable laws, the Company's bylaws and the Board of Directors' Internal Rules;
- dividing among the Directors the aggregate annual compensation allocated to them by the shareholders at the Annual General Meeting (formerly "attendance fees");
- deciding on issues of debt securities not carrying rights to shares;
- deciding whether to allocate compensation to any Board Advisors (*censeurs*);
- giving the Chief Executive Officer authorization (which may be delegated) to grant guarantees, endorsements and sureties, in accordance with conditions set by the Board.

In addition, the Board of Directors performs any checks and controls that it deems appropriate (notably carried out by its Chairman).

6.1.4.2 Internal rules relating to transactions requiring prior approval of the Board of Directors

In accordance with Article 19.3 of the Company's bylaws and Article 4 of the Board of Directors' Internal Rules:

- the following transactions have to be approved by the Board before they can be carried out by the Chief Executive Officer or a subsidiary (see section 7.1.2.1 of this Universal Registration Document):
  - decisions related to starting up significant business activities in France or abroad,
  - decisions to withdraw from such business activities in France or abroad,
  - material transactions likely to affect the Group's strategy or modify its financial structure or the scope of its activity;
- the Board's prior approval is systematically required for the following:
  - any capital expenditure or self-financed development expenditure related to any project, program or industrial or commercial development that represents an amount equal to or more than €100 million for the Company or any Group entity,
  - any investment, divestment, expenditure, commitment or warranty related to the following transactions or decisions and which represents an amount equal to or more than €50 million for the Company or any Group entity:
    - any acquisition or disposal of real estate,
    - any acquisition or disposal of interests in any existing or future company, involvement in the creation of any company, group or organization, subscription to any issues of shares or bonds, excluding ordinary treasury management transactions,
    - any exchange, with or without balancing cash adjustments, relating to assets or securities, excluding ordinary treasury management transactions,
    - in the event of a dispute or litigation, the signature of any agreement or the acceptance of any settlement,
    - collateral pledged over the Company's assets.

    The prior approval referred to above is not required for transactions and decisions that result in the signature of agreements exclusively involving Group entities (between these entities or with the Company);
- the Board of Directors' prior approval is systematically required for each of the following transactions or decisions if they represent an amount equal to or more than €400 million for the Company or any Group entity:
  - granting or contracting any loan, credit or advance,
  - setting up or changing any program involving issues by the Company of negotiable debt securities (formerly the commercial paper program), apart from renewals or changes that do not result in an increase in the maximum size of the program or the maturity of the debt securities concerned (once such programs are approved, the Company's Finance Department is responsible for their implementation),
  - acquiring or disposing of any receivables due beyond one year.

  The prior approval referred to above is not required for transactions and decisions that result in the signature of agreements exclusively involving Group entities (between these entities or with the Company);
- the Board of Directors' prior approval is also systematically required for any offer or industrial or commercial project entered into by the Company or any Group entity that:
  - results in a guarantee commitment representing €300 million or more, or
  - is deemed material, with the notion of "material" decided by the Chief Executive Officer or any other person duly authorized to implement said offer or project;
- furthermore, the following transactions and decisions require prior authorization from the Board of Directors, with at least one Director representing the French State voting in favor if the French State owns more than 10% of Safran's capital:
  - any disposal by the Group of strategic military assets that concern prime contractor, design, manufacture, integration and operational maintenance capacities with regard to the propulsion and guidance of French cruise and tactical ballistic missiles,
  - any sale by Safran of shares in Safran Ceramics, Safran Power Units, Safran Electronics & Defense and ArianeGroup Holding,
  - any decision to grant to a third party specific management rights or rights to information related to the Group's strategic military assets that concern prime contractor, design, manufacture, integration and operational maintenance capacities with regard to the propulsion and guidance of French cruise and tactical ballistic missiles,
  - any decision to grant to a third party rights to be represented on the administrative or management bodies of Safran Ceramics, Safran Power Units, Safran Electronics & Defense and ArianeGroup Holding.

6.2 MEMBERSHIP STRUCTURE OF THE BOARD OF DIRECTORS

6.2.1 Summary table of information about Directors (at the filing date of this Universal Registration Document)

Directors	Age(1)	Gender	Nationality	Number of shares held at Dec. 31, 2022	Number of directorships in listed companies(1)(4)	Independent Director(2)	Date first appointed
Directors currently in office							
Ross McInnes Chairman of the Board of Directors	69	M	French and Australian	16,045(5)	3	No	April 23, 2015
Olivier Andriès Chief Executive Officer	61	M	French	26,516(5)	1	No	January 1, 2021 (effective date)
Anne Aubert	52	W	French	148(5)	1	No	May 28, 2020
Marc Aubry	60	M	French	720(5)	1	No	May 28, 2020
Hélène Auriol Potier	61	W	French	500	3	Yes	June 15, 2017
Patricia Bellinger	62	W	American and British	515	2	Yes	May 28, 2020
Hervé Chaillou	57	M	French	99(5)	1	No	November 20, 2019
Jean-Lou Chameau	70	M	French and American	1,000	1	Yes	April 21, 2011
Monique Cohen	67	W	French	500	3	Yes	May 28, 2013
Christèle Debarenne-Fievet	55	W	French	3,130(5)	1	No	December 19, 2022
Céline Fornaro(6)	46	W	French	N/A	1	No	February 17, 2023
Laurent Guillot	54	M	French	500	2	Yes	May 23, 2019

End of term (expiration or other)	Number of years on the Board[1]	Date last re-appointed	Director representing employees or employee shareholders	Attendance rate (Board meetings)[3]	Membership of Board Committees[1]	Main experience and expertise brought to the Company
2023 (AGM held to approve the 2022 financial statements)	7 years and 11 months	May 23, 2019	No	100%	-	Chairman of the Board of Directors
2023 (AGM held to approve the 2022 financial statements)	2 years and 3 months	-	No	100%	-	Chief Executive Officer
2024 (AGM held to approve the 2023 financial statements)	2 years and 10 months	-	Yes	100%	-	Perspective of an employee/Knowledge of the Group and its markets
2024 (AGM held to approve the 2023 financial statements)	2 years and 10 months	-	Yes	100%	Audit and Risk Committee	Perspective of an employee/Knowledge of the Group and its markets
2025 (AGM held to approve the 2024 financial statements)	5 years and 9 months	May 26, 2021	No	100%	Appointments and Compensation Committee Innovation, Technology & Climate Committee	Organization and management of corporations/ International business/ Digital transformation
2024 (AGM held to approve the 2023 financial statements)	2 years and 10 months	-	No	75%	Appointments and Compensation Committee	HR-Diversity-Talent management/International business/Industry /Energy/Strategy/ Competitive environment
November 19, 2023	3 years and 4 months	-	Yes	100%	Innovation, Technology & Climate Committee	Perspective of an employee/Knowledge of the Group and its markets
2023 (AGM held to approve the 2022 financial statements)	11 years and 11 months	May 23, 2019	No	75%	Appointments and Compensation Committee Innovation, Technology & Climate Committee	RTDI/International business
2026 (AGM held to approve the 2025 financial statements)	9 years and 10 months	May 25, 2022	No	100%	Chair of the Appointments and Compensation Committee	Financial and banking markets/Private equity/ Shareholding strategy
November 19, 2023	3 months	-	Yes	-	Appointments and Compensation Committee	Perspective of an employee/Knowledge of the Group and its markets
2023 (AGM held to approve the 2022 financial statements)	1 month	-	No	-	Appointments and Compensation Committee Audit and Risk Committee	Finance/Financial and banking markets/RTDI/ Industry/Private equity/ International business
2023 (AGM held to approve the 2022 financial statements)	3 years and 10 months	-	No	100%	Chairman of the Audit and Risk Committee Innovation, Technology & Climate Committee	Organization and management of corporations /International business /Industry

Directors	Age[1]	Gender	Nationality	Number of shares held at Dec. 31, 2022	Number of directorships in listed companies[1][4]	Independent Director[2]	Date first appointed
Alexandre Lahousse	47	M	French	N/A	1	No	July 27, 2022
Fabienne Lecorvaisier	61	W	French	500	2	Yes	May 26, 2021
Patrick Pélata	68	M	French	500	1	Yes	June 15, 2017
Robert Peugeot	73	M	French	500	5	Yes	May 25, 2018
Directors whose directorship ended (on expiration of their term of office or through resignation) during 2022 and since January 1, 2023							
Stéphanie Besnier	46	W	French	N/A	4	No	May 12, 2021
Vincent Imbert	67	M	French	N/A	1	No	March 28, 2014
Daniel Mazaltarim	63	M	French	2,018[5]	1	No	November 19, 2014
Sophie Zurquiyah	57	W	French and American	1,500	3	Yes	June 15, 2017

(1) *At the filing date of this Universal Registration Document or the departure date of Directors whose terms of office on Safran's Board expired at end-2022.*
(2) *See section 6.2.4.1, "Independence of the members of the Board of Directors".*
(3) *At December 31, 2022.*
(4) *Including directorship with Safran, in compliance with the recommendations of the AFEP-MEDEF Code.*
(5) *Including shares held via corporate mutual fund units.*

End of term (expiration or other)	Number of years on the Board[1]	Date last re-appointed	Director representing employees or employee shareholders	Attendance rate (Board meetings)[3]	Membership of Board Committees[1]	Main experience and expertise brought to the Company
2023 (AGM held to approve the 2022 financial statements)	9 months	-	No	67%	Innovation, Technology & Climate Committee	Industry/Strategy/ Defense industry/ Competitive environment
2025 (AGM held to approve the 2024 financial statements)	1 year and 10 months	-	No	88%	Audit and Risk Committee	Energy/Finance /Organization and management of corporations /Strategy/NITC-Digital/ ESG/International business
2025 (AGM held to approve the 2024 financial statements)	5 years and 9 months	May 26, 2021	No	100%	Chairman of the Innovation, Technology & Climate Committee Appointments and Compensation Committee	Organization and management of corporations/ International business/ Strategy/Industry/ New technologies
2027 (AGM held to approve the 2026 financial statements)[7]	4 years and 10 months[8]	May 25, 2022	No	100%	Audit and Risk Committee	Organization and management of corporations/ International business/ Finance/Private equity
February 17, 2023	1 year and 10 months	-	No	88%	Appointments and Compensation Committee Audit and Risk Committee	Finance/ Financial and banking markets/Strategy/ ESG/Industry/ Private equity/ International business
July 27, 2022	8 years and 4 months[9]	May 23, 2019[10]	No	100%	Innovation, Technology & Climate Committee	Industry/Strategy/ Defense industry/ Competitive environment
November 19, 2023 (resignation)	9 years	November 20, 2019	Yes	88%	Appointments and Compensation Committee	Perspective of an employee/ Knowledge of the Group and its markets
February 28, 2023 (resignation)	5 years and 8 months	May 26, 2021	No	100%	Audit and Risk Committee	Organization and management of corporations/International business/Industry

(6) Céline Fornaro was named as representative of the French State by way of a ministerial decree dated February 17, 2023 for the remainder of her predecessor's term of office, i.e., until the close of the Annual General Meeting to be held in 2023.
(7) Subject to ratification by the shareholders at the 2023 Annual General Meeting of the appointment of Robert Peugeot as a Director.
(8) From May 25, 2018 to December 19, 2022 as the permanent representative of F&P.
(9) From March 28, 2014 to April 23, 2015 as a Director representing the French State.
(10) Director put forward by the French State and appointed by shareholders at the Annual General Meeting.

6.2.2 Directors' profiles (at the filing date of this Universal Registration Document)

Ross McINNES

Chairman of the Board of Directors

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

Number of Safran shares held: 16,045[(1)]

Date first appointed: April 23, 2015

Expiration of current term of office: 2023 AGM

Born in 1954, Ross McInnes has dual French and Australian nationality and is a graduate of Oxford University. He started his career in 1977 with Kleinwort Benson, first in London and then in Rio de Janeiro. In 1980, he joined Continental Bank (now Bank of America) in which he held several positions in the corporate finance arm, in Chicago and then in Paris.

In 1989, he joined Eridania Beghin-Say, where he was appointed Chief Financial Officer in 1991 and then became a member of the Board of Directors in 1999. The following year, he joined Thomson-CSF (now Thales) as Executive Vice-President and Chief Financial Officer and assisted in the group's transformation, until 2005. He then moved to PPR (now Kering) as Senior Vice-President for Finance and Strategy, before joining the Supervisory Board of Générale de Santé in 2006. He served as acting Chairman of the Management Board of Générale de Santé from March to June 2007. He also held the position of Vice-Chairman of Macquarie Capital Europe, where he primarily specialized in infrastructure investments.

In March 2009, Ross McInnes joined Safran and became Executive Vice-President, Economic and Financial Affairs in June of that year. He was a member of the Executive Board of Safran between July 2009 and April 2011 and then served as Deputy Chief Executive Officer until April 2015.

He became Chairman of Safran's Board of Directors on April 23, 2015.

Since February 2015, Ross McInnes has also acted as Special Representative for economic relations with Australia, having been appointed to this diplomatic role by the French Minister for Europe and Foreign Affairs.

From November 2016 to November 2019, he was a member of the French High Committee for Corporate Governance.

In February 2017, he joined SICOM, the general partner of Vivescia Industries, as a "qualified person".

In October 2017, Ross McInnes was appointed by the French Prime Minister as Co-Chairman of the "Action Publique 2022" Committee, which was tasked with making recommendations on reforming French public policies, a mission it has since completed.

Since January 2018, he has been a Trustee and a Director of the IFRS Foundation.

MAIN POSITION(S) HELD

- Chairman of the Board of Directors of Safran

CURRENT OFFICES AND POSITIONS

Safran Group

- Chairman of the Board of Directors of Safran (listed company) (France)

Non-Group

- Director, member of the Audit Committee, member of the Strategic Committee and member of the Nominations Committee of Lectra (listed company) (France) since April 2022
- Director, Chairman of the Ethics, Environment and Sustainable Development Committee, member of the Audit Committee, and member of the Strategy, Investment and Technology Committee of Engie (listed company) (France)
- Trustee and Director of the IFRS Foundation (United States and United Kingdom)

OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE YEARS

Safran Group

None

Non-Group

- Director of Lectra (listed company) (France) and a member of its Board committees until April 2020
- Non-executive Director and Chairman of the Audit Committee of IMI PLC (listed company) (United Kingdom) until October 2017
- Director and Chairman of the Audit Committee of Faurecia (listed company) (France) until May 2017

NUMBER OF OFFICES HELD*

- Three directorships (listed companies), including one as Chairman of the Board of Directors of Safran SA

* *In accordance with the recommendations of the AFEP-MEDEF Code regarding the maximum number of offices that can be held, a maximum of five offices in French and/or foreign listed companies can be held by Directors.*

(1) *Including 10 registered shares, 7,535 shares held via corporate mutual fund units invested in Safran shares (conversion based on one share for one corporate mutual fund unit at December 31, 2022), and 8,500 shares purchased under a life insurance policy (whereby the insurer retains ownership of the shares and the insured party is owed the related amount by the insurer).*

Olivier ANDRIÈS

Chief Executive Officer and Director

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

Number of Safran shares held: 26,516(1)

Date first appointed: January 1, 2021

Expiration of current term of office: 2023 AGM

Born in 1962, Olivier Andriès, a French national, is a graduate of *École Polytechnique* (1981) and *École des Mines de Paris* (1984).

After holding various positions in the French Ministry of Industry and the Treasury Department at the French Ministry of Finance, 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, where he managed various merger and acquisition projects. In 1998, he was appointed personal advisor to Jean-Luc Lagardère.

In 2000, Olivier Andriès joined Airbus as Product Policy Director, before being appointed Vice-President, Widebody Aircraft Programs in 2004 and then Executive Vice President, Strategy and Cooperation in 2005.

In July 2007, he became Executive Vice-President, Strategy at EADS.

In March 2008, he joined Safran as Executive Vice-President, Strategy and Development, and in September 2009 was subsequently named Executive Vice President, in charge of the Defense and Security branch.

In 2011, he was appointed Chairman and Chief Executive Officer of Safran Helicopter Engines, and in June 2015 was named Chief Executive Officer of Safran Aircraft Engines.

In September 2020, he was appointed Executive Vice-President of the Safran Group, working alongside the Chief Executive Officer.

Safran's Board of Directors appointed Olivier Andriès as the Group's Chief Executive Officer, with effect from January 1, 2021, and also as a Director from the same date.

MAIN POSITION(S) HELD

- Chief Executive Officer of Safran

CURRENT OFFICES AND POSITIONS

Safran Group

- Chief Executive Officer of Safran (listed company) (France)
- Director of Safran (listed company) (France)

Non-Group

- None

OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE YEARS

Safran Group

- Director of Safran Aero Boosters (Belgium), until November 2020
- Chief Executive Officer of Safran Aircraft Engines (France), until September 2020
- Chairman of Rafale International (France), until September 2020
- Director of EPI Europrop International GmbH (Germany), until September 2020
- Permanent representative of Safran Aircraft Engines (France) on the Board of Directors of PowerJet (France), until September 2020
- Director of Safran Aircraft Engines Mexico (Mexico), until September 2020
- Director of CFM International Inc. (United States), until September 2020
- Director of Société de Motorisations Aéronautiques – SMA (France), until November 2017

Non-Group

- None

NUMBER OF OFFICES HELD*

- One directorship and one as Chief Executive Officer of Safran SA

* *In accordance with the recommendations of the AFEP-MEDEF Code regarding the maximum number of offices that can be held, executive corporate officers may not hold more than two other directorships in listed companies outside his or her group.*

(1) *Including 17,395 registered shares and 9,121 shares held via corporate mutual fund units invested in Safran shares (conversion based on one share for one corporate mutual fund unit at December 31, 2022).*

Anne AUBERT

Director representing employee shareholders

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

Number of Safran shares held: 148(1)

Date first appointed: May 28, 2020

Expiration of current term of office: 2024 AGM

Born in 1971, Anne Aubert, a French national, has a degree in mechanical engineering from Compiègne University of Technology.

Anne Aubert has held a variety of front-line positions at Safran Seats' Issoudun plant since January 2012 and is currently head of Project Management Office Programs. She began her career with the Group managing Business Class seat programs, spending just over six years working with American, Chinese, French and Dutch airlines on Airbus and Boeing programs. She was then put in charge of the Airbus customer account, before becoming head of Project Management Office Operations in October 2019 and then Project Management Office Programs.

Anne Aubert brings to the Board her view of Safran from an employee shareholder's perspective, as well as an in-depth knowledge of the Group and its markets.

MAIN POSITION(S) HELD

- Head of Project Management Office Programs at Safran Seats Issoudun

CURRENT OFFICES AND POSITIONS

Safran Group	Non-Group
■ Director representing employee shareholders of Safran (listed company) (France)	■ None

OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE YEARS

Safran Group	Non-Group
■ Member representing employees on the Supervisory Board (until June 2018) and member of the Compensation Committee (until November 2018) of Zodiac Aerospace SA (listed company) (France)	■ None

NUMBER OF OFFICES HELD*

- One directorship (Safran SA)

* *In accordance with the recommendations of the AFEP-MEDEF Code regarding the maximum number of offices that can be held, a maximum of five offices in French and/or foreign listed companies can be held by Directors.*

(1) *Including 6 registered shares and 142 shares held via corporate mutual fund units invested in Safran shares (conversion based on one share for one corporate mutual fund unit at December 31, 2022).*

Marc AUBRY

Director representing employee shareholders
Member of the Audit and Risk Committee

Address: Safran Spacecraft Propulsion – Établissement de Vernon – Plateau de l'Espace – 1, avenue Hubert-Curien – 27200 Vernon, France

Number of Safran shares held: 720

Date first appointed: May 28, 2020

Expiration of current term of office: 2024 AGM

Born in 1963, Marc Aubry, a French national, is an engineer from *École Nationale Supérieure d'Hydraulique et de Mécanique de Grenoble* (ENSHMG) (major in water resources and planning) and has a post-graduate degree (DEA) in environment and engineering geophysics (major in hydrology).

Marc Aubry has been with the Group for 34 years. From 1989, he held the post of Design Engineer in the space engine turbopumps department, and in 2015 joined the plasma propulsion business.

He has been the CFDT trade union representative since 1999 at the Vernon plant, before serving at the level of Safran Aircraft Engines and finally as Group trade union coordinator. His areas of expertise include social dialogue, compensation and benefits including employee savings plans, pension savings plans, employee share ownership, supplementary benefit plans and gender equality in the workplace.

From 2011 to 2016, he represented employee shareholders on the Board of Directors of Safran and served as a member of the Audit and Risk Committee.

Since July 1, 2019, he has been seconded for 80% of his time to the FGMM CFDT union, serving as National Secretary.

Marc Aubry brings to the Board his view of Safran from an employee shareholder's perspective, as well as an in-depth knowledge of the Group and its products and markets.

MAIN POSITION(S) HELD

- National secretary of the FGMM CFDT trade union, in charge of industrial policy and CSR; secretary for the Bourgogne, Franche Comté, Île-de-France and Midi-Pyrénées regions and the sectors covering aeronautics, machinery and industrial plant, public works and manufacture of agricultural machinery, and R&D

CURRENT OFFICES AND POSITIONS

Safran Group

- Director representing employee shareholders of Safran (listed company) (France)
- Trade union representative and member of the Safran Spacecraft Propulsion Social and Economic Committee (France)
- Vice-Chairman of the Supervisory Board of the Safran Investissement corporate mutual fund (France)
- Member of the Supervisory Board of Safran Ouverture (France)

Non-Group

- National secretary of the Fédération Générale des Mines et de la Métallurgie CFDT (trade union) (France)
- Chairman of the Société Philharmonique de Vernon (non-profit organization) (France)
- CFDT representative on the Circular Economy National Council (France)

OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE YEARS

Safran Group

- Safran Group CFDT trade union coordinator, until August 2019
- CFDT central trade union representative, Safran Aircraft Engines, until July 2019
- Chairman of the Economic Commission of Safran Aircraft Engines' Central Works Council, until January 2019
- Elected member of the Safran Aircraft Engines Central Social and Economic Committee, until October 1, 2022

Non-Group

- None

NUMBER OF OFFICES HELD*

- One directorship (Safran SA)

* *In accordance with the recommendations of the AFEP-MEDEF Code regarding the maximum number of offices that can be held, a maximum of five offices in French and/or foreign listed companies can be held by Directors.*

(1) *Including 40 registered shares and 680 shares held via corporate mutual fund units invested in Safran shares (conversion based on one share for one corporate mutual fund unit at December 31, 2022).*

Hélène AURIOL POTIER

Independent Director
Member of the Appointments and Compensation Committee
Member of the Innovation, Technology & Climate Committee

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

Number of Safran shares held: 500

Date first appointed: June 15, 2017

Expiration of current term of office: 2025 AGM

Born in 1962, Hélène Auriol Potier, a French national, graduated as an engineer from the *École Nationale Supérieure des Télécommunications* de Paris and completed an Executive Program MBA at INSEAD.

Hélène Auriol Potier built her career in the digital technologies and telecommunications industry in the United States, Europe, Africa and Asia.

She started her career in New York at France Télécom in 1986.

In 1990, she joined the Canadian mobile technology company Nortel, where she spent 16 years and successively held several management positions including Vice-President Mobile Division and Vice-President EMEA, Services & Operations.

In 2006, she joined Dell as Managing Director in charge of the Africa and Mediterranean region and as a member of the Executive Committee of Dell Emerging Markets.

In 2009, Hélène Auriol Potier joined Microsoft as General Manager of Enterprises, Public Sector and Partners and a member of the Executive Committee of Microsoft France. She was then appointed General Manager of Microsoft Singapore and a member of the Executive Committee of Microsoft Asia-Pacific. In 2013, she was appointed General Manager of Microsoft Dynamics, Western Europe and then General Manager of Microsoft Europe Public Sector before going on to serve as Managing Director of Artificial Intelligence Europe.

From November 2018 to September 2020, she served as Executive Vice-President International for Orange and was a member of the Executive Committee of Orange Business Services.

She is a member of the Board of Directors and Co-Chair of ESG matters at the French Institute of Directors.

Hélène Auriol Potier brings to the Board her executive experience in international corporations, as well as her international outlook and technological expertise and vision.

MAIN POSITION(S) HELD (OUTSIDE THE COMPANY)

- Company Director
- Senior Advisor for Warburg Pincus LLC (since September 2022)

CURRENT OFFICES AND POSITIONS

Safran Group

- Director of Safran (listed company) (France)

Non-Group

- Director since May 2022, member of the Audit Committee and member of the Appointments and Compensation Committee of Accor (listed company)
- Member of the Supervisory Board, Chair of the Compensation Committee, and member of the Appointments Committee of Oddo BHF SCA (France)
- Member of the Supervisory Board and member of the Governance and Nomination Committee of Randstad (listed company) (Netherlands)
- Member of the Board of Directors and Co-Chair of ESG Activities of the French Institute of Directors (France)
- Member of NACD (National Association of Corporate Directors) (United States)
- Managing Partner of Alinerom (France)

OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE YEARS

Safran Group

- None

Non-Group

- Director and member of the Compensation Committee of Mimecast (listed company) (United States), until May 2022
- Director, Chair of the Ethics Committee and member of the Compensation Committee of Ipsen (listed company) (France), until May 2018

NUMBER OF OFFICES HELD*

- Three directorships (listed companies), including Safran SA

* *In accordance with the recommendations of the AFEP-MEDEF Code regarding the maximum number of offices that can be held, a maximum of five offices in French and/or foreign listed companies can be held by Directors.*

Patricia BELLINGER

Independent Director
Member of the Appointments and Compensation Committee

Address: Harvard University – Cambridge, Massachusetts Hall, Cambridge, MA 02138 – United States

Number of Safran shares held: 515

Date first appointed: May 28, 2020

Expiration of current term of office: 2024 AGM

Born in 1961, Patricia Bellinger, has dual US and British nationality, and is trilingual (English, French and Spanish) and tricultural. She graduated from Harvard University. Patricia Bellinger began her career in Madrid in 1986 by founding a casting agency, and continued to work in media and communications in Spain until 1995.

In 1995, she returned to the United States to join Bristol Myers Squibb (BMS), a pharmaceutical company, where she was successively Associate Director for Communications, Associate Director for Public Affairs and in 1998, Corporate Director of Culture and Diversity.

In 2000, she joined BP in London as Vice-President for Diversity and Inclusion, and served as Group Vice-President and Director of the BP Leadership Academy until 2007.

In March 2011, she was appointed Executive Director of Executive Education at Harvard Business School. In August 2013, she was also appointed Executive Director and an adjunct lecturer at the Center for Public Leadership (CPL) at Harvard Kennedy School.

From September 2017 to June 2018, she was an adjunct lecturer and Senior Fellow at the Center for Public Leadership (CPL) at Harvard Kennedy School.

Since July 2018, she has been the Chief of Staff and Strategic Advisor to the President of Harvard University.

Patricia Bellinger contributes to the Board the depth and breadth of her career and her diverse experience, as well as her time in industry, her HR/Diversity/Talent Management expertise (in terms of both strategic and people-centric issues), her multilingualism, and her knowledge of French corporate governance.

MAIN POSITION(S) HELD (OUTSIDE THE COMPANY)

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

CURRENT OFFICES AND POSITIONS

Safran Group

- Director of Safran (listed company) (France)

Non-Group

- Member of the Corporate Board and Chair of the Nomination and Compensation Committee of Sonepar (France)
- Director, Chair of the Nominating and Governance Committee and member of the Human Capital and Compensation Committee of Bath & Body Works, Inc. (formerly LBrands) (listed company) (United States)
- Vice-Chair of the Advisory Board of the non-profit organization My Life My Choice (United States)
- Member of the Board of Trustees of the Academy of Motion Pictures (United States)
- Member of the National Board of the Smithsonian Institute (United States)
- Senior Advisor to the Advisory Board of Sandbrook Capital (United States)

OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE YEARS

Safran Group

- None

Non-Group

- Member of the Board of Trustees of U Aspire (United States), until June 2020
- Director and Chair of the Compensation Committee of Sodexo (listed company) (France), until July 2018
- Member of the Diversity and Inclusion Advisory Board of Barilla SpA (Italy), until August 2018
- Director and Chair of the Nominating Governance and Compensation Committee of Pattern Energy Inc. (United States), until December 2018

NUMBER OF OFFICES HELD*

- Two directorships (listed companies), including Safran SA

* *In accordance with the recommendations of the AFEP-MEDEF Code regarding the maximum number of offices that can be held, a maximum of five offices in French and/or foreign listed companies can be held by Directors.*

Hervé CHAILLOU

Director representing employees
Member of the Innovation, Technology & Climate Committee

Address: Safran Aircraft Engines – Direction Industrielle et Supply Chain

Rue Henri-Auguste-Desbruères – B.P. 81 – 91003 Évry Cedex, France

Number of Safran shares held: 99(1)

Date first appointed: November 20, 2019

Expiration of current term of office: November 19, 2023

Born in 1966, Hervé Chaillou, a French national, holds a higher technical diploma in production theory.

He began his career with the Safran Group in 1983 at Safran Aircraft Engines (formerly Snecma) as a lathe operator, where he received professional certification from the Snecma academy.

A method technician at Safran Aircraft Engines, Hervé Chaillou is currently a machine programmer in the structure chamber and compressors Industrial Center of Excellence (Industrial Management and Supply Chain Department) at the Évry-Corbeil facility.

As a former CGT union representative for the Corbeil site, Hervé Chaillou was, in particular, the correspondent for the external advisor on industrial investment and organizational matters within the Social and Economic Committee.

Hervé Chaillou brings to the Board his insight into health, safety and working conditions, as well as his view of Safran from an employee's perspective and an in-depth knowledge of the Group and its markets.

MAIN POSITION(S) HELD

- Machine programmer at Safran Aircraft Engines' structure chamber and compressors Industrial Center of Excellence

CURRENT OFFICES AND POSITIONS

Safran Group

- Director representing employees of Safran (listed company) (France)
- Employee representative for Safran's health insurance plan

Non-Group

- None

OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE YEARS

Safran Group

- Elected member of the Social and Economic Committee at Safran Aircraft Engines' Corbeil site, until October 2019
- Officer of the Social and Economic Committee at Safran Aircraft Engines' Corbeil site, until October 2019
- Member of the market commission of the Social and Economic Committee at Safran Aircraft Engines' Corbeil site, until October 2019
- Elected member of Safran Aircraft Engines' Central Social and Economic Committee, until October 2019
- Officer of Safran Aircraft Engines' Central Social and Economic Committee, until October 2019
- Substitute member of Safran Aircraft Engines' Works Council, until January 2019
- Trade union representative on Safran Aircraft Engines' Central Works Council and acting in this capacity as a member of the central economic commission, until January 2019

Non-Group

- None

NUMBER OF OFFICES HELD*

- One directorship (Safran SA)

* *In accordance with the recommendations of the AFEP-MEDEF Code regarding the maximum number of offices that can be held, a maximum of five offices in French and/or foreign listed companies can be held by Directors.*

(1) *Via corporate mutual fund units invested in Safran shares (conversion based on one share for one corporate mutual fund unit at December 31, 2022).*

Jean-Lou CHAMEAU

Independent Director
Member of the Appointments and Compensation Committee
Member of the Innovation, Technology & Climate Committee

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

Number of Safran shares held: 1,000

Date first appointed: April 21, 2011

Expiration of current term of office: 2023 AGM

Born in 1953, Jean-Lou Chameau has dual French and American nationality. He obtained an engineering degree at *École Nationale Supérieure d'Arts et Métiers* in 1976, and then continued his studies at Stanford University, where he graduated with a Master's in civil engineering in 1977, followed by a PhD in seismic engineering in 1980.

Jean-Lou Chameau started his academic career at Purdue University (United States), where he taught from 1980 to 1991, before joining Georgia Tech as professor and head of the School of Civil and Environmental Engineering. He left this position in 1994 to become Chairman of the international geotechnical engineering company Golder Associates Inc. He returned to teach at Georgia Tech two years later, where he became dean of its College of Engineering in the United States. In 2001, he was promoted to the position of provost, which he occupied up to 2006.

From 2006 to June 2013, Jean-Lou Chameau was the President of the California Institute of Technology (Caltech).

In June 2009, he was awarded the honorary "Doctor honoris causa" degree from *École Polytechnique Montreal* in Canada.

Jean-Lou Chameau is a member of the National Academy of Engineering in the United States and of the Académie des Technologies in France.

Between July 2013 and August 2017, he was President of King Abdullah University of Science and Technology (KAUST) (Saudi Arabia).

Since May 2016, he has been a member of the international jury for the Queen Elizabeth Prize for Engineering.

In 2018, he was tasked by the French Ministry of the Armed Forces, the Ministry of Economy and Finance and the Ministry of Higher Education, Research and Innovation with coordinating the group of educational facilities at the Saclay research and innovation cluster, with the ultimate aim of establishing a best-in-class science and technology institute.

Jean-Lou Chameau brings to the Board his experience as a Director of an international corporation, as well as his expertise in research, technological development and innovation and his in-depth knowledge of North America, the Middle East and Asia.

MAIN POSITION(S) HELD (OUTSIDE THE COMPANY)

- Science, technology and innovation consultant
- Company Director

CURRENT OFFICES AND POSITIONS

Safran Group	Non-Group
■ Director of Safran (listed company) (France)	■ President Emeritus of the California Institute of Technology (Caltech) (United States) ■ Chairman of the Advisory Board of Georgia Tech Lorraine (France) ■ Member of the International Advisory Board of HEC (France) ■ Member of the Global Advisory Council of the Jio Institute (India) ■ Chairman of the International Steering Council for Education, Research and Innovation of NEOM (Saudi Arabia) ■ Member of the International Advisory Council of SUSTech, Shenzhen (China)

OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE YEARS

Safran Group	Non-Group
■ None	■ Member of the Scientific Advisory Board of the National Research Foundation of Singapore (Republic of Singapore), until December 2021 ■ Member of the Academic Research Council of Singapore (Republic of Singapore), until May 2020 ■ Member of the Advisory Board of King Fahd University of Petroleum and Minerals (Saudi Arabia), until December 2018

NUMBER OF OFFICES HELD*

- One directorship (Safran SA)

* *In accordance with the recommendations of the AFEP-MEDEF Code regarding the maximum number of offices that can be held, a maximum of five offices in French and/or foreign listed companies can be held by Directors.*

Monique COHEN

Lead Independent Director
Member and Chair of the Appointments and Compensation Committee

Address: Apax Partners – 1, rue Paul-Cézanne – 75008 Paris, France

Number of Safran shares held: 500

Date first appointed: May 28, 2013

Expiration of current term of office: 2026 AGM

Born in 1956, Monique Cohen, a French national, is a graduate of *École Polytechnique* (1976) and has a Master's degree in mathematics.

She started her career at Paribas, where she worked as Assistant Finance Manager from 1980 to 1987.

At Paribas, which later became BNP Paribas, Monique Cohen successively held the positions of Administrative Officer of Courcoux-Bouvet – a brokerage firm and subsidiary of Paribas – between 1987 and 1990, Head of Equity Syndication and Brokerage Activities from 1990 to 1999, and Global Head of Equity Business from 1999 to 2000.

Since 2000, Monique Cohen has been an Executive Partner at Apax Partners in Paris, which specializes in investments in the business and financial services sector.

Between June 2011 and September 2014, she was a member of the Board of Directors of the French financial markets authority (*Autorité des marchés financiers* – AMF).

Monique Cohen brings to the Board her experience as an executive and Director of international groups, as well as in-depth knowledge of the financial and banking markets, expertise in private equity and a financial view of shareholding structures.

MAIN POSITION(S) HELD (OUTSIDE THE COMPANY)

- Executive Partner of Apax Partners

CURRENT OFFICES AND POSITIONS

Safran Group

- Director of Safran (listed company) (France)

Non-Group

- Vice-Chair and member of the Supervisory Board and Chair of the Audit Committee of Hermès International (listed company) (France)
- Director, Chair of the Internal Control, Risk Management and Compliance Committee and member of the Corporate Governance, Ethics, Nominations and CSR Committee of BNP Paribas (listed company) (France)
- Chair of the Board of Directors of Proxima Investissement SA (Luxembourg)
- Chair of the Board of Directors of Fides Holdings SAS (France)
- Chair of the Supervisory Board of Fides Acquisitions SAS (France)
- Managing Partner of Société Civile Fabadari (France)

OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE YEARS

Safran Group

- None

Non-Group

- Director of Apax Partners SAS (France), until June 2020

NUMBER OF OFFICES HELD*

- Three directorships (listed companies), including Safran SA

* *In accordance with the recommendations of the AFEP-MEDEF Code regarding the maximum number of offices that can be held, a maximum of five offices in French and/or foreign listed companies can be held by Directors.*

Christèle DEBARENNE-FIEVET

Director representing employees
Member of the Appointments and Compensation Committee (only attending the "compensation" part of the Committee meetings)

Address: Safran Aircraft Engines – Direction de la Supply Chain Maintenance et Réparation

Établissement de Saint-Quentin – 1, rue des frères Farman – 78771 Magny les Hameaux – France

Number of Safran shares held: 3,130[(1)]

Date first appointed: December 19, 2022

Expiration of current term of office: November 19, 2023

Born in 1968, Christèle Debarenne-Fievet is a French national and holds a DUT degree in management and administration of small and medium-sized organizations.

She has been an employee of the Group for 31 years. She began her career in 1991 at Labinal (now called Safran Electrical & Power), working in the Finance Department. She then joined Safran Aircraft Engines in 2008, where she has held several positions in Finance, Customer Support, and Network Production Management.

Christèle Debarenne-Fievet brings to the Board her view of Safran from an employee's perspective, as well as an in-depth knowledge of the Group and its markets.

MAIN POSITION(S) HELD

- Head of Offload Production Management at Safran Aircraft Engines

CURRENT OFFICES AND POSITIONS

Safran Group

- Director representing employees of Safran (listed company) (France)

Non-Group

- None

OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE YEARS

Safran Group

- Local trade union representative, until December 2022
- Member of the Social and Economic Committee, until December 2022
- Member of the Health, Safety and Working Conditions Commission, until December 2022
- Alternate member of the Supervisory Board of the Safran Investissement corporate mutual fund, until October 2022

Non-Group

- None

NUMBER OF OFFICES HELD*

- One directorship (Safran SA)

* *In accordance with the recommendations of the AFEP-MEDEF Code regarding the maximum number of offices that can be held, a maximum of five offices in French and/or foreign listed companies can be held by Directors.*

(1) *Via corporate mutual fund units invested in Safran shares (conversion based on one share for one corporate mutual fund unit at December 31, 2022).*

Céline FORNARO

Director – Representative of the French State
Member of the Audit and Risk Committee and the Appointments and Compensation Committee

Address: Agence des participations de l'État – 139, rue de Bercy – 75572 – Paris 12, France

Number of Safran shares held: N/A

Date first appointed: February 17, 2023

Expiration of current term of office: 2023 AGM

Born in 1976, Céline Fornaro, a French national, is a graduate of the *École Nationale de l'Aviation Civile* (class of 1997), and holds a Master of Science from the College of Aeronautics at Cranfield University (UK).

She began her career in 2000 as Marketing and Product Manager in commercial aircraft sales at Embraer. In 2004, she began working for Bank of America Merrill Lynch in London, before being promoted to head up the research team in Aerospace, Defense and Satellites in 2009. In 2016, Céline Fornaro joined UBS as Managing Director of European Industrials Equity Research in aerospace, equipment and new energy sources.

This professional experience enabled her to acquire thorough knowledge of investment banking and the finance, equipment, aerospace and transport sectors, with a global, medium- and long-term vision of these sectors.

On June 1, 2022, Céline Fornaro became head of Finance and Capital Markets at the French State Investments Agency (APE).

On February 17, 2023, she was appointed as representative of the French State on the Board of Directors of Safran.

MAIN POSITION(S) HELD (OUTSIDE THE COMPANY)

- Head of Finance and Capital Markets at the French State Investments Agency (APE)

CURRENT OFFICES AND POSITIONS

Safran Group

- Representative of the French State on the Board of Directors of Safran (listed company) (France)

Non-Group

- Representative of the French State on the Board of Directors of RATP Group (France), since July 2022
- Member of Chatham House, The Royal Institute of International Affairs (UK)
- Member of The Royal Aeronautical Society (UK)
- Member of Women on Boards (UK)

OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE YEARS

Safran Group

None

Non-Group

- Representative of the French State on the Board of Directors of EDF (listed company) (France), from June to October 2022
- Managing Director of European Industrials Equity Research in aerospace, equipment and new energy sources at UBS Securities Co., Ltd (listed company) (UK), until May 2022

Laurent GUILLOT

Independent Director
Member and Chairman of the Audit and Risk Committee
Member of the Innovation, Technology & Climate Committee

Address: Orpea – 12, rue Jean-Jaurès – 92813 Puteaux Cedex – France

Number of Safran shares held: 500

Date first appointed: May 23, 2019

Expiration of current term of office: 2023 AGM

Born in 1969, Laurent Guillot, a French national, is a graduate of *École Polytechnique* and of *École des Ponts* ParisTech engineering school, and holds a postgraduate degree in macroeconomics from *Université Paris I*.

He began his career with the French Ministry of Finance in 1996, initially as head of the Energy unit in the Forecasting Department and then as head of the Central Africa unit within the Treasury Department's International Division. In 1999, he was appointed technical advisor to the Minister of Infrastructure, Transport and Housing, first on maritime issues and then on budgetary, financial and industrial issues.

He joined Compagnie de Saint-Gobain in 2002 as Vice-President of Corporate Planning. He was appointed Vice-President of Construction Abrasives in 2004, becoming Vice-President of High-Performance Refractories and Diesel Particulate Filters the following year. In 2007, he was appointed General Delegate for Brazil, Argentina and Chile.

From 2009 to the end of 2015, Laurent Guillot served as Saint-Gobain's Chief Financial Officer and was also in charge of Group procurement and information systems.

In 2016, he was appointed Vice-President of the High-Performance Materials business. The following year, he became Senior Vice-President of Compagnie de Saint-Gobain in charge of the High-Performance Materials business, with direct oversight over the Performance Plastics business.

Between 2019 and 2021, he was Senior Vice-President of Compagnie de Saint-Gobain in charge of High-Performance Solutions and was also responsible for information systems.

Laurent Guillot brings to the Board his financial expertise, his skills and experience as a corporate officer of a listed company and an operational and functional manager of a global industrial group, and his expertise in high-performance materials, industrialization and information systems.

In July 2022, Laurent Guillot was appointed as Chief Executive Officer of Orpea.

MAIN POSITION(S) HELD (OUTSIDE THE COMPANY)

- Chief Executive Officer of Orpea (listed company) (France)

CURRENT OFFICES AND POSITIONS

Safran Group

- Director of Safran (listed company) (France)

Non-Group

- Director and Chief Executive Officer of Orpea (listed company) (France)

OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE YEARS

Safran Group

- None

Non-Group

- Non-executive Director, Chairman of the Risk Management Committee, member of the Remuneration and Nomination Committee, and member of the Corporate Social Responsibility Committee of Grindwell Norton Ltd (listed company) (India), until June 2021
- Laurent Guillot has held several offices in unlisted subsidiaries and/or holdings of the Saint-Gobain group. For ease of reference, not all of these offices are listed

NUMBER OF OFFICES HELD*

- Two directorships (including Safran SA) and one as Chief Executive Officer (listed companies)

* *In accordance with the recommendations of the AFEP-MEDEF Code regarding the maximum number of offices that can be held, a maximum of five offices in French and/or foreign listed companies can be held by Directors.*

Alexandre LAHOUSSE

Director
Member of the Innovation, Technology & Climate Committee

Address: Inspection générale des armées – Armement – 60, bd du Général-Martial-Valin – 75015 Paris, France

Number of Safran shares held: N/A

Date first appointed: July 27, 2022

Expiration of current term of office: 2023 AGM

Born in 1976, Alexandre Lahousse, a French national and chief weapons engineer (*ingénieur général de l'armement*), is a graduate of *École Polytechnique* and *École Nationale Supérieure de l'Aéronautique et de l'Espace*.

He began his career at the Toulouse Aviation Testing Center as head of materials and aircraft structures testing, before becoming the lead expert in airframes.

In 2005, he continued his career in aircraft programs, as the French technical representative and architect for the NH90 helicopter program in collaboration with eight NATO countries.

In 2008, he joined the French Air Force at the Cuers-Pierrefeu industrial aviation workshop, first as head of the design office and then as deputy director and technical deputy director.

In 2014, he was promoted to director of the NH90 helicopter program, where he played a key role in the success of the first operational deployments.

In 2017, he joined the Defense System Architecture Department at the French Directorate General of Weapons Procurement (*Direction générale pour l'armement* – DGA), as architect for future systems readiness in "air mobility, surveillance and protection". In parallel, he designed a new capability approach as part of the transformation of the DGA, in order to promote coherent program development across capabilities.

In early 2020, he was appointed Chief of Staff to the Chief Executive Officer of the DGA.

Since January 1, 2022, he has been Head of the Industrial Affairs and Economic Intelligence Department (S2IE) at the DGA.

Alexandre Lahousse brings to the Board in-depth knowledge of the Group's sovereignty-related products and markets, as well as his defense industry expertise, his knowledge of the European aeronautic and aerospace industry, and his expertise in industrial strategy and State research and technology.

MAIN POSITION(S) HELD (OUTSIDE THE COMPANY)

- Chief weapons engineer (*ingénieur général de l'armement*) – Head of the Industrial Affairs and Economic Intelligence Department (S2IE) at the DGA

CURRENT OFFICES AND POSITIONS

Safran Group

- Representative of the French State on the Board of Directors of Safran (listed company) (France)
- Representative of the French State on the Board of Directors of ArianeGroup Holding (France)

Non-Group

- Director of KNDS (KMW+Nexter Defense Systems N.V.) (Netherlands)

OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE YEARS

Safran Group

- None

Non-Group

- None

NUMBER OF OFFICES HELD*

- One directorship (Safran SA)

* *In accordance with the recommendations of the AFEP-MEDEF Code regarding the maximum number of offices that can be held, a maximum of five offices in French and/or foreign listed companies can be held by Directors.*

Fabienne LECORVAISIER

Independent Director
Member of the Audit and Risk Committee

Address: Air Liquide SA – 75, quai d'Orsay – 75007 Paris, France

Number of Safran shares held: 500

Date first appointed: May 26, 2021

Expiration of current term of office: 2025 AGM

Born in 1962, Fabienne Lecorvaisier, a French national, is a civil engineer and a graduate of the *École Nationale des Ponts et Chaussées* engineering school.

She began her career at Société Générale in 1985, first in the Corporate Finance Department, and then in the Mergers and Acquisitions Department. She joined Barclays Bank in 1989 as a Senior Banking Executive in charge of the LBO Department (Paris)/Corporate Finance Department (Paris and London). In 1990, she joined Banque du Louvre (Taittinger group) as Assistant General Manager.

She joined the Essilor group in September 1993 as Development Director, before being appointed Finance and Information Systems Director for Essilor America in January 1996, then Chief Financial Officer for the Essilor group in January 2001 and Chief Strategy and Acquisitions Officer for the Essilor group in January 2007.

In 2008, Fabienne Lecorvaisier joined Air Liquide, where she served as Group Chief Financial Officer until 2021. She is currently Executive Vice-President, responsible for Sustainable Development, Public and International Affairs and CSR programs at Air Liquide, and is also in charge of the General Secretariat. She has been a member of Air Liquide's Executive Committee since 2008.

She has been a Director of Sanofi since May 2013 and Chair of its Audit Committee since May 2018.

In December 2019, Fabienne Lecorvaisier was named an *Officier de la Légion d'honneur* (Officer of the Legion of Honor).

Fabienne Lecorvaisier brings to the Board the experience that she has gained in various functions within international industrial groups in France and overseas, as well as her expertise as a Chief Financial Officer and her experience as a Director. She also has the skills, profile and ability to take on other tasks and responsibilities required of a Board member, notably in the areas of strategy, energy transition, risk and financial transaction management, large-scale projects, and sustainability and CSR.

MAIN POSITION(S) HELD (OUTSIDE THE COMPANY)

- Executive Vice-President, responsible for Sustainable Development, Public and International Affairs and CSR Programs and in charge of the General Secretariat at Air Liquide (until May 2023)

CURRENT OFFICES AND POSITIONS

Safran Group

- Director of Safran (listed company) (France)

Non-Group

- Director and Chair of the Audit Committee of Sanofi (listed company) (France)
- Executive Vice-President of Air Liquide International Corporation (United States)
- Director of Air Liquide International (France), The Hydrogen Company (France), American Air Liquide Holdings, Inc. (United States) and Air Liquide Finance

OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE YEARS

Safran Group

- None

Non-Group

- Fabienne Lecorvaisier has held several offices in unlisted subsidiaries and/or holdings of the Air Liquide group. For ease of reference, not all of these offices are listed
- Director of ANSA (the French National Association of Joint-Stock Companies) (France), until June 2021

NUMBER OF OFFICES HELD*

- Two directorships (listed companies), including Safran SA

* *In accordance with the recommendations of the AFEP-MEDEF Code regarding the maximum number of offices that can be held, a maximum of five offices in French and/or foreign listed companies can be held by Directors.*

Patrick PÉLATA

Director responsible for monitoring climate issues – Independent
Member and Chairman of the Innovation, Technology & Climate Committee
Member of the Appointments and Compensation Committee

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

Number of Safran shares held: 500

Date first appointed: June 15, 2017

Expiration of current term of office: 2025 AGM

Born in 1955, Patrick Pélata, a French national, is a graduate of the *École Polytechnique* (class of 1974) and of the *École Nationale des Ponts et Chaussées* engineering school, and holds a PhD in socioeconomics from the *École des Hautes Études en Sciences Sociales*.

He joined Renault in 1984 as a shop foreman at the Flins plant and from 1988 he contributed to the creation of the Renault Twingo and served in several engineering positions at Vehicle Engineering, where he became Senior Vice-President in 1998 and joined the Renault Management Committee. Following the signature of the Alliance between Renault and Nissan in 1999, he joined Nissan in Tokyo as Executive Vice-President in charge of Corporate and Product Planning, Design and Programs, sitting on the Executive Committee of Nissan and the Executive Board of the Alliance. In 2005, he returned to Renault as Executive Vice-President in charge of Corporate and Product Planning, Design and Programs, and joined the Executive Committee. Patrick Pélata served as Chief Operating Officer of the Renault group from October 2008 to April 2011, before his departure in August 2012.

From September 2012 to July 2015, he was Chief Automotive Officer and Executive Vice-President of Salesforce.com, with responsibility for strategy execution and promoting social media, mobility and cloud computing technologies to the automotive industry.

In July 2015, he created Meta Consulting LLC, of which he is the President. He returned to Paris in July 2017.

Since December 2018, he has been a member of the Académie des Technologies, a French think-tank that issues recommendations on the best use of technologies for society.

Patrick Pélata brings to the Board his experience of leading innovative, high-tech industrial groups on an international scale, as well as his expertise in strategy, consulting and industrialization, which is particularly valuable given today's focus on drastically reducing greenhouse gas emissions and increasing electrification and digitalization.

MAIN POSITION(S) HELD (OUTSIDE THE COMPANY)

- Consultant (Meta Strategy Consulting)
- Company Director

CURRENT OFFICES AND POSITIONS

Safran Group	Non-Group
■ Director of Safran (listed company) (France)	■ Director of Orano (France) ■ Director of Vu Log (France) ■ Director of Mobivia (France)

OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE YEARS

Safran Group	Non-Group
■ None	None

NUMBER OF OFFICES HELD*

One directorship (Safran SA)

* *In accordance with the recommendations of the AFEP-MEDEF Code regarding the maximum number of offices that can be held, a maximum of five offices in French and/or foreign listed companies can be held by Directors.*

Robert PEUGEOT

Independent Director
Member of the Audit and Risk Committee

Address: Peugeot Invest – 66, avenue Charles-de-Gaulle – 92200 Neuilly-sur-Seine – France

Number of Safran shares held: 500

Date first appointed: May 25, 2018

Expiration of current term of office: 2027 AGM

Born in 1950, Robert Peugeot, a French national, is a graduate of *École Centrale de Paris* and INSEAD. He has held a number of high-level positions in the PSA Group and was a member of the Group Executive Committee from 1998 to 2007, responsible for Innovation and Quality.

From 2002 to 2020, Robert Peugeot served as Chairman and Chief Executive Officer of Peugeot Invest, overseeing the company's business development. Since then, he has continued to chair the Board of Directors.

Until January 2021, he was the permanent representative of Peugeot Invest on the Supervisory Board of Peugeot SA, and was also Chairman of the Strategy Committee and a member of the Finance and Audit Committee of Peugeot SA.

Since January 2021, he has been Vice-Chairman and a Director of Stellantis N.V. (created from the merger of Peugeot SA and Fiat Chrysler Automobiles N.V.), and a member of its Compensation Committee.

Since November 2018, he has been a member of the French High Committee for Corporate Governance.

Robert Peugeot brings to the Board his experience as an executive and director of international industrial groups, as well as his experience in private equity and finance.

MAIN POSITION(S) HELD (OUTSIDE THE COMPANY)

- Vice-Chairman of the Board of Directors of Stellantis N.V. (listed company) (Netherlands)
- Chairman of the Board of Directors of Peugeot Invest (listed company) (France)
- Company Director

CURRENT OFFICES AND POSITIONS

Safran Group

- Director of Safran (listed company) (France)

Non-Group

- Director, Vice-Chairman and a member of the Compensation Committee of Stellantis N.V. (listed company) (Netherlands)
- Chairman of the Board of Directors, Chairman of the Investments and Shareholdings Committee, and Chairman of the Sustainable Development Committee of Peugeot Invest (listed company) (France)
- Chairman of F&P (France)
- Permanent representative of Peugeot 1810 on the Board of Directors and the Audit Committee of Faurecia (listed company) (France)
- Director and Chairman of the Nominations Committee of Sofina (listed company) (Belgium)
- Member of the Supervisory Board and Investment Committee of Signa Prime (Austria)
- Member of the Supervisory Board and Investment Committee of Signa Development (Austria)
- Member of the Supervisory Board of Soparexo (France)
- Member of the Supervisory Board of Financière Guiraud SAS
- Director of Peugeot Invest UK Ltd (United Kingdom)
- Director of Asia Emergency Assistance Holdings Pte Ltd (Republic of Singapore)
- Legal manager of Société Civile Rodom (France)
- Chairman of the Governance Committee of Tikehau Capital Advisors (France)
- Director of Peugeot 1810 (formerly Maillot 1) (France)
- Legal manager of Mille Sabords (France)
- Legal manager of Artemisia (France)
- Legal manager of Gatopardi (France)

OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE YEARS

Safran Group

- Permanent representative of F&P as a Director of Safran (listed company) (France) until December 2022[1]

Non-Group

- Robert Peugeot has held several offices in subsidiaries and/or holdings of the Peugeot group. For ease of reference, not all of these offices are listed
- Member of the Supervisory Board of ACE Management SA (France), until May 2020
- Member of the Supervisory Board, member of the Audit Committee and member of the Compensation, Appointments and Governance Committee of Hermès International (listed company) (France), until June 2019

NUMBER OF OFFICES HELD*

- Five directorships (including Safran SA), including one as Chairman of the Board of Directors of Peugeot Invest (listed companies)

* *In accordance with the recommendations of the AFEP-MEDEF Code regarding the maximum number of offices that can be held, a maximum of five offices in French and/or foreign listed companies can be held by Directors.*

(1) *F&P was a joint venture between Peugeot Invest Assets (formerly FFP Invest) and Fonds Stratégique de Participations (FSP), specifically set up for the purpose of exercising the role of a Director of Safran. F&P has stepped down from Safran's Board of Directors.*

Skills and expertise of the members of the Board of Directors

The tables below summarize the expertise and diverse skills of each of the Directors. They show that the Directors have a wide range of experience in different business sectors and expertise in varied fields, meaning that the Board is well equipped to deal with the challenges Safran faces in terms of both strategy and performance. In addition, 68.75% of the Board members (i.e., 11 out of 16) and 87.5% of the independent Directors (7 out of 8) have spent part of their careers working internationally (irrespective of their nationality).

This skills matrix is monitored and reviewed by the Appointments and Compensation Committee, particularly in order to identify Director candidate profiles in the event of any changes in the Board's membership structure.

Diverse skills and expertise of each Director

Experience and specific positions exercised by Directors in different sectors and activities	Number of Directors	Percentage of Directors
Aerospace industry	11	68.75%
Other industries and business sectors	16	100%
Innovation, R&T, development and engineering	12	75%
International career and experience	11	68.75%
Strategy, competition and M&A	12	75%
Finance and management control	10	62.5%
Digital – New technologies	5	31.25%
Governance and compensation	10	62.5%
Human resources – CSR	12	75%

Diverse skills and expertise of each Director

	Ross McInnes	Olivier Andriès	Anne Aubert	Marc Aubry	Hélène Auriol Potier	Patricia Bellinger	Hervé Chaillou	Jean-Lou Chameau	Monique Cohen
Experience in the aerospace industry									
■ Aerospace	X	X	X	X			X	X	
Experience in other industries									
■ Automotive	X		X						
■ Defense	X	X		X			X		
■ Energy	X					X		X	
■ Naval									
■ Other		X (Media/ Communications)				X (Pharmaceutical industry)			
Experience in other business sectors									
■ Finance, banking, insurance and asset management	X				X				X
■ Strategy and consulting								X	X
■ IT and telecoms					X			X	
■ New technologies					X			X	
■ Government services	X	X							
■ Other						X (Education)		X (Science and education)	
International experience									
■ International experience (irrespective of nationality)	X		X		X	X		X	
Experience as a company director/officer and in governance and management									
■ Office(s) held in listed companies (Chair, CEO, COO, etc.)	X	X							
■ Director of listed companies	X	X	X	X	X	X	X	X	X
■ Executive of unlisted companies	X	X			X	X		X	X
■ Director of unlisted companies	X	X			X	X	X	X	X
■ Governance and compensation	X			X	X	X		X	X
■ Organization and management of corporations	X	X			X	X	X		X
Experience in strategy and M&A									
■ Strategy and competitive environment	X	X			X	X		X	X
■ M&A	X	X				X			X
Shareholding vision									
■ Shareholding strategy and vision	X								X
■ Perspective of an employee or employee shareholder			X	X			X		
Experience in finance and consulting									
■ Finance, performance, consulting and management control	X	X	X					X	X
Experience in innovation, R&T, development and engineering									
■ Innovation and R&T		X						X	
■ Performance and industrial developments – Operations, engineering		X	X	X			X		
Digital – New technologies									
■ IT and digital					X			X	
Sales & marketing experience									
■ Sales & marketing, procurement, commerce and distribution		X	X		X				
HR-ESG-CSR experience									
■ Human resources		X		X		X	X	X	
■ ESG-CSR	X			X	X	X	X	X	X

	Christèle Debarenne-Fievet	Céline Fornaro	Laurent Guillot	Alexandre Lahousse	Fabienne Lecorvaisier	Patrick Pélata	Robert Peugeot
Experience in the aerospace industry							
■ Aerospace	X	X	X	X			X
Experience in other industries							
■ Automotive		X	X			X	X
■ Defense	X	X		X			
■ Energy		X	X		X	X	
■ Naval							
■ Other			X	X (Materials industry)	X		
Experience in other business sectors							
■ Finance, banking, insurance and asset management	X	X	X		X		X
■ Strategy and consulting		X				X	
■ IT and telecoms			X				
■ New technologies						X	
■ Government services		X		X			
■ Other				X (Personal care services)	X (Health care)		
International experience							
■ International experience (irrespective of nationality)		X	X	X	X	X	X
■ Experience as a company director/officer							
Experience as a company director/officer and in governance and management							
■ Office(s) held in listed companies (Chair, CEO, COO, etc.)			X			X	X
■ Director of listed companies	X	X	X	X	X	X	X
■ Executive of unlisted companies			X		X	X	X
■ Director of unlisted companies		X	X	X	X	X	X
■ Governance and compensation		X	X			X	X
■ Organization and management of corporations	X		X		X	X	X
Experience in strategy and M&A							
■ Strategy and competitive environment			X	X	X	X	X
■ M&A		X	X		X		X
Shareholding vision							
■ Shareholding strategy and vision		X	X		X		X
■ Perspective of an employee or employee shareholder	X						
Experience in finance and consulting							
■ Finance, performance, consulting and management control	X	X	X		X		X
Experience in innovation, R&T, development and engineering							
■ Innovation and R&T		X	X	X		X	X
■ Performance and industrial developments – Operations, engineering	X	X	X	X	X	X	X
Digital – New technologies							
■ IT and digital			X		X	X	
Sales & marketing experience							
■ Sales & marketing, procurement, commerce and distribution		X	X				
HR-ESG-CSR experience							
■ Human resources	X		X				
■ ESG-CSR	X		X		X	X	

6.2.3 Other information about the Board of Directors' membership structure

At the filing date of this Universal Registration Document, the Board of Directors comprised 16 Directors (compared with 17 at December 31, 2022). Apart from the Director representing the French State, the Directors are appointed by the shareholders in an Ordinary General Meeting for a term of four years.

Lead Independent Director – Monique Cohen

Monique Cohen has served as the Company's Lead Independent Director since March 2018 and will continue to serve in this capacity for the duration of her current term as a Director. Although the position of Lead Independent Director is not indispensable because the Company has opted to separate the roles of Chairman of the Board and Chief Executive Officer, the Board felt that it would be good practice to have such a Director.

The Lead Independent Director has the following powers and responsibilities:

- the Chairman of the Board of Directors consults with her about the agenda and schedule of Board meetings;
- in her capacity as both Lead Independent Director and a member of the Appointments and Compensation Committee, she takes part in (i) preparing the succession plan for the Company's officers, including the Chairman of the Board of Directors, (ii) the process of selecting candidates for members of the Board and its Committees (iii) organizing assessments of the Board, and (iv) discussions regarding governance matters.

  She leads the Board's discussions about the succession plan for the Chairman of the Board and any appraisals of his performance or reviews of his compensation;
- where necessary, or useful, either at her own initiative or at the request of the Chairman of the Board, she is informed of any opinions or specific questions expressed by the shareholders in relation to corporate governance matters and participates, in conjunction with the Chairman of the Board, in any resulting discussions;
- she brings to the Chairman's attention any potential conflicts of interest that she may identify and examines such situations with him;
- if the Chairman is temporarily unable to perform his duties or in the event of the Chairman's death, and if there is no Vice-Chair, then the Lead Independent Director replaces the Chairman, as follows:
  - in the event of temporary absence, the Lead Independent Director stands in for the Chairman until he is once again able to perform his duties, and
  - in the event of the Chairman's death, the Lead Independent Director acts as Chairman until a new Chairman is elected.

  In either of the above cases, the Lead Independent Director chairs meetings of the Board of Directors.

The Lead Independent Director does not receive any specific additional compensation for her duties in this capacity.

Work carried out by the Lead Independent Director during the year

In 2022, Monique Cohen – Lead Independent Director and also Chair of the Appointments and Compensation Committee – chaired the parts of the Board meetings related to reviewing the Chairman's specific situation. The Chairman did not take part in any discussions or votes concerning these matters.

In addition, working alongside the Chairman, the Lead Independent Director:

- interacted with the Chairman on matters – particularly governance – about which a non-Executive Chairman needs to be able to have discussions with an independent and trusted person;
- prepared the annual self-assessment of the Board and its Committees, which was carried out in late 2022 (see section 6.3.7);
- participated in discussions, in liaison with the members of the Appointments and Compensation Committee, about changes to the Board's membership structure, particularly in preparation for the 2023 Annual General Meeting. In this capacity, she coordinated the Board's work on the implementation of the succession plan relating to the Chairman of the Board of Directors and the Chief Executive Officer;
- chaired the discussions on the agenda items of the Board meetings related to the appraisal, performance and compensation of the Chairman, as well as the "executive sessions" during which the independent Directors regularly looked at the Board's operating procedures (see section 6.3.5);
- alongside the Chairman, further developed shareholder dialogue, in particular through governance roadshows organized for the Company's main shareholders and investors in order to present the Board's membership structure and its operating procedures, as well as proposed governance changes and the compensation of the corporate officers.

In addition, Monique Cohen regularly held discussions with:

- the Chief Executive Officer about the expectations and interactions between the Company's governance bodies (the Board of Directors and its Committees) and Executive Management;
- the Directors on topics they said they wished to address in addition to and in parallel with her discussions with the Chairman.

Director responsible for monitoring climate issues – Patrick Pélata

The Board of Directors, like the Company's shareholders, is fully aware of the strategic importance of climate issues for the aerospace industry. Consequently, it places particular importance on regularly informing shareholders about Safran's climate strategy and related action plan.

To that end, on February 24, 2021 the Board decided to appoint Patrick Pélata – an independent Director and Chairman of the Innovation, Technology & Climate Committee – as "Director responsible for monitoring climate issues".

The Director responsible for monitoring climate issues:

- takes the lead in ensuring follow-up of the climate action plan by the Innovation, Technology & Climate Committee. Within this scope, he and this Committee are involved in monitoring and overseeing Executive Management's climate action plan and in preparing the related information intended for publication by the Company and for presentation to the Annual General Meeting;
- is informed of questions from the shareholders on matters falling within the scope of his role and, where necessary, makes himself available to discuss those matters with them, in conjunction with the Chairman of the Board of Directors;
- may be assigned other specific duties related to his role by the Chairman of the Board of Directors;
- may put forward to the Chairman of the Board of Directors additional items related to his role for inclusion in the agenda for Board of Directors' meetings;
- presents information prepared by Executive Management on the climate action plan to the Annual General Meeting, after having submitted said information to the Innovation, Technology & Climate Committee for its opinion and then to the Board of Directors for its approval;
- does not receive any specific additional compensation and performs his duties under the responsibility of the Board of Directors, which makes the final decisions on the climate issues concerned.

Work carried out by the Director responsible for monitoring climate issues during the year

In 2022, Patrick Pélata's work in this capacity notably included:

- participating, alongside the Chairman and Executive Management, in reviewing Safran's climate strategy and action plan, as part of a continuous improvement approach aimed at:
  - ensuring a high degree of transparency regarding the Group's climate actions,
  - decarbonizing operations,
  - being a leader in aviation decarbonization;
- presenting this strategy and its underlying objectives at Safran's Annual General Meeting on May 25, 2022, alongside the Chief Executive Officer;
- taking part in the governance roadshows at which the Chairman presented Safran's business strategy and climate pledges to the Company's main shareholders and investors;
- leading the work of the Innovation, Technology & Climate Committee on climate issues;
- reviewing the standard agendas of Board and Committee meetings in connection with climate issues;
- as part of his work as a member of the Appointments and Compensation Committee, examining the compensation policy of the Chief Executive Officer, in particular the "Climate – Low-carbon" criterion underlying his variable compensation and which has also been introduced into his long-term compensation as from the 2022 Long-Term Incentive Plan (see section 6.6.5.2).

Independent Directors

At the filing date of this Universal Registration Document, the Board has eight independent Directors (versus nine at December 31, 2022) (see section 6.2.4.1), who are all highly engaged and involved in the Board's work. The fact that these Directors have full freedom of judgment and expression contributes to the quality of the Board's discussions and debate, and their professional and personal experience provides an outside view that is beneficial for the Company.

The independent Directors are not executives or employees of the Group and do not have any significant financial, family or other relations with the Group that could affect their freedom of judgment or lead to any actual or potential conflicts of interest.

The aim of having independent Directors on the Board is to provide the Company's shareholders with assurance that the collegiate body of the Board, and its Committees which put forward recommendations to the Board, comprise members who have total independence to analyze, judge, take decisions and act in the Company's best interests.

Representative of the French State and Director put forward by the French State

The membership structure of Safran's Board of Directors is subject to the provisions of French law applicable to *sociétés anonymes* (joint-stock corporations). However, as the French State owns 11.23% of the Company's capital, as provided for in Article 14.1 of the Company's bylaws, a certain number of seats on the Board must be assigned to representatives of the French State in accordance with Articles 4 and 6 of *ordonnance* 2014-948 dated August 20, 2014, which sets out the terms and conditions for State representation on the Boards of Directors of companies in which it holds an ownership interest.

Following the Annual General Meeting of May 23, 2019, the number of Directors with a link to the French State was reduced from three to two, i.e.:

- one representative of the French State appointed by ministerial decree; and
- one Director put forward by the French State and appointed by shareholders at the Annual General Meeting (compared with two previously).

The reduction resulted from applying, as agreed with the French State, the provisions of the August 20, 2014 *ordonnance* in view of the change in the French State's ownership interest in Safran.

In connection with Safran's implementation of the August 20, 2014 *ordonnance*:

- by ministerial decree dated February 17, 2023, the French State appointed Céline Fornaro as its representative on Safran's Board of Directors for the remainder of the term of office of her predecessor, Stéphanie Besnier, i.e., until the close of the Annual General Meeting of May 25, 2023. The Board of Directors appointed Céline Fornaro as a member of the Audit and Risk Committee and the Appointments and Compensation Committee, replacing Stéphanie Besnier;
- at its meeting on July 27, 2022, the Board appointed Alexandre Lahousse as a Director, who was put forward by the French State, to replace Vincent Imbert who had stepped down from the Board. Alexandre Lahousse was appointed for the remainder of Vincent Imbert's term of office, i.e., until the close of the Annual General Meeting of May 25, 2023. Also on the same date, the Board of Directors appointed Alexandre Lahousse as a member of the Innovation, Technology & Climate Committee, replacing Vincent Imbert.

Directors representing employee shareholders

Safran's Board of Directors includes two Directors representing employee shareholders, who are appointed by the shareholders in a General Meeting:

- Marc Aubry; and
- Anne Aubert.

They were both appointed by the Annual General Meeting of May 28, 2020, for a four-year term expiring at the close of the Annual General Meeting to be held in 2024.

In accordance with the applicable law and Article 14.8 of Safran's bylaws, if the shares held by employees of the Company – or of companies related to it within the meaning of Article L.225-180 of the French Commercial Code – represent more than 3% of the share capital, then one or more Directors representing employee shareholders must be appointed at an Ordinary General Meeting.

Directors representing employee shareholders have the same voting rights at Board meetings as the other Directors and must act in the corporate interest of the Company at all times. Subject to the legal provisions applying to them, they have the same rights and responsibilities and are bound by the same duties – in particular with regard to confidentiality – as the other members of the Board.

Directors representing employees

Safran's Board of Directors includes two Directors representing employees:

- Christèle Debarenne-Fievet; and
- Hervé Chaillou.

In accordance with Article 14.9 of the Company's bylaws[1], the Board of Directors must include one or two Directors representing employees, depending on the total number of Board members, as follows: (i) one such Director if the Board has eight or fewer members, or (ii) two such Directors if the Board has more than eight members. The total number of Board members is assessed on the date that the Director(s) representing employees are appointed, and does not take into account any existing Directors representing employees or employee shareholders.

On October 24, 2019, Daniel Mazaltarim was re-elected and Hervé Chaillou elected as Directors representing employees for four-year terms commencing November 20, 2019, based on the lists of candidates put forward by the four trade unions represented within the Group (CFDT, CFE-CGC, CGT and CGT-FO). Eligible voters in this election corresponded to all of the employees of Safran and its direct and indirect subsidiaries whose registered offices are located in France.

At its meeting on December 19, 2022, the Board of Directors noted the automatic replacement, pursuant to the applicable law, of Daniel Mazaltarim (who was stepping down from the Board due to his upcoming retirement) by Christèle Debarenne-Fievet as a Director representing employees. Christèle Debarenne-Fievet was appointed for the remainder of Daniel Mazaltarim's term of office, i.e., until November 19, 2023. At the same meeting, the Board appointed Christèle Debarenne-Fievet to the Appointments and Compensation Committee (only attending the "compensation" part of the Committee meetings), replacing Daniel Mazaltarim.

Directors representing employee shareholders have the same voting rights at Board meetings as the other Directors and must act in the corporate interest of the Company at all times. Subject to the legal provisions applying to them, they have the same rights and responsibilities and are bound by the same duties – in particular with regard to confidentiality – as the other members of the Board.

Other persons attending Board of Directors' meetings

The following people attend Board of Directors' meetings in an advisory capacity: a Government Commissioner appointed by decision of the Ministry of Defense in accordance with the regulations applicable to Safran's activities, and a representative of the Group's Social and Economic Committee in accordance with the French Labor Code (*Code du travail*).

Government Commissioner

Éric Méresse, Controller-General of the French Armed Forces, was appointed as Government Commissioner to Safran and its subsidiaries by a decision of the Ministry of Defense on September 15, 2014, in accordance with the laws and regulations applicable to companies supplying military equipment under public contracts or more generally engaged in the manufacturing or trading of such equipment.

Representative of the Social and Economic Committee

Ould Bouamama was appointed on December 9, 2019 by the Group's Social and Economic Committee as its representative on the Board of Directors, pursuant to the provisions of Article L.2312-72 of the French Labor Code.

The Statutory Auditors

The Statutory Auditors are invited to attend the Board meetings during which the annual and interim financial statements are reviewed. They may also be invited to any other Board meeting and also take part in all meetings of the Audit and Risk Committee.

Other persons

In accordance with the Board of Directors' Internal Rules, depending on the matters discussed, the Chairman of the Board of Directors may invite any person to attend Board of Directors' meetings whom he considers may be able to provide Board members with information on an agenda item.

(1) *Adopted pursuant to the French Employment Security Act of June 14, 2013.*

6.2.4 Independence and diversity of the Board of Directors

Based on the criteria detailed below, eight Directors qualify as independent, representing an independence rate of 66.7% at the filing date of this Universal Registration Document (compared with 69.2% at December 31, 2022). In accordance with the AFEP-MEDEF Code, Directors representing employee shareholders and Directors representing employees are not taken into account when calculating the percentage of independent Directors.

6.2.4.1 Independence of the members of the Board of Directors

Independence criteria

Independent Directors are those who do not have any relationship whatsoever with Safran, the Group or its Management that may compromise their freedom of judgment.

A Director is deemed independent when he or she meets all of the following criteria (Article 2.4 of the Board of Directors' Internal Rules and Article 9.5 of the AFEP-MEDEF Code):

- **criterion 1:** an independent Director must not be, or must not have been, during the past five years:
  - an employee or executive corporate officer of Safran,
  - an employee, executive corporate officer or Director of a company that is consolidated by Safran,
  - an employee, executive corporate officer or Director of Safran's parent company or a company consolidated by Safran's parent company;
- **criterion 2:** an independent Director must not be an executive corporate officer of a company in which Safran holds a directorship, directly or indirectly, or in which an employee appointed as such or an executive corporate officer of Safran (currently in office or having held office within the past five years) is a Director;
- **criterion 3:** an independent Director must not be a customer, supplier, commercial banker, investment banker, or advisor:
  - that is significant for Safran or the Group, or
  - for which Safran or the Group represents a significant portion of its business;
- **criterion 4:** for any Director who has duties in one or more banks, in order to be qualified as independent, he or she must not participate in (i) preparing or soliciting offers for services from one or more of said banks with Safran or any other Group company, (ii) the work of any of said banks in the event of the performance of a mandate entrusted to the bank by Safran or any other Group company, or (iii) the vote on any resolution concerning a project in which the bank concerned is or could be involved in an advisory capacity;
- **criterion 5:** an independent Director must not have any close family ties with a corporate officer of Safran or any other Group company;
- **criterion 6:** an independent Director must not have been a Statutory Auditor of Safran in the past five years;
- **criterion 7:** an independent Director must not have been a member of Safran's Board of Directors (or previously its Supervisory Board) for over 12 years, it being specified that members lose their status as independent Directors once the 12-year threshold is reached";
- **criterion 8:** an independent Director must not be a major shareholder of Safran;
- **criterion no. 9:** an independent Director must not receive variable compensation in cash or in the form of securities or any compensation linked to the performance of Safran or the Group.

At each appointment of a Director (or temporary appointment of a Director prior to ratification by the Annual General Meeting), the Board of Directors examines the issue of independence with regard to the criteria set out in the Internal Rules and in the AFEP-MEDEF Code and checks whether the applicant has significant business relations with the Group. An independence review is then carried out on an annual basis.

Independence criteria	1	2	3	4	5	6	7	8	9	Independent
Ross McInnes	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗[1]
Olivier Andriès	✗	✓	✓	✓	✓	✓	✓	✓	✗	✗
Anne Aubert	✗	✓	✓	✓	✓	✓	✓	✓	✗	✗
Marc Aubry	✗	✓	✓	✓	✓	✓	✓	✓	✗	✗
Hélène Auriol Potier	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Patricia Bellinger	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Céline Fornaro	✓	✓	✓	✓	✓	✓	✓			✗
Hervé Chaillou	✗	✓	✓	✓	✓	✓	✓	✓	✓	✗
Jean-Lou Chameau	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Monique Cohen	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Christèle Debarenne-Fievet	✗	✓	✓	✓	✓	✓	✓	✓	✗	✗
Laurent Guillot	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Alexandre Lahousse	✓	✓	✓	✓	✓	✓	✓		✓	✗
Fabienne Lecorvaisier	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Patrick Pélata	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Robert Peugeot	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

✓ *Independence criterion met.*

✗ *Independence criterion non met.*

(1) *Concerning the Chairman of the Board of Directors, Ross McInnes, although he could be considered as meeting the independence criteria set in the AFEP-MEDEF Code because (i) he had not been an employee or executive corporate officer of Safran in the five years preceding the independence review (criterion 1), and (ii) he does not have any relationship whatsoever with Safran, the Group or its Management that may compromise his freedom of judgment, the Board decided not to reclassify him as an independent Director. Due to the fact that there was no interruption between the end of Ross McInnes' executive functions at Safran and his appointment as Chairman of the Board, and the policies and views that the shareholders or their representatives could have with regard to that situation, he informed the Board that he did not wish to be reclassified as an independent Director.*

Independence review

At its meeting on March 23, 2023, on the recommendation of the Appointments and Compensation Committee, the Board of Directors undertook a review of the independence status of its members based on the criteria set out in the Internal Rules and in the AFEP-MEDEF Code.

During this review, both the Board and the Appointments and Compensation Committee examined any business relations that may exist between Safran, its Directors, and the companies (advisory/consultancy/management firms) and institutions in which Safran's Directors are corporate officers. The findings of the review were that none of the Directors considered as independent have any business relations with Safran that could jeopardize their independence. Following the review, the Board of Directors was able to confirm that its independent Directors still qualify as independent.

The Board of Directors relies on the following key procedures, reviewed by the Appointments and Compensation Committee, to determine independence:

- a separate annual questionnaire and a permanent obligation to inform the Board of any conflict of interest:
  - every year, a questionnaire is sent to each Director in which, where applicable, they must disclose their status in relation to the independence criteria set in the Board's Internal Rules as well as in the AFEP-MEDEF Code, and disclose any conflicts of interest between their duties as a Director, their private interests and any other of their roles or responsibilities, as well as any existing service contracts they have entered into with Safran or any compensation they may receive from the Group,
  - strict provisions on permanent disclosure obligations and managing conflicts of interest are included in the Board of Directors' Internal Rules, as set out in section 6.2.5;
- identification and a materiality test in respect of Safran's relationships with other companies and institutions for which Directors of Safran are corporate officers – a specific materiality test in respect of Safran's relationships with bank partners.

These tests mainly consist of:

- a qualitative analysis, intended to ensure that any existing business relationships are free of conflicts of interest and do not bring into question the independence of the Director, mainly through a review of the history, scale and organization of the relationship (the position of the Director concerned in the contracting company). For Directors who have duties in one or more banks, the test consists of verifying that the Director concerned has not been involved in (i) preparing or soliciting service offerings of one of these banks with respect to Safran or any other Group company, (ii) the work of any of these banks in the event of the performance of a mandate entrusted to said bank by Safran or any other Group company or (iii) the vote on any resolution concerning a project in which the bank concerned is or could be involved in an advisory capacity;
- a quantitative analysis, intended to evaluate the significance of any existing business relationships to ensure that they do not result in any form of financial dependence and that they are neither exclusive nor predominant among the relationships taken as a whole. With regard to relations with bank partners, the main flows, commitments, transactions and existing terms of office are expressed in amounts and percentages and analyzed to determine their relative weighting.

The results of these reviews were as follows:

- each independent Director stated that they met the independence criteria and had no conflicts of interest;
- no information was identified showing that any conflicts of interest exist, as defined in the Board's Internal Rules;
- for the materiality test in respect of Safran SA's business relations with other companies (advisory/consultancy/management firms) and institutions in which Safran's independent Directors are corporate officers or executives:
  - no relations were either disclosed or identified that generate payments by Safran to companies in which Safran's independent Directors are corporate officers and which could jeopardize their independence, and no decisions taken by the independent Directors in relation to such payments were identified;
  - based on specific materiality tests concerning the business relations between Safran and (i) BNP Paribas, of which Monique Cohen is a Director, and (ii) Oddo BHF SCA, of which Hélène Auriol Potier is a member of the Supervisory Board.

    It appears that the business relations between Safran and BNP Paribas and Oddo BHF SCA do not generate any financial dependency, and Safran's relations with these banks are neither exclusive nor represent a predominant portion of its overall banking relations. In addition, their directorship at BNP Paribas and membership of Oddo BHF SCA's Supervisory Board are non-executive positions. The Board once again concluded that Monique Cohen and Hélène Auriol Potier have total independence of judgment in their roles as Directors of Safran. The Board therefore concluded that any business relations that may exist between Safran and BNP Paribas or Oddo BHF SCA do not in any way jeopardize the independent Director status of either Monique Cohen or Hélène Auriol Potier.

6.2.4.2 Diversity policy applied to the Board of Directors and its Committees

The Board of Directors regularly carries out reviews, based on the recommendations of the Appointments and Compensation Committee, to ensure that its membership structure and that of its Committees are sufficiently balanced.

Its diversity policy is notably structured around principles and objectives related to (i) the size of the Board and the representation of the Company's various stakeholders, (ii) the proportion of independent Directors, (iii) the depth and fit of the Directors' skills and expertise, (iv) international experience, and (v) gender balance.

These principles and objectives set the framework for future changes in the Board's membership structure and enable it to draw up candidate profiles to meet those objectives as the need arises. For the purpose of preparing such profiles it uses the skills matrix set out in section 6.2.2, which it regularly reviews and monitors.

The resolutions relating to the Board's membership structure that will be proposed to shareholders at the Annual General Meeting of May 25, 2023 (see sections 6.2.6.3, 8.2.1.4 and 8.2.1.5 of this Universal Registration Document) contribute to the implementation of the Board's diversity policy.

Diverse profiles

When implementing the above diversity policy, the Appointments and Compensation Committee submits recommendations to the Board, in some cases with the assistance of an external firm, concerning the selection of candidates for appointment or re-appointment as Directors. These recommendations are based on criteria such as:

Behavioral skills:

- independence;
- the ability to work as part of a collegiate body such as the Board of Directors, and to constructively challenge the Company's Executive Management;
- integrity, open-mindedness and a determination to take into account the interests of all shareholders, in line with the Group's values.

Experience and expertise – other criteria:

- gender balance;
- skills that match the Company's overall strategy and that round out or strengthen the skills of the Board's existing members;
- specific expertise (e.g., financial and accounting, R&T, digital, HR, climate and technology), which strengthens the membership structure of the Board Committees;
- additional skills on top of the candidates' main expertise, and a willingness to become involved in the Board's other missions and responsibilities;
- significant international experience during their careers (irrespective of nationality);
- executive experience acquired in major corporations (international, French or non-French), and an understanding of the Group's business sector;
- availability;
- age: the Board of Directors endeavors to have a diverse age profile (the average age of its members is currently 60).

This list of generic criteria is reviewed on a regular basis. If necessary, it is adapted on a case-by-case basis to seek out particular profiles or factor in specific expectations.

Gender balance on the Board

At the filing date of this Universal Registration Document, the Board of Directors comprises seven women (including one Director representing employees and one Director representing employee shareholders) and nine men (including one Director representing employees and one Director representing employee shareholders). The proportion of women Directors on the Board is therefore 41.7% (5 out of 12, excluding the Directors representing employees and the Directors representing employee shareholders, as provided for under French law for the purposes of calculating the gender balance on corporate boards).

Summary table of the application of the Board of Directors' diversity policy

Independence criteria	Objectives	Findings obtained and recorded at the filing date of this Universal Registration Document
Size of the Board of Directors	Pursuant to Article 14 of the Company's bylaws, the Board of Directors must comprise between three and 18 members. The objective is to keep the size of the Board to a number of Directors that ensures a balance in terms of diversity (representation of men and women, skills, age, shareholder base), while complying with corporate governance guidelines concerning the proportion of independent members. This objective could be reassessed if new constraints emerge that require the Board's size to be reviewed.	**This objective has been met.** The Board comprises **16 members**.
Balanced representation in terms of independence	Pursuant to Article 10.3 of the AFEP-MEDEF Code, the proportion of independent Directors must be at least half in companies with dispersed ownership and no controlling shareholder. The Board's objective is to have a majority of independent Directors, which exceeds the requirements of the AFEP-MEDEF Code.	**This objective has been met.** **66.7%** (8 out of 12) of the Directors are independent, therefore the Board's independence rate exceeds the requirements of the AFEP-MEDEF Code.
Gender balance	The Board of Directors must have a representation of at least 40% for both men and women, in accordance with the legal requirement in Article L.22-10-3 of the French Commercial Code.	**This objective has been met.** The Board comprises five women (**41.7%**) and seven men (58.3%), bearing in mind that this calculation does not take into account the Directors representing employees and the Directors representing employee shareholders.
Balanced representation in terms of number of years on the Board	There must be a balanced proportion of long-serving Directors and Directors who have joined the Board more recently, in order to ensure a mix of experience and fresh ideas.	**This objective has been met.** 0 to 3 years: 8 Directors 3 to 7 years: 5 Directors 7 to 12 years: 3 Directors
Diversity of skills	Board members' skills must be sufficiently diverse, complementary and suited to the Company's business development and to achieving its long-term strategic goals. The Board's skills should cover the aerospace industry and other industries, innovation and R&T, development, engineering, career planning and international experience, strategy, competition, M&A, finance and financial control, digital and new technologies, governance and compensation, and human resources and CSR (see skills table in section 6.2.2).	**This objective has been met.** The Directors' skills cover the nine categories defined in the diversity policy.
Balanced representation in terms of age	Pursuant to Article 16.3 of the Company's bylaws, the number of Directors over the age of 70 may not exceed 25% of the Board's total members. The objective is to comply with the rule set in the Company's bylaws, which is deemed satisfactory.	**This objective has been met.** The average age of the Board's members is 60. The average age of women on the Board is 58. The average age of men on the Board is 62. The Directors' ages range between 46 and 73.
Available time to devote to Board matters	The Board must be attentive to the individual and actual attendance rate of each Board member. The Chairman should be informed in advance of any changes to the offices held by Directors outside the Group.	The average attendance rates of the Directors are very satisfactory: 94% for Board meetings, 92% for Audit and Risk Committee meetings, 94% for Appointments and Compensation Committee meetings, and 100% for Innovation, Technology & Climate Committee meetings. Individual attendance rates range from 67% to 100% for Board meetings, 67% to 100% for Audit and Risk Committee meetings, 67% to 100% for Appointments and Compensation Committee meetings, and 100% for Innovation, Technology & Climate Committee meetings.

Training

Directors' training takes the following different forms:

- each new Director is given a welcome pack containing the initial information they need for performing their directorship duties.

  This pack includes, among other things:

  - the schedule of Board meetings, the membership structure and operating procedures of the Company's corporate bodies, and a directory of the Board's members,
  - the Code of Ethics, the calendar for black-out periods, AMF instructions relating to insiders (executives and persons referred to in Article 19 of the European Union's Market Abuse Regulation [MAR]), and the guide on "permanent insiders" and management of insider information,
  - the Company's bylaws,
  - the Board of Directors' Internal Rules,
  - the AFEP-MEDEF Code,
  - the Code of Ethics, and
  - various other Group presentation documents, including the most recent Universal Registration Document.

  The pack also includes the main documents presented to the Board of Directors before the arrival of the new Director, when these documents are of particular importance or relate to long-term issues (such as files for the Board of Directors' strategy seminar, the Group's medium-term business plan, financial presentations and outlooks, "Capital Markets Day" presentations, etc.).

  The Directors are also provided with press reviews and regular reports about the Group's financial communications;
- the Directors are offered specific training sessions and in-house presentations about the Group, its businesses and industry, as well as about accounting, financial and operational issues that are specific to Safran, such as risk management, liquidity, financial communications, risk mapping, audit and internal control, and human resources management;
- the Directors are also regularly given presentations during Board meetings about the Group's operations (historical information, positioning, results, competitive environment, challenges and risks);
- the Directors representing employees and the Directors representing employee shareholders are offered additional training, notably in the field of finance and accounting. These training sessions can also cover broader issues such as (i) the roles and responsibilities, operating procedures and rights and obligations of Boards of Directors, Board Committees and Directors in general, (ii) the Group's businesses and organizational structure, and (iii) any other topic that may enhance the skills and effectiveness of the Directors concerned in performing their Board duties;
- visits to the Group's sites both in and outside France are regularly organized so that Board members can learn about or hone their knowledge of Safran's various sites and businesses. In 2022, the Directors visited the Safran Ceramics site, as well as the sites of Safran Additive Manufacturing Campus (Le Haillan), Safran Data Systems (La Teste de Buch) and Safran Helicopter Engines (Bordes);
- regular updates are given at each Board meeting about the Group's operations and strategy;
- specific meetings of the Board or the Board Committees may also be called to discuss particular issues.

During the Board annual self-assessment, no needs were expressed for additional or specific training. Both in-house and external training is available to the Directors, depending on their different needs and requirements. In 2023, all of the Directors will be invited to attend a training session on CSR matters.

6.2.4.3 Diversity within the Group's management bodies

Management commitment and policies

Safran opposes all forms of discrimination and seeks to promote an inclusive corporate culture. Diversity and inclusion are markers of the Group's identity. They promote well-being, development and engagement by allowing everyone to feel respected, empowered and valued. They are also a source of innovation and success for the Group.

Safran's diversity and inclusion policy, ethical guidelines and anti-harassment measures, as well as its leadership model, clearly show the Group's belief in the value of gender diversity.

Since the approval of the Diversity & Inclusion roadmap in December 2022, endorsing these policies has been an essential duty of each member of the Executive Committee.

Gender diversity within the Executive Committee

To continue to improve the diversity of its governance bodies, the Group is committed to enhancing the representation of women on the Executive Committee. This commitment has been achieved, as the percentage of women on the Executive Committee has steadily increased from 6% at December 31, 2018 to 17% at December 31, 2022.

On January 1, 2023, a fourth woman was appointed to the Executive Committee, increasing the representation of women to 22%.

This increase was achieved through a combination of external appointments and internal promotions of women to operational roles and corporate departments within the Group Executive Committee, along with the commitment to enhance cultural diversity within the Executive Committee:

- one external appointment since January 2021 (British national); and
- three internal promotions (British and French nationals).

In addition, the Group has improved diversity with the presence of an American national and a Mexican national within the Executive Committee.

The objectives covering the Executive Committee are shown in the table in section 5.4.3.5, Gender balance.

Actions aimed at increasing gender diversity going forward

Gender equality in the workplace is essential for the Group, broadening visions to ensure that Safran is able to respond to the challenges in store. Executive Management is committed to and is applying a dynamic policy to promote gender equality, fairness and gender balance in all positions. Safran raises awareness among its employees of gender stereotypes and bias.

With this in mind, the Group has set annual targets to increase the proportion of women among its executives. This population includes all managers who are generally three levels or less from the Chief Executive Officer and whose level of responsibility has been evaluated using a job evaluation methodology according to international standards. The Group's efforts are supported by the Board of Directors.

Gender diversity objectives

Between 2020 and 2022, the percentage of women among the Group's senior executives increased from 13% to 17%.

At its meeting in December 2021, as proposed by Executive Management, the Board of Directors reviewed and approved the diversity objectives set for the Group's management bodies.

The Group aims to have 22% of women among its senior executives by 2025[(1)]. To demonstrate the Group's efforts in achieving these objectives, the percentage of women senior executives has been included in the objectives for long-term compensation in the form of performance shares for eligible employees since 2022.

At its meeting on December 19, 2022, the Board of Directors was informed of the results achieved in 2022 and the resources the Group is putting in place to meet the objectives.

Monitoring executive commitment and progress made on gender diversity

The Appointments and Compensation Committee and the Board of Directors annually monitor the development and implementation by Executive Management of the Group's commitment to gender equality in the workplace. These reviews include an assessment of the recruitment policy initiatives rolled out by the Group, relations with schools and universities, and measures to identify and support high-potential employees. Key steps being taken to support gender diversity include:

- leadership programs that aim to accelerate the development of high-potential women, including coaching and mentoring;
- regular reporting of gender pay gaps and subsequent actions to address any identified gaps;
- development programs for managers including unconscious bias training;
- regular monitoring of employee attrition and engagement by gender, including at the level of each manager, providing tools and training to address any reported gaps;
- 461 *Elles Bougent* sponsors within the Group to raise awareness among young women of aerospace-related subjects and the partnership with *CGénial* to promote science and technology among middle and high school students.

6.2.5 Additional disclosures about Directors

Duration of the terms of office of the members of the Board of Directors

Directors are appointed for four-year terms. In accordance with the recommendations of the AFEP-MEDEF Code, the expiration dates of the Directors' terms of office are staggered to avoid having a block of terms coming up for renewal at the same time.

Information on service contracts between the members of the Board of Directors or Executive Management and the Company or any of its subsidiaries

There are no service contracts between the members of the Board of Directors or Executive Management and Safran or any of its subsidiaries providing for the award of benefits.

Disclosure of family ties and the absence of convictions involving members of the Board of Directors or Executive Management

To the best of Safran's knowledge:

- there are no family ties between members of the Board of Directors or Executive Management;
- no member of the Board of Directors or Executive Management:
  - has been convicted of fraud,
  - has been a manager of a company that has filed for bankruptcy or been placed in receivership or liquidation,
  - has been subject to an official public incrimination and/or sanctions by any statutory or regulatory authorities, or
  - has been disqualified by a court of law from acting as a member of an administrative, management or supervisory body, or from participating in the conduct of a company's business.

(1) *The meaning of "senior executives" is described in section 5.7.4 of this Universal Registration Document.*

Managing conflicts of interest of members of the Board of Directors and Executive Management

Safran has not been notified of any:

- potential conflicts of interest between the duties, with respect to Safran, of any of the members of the Board of Directors or Executive Management and their private interests and/or other duties;
- arrangements or agreements with major shareholders, customers, suppliers or other parties pursuant to which any members of the Board of Directors or Executive Management were selected.

The management of conflicts of interest within the Board of Directors is organized as follows (Articles 7.2 to 7.5 of the Board of Directors' Internal Rules):

- every member of the of Board of Directors must inform the Board of Directors of any actual or potential conflicts of interest between themselves (or any other individual or corporation with which they have a business relationship) and Safran, or any of the companies in which Safran holds an interest, or any of the companies with which Safran is planning to enter into an agreement of any sort;
- in the event that a member of the Board of Directors suspects the existence of a conflict of interest, or a potential conflict of interest, he or she must immediately inform the Chairman of the Board of Directors (or if the Chairman is unavailable, the Vice-Chair, or failing that, the Lead Independent Director), whose responsibility it is to decide whether or not a conflict of interest exists and if so, to inform the Board of Directors and thus instigate the conflict of interest management process;
- in the event that the member of the Board of Directors concerned is the Chairman of the Board of Directors himself, then he must inform the Vice-Chair of the Board of Directors or, failing that, the Lead Independent Director;
- the member of the Board of Directors concerned must abstain from voting on the decisions relating to the agreement and from taking part in any discussions preceding the vote;
- in addition, the Chairman of the Board of Directors, the members of the Board of Directors, the Chief Executive Officer and, where appropriate, the Deputy Chief Executive Officer(s) will not be obliged to transmit, to any member(s) of the Board of Directors whom they have serious reason to suspect may be subject to conflicts of interest, any information or documents relating to the agreement or transaction causing the conflict of interest in question, and they will inform the Board of Directors of the non-transmission.

Internal charter on regulated and ordinary related-party agreements

On February 26, 2020, based on the recommendation of the Audit and Risk Committee and pursuant to Article L.22-10-12 of the French Commercial Code as amended by the Pacte Act no. 2019-486 of May 22, 2019, the Board of Directors adopted an internal charter on related-party agreements that are either "regulated" (i.e., subject to approval) or "ordinary" (i.e., entered into in the ordinary course of business on arm's length terms and therefore not subject to approval).

The charter is based on a study drawn up by the *Chambre nationale des Commissaires aux comptes* (the French National Chamber of Statutory Auditors) in February 2014 on regulated and ordinary related-party agreements (the "CNCC study") and was reviewed by the Statutory Auditors prior to being approved by the Board.

The purpose of this charter is to reiterate the regulatory framework applicable in France to regulated and ordinary related-party agreements and to set out the procedure applied by the Company to (i) qualify a related-party agreement as regulated or ordinary, and (ii) regularly assess whether agreements qualified as ordinary fulfill the conditions required for such qualification.

It describes the processes for identifying any related-party agreements that could qualify as regulated, as well as the qualification criteria to be used and the procedures for the Board's regular reviews of these agreements. At the same time as the Board adopted this charter, an internal procedure was sent to the various departments within the Company and to its subsidiaries, which sets out the underlying principles of the charter and how it will be implemented. This procedure, which has been relayed throughout the Group, formally documents the step-by-step verification process, ensuring that both regulated and ordinary related-party agreements are identified and effectively monitored, from the point they are first classified as either regulated or ordinary up to when they are signed, including their prior approval by the Board of Directors and their approval by the shareholders in the resolution on related-party regulated agreements.

When conducting its annual review of related-party agreements, if so recommended by the Audit and Risk Committee, the Board may decide to reclassify under regulated agreements an agreement that was previously qualified as ordinary. Conversely, as a result of this annual review, a regulated related-party agreement may be considered as no longer meeting the criteria that led to its classification as regulated, in which case it is reclassified as an ordinary related-party agreement.

The charter is available on Safran's website (under Group/Corporate Governance).

Regulated related-party agreements

In accordance with Article L.22-10-13 of the French Commercial Code, information on the agreements that fall within the scope of Article L.225-38 of the French Commercial Code can be found on the Company's website under "Group/Governance". The Statutory Auditors' special report on regulated related-party agreements is set out in section 8.3 of this Universal Registration Document.

A regulated related-party agreement was entered into in 2022 and will be proposed to the shareholders for approval at the Annual General Meeting to be held on May 25, 2023 (see sections 7.1.4.3 and 8.2.1.3 of this Universal Registration Document).

Moreover, the annual review and assessment conducted by the Board in 2022 did not give rise to any reclassifications.

6.2.6 Changes in the membership structure of the Board of Directors

6.2.6.1 Process for selecting and re-appointing Directors

The process for re-appointing Directors or selecting candidates to be put forward for appointment as Directors is carried out by the Appointments and Compensation Committee on the Board's behalf. This Committee conducts the process under the supervision of the Company's non-executive Chairman and the Chair of the Appointments and Compensation Committee, who is also the Lead Independent Director.

This process mainly concerns the re-appointment and selection of independent Directors because, by definition, it does not cover Directors whose appointment is subject to specific provisions of the law or the Company's bylaws (see section 6.2.3 – "Representative of the French State and Director put forward by the French State", "Directors representing employee shareholders" and "Directors representing employees").

Process for selecting Directors

The main stages of this process are usually as follows:

- determining the profiles sought and the related essential and additional skills and attributes (specifications), taking into account (i) the principles and objectives of the Board of Directors' diversity policy (see section 6.2.4.2), (ii) the aim of achieving a balanced membership structure for the Board, and (iii) any specific requirements expressed, for example during the Board annual assessment;
- selecting a specialized firm or consultant to help with the process if necessary;
- drawing up and reviewing lists of potential candidates and performing the necessary checks (compliance with specifications, independence, analysis of business relations);
- short-listing potential candidates based on their files;
- contacting the best profiles and organizing interviews with them by the Appointments and Compensation Committee;
- issuance by the Appointments and Compensation Committee of its recommendation to the Board of Directors (initial selection);
- decision by the Board of Directors (final selection of the candidate), and candidate put forward for appointment (or for ratification of the Board's appointment) by the shareholders at the Annual General Meeting, with the reasons for the Board's choice of candidate included in its report to the Annual General Meeting.

This process is underpinned by regular reviews of the list of criteria (the skills and attributes expected of Directors or of a given candidate) that form part of the Board of Directors' diversity policy (see section 6.2.4.2).

Process for re-appointing Directors

The main stages of this process are usually as follows:

- The Chairman ascertains whether or not the Director whose term of office is due to expire wishes to be re-appointed.
- The Appointments and Compensation Committee draws up its recommendation as to whether or not the Director should be re-appointed.

  The Committee's decision in these cases is based on a number of different factors, including:

  - the Director's motivation, as reported on by the Chairman or the Lead Independent Director following an interview with the Director, or as assessed at an interview with the Committee;
  - whether the Director's profile is still in line with:
    - the list of criteria (main and additional skills and attributes and specific factors) expected of Directors and which form part of the Board of Directors' diversity policy (see section 6.2.4.2),
    - the overall balance sought for the Board's membership structure;
  - any specific needs and expectations mentioned in the assessments of the Board and its Committees;
  - the Director's contribution to the work of the Board and any Committees of which they are a member;
  - any business relationships the Director may have with the Company.
- Decision by the Board of Directors, based on the recommendation of the Appointments and Compensation Committee, and the Director is put forward for re-appointment at the Annual General Meeting, with the reasons for the Board's decision included in its report to the Annual General Meeting.

See sections 6.2.6.3, 8.2.1.4 and 8.2.1.5 of this Universal Registration Document for information about the change in the Board's membership structure that will be put forward for the shareholders' approval at the next Annual General Meeting.

The process for selecting/re-appointing Directors was carried out in 2022 (i) ahead of the expiration of the terms of office of the Chairman of the Board and the Chief Executive Officer (see sections 6.3.4 and 6.2.6.3), (ii) at the time of the Board's appointment of Robert Peugeot, in an individual capacity, as an independent Director replacing F&P (see section 6.2.6.3), and (iii) ahead of the expiration of the terms of office of the independent Directors Jean-Lou Chameau and Laurent Guillot.

6.2.6.2 Changes in the membership structure of the Board of Directors in 2022 or since January 1, 2023

	Re-appointment	Temporary appointment by the Board	Appointment	Departure
Board of Directors	**Monique Cohen** at the AGM of May 25, 2022			
		Alexandre Lahousse to replace **Vincent Imbert**, by decision of the Board of Directors on July 27, 2022		**Vincent Imbert** on July 27, 2022 (resignation)
	F&P at the AGM of May 25, 2022	**Robert Peugeot** in an individual capacity, to replace **F&P** by decision of the Board of Directors on December 19, 2022		**F&P** on December 19, 2022 (resignation)
			Christèle Debarenne-Fievet to replace **Daniel Mazaltarim** on December 19, 2022 (automatic replacement)	**Daniel Mazaltarim** on December 19, 2022 (resignation)
			Céline Fornaro to replace **Stéphanie Besnier** on February 17, 2023 (by ministerial decree)	**Stéphanie Besnier** on February 17, 2023 (resignation)
				Sophie Zurquiyah February 28, 2023 (resignation)
Audit and Risk Committee	**F&P** by decision of the Board of Directors on May 25, 2022		**Robert Peugeot** in an individual capacity, to replace **F&P** by decision of the Board of Directors on December 19, 2022	**F&P** on December 19, 2022 (resignation)
			Céline Fornaro to replace **Stéphanie Besnier** by decision of the Board of Directors on February 16, 2023, effective February 17, 2023	**Stéphanie Besnier** on February 17, 2023 (resignation)
				Sophie Zurquiyah February 28, 2023 (resignation)
Appointments and Compensation Committee	**Monique Cohen** by decision of the Board of Directors on May 25, 2022			
			Christèle Debarenne-Fievet to replace **Daniel Mazaltarim** by decision of the Board of Directors on December 19, 2022	**Daniel Mazaltarim** on December 19, 2022 (resignation)
			Céline Fornaro to replace **Stéphanie Besnier** by decision of the Board of Directors on February 16, 2023, effective February 17, 2023	**Stéphanie Besnier** on February 17, 2023 (resignation)
Innovation, Technology & Climate Committee			**Alexandre Lahousse** to replace **Vincent Imbert** by decision of the Board of Directors on July 27, 2022	**Vincent Imbert** on July 27, 2022 (resignation)

At the Annual General Meeting of May 25, 2022:

- Monique Cohen was re-appointed as an independent Director for a four-year term; and
- F&P was re-appointed as an independent Director for a four-year term.

At its meeting on July 27, 2022, the Board appointed Alexandre Lahousse as a Director, who was put forward by the French State, to replace Vincent Imbert for the remainder of Vincent Imbert's term of office, i.e., until the close of the Annual General Meeting of May 25, 2023. At the same meeting, the Board appointed Alexandre Lahousse to the Innovation, Technology & Climate Committee. The Board will invite the shareholders to ratify this appointment at the Annual General Meeting to be held on May 25, 2023.

At its meeting on December 19, 2022, the Board:

- appointed Robert Peugeot, in an individual capacity, as an independent Director to replace F&P, which stepped down with effect from December 19, 2022. At the same Board meeting, the Directors decided that it would invite the shareholders to ratify its appointment of Robert Peugeot at the Annual General Meeting of May 25, 2023; and
- noted Daniel Mazaltarim's decision to step down as a Director representing employees, with effect from December 19, 2022, and his automatic replacement by Christèle Debarenne-Fievet as a Director representing employees with effect from the December 19, 2022 Board meeting, for the remainder of her predecessor's term of office, i.e., until November 19, 2023. At the same meeting, the Board appointed Christèle Debarenne-Fievet as a member of the Appointments and Compensation Committee (only attending the "compensation" part of the Committee meetings), with effect from December 19, 2022 and for the duration of her term of office as a Director. As this change in Director is automatic by law, it does not need to be proposed to the shareholders at the Annual General Meeting.

At its meeting on February 16, 2023, the Board also:

- noted the resignation of Sophie Zurquiyah, effective February 28, 2023, and decided to defer the decision on her replacement; and
- noted the resignation of Stéphanie Besnier as the French State's representative on Safran's Board of Directors, due to her departure from the French State Investments Agency (APE). By ministerial decree dated February 17, 2023, the French State appointed Céline Fornaro to replace Stéphanie Besnier as its representative on Safran's Board of Directors, pursuant to Article 4 of the *ordonnance* dated August 20, 2014 (see section 6.2.3), for the remainder of Stéphanie Besnier's term of office, i.e., until the Annual General Meeting of May 25, 2023. Céline Fornaro was also appointed to the Audit and Risk Committee and the Appointments and Compensation Committee, replacing Stéphanie Besnier.

The profiles of the above-mentioned Directors are set out in sections 6.2.1 and 6.2.2.

See sections 6.2.1 and 6.2.2 of the 2021 Universal Registration Document for the profiles of the Directors whose terms of office ended either in 2022 or between January 1, 2023 and the date this Universal Registration Document was filed.

6.2.6.3 Membership structure of the Board of Directors and resolutions proposed to the shareholders at the Annual General Meeting

The terms of office of Ross McInnes, Olivier Andriès, Laurent Guillot and Alexandre Lahousse are due to expire at the close of the Annual General Meeting to be held on May 25, 2023.

As it wishes to continue to benefit from the expertise of these Directors, the Board has decided to put them forward for re-appointment for four-year terms expiring at the close of the Annual General Meeting to be held in 2027 (see section 8.2.1.5).

At its meeting on February 16, 2023, the Board decided that, at the Annual General Meeting to be held on May 25, 2023, it would put forward the appointment of Fabrice Brégier as an independent Director, to replace Jean-Lou Chameau, whose term of office will expire at the close of the Annual General Meeting to be held on May 25, 2023. At that date, Jean-Lou Chameau will have served a total of 12 years on the Board and will therefore lose his independent status.

In making these decisions, based on the recommendation of the Appointments and Compensation Committee, the Board took into account a number of observations about the Board's membership structure and size that were made as part of the Board annual self-assessment at the end of 2022 (see section 6.3.7).

The profiles of Ross McInnes, Olivier Andriès, Laurent Guillot and Alexandre Lahousse are presented in section 6.2.2. Fabrice Brégier's profile is presented in section 8.2.4.

Re-appointment of Ross McInnes as a Director

At the next Annual General Meeting, the Board will invite the shareholders to re-appoint Ross McInnes as a Director for a four-year term expiring at the close of the 2027 Annual General Meeting.

The Board has already announced that if Ross McInnes is re-appointed as a Director at the 2023 Annual General Meeting, it will re-appoint him as Chairman of the Board of Directors at the close of said Meeting, for the duration of his new term of office as a Director.

The Board's decisions regarding the re-appointment of Ross McInnes as a Director and as Chairman of the Board were based, among other things, on:

- the latest available assessments of the Chairman's performance:

  The formal assessment of the Board of Directors that was carried out by an external firm in late 2021 revealed very positive assessments of (i) the separation of the roles of Chairman and Chief Executive Officer, (ii) the role and personality of the Chairman, and (iii) his good working relationship with the Chief Executive Officer.

In addition, the Company's main institutional shareholders who were approached as part of this assessment and who were met with during governance roadshows in 2022 said they were in favor of Ross McInnes being re-appointed as Chairman of the Board of Directors, due to his expertise and knowledge, the changes he is making to improve the Company's governance structure, the high quality of his dialogue with shareholders, and the sense of continuity that his re-appointment would bring;

- the analyses undertaken by the Appointments and Compensation Committee and by the Board, which highlight and affirm that Ross McInnes is valued as Chairman and has an in-depth understanding of the Company, its industry and its challenges. He has a very good working relationship with the Chief Executive Officer, who has requested continuity;
- the fact that Ross McInnes has indicated that he is keen and willing to be re-appointed as a Director and as Chairman if so decided by the Board.

It should be recalled that:

- Ross McInnes' employment contract with Safran was terminated on May 23, 2019, when he was last re-appointed as Chairman, in order to comply with the related recommendation of the AFEP-MEDEF Code(1);
- Ross McInnes complies with the legal requirements and the recommendations of the AFEP-MEDEF Code regarding the maximum number of offices that can be held by a corporate officer and/or Director.

The specific tasks entrusted to the Chairman and as set out in the Board of Directors' Internal Rules (see section 6.1.2) will continue as before.

Re-appointment of Olivier Andriès as a Director

At the next Annual General Meeting, the Board will invite the shareholders to re-appoint Olivier Andriès as a Director for a four-year term expiring at the close of the 2027 Annual General Meeting.

The Board has already announced that it intends to re-appoint Olivier Andriès as Chief Executive Officer at the close of said Meeting.

The Board thus reiterates:

- the importance it places on (i) the separation of the roles of Chairman of the Board of Directors and Chief Executive Officer and (ii) their respective performances in carrying out the duties assigned to them;
- the complementary profiles, expertise and careers of the Chairman of the Board of Directors and the Chief Executive Officer, which are a major factor for ensuring the Group's efficient governance, based on transparency between Executive Management and the Board, and a balanced, measured split between the roles of the Chairman and the Chief Executive Officer which ensures their duties are effectively segregated;
- the Board's belief that it is useful, necessary and of real value for the Chief Executive Officer to also be a Director of the Company, as it enables the Chief Executive Officer to be among his peers around the Board table, and also allows the Board to benefit from his contribution to its discussions.

In accordance with Article 21.3 of the Company's bylaws, the duration of Olivier Andriès' new term of office as Chief Executive Officer would be the same as the duration of his new term of office as Director.

It should be recalled that:

- Olivier Andriès' employment contract with Safran was suspended when he took up his position as Chief Executive Officer on January 1, 2021;
- Olivier Andriès complies with the legal requirements and the recommendations of the AFEP-MEDEF Code regarding the maximum number of offices that can be held by a corporate officer and/or Director.

Appointment of Fabrice Brégier as an independent Director

The Board of Directors has noted that Jean-Lou Chameau's term of office is due to expire at the close of the Annual General Meeting to be held on May 25, 2023. As Jean-Lou Chameau first joined the Board of Directors in 2011, if his term of office is renewed at the May 25, 2023 Annual General Meeting, he would no longer meet one of the independence criteria set out in the Board's Internal Rules and in the AFEP-MEDEF Code, relating to the maximum duration of Directors' terms of office (no more than 12 years; see section 6.2.4.1)(2).

The shareholders are therefore invited to appoint Fabrice Brégier as an independent Director to replace Jean-Lou Chameau, for a four-year term expiring at the close of the 2027 Annual General Meeting.

With extensive experience in the aeronautics, defense and space industries, Fabrice Brégier would bring to the Board his skills and experience as an executive and director of large international groups as well as his expertise as an executive of a leading big data company.

Fabrice Brégier complies with the legal requirements and the recommendations of the AFEP-MEDEF Code regarding the maximum number of offices that can be held by a corporate officer and/or Director.

Fabrice Brégier's profile is presented in section 8.2.4.

Re-appointment of Laurent Guillot as an independent Director

Based on the recommendations of the Appointments and Compensation Committee, the Board of Directors has decided that it wishes to continue to benefit from the expertise of Laurent Guillot and is therefore putting forward this independent Director for re-appointment for a four-year term expiring at the close of the Annual General Meeting to be held in 2027.

Laurent Guillot, an independent Director, brings to the Board his financial expertise, his skills and experience as an operational and functional manager of a global industrial group, and his expertise in high-performance materials, industrialization and information systems.

Laurent Guillot complies with the legal requirements and the recommendations of the AFEP-MEDEF Code regarding the maximum number of offices that can be held by a corporate officer and/or Director.

(1) Article 21 of the AFEP-MEDEF Code recommends that when an employee becomes a corporate officer, their employment contract with the Company or any other Group company should be terminated, either through contractual termination or resignation.
(2) Criterion 7: "Must not have been a member of Safran's Board of Directors (or previously its Supervisory Board) for over 12 years, it being specified that members lose their status as independent Directors once the 12-year threshold is reached".

Ratification of the Board's appointment and re-appointment of the term of office of Alexandre Lahousse as a Director put forward by the French State

At its meeting on July 27, 2022, the Board of Directors appointed Alexandre Lahousse as a Director, who was put forward by the French State, to replace Vincent Imbert for the remainder of Vincent Imbert's term of office, i.e., until the close of the Annual General Meeting of May 25, 2023. At the 2023 Annual General Meeting, the Board of Directors will invite the shareholders to ratify its appointment of Alexandre Lahousse as a Director and to re-appoint the Director put forward by the French State, i.e., Alexandre Lahousse, for a four-year term expiring at the close of the 2027 Annual General Meeting.

In particular, Alexandre Lahousse brings to the Board in-depth knowledge of the Group's sovereignty-related products and markets, as well as his defense industry expertise, his knowledge of the European aeronautic and aerospace industry, and his expertise in industrial strategy and State research and technology.

Alexandre Lahousse complies with the legal requirements and the recommendations of the AFEP-MEDEF Code regarding the maximum number of offices that can be held by a corporate officer and/or Director.

Ratification of the appointment of Robert Peugeot as an independent Director

Having noted the resignation of F&P[1] as a Director with effect from December 19, 2022, the Board appointed Robert Peugeot as a Director, in an individual capacity, to replace F&P for the remainder of F&P's term of office, i.e., until the close of the 2026 Annual General Meeting. In addition, the Board decided that Robert Peugeot would remain a member of the Audit and Risk Committee. At the same Board meeting, the Directors decided that it would invite the shareholders to ratify its appointment of Robert Peugeot at the Annual General Meeting of May 25, 2023.

Robert Peugeot brings to the Board his experience as an executive and director of international groups, as well as his experience in private equity and finance. He makes a significant contribution to the work of the Board and the Audit and Risk Committee, of which he is a member, and he is one of the Board's independent Directors.

Robert Peugeot complies with the legal requirements and the recommendations of the AFEP-MEDEF Code regarding the maximum number of offices that can be held by a corporate officer and/or Director.

The number of offices that Robert Peugeot holds in listed companies complies with the requirements of the AFEP-MEDEF Code. In addition, these offices are related to the holdings of Peugeot Invest, of which Robert Peugeot is non-executive Chairman. As a professional investor, his line of work and expertise consist of carefully monitoring companies by participating in their governance.

Appointment of a new representative of the French State

Stéphanie Besnier left the French State Investments Agency (APE) to pursue a career change. With her departure, her duties as representative of the French State on Safran's Board of Directors came to an end. By ministerial decree dated February 17, 2023, the French State appointed Céline Fornaro to replace Stéphanie Besnier as its representative for the remainder of Stéphanie Besnier's term of office, i.e., until the close of the Annual General Meeting of May 25, 2023. The Board of Directors appointed Céline Fornaro as a member of the Audit and Risk Committee and as a member of the Appointments and Compensation Committee, replacing Stéphanie Besnier.

Reduction in the number of Directors

Sophie Zurquiyah informed the Board of her decision to step down as an independent Director effective February 28, 2023, due to personal and professional reasons. She has decided to re-direct the focus of her work to the United States.

On the recommendation of the Appointments and Compensation Committee, the Board noted Sophie Zurquiyah's resignation and decided to defer the decision on her replacement, thereby reducing the number of Directors from 17 to 16.

If the shareholders vote in favor of the Board's recommendations at the Annual General Meeting on May 25, 2023, at the close of that Meeting:

- the percentage of independent Directors will be 66.7%;
- the percentage of women on the Board will be 41.7%, which complies with the applicable legal requirements.

(1) *F&P was a joint venture set up by Peugeot Invest Assets and Fonds Stratégique de Participations (FSP) for the purpose of exercising the role of a Director of Safran. Robert Peugeot was the permanent representative of F&P as a Director of Safran.*

6.2.6.4 Expiration dates of Directors' terms of office

The table below sets out the expiration dates of the terms of office of Safran's Directors.

Director	2023	2024	2025	2026	Procedure for re-appointment/ replacement
Ross McInnes	√(1)				AGM
Olivier Andriès	√(1)				AGM
Anne Aubert		√(3)			AGM
Marc Aubry		√(3)			AGM
Hélène Auriol Potier			√(4)		AGM
Patricia Bellinger		√(3)			AGM
Hervé Chaillou	√(2)				Election
Jean-Lou Chameau	√(1)				AGM
Monique Cohen				√(5)	AGM
Christèle Debarenne-Fievet	√(2)				Election
Céline Fornaro	√(1)				Ministerial decree
Alexandre Lahousse	√(1)				AGM
Fabienne Lecorvaisier			√(4)		AGM
Laurent Guillot	√(1)				AGM
Patrick Pélata			√(4)		AGM
Robert Peugeot				√(5)	AGM

(1) At the close of the Annual General Meeting to be held on May 25, 2023.
(2) November 19, 2023.
(3) At the close of the Annual General Meeting to be held in 2024 to approve the 2023 financial statements.
(4) At the close of the Annual General Meeting to be held in 2025 to approve the 2024 financial statements.
(5) At the close of the Annual General Meeting to be held in 2026 to approve the 2025 financial statements.

6.3 OPERATING PROCEDURES AND WORK OF THE BOARD OF DIRECTORS AND THE BOARD COMMITTEES

6.3.1 Internal Rules of the Board of Directors and its Committees

In addition to the provisions of the law and the Company's bylaws that govern its operating procedures, on April 21, 2011 the Board of Directors approved a set of Internal Rules that provide a number of specific terms and conditions relating to Board meetings, list the transactions that require the Board's prior approval, define the duties and operating procedures of the Board Committees, and set out the rules for allocating compensation between Board members based on the maximum amount set by shareholders at the Annual General Meeting. These Internal Rules are available on the Company's website (www.safran-group.com, in the Group/Governance/Board of Directors section).

The Internal Rules have been regularly updated since they were first adopted in order to take into account changes in regulations, the AFEP-MEDEF Code and Safran's internal organizational structure and operating procedures.

The Internal Rules were most recently updated in February 24, 2021 in order to (i) insert a new article enabling the Board to appoint a Director responsible for monitoring climate issues and to define his or her roles and responsibilities (see section 6.2.3), and (ii) extend the role of the Innovation and Technology Committee, which was renamed the "Innovation, Technology & Climate Committee" (see section 6.3.6.3).

6.3.2 Summary table of attendance at meetings of the Board of Directors and the Board Committees in 2022

The following table shows the number of meetings of the Board and its Committees that took place in 2022 and the attendance rates of each Director.

Director	Number of Board of Directors' meetings attended	Attendance rate (%)	Number of Audit and Risk Committee meetings attended	Attendance rate (%)	Number of Appointments and Compensation Committee meetings attended	Attendance rate (%)	Number of Innovation, Technology & Climate Committee meetings attended	Attendance rate (%)
Total number of meetings in 2022	**8**	**94**	**6**	**92**	**5**	**94**	**2**	**100**
Ross McInnes	8	100						
Olivier Andriès	8	100						
Anne Aubert(1)	8	100						
Marc Aubry(1)	8	100	6	100				
Hélène Auriol Potier	8	100			5	100	2	100
Patricia Bellinger	6	75			5	100		
Stéphanie Besnier	7	88	5	83	4	80		
Hervé Chaillou(2)	8	100					2	100
Jean-Lou Chameau	6	75			5	100	2	100
Monique Cohen	8	100			5	100		
Christèle Debarenne-Fievet(2)(3)(4)	-	-					-	-
Didier Domange	4/4	100			2/2	100		
Laurent Guillot	8	100	6	100			2	100
Vincent Imbert	5/5	100					1/1	100
Alexandre Lahousse(5)	2/3	67					1/1	100
Fabienne Lecorvaisier	7	88	4	67				
Daniel Mazaltarim	7	88			2/3	67		
Patrick Pélata	8	100			5	100	2	100
Robert Peugeot(6)	8	100	6	100				
Sophie Zurquiyah	8	100	6	100				

(1) Director representing employee shareholders.
(2) Director representing employees.
(3) Member of the Appointments and Compensation Committee. Attends only the "compensation" portion of the meetings.
(4) Replacing Daniel Mazaltarim as a Director representing employees, effective December 19, 2022.
(5) Director put forward by the French State, appointed by the Board at its meeting on July 27, 2022, replacing Vincent Imbert.
(6) Independent Director appointed by the Board at its meeting on December 19, 2022, replacing F&P.

6.3.3 Operating procedures and work of the Board of Directors

Indicators

	2021	2022
Number of meetings	9	8
Average attendance rate	98%	94%
Number of Directors	18	17
Percentage of independent Directors(1)	64.3% (9 out of 14)	69.2% (9 out of 13)

(1) Excluding Directors representing employee shareholders and Directors representing employees.

Duty of confidentiality

Members of the Board of Directors and all individuals who attend meetings of the Board and its Committees are subject to strict duties of confidentiality and discretion with respect to the information provided to them in this context. The Directors must take all necessary measures to ensure that the files and documents communicated to them remain confidential.

In addition to this duty of confidentiality, Board members undertake not to make any public disclosures of information, in their capacity as Board members, relating to any issues concerning the Company and/or the Group (irrespective of whether or not such information concerns matters discussed in Board meetings), without obtaining the Chairman's prior approval. The Chairman of the Board is the only Board member who has the powers to communicate information on behalf of the Board of Directors.

Board of Directors' meetings

The Board of Directors meets at least once every quarter and meetings may be called by any means.

The agenda for Board meetings is put forward by the Board Secretary to the Chairman and reflects the work of the Board Committees and proposals made by members of the Board of Directors.

Before each meeting, the Board members receive the agenda as well as documents providing them with the information they need on the matters to be discussed during the meeting.

They may request any additional documents they consider useful.

Meetings can be called by any means whatsoever. The Board of Directors' Internal Rules state that Directors may participate in meetings by videoconference or any other means of telecommunications. In addition, in the cases permitted by law, the Board of Directors may take decisions by means of written consultation.

At least half of the Board's members must be present for a meeting to be validly constituted. Decisions are made by way of a majority vote of the members present or represented and the Chairman has a casting vote in the event of a split decision.

If a Director is unable to attend a meeting, he or she may give proxy to another Board member, it being specified that each Director may only hold one proxy.

Minutes are drawn up for each Board meeting and forwarded to all members of the Board in order that they may be approved at the following meeting.

In addition, the Chairman keeps the Board of Directors informed, by any means, of all significant events concerning the Group and its financial position. The Directors receive a copy of Safran's press releases, a press review and stock market reports on Safran's share performance.

Work of the Board of Directors in 2022

The Board of Directors met eight times in 2022, with an average attendance rate of 94%.

In accordance with the provisions of the Internal Rules, certain deliberations of the Board of Directors were prepared based on recommendations and proposals put forward by the Board Committees in their area of specialization. These Committees reported on their findings and submitted their opinions and proposals to the Board.

The main work conducted by the Board of Directors in 2022 was as follows:

Strategy

Determining the Group's overall strategy is one of the essential roles of the Board of Directors.

The Board's work on strategy is primarily conducted via strategy seminars which are organized on an annual basis. The Chairman and the Chief Executive Officer prepare these seminars and determine the particular topics and issues to be addressed, taking into account the issues identified by Executive Management and the priorities expressed by the Directors. Four or five topics are examined each year. The 2022 seminar took place at the Safran University site.

The beneficial in-depth discussions that these seminars promote and the strategic goals decided on are used as a basis for dealing with and continuously monitoring the strategic issues addressed at each Board meeting (via Board agenda items).

At Board meetings, the Chairman and the Chief Executive Officer regularly provide a status report on strategic projects (strategic agreements and partnerships, major development projects or programs, external growth projects, negotiations in progress and any difficulties encountered). The Board is given presentations on these projects at the various stages of their development.

In his business reviews, the Chief Executive Officer also gives regular updates on launches of new projects and structural programs.

In 2022, these updates included reports on the geopolitical and economic context and on Safran's related adaptation plan.

Lastly, on an annual basis, the Board examines the results of the consultation with the Group's Social and Economic Committee on the strategic goals set for the Company and the Group.

Certain Board meetings may be dedicated to a particular strategic or M&A project and the Board is given regular updates and progress reports on M&A activity.

In some cases, the Board's work on strategic issues is carried out with the assistance, on an *ad hoc* basis, of special committees specifically set up to analyze strategic operations or monitor preliminary studies on strategic matters (such as strategic partnerships and agreements or transactions affecting the Group's scope of consolidation).

The way the work on strategic issues is structured means that all of the Directors are directly involved in this fundamental aspect of the Board's duties.

Corporate governance and compensation

As is the case every year, the Board of Directors' corporate governance work mainly included reviewing the membership structure of the Board and its Committees, examining the independence status of Directors, preparing the Annual General Meeting, and setting the compensation policies and packages for Safran's corporate officers (both executive and non-executive).

The Board's work during the year also concerned:

- reviewing the succession plan for the Chairman of the Board of Directors and the Chief Executive Officer ahead of the expiration of their respective terms of office at the upcoming Annual General Meeting. At the time of its review, the Board decided to:
  - invite the shareholders at the May 25, 2023 Annual General Meeting to re-appoint Ross McInnes as a Director for a four-year term, and that if they vote in favor of the related resolution and Ross McInnes is re-appointed as a Director, it would then re-appoint him as Chairman of the Board for the duration of his term of office as a Director,

- re-appoint Olivier Andriès as Chief Executive Officer at the close of the May 25, 2023 Annual General Meeting and invite the shareholders to re-appoint him as a Director at that meeting;
- updating the membership structure of the Board, in particular (i) the re-appointments of Ross McInnes as Director and Chairman of the Board, (ii) the re–appointments of Olivier Andriès as Director and Chief Executive Officer, (iii) the appointment (subject to shareholder approval) of Alexandre Lahousse, put forward by the French State to replace Vincent Imbert, (iv) the appointment of Robert Peugeot in an individual capacity to replace F&P, and (v) the resignation of Daniel Mazaltarim as a Director representing employees and his automatic replacement by Christèle Debarenne-Fievet (see section 6.2.6.3);
- reviewing the annual assessment of the Board and its Committees (see section 6.3.7);
- reviewing Directors' independence (see section 6.2.4.1);
- calling the May 25, 2022 Annual General Meeting;
- reviewing the compensation policies of the Chairman, the Chief Executive Officer and the Directors;
- reviewing the results of the consultation process with the Social and Economic Committee concerning the Group's annual report on gender equality in the workplace and equal pay;
- allocating performance shares to Group executives (see section 6.6.5.2.1) under the 2022 Long-Term Incentive Plan and introducing underlying CSR performance conditions into the Plan;
- reviewing the related-party agreements that remained in force in 2022 (with the Board concluding that they continue to meet the criteria that led the Board to originally authorize them);
- addressing agenda items referred to as "executive sessions" (see section 6.3.5 below), which have been, in principle, set at each Board meeting since 2021, and holding exceptional meetings during the year when required.

Industrial and commercial matters

Updates are provided at Board meetings on the Group's industrial and commercial situation, and a progress report is given on programs under development.

Throughout the year, the Board was briefed by the Chief Executive Officer on the Group's significant events, as well as on the general operating context (notably for the aerospace industry), business trends and developments, acquisitions and divestments, the progress of major programs in light of the current context, negotiations or signatures of key agreements, overall market trends, and the competitive environment.

The Board was also given targeted presentations on certain business activities and programs and the outlooks for these (the Landing and Braking Systems business (see section 1.2.2.1 of this Universal Registration Document), the Electronics and Defense business (see section 1.2.2.5) and the Helicopters business (see section 1.2.1.2).

Economic and financial matters

As is the case every year, as well as approving the annual and interim financial statements, preparing the Annual General Meeting (profit appropriation and dividend payment) and the Universal Registration Document (including the Annual Financial Report) and the Integrated Report, in 2022 the Board's work on financial matters primarily covered reviewing and approving the Group's four-year medium-term plan (MTP), approving and tracking annual budgets and reviewing financial communications (including the financial forecasts, their underlying assumptions and the non-financial information contained in such communications).

This work also concerned:

- giving updated guidance to the markets;
- reviewing acquisition and divestment projects and the related decisions;
- monitoring the Group's cash and liquidity position (financing, refinancing and ensuring liquidity);
- reviewing the Group's policy for hedging EUR/USD currency risk;
- implementing the share buyback program (in accordance with the authorization given by shareholders at the Annual General Meeting);
- examining the reports of the Audit and Risk Committee (also covering the Group's strategies concerning risk management, insurance, audit and internal control, ethics and compliance).

In accordance with the applicable laws, the Board's prior authorization is required for guarantees, endorsements and sureties granted in Safran's name. Each year, the Board sets a blanket ceiling up to which guarantees, endorsements and sureties may be granted by the Chief Executive Officer, and any commitments exceeding this ceiling must be specifically authorized by the Board. The Board once again set this blanket ceiling at €500 million for 2023 (with no ceiling on guarantees, endorsements and sureties given to tax and customs authorities).

The Board was briefed during the year by the Chief Executive Officer and Chief Financial Officer, notably at the quarterly business report presentations, about the Group's financial position, any financial guarantees granted and any disputes and litigation in process.

The Statutory Auditors attended the Board of Directors' meeting of February 23, 2022, when they reported on their audit work on the parent company and consolidated financial statements for 2021 and presented their audit findings. They certified the 2021 parent company and consolidated financial statements without qualification. They also attended the Board of Directors' meeting of July 27, 2022 to present their work on the consolidated financial statements for the first half of 2022.

Corporate Social Responsibility (CSR)

The Board of Directors sets the Company's overall business strategy and oversees its implementation, in accordance with the Company's best interests and taking into account the social and environmental aspects of its activities.

The Group's CSR strategy is validated by the Board, and the standard agendas of the meetings of the Board and its Committees regularly include items that address the four pillars of this strategy, namely:

- decarbonize aeronautics;
- be an exemplary employer;
- embody responsible industry;
- affirm the Group's commitment to citizenship.

In practice, CSR issues are not only taken into account directly at the level of the Board of Directors, but are also integrated into the work of all of the Board Committees and are reviewed collaboratively within the Board through reports drawn up by the Committee Chairs. The Board analyzes these issues at meetings where CSR is a specific agenda item or as part of standard agenda items that incorporate CSR issues, as described below.

- A general presentation on the Group's CSR strategy and its four pillars is included once a year on the agenda of a Board meeting, during which the Board reviews the Group's CSR approach, main goals (HR, social and environmental), commitments and objectives as well as the related results and a summary of the CSR work plan.
- Certain topics discussed at the Board's strategy seminars dedicated to setting the Group's strategic objectives cover or factor in environmental issues that are key to the Group's operations and business development, and to the aerospace industry in general.
- The Board of Directors approves the climate strategy after it has been reviewed by the Innovation, Technology & Climate Committee. The related climate action plan is also monitored on a regular basis by the Board, the Executive Committee and the Innovation, Technology & Climate Committee.
- The Group's medium-term business plan – which is presented and approved annually by the Board – includes an HR/social section, on which additional presentations may be given.
- When certain investments or programs are presented to the Board for its approval, information on the related social and environmental considerations are also presented where relevant. This principle is set out in the Board of Directors' Internal Rules (see section 6.3.1).
- The Board also reviews and validates the Universal Registration Document, which sets out in its "Non-financial Performance" chapter the Group's CSR strategy and information on its four pillars, as well as the non-financial performance statement. The Group's integrated report – which includes summarized CSR information – is also presented to the Board of Directors.
- In addition, presentations are given or focus discussions held about specific issues such as gender parity, equal opportunities in the workplace, and the Group's "skills and recruitment" plan.

CSR issues form a major part of the work of the Board Committees, within the scope of their respective remits.

- The Innovation, Technology & Climate Committee monitors objectives, trends, developments, progress and the overall direction of roadmaps concerning topics that include major environmental issues (CO_2, hybridization, etc.). These responsibilities evolved in 2021 and now formally include an analysis of Executive Management's climate action plan and the related information intended for publication by the Company and for presentation to the Annual General Meeting (see section 6.3.6.3). On February 24, 2021, the Board of Directors decided to appoint this Committee's Chairman as the Director responsible for monitoring climate issues, and defined his roles and responsibilities in that capacity (see section 6.2.3).
- The Audit and Risk Committee's risk review work includes analyzing CSR-HR risks, such as workplace health and safety risks and risks concerning personal safety, talent management and business ethics, and it regularly has focus discussions on the main non-financial risks contained in the Group's risk map.

  This Committee also monitors "Compliance & Ethics" issues (see section 5.5.1.2 of this Universal Registration Document) as well as the Group's taxonomy (see section 5.3.3.7).
- As part of its work on compensation and in the related recommendations it makes to the Board, the Appointments and Compensation Committee ensures that CSR-Climate performance objectives are properly taken into account in compensation policies and packages. In line with this, a portion of the Chief Executive Officer's annual variable compensation is contingent on such objectives and the same is now true for performance shares granted under LTI plans.

In its work on appointments, the Committee's selection criteria for Directors take into account the candidates' sensitivity to and experience or expertise in CSR matters.

Lastly, it ensures that the Board's formal assessment process includes CSR issues in the questionnaires and interviews with the Directors.

Twelve Directors have been identified as having CSR-HR skills and expertise (see section 6.2.2).

6.3.4 Succession plans for the Chairman and the Chief Executive Officer

Anticipating and ensuring a smooth succession process for the Chairman and the Chief Executive Officer is one of the Board's main responsibilities.

On the recommendation of the Appointments and Compensation Committee, the Board regularly reviews and approves a succession plan aimed at covering any unforeseeable or sooner-than-expected vacancies (notably due to death, incapacity or resignation) for the positions of Chairman of the Board of Directors and Chief Executive Officer. This plan sets out several possible solutions that could be envisaged if any of these events were to occur, and can remain in force without requiring an annual review. However, the Board of Directors would need to carry out another analysis at the time any such unforeseen or sooner-than-expected vacancy occurred, before deciding on the course of action to take.

In 2022, on the recommendation of the Appointments and Compensation Committee, the Board reviewed and validated the content of the succession plans for the Chairman and the Chief Executive Officer and the associated decision-making processes, which are based on assumptions and expected timelines.

The situations of the current Chairman and Chief Executive Officer were also reviewed during several meetings of the Appointments and Compensation Committee and the Board of Directors when the succession plans were examined. As a result of these meetings, when it met on October 27, 2022, the Board decided that, at the 2023 Annual General Meeting, it would:

- invite the shareholders to re-appoint Ross McInnes as a Director for a four-year term, and that if they vote in favor of the related resolution and Ross McInnes is re-appointed as a Director, it would then re-appoint him as Chairman of the Board for the duration of his term of office as a Director;

- re-appoint Olivier Andriès as Chief Executive Officer at the close of the May 25, 2023 Annual General Meeting and invite the shareholders to re-appoint him as a Director at that meeting.

Emergency succession plan for unforeseen or sooner-than-expected vacancies (due to death, resignation or incapacity)

This plan – which has been reviewed and validated – sets out the principles for the envisaged solutions that would be put in place if the position of Chairman or Chief Executive Officer were to become vacant sooner than expected or due to unforeseen circumstances. Different scenarios are provided for depending on whether the situation is definitive and lasting or temporary and short-term. However, the Board of Directors would need to carry out another analysis at the time any such unforeseen or sooner-than-expected vacancy occurred, before deciding on the course of action to take.

This emergency succession plan can remain valid without the need for an annual review or update.

Non-emergency succession plan and process, based on the assumptions that the Chairman or Chief Executive Officer's term of office will be renewed and continued (or not) and a foreseeable or anticipated departure

The reviewed and validated process for this type of succession sets out the timing and various stages for implementing the succession plan based on the assumptions of (i) a decision taken to renew and continue (or not) the term of office of the Chairman or Chief Executive Officer when their term expires, and, (ii) a foreseeable or anticipated departure (normal or accelerated succession). Concerning this second assumption, the process:

- sets out the principle that the plan must be rapidly implemented and managed in the strictest confidentiality in order to avoid any risk of destabilization for the Group;
- defines the persons involved in the process, depending on whether it concerns the Chairman or the Chief Executive Officer;
- provides that the Board Committee in charge of this issue is the Appointments and Compensation Committee, which reverts to the Board for all final succession decisions;
- provides that the selection process will include both internal and external candidates;
- specifies that, where possible or appropriate, the Chairman or the Chief Executive Officer will be asked to give their views on the shortlisted candidates for their succession, and notably to express their opinion on whether the profiles are suitable in light of their knowledge of the issues and priorities involved.

This process (method, principle and stages) can remain valid without the need for an annual review or update.

Further information on the long-term succession plan for the Chairman and the Chief Executive Officer

At its meetings on February 14, 2022 and December 14, 2022, the Appointments and Compensation Committee reviewed the succession plan for the Group Executive Committee. This review gave the Committee an overview of the existing pool of internal talent over different time horizons (short, medium and long term), therefore helping with the preparation of the succession plan for the Chairman and the Chief Executive Officer. The succession plan for the Chief Executive Officer was also reviewed at this meeting.

This review by the Appointments and Compensation Committee is carried out in principle on an annual basis and is conducted in the presence of the Chief Executive Officer.

General framework – Provisions on succession planning contained in the Board of Directors' Internal Rules

All of the elements presented above guide and enable coordinated implementation of the principles related to succession planning set out in the Board's Internal Rules, which provide that:

- The Chairman of the Board of Directors is responsible for organizing and managing the work of the Board of Directors and is notably responsible for working with the Board on the preparation and implementation of succession plans for the Group's key operations managers and support function managers, in conjunction with Executive Management (Articles 14.1 and 14.9).
- The Lead Independent Director takes part in preparing the succession plan for the Company's officers, including the Chairman of the Board of Directors, and leads the Board of Directors' discussions about the succession plan for the Chairman and any appraisals of his or her performance (Article 38.3).

6.3.5 Executive sessions

Since 2021, "executive sessions" have been included as an agenda item at the end of each Board meeting.

No specific topics are necessarily assigned to these sessions beforehand and they are intended to leave room for regular discussions, without any executive Directors being present, about:

- the operating procedures of the Company's governing bodies (Board of Directors, Board Committees, Executive Committee) and any amendments thereto; and
- specific topics or subjects that the Directors would like to see presented or dealt with in Board or Committee meetings.

Executive sessions may also be held separately from Board meetings.

They are generally chaired by the Lead Independent Director and take place without the following Directors attending: the Chief Executive Officer, the Directors representing employees and the Directors representing employee shareholders, or the Chairman of the Board of Directors (when an agenda item concerns him personally). However, the above Directors may attend executive sessions in certain specific circumstances.

6.3.6 Committees of the Board of Directors

The Board of Directors' Internal Rules provide for the Board's decisions regarding certain issues to be prepared by specialized committees that review matters within their remit and submit their opinions, proposals and recommendations to the Board.

The Board is assisted in its work by three standing committees, whose roles, organizational structure and operating procedures are set out in the Board of Directors' Internal Rules:

- the Audit and Risk Committee;
- the Appointments and Compensation Committee; and
- the Innovation, Technology & Climate Committee.

In its area of expertise, each Committee carries out in-depth work and analysis prior to the Board of Directors' discussions and contributes to the preparation of the Board's decisions. It makes proposals and recommendations to the Board, and gives its opinion on the matters under review.

As such, each Committee may offer its services to the Board for the purpose of conducting internal or external studies that may provide the Board with helpful information for its decisions.

At each Board meeting, the Chair of each Committee – or any other Committee member designated if the Chair is unable to do so – reports to the Board on the Committee's work, proposals and recommendations.

The Board of Directors may set up further standing committees at any time, at its sole discretion, and may amend the Board's Internal Rules for the purpose of specifying the roles and responsibilities, resources, membership structure and operating procedures of such new committees. It may also set up temporary special committees, on an *ad hoc* basis, to analyze, deal with or monitor specific issues or projects.

6.3.6.1 Audit and Risk Committee

Indicators

	2021	2022
Number of meetings	5	6
Average attendance rate	97%	92%
Number of members	6	6
Percentage of independent members[(1)]	80% (4 out of 5)	80% (4 out of 5)

(1) Excluding the Director representing employee shareholders.

Membership structure

In accordance with the Internal Rules of the Board and the Board Committees, the Audit and Risk Committee must have at least three members, including its Chair. These members are selected from among the Directors, other than the Chairman of the Board of Directors, who do not have management duties within Safran. Two-thirds of the members on this Committee, including its Chair, must be independent Directors. In addition, in accordance with the law, at least one of the Committee's independent members must have specific skills in finance, accounting or certified public accounting.

The Audit and Risk Committee meets at least four times a year, and the Statutory Auditors are always invited to its meetings, except where a joint meeting is held with another Committee.

Robert Peugeot was re-appointed as a member of the Audit and Risk Committee on December 19, 2022, following the resignation of F&P, of which he was the permanent representative, and his appointment as a Director in an individual capacity.

Sophie Zurquiyah informed the Board of her decision to terminate her office as an independent Director, and therefore as a member of the Audit and Risk Committee, with effect from February 28, 2023. Sophie Zurquiyah has not been replaced, reducing the number of members of this Committee from six to five.

Céline Fornaro, who was appointed as representative of the French State by ministerial decree dated February 17, 2023, has joined the Audit and Risk Committee, replacing Stéphanie Besnier.

At the filing date of this Universal Registration Document, the Audit and Risk Committee has five members, 75% of whom are independent Directors (not counting the Director representing employee shareholders in accordance with the recommendations of the AFEP-MEDEF Code and Article 28.2 of the Board's Internal Rules).

At the filing date of this Universal Registration Document	Independent	Date of appointment	Expiration of term of office	Seniority as a Committee member
Laurent Guillot, Chairman	X	May 23, 2019 (member) May 26, 2021 (Chairman)	2023	4 years
Marc Aubry (Director representing employee shareholders)		May 28, 2020	2024	3 years
Céline Fornaro (appointed as representative of the French State by ministerial decree dated February 17, 2023)		Feb. 17, 2023	2023	1 month
Fabienne Lecorvaisier	X	May 26, 2021	2025	2 years
Robert Peugeot	X	Dec. 19, 2022	2026	5 years

Roles and responsibilities

The main roles and responsibilities of the Audit and Risk Committee – which acts under the responsibility of the Board of Directors – are to examine the financial statements and address issues related to the preparation and auditing of accounting and financial information. It monitors the financial and non-financial reporting process and issues any recommendations required to guarantee the integrity of the information concerned.

In this regard, it is responsible for:

- reviewing the draft interim and annual parent company and consolidated financial statements before they are submitted to the Board of Directors, and in particular:
  - ensuring that the accounting policies adopted to prepare the parent company and consolidated financial statements are relevant and applied consistently, and
  - examining any problems encountered related to applying accounting policies.

  In this respect, it also monitors the plans and measures put in place for applying the main planned changes in accounting policies, including the application of new international financial reporting standards;
- reviewing the financial documents and non-financial reporting data issued by Safran in connection with the end of the annual and half-year reporting periods;
- reviewing draft financial statements prepared for the requirements of specific transactions, such as asset contributions, mergers, spin-offs or payments of interim dividends;
- reviewing the financial aspects of certain transactions proposed by Executive Management and submitted to the Board of Directors (some of which for prior authorization), such as:
  - capital increases,
  - equity investments, and
  - acquisitions or divestments;
- assessing the reliability of the systems and procedures used to prepare the financial statements and the validity of the accounting treatment applied for major transactions;
- ensuring that the parent company and consolidated financial statements are audited by the Statutory Auditors;
- reviewing the methods and procedures used for reporting purposes and for adjusting accounting information from the Group's foreign companies.

The Audit and Risk Committee is also tasked with verifying the effectiveness of Safran's internal control and risk management systems.

In this regard, it is responsible for:

- assessing, with the people responsible for such activities, the Group's internal control systems;
- reviewing, with the people responsible for such activities at Group level and with the assistance of Internal Audit:
  - internal control objectives and contingency and action plans,
  - the findings of audits and actions carried out by the relevant managers within the Group, and
  - the recommendations made and follow-up of such audits and actions, by the relevant managers;
- reviewing Internal Audit methods and results;
- checking that the procedures used by Internal Audit lead to the preparation of financial statements that:
  - present a fair view of the Company, and
  - comply with accounting rules;
- reviewing the relevance of risk analysis and monitoring procedures, ensuring the implementation of a procedure for identifying, quantifying and preventing the main risks arising in the Group's businesses; and
- reviewing and managing the rules and procedures applicable to conflicts of interest.

Lastly, the Audit and Risk Committee is tasked with ensuring the effectiveness of Safran's external audits and monitoring the work of the Statutory Auditors.

In this regard, it is responsible for:

- overseeing the Statutory Auditor selection procedure and issuing a recommendation on the Statutory Auditors to be put forward for appointment or re-appointment by shareholders at the Annual General Meeting;
- ensuring that the independence criteria for the Statutory Auditors are respected, drawing on information exchanges and substantiations provided by the Auditors for this purpose;
- reviewing the fees paid to the Statutory Auditors, which should not call into question their independence or objectivity;
- regularly reviewing with the Statutory Auditors:
  - the audit plans and their findings, and
  - their recommendations and the follow-up thereof;
- factoring in the observations and findings issued following any audits performed by the French Accounting Oversight Board (*Haut Conseil du Commissariat aux Comptes* – H3C);
- without prejudice to the powers of the Board of Directors, approving the provision of non-audit services as authorized under the applicable regulations, including examining and validating the related methods and procedures and ensuring they are respected;
- hearing the presentation of the Statutory Auditors on their audit engagement and reporting to the Board of Directors on (i) the findings of their audit of the financial statements, (ii) how their audit contributed to the integrity of the Company's financial information, and (iii) the role that the Committee played in overseeing this process, notably based on the additional report that is prepared by the Statutory Auditors on an annual basis.

The Audit and Risk Committee met six times in 2022 in order to address the above topics, with an average attendance rate of 92%.

The Statutory Auditors and the Government Commissioner attended all of these meetings.

Main work carried out in 2022

The main work carried out by the Committee during these meetings related to:

- reviewing the interim and annual parent company and consolidated financial statements, with a presentation by the Chief Financial Officer on the Group's off-balance sheet commitments, which was also attended by the Group Management Control and Accounts Director and the Group Chief Accounting Officer. The review enabled the Committee to have discussions with the Statutory Auditors without any members of Executive Management being present;
- reviewing all of the Group's accounting and financial documents, including financial communications and non-financial reporting data;
- carrying out a preliminary review of the Group's 2022 results;
- reviewing the 2022 budget and the draft 2023 budget;
- preparing the Annual General Meeting of May 25, 2022 (appropriation of profit, draft resolutions, the Board of Directors' report on the draft resolutions, review of related-party agreements that remained in force in 2022, the management report and the draft Universal Registration Document including the Annual Financial Report);
- reviewing the Group's financial communication, particularly in relation to the annual and interim financial statements and market guidance;
- monitoring the Group's cash and liquidity position (financing, refinancing and safeguarding liquidity);
- examining the Group's risks, including non-financial risks (meeting also attended by the Risk Management and Insurance Director), as well as changes in the risk map with focus discussions on certain specific risks (particularly cybersecurity, currency and corruption risks), and the Group's insurance coverage in light of the current geopolitical context;
- hearing a specific presentation of the progress of the action plan following a cybersecurity audit;
- reviewing the taxonomy framework and a simulation of its application at end-June 2022;
- reviewing various service contracts and inventory management;
- assessing the Group's internal control and internal audit situation (meeting attended by the Head of Audit and Internal Control), monitoring the compliance and anti-fraud system, amending the 2022 audit plan and the 2022 internal audit campaign, drawing up the 2023 audit plan, and conducting a preliminary review of the findings of the 2022 internal control audits;
- hearing presentations about the ethics and compliance system (anti-corruption system: situation, organization, and action plan following an audit);
- monitoring the Statutory Auditors' independence and reviewing their audit fees, audit methods and non-audit services;
- putting forward a recommendation to the Board concerning the re-appointment of the Statutory Auditors;
- tracking and verifying the EUR/USD exchange rate and the currency hedges in place (meeting attended by the Group Treasurer); financing;
- examining management forecasts;
- reviewing the cap on guarantees, endorsements and sureties;
- checking, authorizing and monitoring non-audit services provided by the Statutory Auditors.

The Statutory Auditors (who attend all of the Committee's meetings) gave the Committee presentations on their work concerning the annual and interim financial statements and internal control. In addition, the Committee regularly meets with the Statutory Auditors without any members of Executive Management being present.

In principle, a period of 48 hours is provided for between the Committee's examination of the annual and interim financial statements and the Board of Directors' meetings at which they are approved.

6.3.6.2 Appointments and Compensation Committee

Indicators

	2021	2022
Number of meetings	4	5
Average attendance rate	100%	94%
Number of members	8	7
Percentage of independent members(1)	71.43% (5 out of 7)	83.33% (5 out of 6)

(1) Excluding the Director representing employees.

Membership structure

In accordance with the Internal Rules of the Board and the Board Committees, the Appointments and Compensation Committee must have at least three members, including its Chair. The majority of the members must be independent Directors.

Christèle Debarenne-Fievet joined the Appointments and Compensation Committee on May 25, 2022 (only attending the “compensation” part of the Committee meetings), replacing Daniel Mazaltarim.

Céline Fornaro, appointed as the representative of the French State by ministerial decree dated February 17, 2023, has joined the Appointments and Compensation Committee, replacing Stéphanie Besnier.

At the filing date of this Universal Registration Document, the Committee has seven members, five of whom are independent Directors, i.e., 83.33% (5 out 6) (not counting the Director representing employees).

The Chairman of the Board of Directors is not a member of this Committee but is involved in the work it carries out in relation to nominating candidates and determining compensation. The Chief Executive Officer may also be involved in the Committee’s work in relation to nominating candidates.

At the filing date of this Universal Registration Document	Independent	Date of appointment	Expiration of term of office	Seniority as a Committee member
Monique Cohen, Chair	X	June 15, 2017	2026	6 years
Hélène Auriol Potier	X	June 15, 2017	2025	6 years
Patricia Bellinger	X	May 28, 2020	2024	3 years
Céline Fornaro (appointed as the representative of the French State by ministerial decree dated February 17, 2023)		Feb. 17, 2023	2023	1 month
Jean-Lou Chameau	X	May 26, 2015	2023	8 years
Christèle Debarenne-Fievet (Director representing employees)(1)		Dec. 19, 2022	Nov. 19, 2023	4 months
Patrick Pélata	X	June 15, 2017	2025	6 years

(1) Christèle Debarenne-Fievet only attends the “compensation” part of Appointments and Compensation Committee meetings.

Roles and responsibilities	**Appointments** The Appointments and Compensation Committee has the following roles and responsibilities with respect to appointments: ■ assisting the Board of Directors in its choice of: • members of the Board of Directors, • members of the Committees of the Board of Directors, and • the Chief Executive Officer and, where applicable, the Deputy Chief Executive Officer(s); ■ selecting potential members of the Board of Directors who meet the applicable independence criteria and submitting the list of nominees to the Board of Directors; ■ preparing succession plans for the positions of Chairman, Chief Executive Officer, and, where applicable, any Deputy Chief Executive Officer(s); ■ helping the Board prepare succession plans for the Group's key operations managers and support function managers. **Compensation** The Appointments and Compensation Committee is also responsible for making recommendations and proposals to the Board of Directors about compensation for which Directors may be eligible, such as: ■ the allocation of the Directors' compensation; ■ any other components of compensation, including the terms and conditions of any benefits payable at the end of their term of office, particularly conditions based on appropriate benchmarks; ■ any compensation payable to any Board Advisors (*censeurs*); ■ any amendments to pension and personal risk insurance plans; ■ benefits-in-kind and various financial benefits; and ■ where appropriate: • stock option grants, and • free share grants.
	More generally, the Appointments and Compensation Committee is also responsible for making recommendations to the Board of Directors relating to: ■ the compensation policies for the Chairman and the Chief Executive Officer; ■ the compensation policy for senior managers; and ■ profit-sharing systems set up for the employees of Safran and other Group entities, including: • employee savings plans, • supplementary pension plans, • employee rights issues, and • stock option and/or free share grants and any other employee share ownership arrangements. The Appointments and Compensation Committee also makes recommendations to the Board of Directors on any performance criteria to be applied for stock option and/or free share plans, particularly based on appropriate benchmarks. In general, the Appointments and Compensation Committee is involved in preparing any resolutions submitted for shareholder approval at the Annual General Meeting that relate to the above topics.
Main work carried out in 2022	In 2022, the Appointments and Compensation Committee met five times, with an average attendance rate of 80%. Its main work carried out in 2022 concerned the following: ■ reviewing the membership structure of the Board of Directors and its Committees and the process for identifying and selecting Director candidates (in view of Directors' terms of office expiring at the close of the 2022 and 2023 Annual General Meetings); ■ reviewing the succession plans for the Chairman of the Board of Directors, the Chief Executive Officer and the Executive Committee, including preparing for the expiration of the terms of office of the Chairman and the Chief Executive Officer at the close of the 2023 Annual General Meeting; ■ reviewing the Directors' independence status; ■ reviewing the annual assessment of the Board and its Committees; ■ reviewing and supporting changes in the membership of the Group's Executive Committee; ■ determining the compensation policies for the Chairman, the Chief Executive Officer and the Directors; ■ determining the compensation packages of the Chairman and the Chief Executive Officer; ■ drawing up the Group's policy for long-term incentive plans and setting up a performance share plan for certain Group managers and executives (2022 LTI Plan), and setting the underlying CSR performance criteria; ■ setting the Directors' compensation for 2022; ■ preparing the Annual General Meeting and the Universal Registration Document (including the corporate governance report).

6.3.6.3 Innovation, Technology & Climate Committee

Indicators

	2021	2022
Number of meetings	2	2
Average attendance rate	100%	100%
Number of members	6	6
Percentage of independent members[(1)]	80% (4 out of 5)	80% (4 out of 5)

(1) Excluding the Director representing employees.

Membership structure

In accordance with the Internal Rules of the Board and its Committees, the Innovation, Technology & Climate Committee must have at least three members, including its Chair.

Alexandre Lahousse joined the Innovation, Technology & Climate Committee on July 27, 2022, replacing Vincent Imbert. The Committee has six members, four of whom are independent Directors, i.e., 80% (not counting the Director representing employees).

Fully aware of the strategic importance of climate issues for the aerospace industry, at its meeting on February 24, 2021, the Board of Directors decided to:

- rename the Innovation and Technology Committee as the "Innovation, Technology & Climate Committee" and formally define its roles and responsibilities in relation to climate issues;
- appoint the Committee's Chairman, Patrick Pélata, as the Director responsible for monitoring climate issues and define his roles and responsibilities in that capacity (see section 6.2.3).

At the filing date of this Universal Registration Document	Independent	Date of appointment	Expiration of term of office	Seniority as a Committee member
Patrick Pélata, Chairman – Director responsible for monitoring climate issues	X	Oct. 26, 2017	2025	6 years
Hélène Auriol Potier	X	Oct. 26, 2017	2025	6 years
Jean-Lou Chameau	X	Oct. 26, 2017	2023	6 years
Hervé Chaillou (Director representing employees)		Feb. 14, 2020	2023	3 years
Laurent Guillot	X	May 26, 2021	2023	2 years
Alexandre Lahousse (Director put forward by the French State)		July 27, 2022	2023	1 year

Roles and responsibilities

The Innovation, Technology & Climate Committee is responsible for analyzing, examining and giving its opinion on the following matters:

- the Group's medium- and long-term strategic goals and choices concerning:
  - innovation, research and technology, and
  - developments of new products and services;
- technological trends and developments that could affect the Group's strategic and industrial goals and choices, as well as other players' technological positioning and the associated risks and opportunities;
- progress made by the Group in its main innovation and technology roadmaps;
- the appropriateness of the organizational structures and resources in place to meet the roadmaps' objectives over time;
- Executive Management's climate action plan and the related information intended for publication by the Company and for presentation to the Annual General Meeting (responsibilities added following decisions taken by the Board on February 24, 2021).

Main work carried out in 2022

In 2022, the Innovation, Technology & Climate Committee met twice, with an average attendance rate of 100%.

Its main work carried out in 2022 concerned the following:

- the Group's climate strategy: Safran's challenges and action plan, low-carbon project, decarbonizing the aviation sector;
- R&T roadmaps and significant events;
- a presentation of Safran's hydrogen plan;
- a presentation on product cybersecurity;
- a presentation of the patent strategy.

6.3.7 Board annual assessment

As recommended in the AFEP-MEDEF Code applied by Safran, the Board of Directors must carry out a formal assessment at least every three years in order to review its practices, verify that key issues are properly prepared and discussed and measure the actual contribution of each Director to the Board's work. The assessment can be carried out with the help of an external consultant, overseen by the Appointments and Compensation Committee or an independent Director. The most recent formal assessment was carried out in December 2021.

As a reminder, in 2021 the Board of Directors decided to use the services of an external consultancy firm to help it perform this assessment and give it an outside view of the practices of other boards.

A specialized firm was selected for the engagement, based essentially on the following criteria:

- its robust methodology, guaranteeing participants' full freedom of expression;
- its experience in peer-to-peer assessments of individual Directors' performance;
- its size and international reputation;
- client testimonials about similar engagements carried out with other companies;
- the findings of the formal assessment conducted in late 2018.

The assessment was launched and conducted in the fourth quarter of 2021.

At its meeting on December 19, 2022, the Board reviewed its practices. As a comprehensive formal assessment had recently been carried out (in late 2021), this self-assessment took the form of a discussion on the review of the findings of the formal assessment and the areas for improvement that were identified at the time.

The areas for improvement mainly concerned (i) executive succession planning (for the Chairman and the Chief Executive Officer), (ii) succession planning for the Directors, (iii) the size of the Board, (iv) relations with institutional shareholders (particularly the contact that the Lead Independent Director has with such shareholders), and (v) more extensive monitoring of the Group's main strategic areas of focus, including CSR/HR and digital transformation.

At the end of the assessment, the Board confirmed the positive findings expressed in the 2021 assessment on the operating procedures, membership structure and organization of the Board and its Committees (see section 6.3.7 of the 2021 Universal Registration Document), and concluded that there was no need for further observations. The Board added that it was satisfied with the actions undertaken, which it felt met the requirements for improving the points identified during the last assessment, and that it had not identified any further areas requiring improvement.

The areas for improvement identified during the formal assessment carried out in late 2021, as well as the actions implemented to achieve them, are presented below.

Improvement areas identified in 2021	Actions implemented in 2022
Succession planning for the executive corporate officers (the Chairman and the Chief Executive Officer)	■ This issue was dealt with by the Appointments and Compensation Committee and by the Board, with a full review of: • the various succession planning processes, including the contingency plan (annual review); and • the succession plan for the Executive Committee and the Chief Executive Officer, which is now reviewed annually. ■ At its meeting on October 27, 2022, the Board: • decided that, at the Annual General Meeting on May 25, 2023, it would invite the shareholders to re-appoint Ross McInnes and Olivier Andriès as Directors; and • stated that it intended to re-appoint Ross McInnes and Olivier Andriès as Chairman and Chief Executive Officer respectively.
Director succession planning/new Directors	■ This subject was also dealt with by the Appointments and Compensation Committee and by the Board, with a full review of: • the processes for appointing and re-appointing Directors; • the Board's diversity policy; and • recommendations and decisions concerning the Board's membership structure put forward to the shareholders at the 2022 Annual General Meeting and subsequent to that Meeting, at the time of resignations, Board appointments or replacements of Directors. ■ The Appointments and Compensation Committee and the Board reviewed the membership structure of the Board (appointments and re-appointments) and the membership changes to be put forward to the shareholders at the Annual General Meeting on May 25, 2023, with a particular focus on ensuring that the Board has the range of skills and expertise it needs (aeronautics/aerospace, executive management experience, etc.; see section 6.2.6.3).
Size of the Board	■ The size of the Board was reduced from 18 to 17 members at the close of the 2022 Annual General Meeting, following the expiration of Didier Domange's term of office. ■ When Sophie Zurquiyah stepped down as independent Director, based on the recommendation of the Appointments and Compensation Committee, the Board decided to defer the decision on her replacement, and the number of Directors has therefore been reduced to 16.
Relations/contacts with institutional shareholders	■ The roadshows organized for the presentation of the 2021 annual results, which were able to be held in person due to the end of Covid restrictions, enabled Olivier Andriès to meet face to face with institutional shareholders. These same in-person meetings now take place at each roadshow and/or meeting following the Group's financial releases. ■ The Lead Independent Director and the Director in charge of monitoring climate issues took part alongside the Chairman in the governance roadshows held prior to the 2022 Annual General Meeting and this practice will be repeated every year.
More extensive monitoring of the Group's main strategic areas of focus ■ Monitoring CSR and digital transformation ■ Further CSR action plans and setting up CSR watch processes	■ The Board of Directors reviewed the ordinary business scheduled to be discussed in standard agendas of upcoming Board and Committee meetings, in order to incorporate CSR issues. Following this review, the Board noted that CSR issues are suitably taken into account and dealt with and that its expectations have been met in this regard, with no further specific action required. ■ The overall CSR strategy was presented at the Board meeting held in March 2022. ■ The Climate Plan was also presented at the same Board meeting, as well as at the 2022 Annual General Meeting. The Climate Plan is also monitored at each meeting of the Innovation, Technology & Climate Committee. ■ The Digital Plan was presented at the strategy seminar in 2022. The progress of this plan is being tracked by the Audit and Risk Committee. ■ CSR issues and topics are now integrated into compensation systems and policies. In particular, they are included in the Chief Executive Officer's variable compensation objectives and the underlying performance conditions of the long-term incentive plans.

6.4 APPLICATION OF THE AFEP-MEDEF CORPORATE GOVERNANCE CODE

Safran uses the AFEP-MEDEF Corporate Governance Code (the "AFEP-MEDEF Code") as its corporate governance framework (see section 6.1 of this Universal Registration Document).

Certain recommendations of the Code, or guidelines adopted subsequently for its application, have not been implemented, the reasons for which are given in the following table.

AFEP-MEDEF Code recommendations	Safran practices – Reasons
Article 21. Termination of employment contract in the event of appointment as a corporate officer When an employee is appointed as Chair and/or Chief Executive Officer, it is recommended that his or her employment contract with the Company or any other Group company be terminated. This recommendation applies to the Chair of the Board of Directors and the Chief Executive Officer of companies that have a Board of Directors.	Olivier Andriès' employment contract was suspended when he became Chief Executive Officer on January 1, 2021. The Group has chosen to suspend, rather than terminate, employment contracts due to the fact that terminating an employment contract could deter Group employees from moving into top executive positions on account of the rights they could lose upon such termination (depending on their age and length of service with the Group). This is in line with the Group's policy of favoring internal promotion of talent wherever possible, which enables it to propose corporate officers' positions to its senior managers who have the highest level of know-how, share and relay the Group's culture and values, and have an in-depth knowledge of its markets.
Article 22. Requirement to hold shares The Board of Directors should set a minimum number of shares that the Chair and/or the Chief Executive Officer are required to hold as registered shares until the end of their term of office.	In accordance with Article 11.1 of the Board's Internal Rules, this minimum shareholding requirement is considered satisfied when the corporate officer concerned holds units in corporate mutual funds that are invested in Safran shares, provided the number of units held in such funds represents at least 500 shares. Article 11.2 of the Internal Rules states that if stock options or performance shares are granted to the Chairman and/or the Chief Executive Officer, they must keep a significant proportion of the vested shares in registered form until their duties as a corporate officer cease. The applicable proportion is set by the Board of Directors. The Chairman of the Board of Directors was previously a Group employee. Consequently, in his capacity as an employee, he acquired units – and/or invested his profit-sharing bonuses – in corporate mutual funds invested in Safran shares. The Chairman supplemented these investments by participating in the Safran Sharing 2014 offer (see sections 5.3.4, 6.3 and 7.3.7.2 of the 2014 Registration Document). He has also purchased shares under a life insurance policy (whereby the insurer retains ownership of the shares and the insured party is owed the related amount by the insurer) (see section 6.5.3 of the 2020 Universal Registration Document).

6.5 DIRECTORS' INTERESTS IN THE COMPANY'S SHARE CAPITAL

6.5.1 Compulsory shareholdings

In accordance with Article 14.5 of the Company's bylaws, each Director – other than the representative of the French State and the Directors put forward by the French State in accordance with Articles 4 and 6 of the *ordonnance* dated August 20, 2014, Directors representing employee shareholders and Directors representing employees – is required to own a certain number of Safran shares, in accordance with the terms and conditions set down in the Board of Directors' Internal Rules. Article 11.1 of the Board's Internal Rules states that this minimum number of shares corresponds to 500 and that the minimum shareholding obligation can be met through units held in Group corporate mutual funds (FCPE) invested in Safran shares, provided that the number of units held is equivalent to at least 500 shares.

Article 14.8 of the bylaws and Article 11.1 of the Board's Internal Rules specify that each Director representing employee shareholders is required to hold – either individually or through a corporate mutual fund set up as part of the Group's employee share ownership plan and invested in Safran shares – at least one share or a number of units in the fund equivalent to at least one share.

6.5.2 Code of Ethics

Safran has a Code of Ethics relating to share transactions and the prevention of insider trading, which was drawn up in compliance with the recommendations published by the French financial markets authority (*Autorité des marchés financiers* – AMF) and was initially adopted by the Board of Directors on July 27, 2011. The Code – which is in question-and-answer form – sets out the obligations of Group employees and corporate officers and Directors, the specific measures taken by Safran to prevent insider trading, and the penalties for any failure to fulfill the stated obligations.

The Code also specifies the "black-out period" (preceding the publication of annual and interim results and quarterly revenue figures) during which corporate officers and other insiders must refrain from carrying out transactions in Safran shares.

As well as respecting the obligations in the Code of Ethics, corporate officers and other senior managers are also required to comply with the additional rules set out in an addendum to the Code, which among other things prohibit speculative trading in Safran shares and state the applicable disclosure requirements in the event that such officers or managers carry out any transactions in Safran shares.

Both the Code and its addendum are regularly updated in line with legislative and regulatory changes and the AMF's guidelines. They were last amended in January 2023 for the purpose of adding a table summarizing the main requirements set out in the Code, as well as additional and/or practical details on specific restrictions applicable to holding shares issued under free share plans, performance share plans, long-term incentive plans and stock option plans, as well as restrictions concerning investments of profit-sharing amounts and units held in corporate mutual funds invested in Safran shares.

All of Safran's corporate officers and other Group insiders receive a copy of the Code of Ethics and its addendum and are informed of the black-out periods that are determined in line with the annual financial calendar.

In order to provide information on the Code of Ethics and its addendum to all employees, an internal procedure based on these documents has been drawn up and posted on the Group's intranet, which is accessible to all employees in France and in most of the other countries where Safran operates. The black-out periods are appended to this procedure as they are set.

6.5.3 Transactions in the Company's shares carried out by corporate officers and senior managers

In accordance with the applicable regulations, when the aggregate amount of transactions carried out by any corporate officer or senior manager exceeded €20,000 in 2022, the person concerned disclosed the corresponding transaction(s).

The transactions carried out in 2022 in Safran shares and related financial instruments by the Company's corporate officers and senior managers and persons having close personal links with them, as defined in paragraphs a) to c) of Article L.621-18-2 of the French Monetary and Financial Code (*Code monétaire et financier*), and of which the Company is aware, are as follows:

Name	Purchase of shares *(number of shares)*	Sale of shares *(number of shares)*	Delivery of shares under free share plans(1) *(number of shares)*	Purchase of units in Group corporate mutual funds invested in Safran shares(2) *(number of shares corresponding to mutual fund units purchased)*	Buybacks of units in Group corporate mutual funds invested in Safran shares *(number of shares corresponding to mutual fund units sold)*
Jean-Paul Alary		3,692	854	0.1380	
Antoine Alary, person related to Jean-Paul Alary(3)	1,846				
Marion Alary, person related to Jean-Paul Alary(3)	1,846	1,846			
Olivier Andriès			1,007	47.1465	
Robert Peugeot, person related to F&P (Director)	500				
FSP SICAV – SAS, entity related to F&P SAS (Director)		3,223,000			
Peugeot Invest, entity related to F&P SAS (Director)		468(4)			
Peugeot Invest Assets, entity related to F&P SAS (Director)		407,261(5)			
Pascal Bantegnie			331	6.3670	275.2635
Karine Stamens			234	3.4767	
Sophie Zurquiyah-Rousset	1,000				

(1) Delivery of performance shares under the 2019 Long-Term Incentive Plan.
(2) Investment of discretionary and statutory profit-share in the Group employee savings plan – Automatic reinvestment in the plan of dividends attached to shares invested in the plan.
(3) Shares transferred free of charge (donation) by Jean-Paul Alary.
(4) Following this sale, Peugeot Invest no longer holds any shares in the Company.
(5) Following this sale, Peugeot Invest Assets no longer holds any shares in the Company.

6.6 COMPENSATION POLICIES AND COMPENSATION PACKAGES FOR CORPORATE OFFICERS

6.6.1 General principles

In the best interests of the Company as well as its shareholders, employees and other stakeholders, the compensation policies for corporate officers must be competitive in order to attract, motivate and retain the best profiles and talent (which may come from within or outside the Group) for key positions.

The compensation policies for the Chairman of the Board of Directors and the Chief Executive Officer are defined by the Board of Directors and reviewed annually based on recommendations issued by the Appointments and Compensation Committee.

The main principles applied are detailed below.

a) Compliance

The policies are defined based on the guidelines in the AFEP-MEDEF Code, which recommends applying the principles of comprehensiveness, balance, comparability, consistency, transparency and proportionality.

b) Comprehensiveness – Balance

All components of compensation and benefits should be exhaustively analyzed on a component-by-component basis and an overall consistency analysis should then be performed to achieve the best balance between these components.

c) Alignment of interests – Transparency

Compensation and benefits packages need to take into account the necessity for companies to attract, motivate and retain talent but also the interests of shareholders and other stakeholders, particularly in relation to transparency and performance criteria.

d) Attractive, proportional, comparable and competitive packages

Compensation levels should be set in line with the duties and responsibilities assigned to the officer concerned as well as the work performed and the results achieved.

Market practices should also be taken into account.

Safran regularly carries out benchmark surveys, assisted by consulting firms, in order to measure the levels and structures of its compensation packages compared with panels of peer companies selected for their size and international scope. The surveys are performed both for the French market, in which case the peer companies comprise large industrial groups, and for the international market (the Aerospace, Technology and Defense sectors). The composition of these panels is regularly reviewed by the Appointments and Compensation Committee.

Work on drawing up the compensation policies may include considerations such as a policy's structure and components for certain categories of the Company's personnel and specific provisions for particular employee categories (such as discretionary or statutory profit-sharing, or pension arrangements), as well as information about compensation multiples (ratio between the compensation of the Chairman and the Chief Executive Officer and that of employees).

The above-mentioned benchmark surveys are used as the basis for analyzing, and making any changes to, the components of the compensation and benefits of the Chairman and the Chief Executive Officer.

e) Compensation for the performance of executive management duties

In the compensation policies for the Company's executives, a substantial proportion of the compensation is variable, directly linked to the Group's performance. The performance conditions underlying the annual variable compensation and long-term incentive plans are demanding and aligned with Safran's overall strategy and the interests of its shareholders.

f) Governance

The compensation policies for corporate officers are defined by the Board of Directors, based on recommendations issued by the Appointments and Compensation Committee, and are then proposed to the shareholders at the Annual General Meeting.

The Appointments and Compensation Committee verifies that all of the principles described above are properly applied, both for the purpose of the Committee's work in general and for the recommendations it makes to the Board in relation to defining the policies and implementing them for setting the amounts or values of compensation and benefits packages.

This process ensures that the policies (i) are aligned with the Company's best interests, (ii) are consistent with its overall strategy (in particular its business strategy, by applying exacting performance criteria for the corporate officers concerned that are closely linked to the Group's performance and objectives), and (iii) help to ensure the Company's long-term development.

The Chairman and the Chief Executive Officer do not take part in any discussions or votes on the policies concerning themselves, which therefore avoids any conflicts of interest.

g) Consistency

The Chief Executive Officer's compensation policy and the compensation mechanisms and amounts awarded to him are set in line with the policies, mechanisms and amounts awarded to the Group's other senior executives.

The Chief Executive Officer's compensation package is drawn up strictly in accordance with the principles and objectives used for establishing his compensation policy.

The components of the Chief Executive Officer's compensation comprise:

- fixed compensation;
- annual variable compensation;
- a long-term incentive plan with the use of stock option and/or performance share plans with underlying conditions related to performance and continuing service.

The performance criteria are a means for ensuring the Group's strategy is implemented and are based on the Group's financial and operating results, as well as criteria related to Safran's corporate social responsibility.

The above principles and objectives apply to the compensation structure of all the Group's personnel.

Each senior executive's compensation comprises a fixed component and short- and long-term variable components.

The short- and long-term variable components remunerate individual and collective performance (financial and societal). Each person is allocated one or more of these components depending on their level of responsibility, skills and performance within the Group.

COMPENSATION PACKAGE OBJECTIVES AND STRUCTURE

** TSR : Total Shareholder Return.*

6.6.2 Compensation policies for corporate officers – 2023

This section constitutes the report on the compensation policies for corporate officers that is required by French law to be included in the corporate governance report. It was prepared by the Board of Directors with the assistance of the Appointments and Compensation Committee.

In compliance with Article L.22-10-8 of the French Commercial Code, the Board of Directors determines the compensation policies for the corporate officers, which notably describe the principles and criteria used to set, allocate and award the fixed, variable and exceptional components of their total compensation and benefits. The policies, both in nature and substance, comprise components that are specific to each policy, differing according to the category of corporate officer concerned, i.e., the Chairman, the Chief Executive Officer or the Directors. The policies are submitted for shareholders' approval each year at the Annual General Meeting.

In compliance with the applicable regulations concerning the compensation of corporate officers of listed companies[1], the compensation policies describe:

- the principles and rules for determining the compensation and benefits for all corporate officers;
- any major changes compared with the compensation policies approved at the May 25, 2022 Annual General Meeting;
- the specific compensation policy for the Chairman of the Board of Directors, to which no changes have been made compared with the policy approved at the last Annual General Meeting (see section 6.6.2.1);
- the specific compensation policy for the Chief Executive Officer, which may be adapted and applied to any Deputy Chief Executive Officer(s) when appropriate (see section 6.6.2.2.o);
- the specific compensation policy for Directors, the principles and terms and conditions of which are unchanged compared with those approved at the May 25, 2022 Annual General Meeting (see section 6.6.2.3).

The 2023 policies have been approved by the Board of Directors and will be submitted to a shareholder vote at the Annual General Meeting on May 25, 2023.

Shareholder dialogue

As part of its dialogue with shareholders, prior to the Annual General Meeting and throughout the course of the year, Safran holds meetings with investors and voting advisory firms on topics related to governance and executive compensation. Each year, the Group factors in the feedback from these meetings when drawing up the executive compensation policy.

The meetings organized in 2022 were an opportunity to present to investors and proxies the compensation policies for Safran's corporate officers which were submitted for shareholders' approval at the Annual General Meeting of May 25, 2022.

Thanks to the high quality of shareholder dialogue (with feedback on this quality being relayed to the Appointments and Compensation Committee), the shareholders have regularly voted in favor of the compensation policies and Say-on-Pay resolutions proposed at the Annual General Meetings as well as the clarifications provided for certain compensation components and the information contained in the compensation policies and the compensation report.

Voting results

Resolution	Approval rate – 2021 AGM	Approval rate – 2022 AGM
Say-on-Pay (*ex-post*) – Chairman	99.94%	99.87%
Say-on-Pay (*ex-post*) – Chief Executive Officer	95.23%	99.23%
Information disclosed in accordance with Article L.22-10-9 I of the French Commercial Code	99.87%	99.73%
Compensation policy for the Chairman of the Board of Directors	99.93%	99.83%
Compensation policy for the Chief Executive Officer	98.57%	98.42%
Compensation policy for the Directors	99.96%	99.85%

Changes in the Chief Executive Officer's compensation policy for 2023 as compared with the policy approved at the May 25, 2022 Annual General Meeting

Amendment to the Chief Executive Officer's compensation policy – review of his fixed compensation

Although as a general rule the Chief Executive Officer's fixed annual compensation may only be reviewed at the end of his term of office, in accordance with the AFEP-MEDEF Code, the Board of Directors may opt to increase his fixed compensation on an annual basis, provided that such increase is moderate and consistent with the increases in fixed compensation applied for other Safran Group senior executives in France.

Moreover, the Board of Directors confirmed that his compensation may be revised during his term and before his re-appointment if the scope of his duties as Chief Executive Officer changes significantly – which could be related to changes within the Company itself – or if a major difference is identified compared with market practices (which can happen if the compensation has not been revised for some time). Any adjustments made to his annual fixed compensation as a result of any specific circumstances, as well as the reasons for such adjustments, would be publicly disclosed.

For information purposes, for 2023 and in the current context, the Board has decided to raise the fixed compensation of the current Chief Executive Officer from €800,000 to €840,000, representing a 5% increase compared with the previous level of the fixed compensation, set in 2018 (see section 6.6.2.2.a). The increase is consistent with the salary increases introduced on January 1, 2023 for Safran Group senior executives in France.

Change to the Chief Executive Officer's compensation policy concerning a metric of his annual variable compensation

On February 16, 2023, the Board of Directors decided to change the Chief Executive Officer's variable compensation policy regarding the weighting of the free cash flow (FCF) objective, which is reduced from 30% to 25%, and the working capital (WC) objective, which is increased from 10% to 15%, including 10% for operating assets (Inventories).

The rest of the variable compensation policy remains unchanged, in particular as regards the overall weighting of the financial performance objectives (two-thirds), the triggering thresholds and the calculation methods.

(1) *Articles R.22-10-14 and D.22-10-16 of the French Commercial Code.*

6.6.2.1 Compensation policy for the Chairman of the Board of Directors

At the date of this Universal Registration Document, this policy solely concerns Ross McInnes in his role as Chairman of the Board of Directors.

a) Compensation package structure

The structure of the compensation package of the Chairman of the Board of Directors (who is a non-executive Director) comprises, on a recurring basis, annual fixed compensation which is paid in cash. He is not allocated any compensation in his capacity as a Director.

The Chairman of the Board of Directors does not receive any annual or multi-annual variable compensation and is not a beneficiary of any long-term incentive plans. The Chairman is covered by the supplementary pension schemes and personal risk insurance plan implemented by the Group.

The compensation and benefits awarded to the Chairman of the Board of Directors or for which he is eligible are described below.

b) Annual fixed compensation

The Chairman of the Board's annual fixed compensation takes into account the responsibilities required for this type of corporate office as well as the individual qualities of the holder of the position and the benchmark surveys carried out by the Company.

Consequently, it is set based on the following:

- the Chairman of the Board's roles and responsibilities, which are provided for by law, Safran's bylaws and the Board of Directors' Internal Rules, and are aimed at ensuring that the Company is governed effectively and that its various governing bodies (Board of Directors and the Board Committees and Shareholders' Meetings) operate properly;
- any specific assignments allocated to the Chairman by the Board of Directors and which he carries out in cooperation with Executive Management;
- the Chairman's individual skills, experience, expertise and background;
- benchmark surveys related to compensation payable for comparable duties and companies.

The Board of Directors has decided that, as a general rule, the Chairman's annual fixed compensation may only be revised on the expiration of his term of office.

However, as an exception to this rule, his compensation may be revised during his term and before his re-appointment if the scope of his duties as Chairman of the Board changes significantly – which could be related to changes within the Company itself – or if a major difference is identified compared with market practices (which can happen if the compensation has not been revised for some time). Any adjustments made to his annual fixed compensation as a result of any specific circumstances, as well as the reasons for such adjustments, would be publicly disclosed.

After noting that the amount of fixed compensation for the office of Chairman of the Board of Directors has stayed the same since 2018, the Board of Directors considers that, in light of the latest market survey conducted in 2022, the fixed compensation of the Chairman of the Board is lower than that of his peers. However, his fixed compensation for 2023 has been kept at €450,000, unchanged from 2022, at his request (see section 6.6.2.1.a).

c) Directors' compensation (formerly "attendance fees")

Irrespective of whether or not the role of Chairman is separate from that of Chief Executive Officer, the Chairman is not entitled to receive any compensation in his capacity as a Director (formerly "attendance fees"). He is therefore not included in the allocation of Directors' compensation carried out in accordance with the rules provided for in the compensation policy for Directors (see section 6.6.2.3).

d) No annual variable compensation, multi-year variable compensation or long-term incentive plan

In line with his position as a non-executive Director, the Chairman of the Board of Directors does not receive any annual short-term variable compensation (cash-settled) or any multi-year variable compensation, and neither is he a beneficiary of any long-term compensation plans.

e) Exceptional compensation

The Board of Directors has decided against including an exceptional component in the compensation policy for the Chairman.

f) Benefits-in-kind

The Chairman of the Board of Directors has the use of a company car.

He is also entitled to be reimbursed for expenses incurred in connection with his role as Chairman and he is provided with the material resources required for performing his duties.

g) Supplementary pension plans

Safran's policy is to align the post-employment benefits of the Chairman and the Chief Executive Officer with those of the Group's managerial-grade staff. This is in line with Safran's internal promotion policy built on helping in-house executives with considerable experience and expertise, often acquired during many years of service with the Group, to move seamlessly into corporate officer positions and to grant corporate officers similar entitlements to those of the plans' other beneficiaries.

No specific supplementary pension system has been put in place for the Chairman of the Board of Directors.

However, the Chairman may be a beneficiary of the supplementary pension plans set up in France for all Group managerial-grade staff, subject to the same terms and conditions as the other plan beneficiaries, if the Board of Directors:

- authorizes the Chairman to join the plans; or
- authorizes him to continue to be a beneficiary if he was already a beneficiary prior to his appointment as Chairman.

When the Board appointed the current Chairman, it authorized him to continue to be a beneficiary of the plans described below, and it recently re-confirmed this authorization at its meeting on February 16, 2023. In accordance with the law that was applicable before the Pacte Act[1] came into force in France on May 22, 2019, a number of the plans presented below for which the current Chairman of the Board of Directors is eligible had already been submitted for shareholders' approval by way of the special vote required for related-party commitments, in order to authorize him to continue to be eligible for the plans for which he was previously eligible prior to his appointment as Chairman.

(1) *French law no. 2019-486 of May 22, 2019 that notably introduced changes to defined contribution supplementary pension plans.*

The pension plans of which the Chairman is a beneficiary, and of which the Group's managerial-grade staff in France are also beneficiaries, are as follows:

Defined contribution plans – Mandatory retirement savings plans (PERO)

Two "Article 83" defined contribution supplementary pension plans (Core Plan and Additional Plan) were in force for the Group's engineers and managerial-grade staff (see section 6.6.1.3 of 2020 Universal Registration Document).

In order to comply with the Pacte Act and following the signature of a Group agreement in November 2021, these plans were replaced as of January 1, 2022 by mandatory retirement savings plans (*plan d'épargne retraitre obligatoire* – PERO), with no change to the contributions paid by Safran, which remain unchanged from those paid under the Article 83 plans:

- the "PERO – Core Plan", which is financed through employer contributions equal to 1.5% of salary Tranche 1, 4% of Tranche 2 and no contributions on Tranche 3[1]. The "PERO – Core Plan" contributions are based on the compensation subject to social security contributions that the Chairman receives for his role as Chairman of the Board of Directors;
- the "PERO – Additional Plan", which provides for contribution rates of 6.5% on Tranche 1 and 4% on Tranche 2. The "PERO – Additional Plan" contributions are based on the compensation subject to social security contributions that the Chairman receives for his role as Chairman of the Board of Directors, capped at eight times the annual social security ceiling (PASS).

The Chairman is eligible for these plans under the same terms and conditions as the other plan beneficiaries.

As provided for in the Group's Activity Transformation Agreement (see section 5.4.2.2 of the 2021 Universal Registration Document), employer contributions to the Article 83 (now replaced by PERO) and Article 82 defined contribution supplementary pension plans were frozen for 2021. Consequently, no contributions were paid to either of those plans for the Chairman for 2021. These payments were reactivated for 2022 for all beneficiaries, including the Chairman.

Information on the expenses recognized for 2022 by the Company in relation to the PERO plans of which the Chairman is a beneficiary, as well as the estimated theoretical amount[2] at December 31, 2022 of the annuity that could be paid to him under those plans, are disclosed in section 6.6.3.1.d.

"Article 82" defined contribution plan

The Chairman is a beneficiary of Safran's defined contribution supplementary pension plan set up in France for all Group managerial-grade staff pursuant to Article 82 of the French Tax Code (the "Article 82 Plan"), subject to the same terms and conditions as the other plan beneficiaries.

The contributions to the plan are based on the fixed compensation that Ross McInnes receives for his role as Chairman of the Board of Directors. In view of his status as Chairman, the plan does not have any underlying performance conditions, meaning that his compensation is not linked to the Company's performance, in compliance with the requirement in the AFEP-MEDEF Code for non-executive officers.

The Article 82 Plan was put in place to compensate for the closure of Safran's Article 39 defined benefit plan as from January 1, 2017 (see below). Unlike the Article 39 defined benefit plan, the Article 82 Plan does not provide a guaranteed level of retirement benefits. It is a voluntary plan which eligible beneficiaries can decide whether or not to sign up to.

Eligible beneficiaries correspond to top executives (*hors statut*) whose reference compensation (fixed compensation and annual bonus) for the calendar year preceding the assessment date (Y-1) is equal to or higher than seven times the social security ceiling (PASS) for Y-1. The reference compensation for Y-1 is used to calculate the contributions to the plan. This reference compensation corresponds to the beneficiary's full-time basic fixed compensation plus the short-term bonus for the year concerned and excludes any other components of compensation.

In order for entitlements to accrue under the plan, the Company is required to:

- pay monthly contributions to an insurer, the rate of which is set based on the beneficiary's reference compensation for year Y-1 (Insurer Contribution) and which may represent up to 12.735% of that reference compensation; and
- pay a cash amount to the beneficiary corresponding to the Insurer Contribution (Additional Payment) so that the beneficiary can pay the applicable tax (the plan provides for up-front taxation so that the capital accrued and received on the beneficiaries' retirement is net of tax and social security contributions).

The above payments are borne in full by the Company and are subject to social security contributions in the same way as salaries.

As provided for in the Group's Activity Transformation Agreement (see section 5.4.2.2 of the 2021 Universal Registration Document), employer contributions to the PERO and Article 82 defined contribution supplementary pension plans were frozen for 2021. Consequently, no contributions were paid to either of those plans for the Chairman for 2021. These payments were reactivated for 2022 for all beneficiaries, including the Chairman.

Information on the expenses recognized for 2022 by the Company in relation to the Article 82 Plan of which the Chairman is a beneficiary, as well as the estimated theoretical amount[3] at December 31, 2022 of the annuity that could be paid to him under that plan, are disclosed in section 6.6.3.1.d.

"Article 39" defined benefit plan (closed to new entrants and entitlements frozen)

The Chairman was previously a beneficiary of Safran's defined benefit supplementary pension plan set up in France for all Group managerial-grade staff pursuant to Article 39[4] of the French Tax Code (the "Article 39 Plan"), subject to the same terms and conditions as the other plan beneficiaries. Ross McInnes was originally a beneficiary of this plan in his former capacity as Deputy Chief Executive Officer. The commitment given by the Company to enable Ross McInnes to continue to be a beneficiary of this plan was approved at the Annual General Meeting of May 19, 2016.

(1) To calculate the amount of pension contributions, the pension funds divide gross annual salary into two tranches: Tranche 1 and Tranche 2. The portion of salary attributed to each tranche determines the amount of the contributions. Tranche 1 corresponds to the portion of salary below the social security ceiling. Tranche 2 corresponds to the portion of salary between one and eight times the social security ceiling.
(2) Calculated based on the assumption that the annuity would be received as from January 1, 2023, irrespective of the eligibility conditions.
(3) Calculated based on the assumption that the annuity would be received as from January 1, 2023, irrespective of the eligibility conditions.
(4) Defined benefit plan meeting the conditions set out in Article L.137-11 of the French Social Security Code (Code de la sécurité sociale)*.*

This plan was closed to new entrants and existing entitlements frozen as from December 31, 2016. The Article 82 defined contribution plan described above was set up to compensate for this closure.

However, as decided by the Board at its meeting on March 23, 2017, the Chairman could still be eligible for the pension entitlement that he had accrued under the plan until December 31, 2016, provided the applicable terms and conditions are met, it being specified that:

- the reference compensation used to calculate the conditional entitlements will be calculated based on the average of beneficiaries' gross fixed and variable compensation for the years 2014 to 2016 (revalued annually using the actuarial assumptions applied to calculate retirement benefit provisions);
- the seniority taken into account for the plan – which represents an additional 1.8% of the reference compensation per year of service, capped at 18% – will have a cut-off date of December 31, 2016 and no additional conditional entitlements will be accrued under the plan for any service after that date. Consequently the seniority taken into account for the Chairman will correspond to 14%;
- the overall replacement rate may not exceed 35% of the reference compensation;
- the supplementary pension annuity is capped at three times the annual social security ceiling (PASS) in force at the date that the general social security retirement pension is paid (the value of the PASS in 2023 is €43,992, compared with €41,136 in 2022, representing an increase of 6.9%);
- the payment of the supplementary pension annuity is subject to beneficiaries completing their careers with the Group and being entitled to retire under French social security rules having completed the required number of working years.

For information purposes, the estimated theoretical amount[(1)] at December 31, 2022 of the annuity that could be paid to the Chairman under the frozen Article 39 plan is provided in section 6.6.3.1.d.

h) Personal risk insurance plan

The Chairman of the Board of Directors is a beneficiary of the personal risk insurance plan set up in France for all Group managerial-grade staff, subject to the same terms and conditions as the other plan beneficiaries.

The contributions to this plan are based on the compensation subject to social security contributions that Ross McInnes receives for his role as Chairman of the Board of Directors.

Information on the expenses recognized for 2022 by the Company in relation to the personal risk insurance plan of which the Chairman is a beneficiary is disclosed in section 6.6.3.1.c.

i) Termination of employment contract

As previously announced (see sections 6.1.1 and 8.2.1 of the 2018 Registration Document), the Chairman terminated his employment contract when his term of office was renewed on May 23, 2019. He did not receive any severance pay or other specific benefits on the termination of his employment contract. At that date, he lost the entitlements to severance pay and retirement bonuses associated with his employment contract (see section 6.6.2.1 of the 2018 Registration Document).

j) Indemnities or benefits payable for termination of office, change in duties or non-compete agreements

The Chairman of the Board of Directors is not eligible for any indemnities or benefits if his office is terminated or if there is a change in his duties. Similarly, he is not entitled to any non-compete indemnity.

6.6.2.2 Compensation policy for the Chief Executive Officer

At the date of this Universal Registration Document, this policy solely concerns Olivier Andriès, who has been the Group's Chief Executive Officer since January 1, 2021.

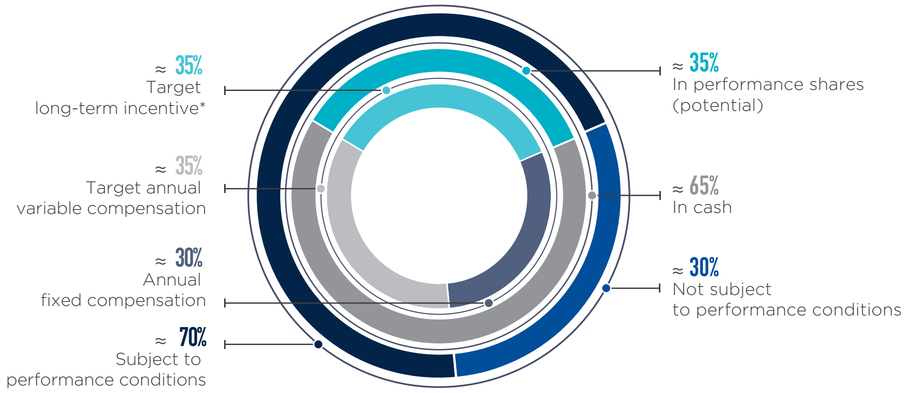
a) Compensation package structure

The structure of the Chief Executive Officer's compensation package comprises, on a recurring basis, annual fixed compensation (cash-settled), as well as annual variable compensation and performance shares granted under a long-term incentive plan. This structure is applied to all of the Company's senior executives, adapted to each individual.

The underlying aim is to closely align the Company's interests with those of its shareholders by achieving a balance between short-term and long-term performance, as assessed by the Board of Directors. Compensation subject to performance conditions accounts for the largest proportion of the Chief Executive Officer's overall compensation package.

(1) *Calculated based on the assumption that the annuity would be received as from January 1, 2023, irrespective of the eligibility conditions.*

PRESENTATION OF THE CHIEF EXECUTIVE OFFICER'S RECURRING COMPENSATION STRUCTURE



* *Value at grant date in accordance with IFR.*

The compensation and benefits awarded to the Chief Executive Officer or for which he is eligible are detailed below.

b) Annual fixed compensation

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

Consequently, it is set based on the following:

- the level and complexity of the assignments and responsibilities related to the position, in view of the fact that the Chief Executive Officer has the broadest powers to act in all circumstances in the Company's name and to represent the Company in its dealings with third parties;
- the Chief Executive Officer's individual skills, experience, expertise and background;
- benchmark surveys related to compensation payable for comparable duties and companies.

The Board of Directors has decided that, as a general rule, the Chief Executive Officer's annual fixed compensation may only be revised on the expiration of his term of office.

However, the Board may opt to increase his fixed compensation on an annual basis, provided that such increase is moderate and consistent with the increases in fixed compensation applied for other Safran Group senior executives in France.

Moreover, his compensation may also be revised during his term and before his re-appointment if the scope of his duties as Chief Executive Officer changes significantly – which could be related to changes within the Company itself – or if a major difference is identified compared with market practices (which can happen if the compensation has not been revised for some time). Any adjustments made to his annual fixed compensation as a result of any specific circumstances, as well as the reasons for such adjustments, would be publicly disclosed.

The Chief Executive Officer's annual fixed compensation is used as a reference for determining the target and maximum percentages of his annual variable compensation and the long-term incentive plan.

For information purposes, at its meeting on February 16, 2023, acting on the recommendation of the Appointments and Compensation Committee, the Board of Directors decided to increase the Chief Executive Officer's fixed compensation for 2023 from €800,000 to €840,000. The revision represents a 5% increase on the amount of his previous fixed compensation, which has stayed the same since he was appointed as Chief Executive Officer in 2021 and which has also remained unchanged since 2018 for the position of Chief Executive Officer in general.

The increase is consistent with the budget allocated in 2023 for salary increases for Safran Group senior executives in France.

c) Annual variable compensation

1. Objectives of and principles used to determine the Chief Executive Officer's annual variable compensation

The principle of annual variable compensation is used to incentivize the Chief Executive Officer to achieve the annual performance targets that are set for him by the Board of Directors in line with Safran's overall business strategy.

The potential amount of this variable compensation is determined taking into account market practices and corresponds to a percentage of his fixed compensation, as recommended in the AFEP-MEDEF Code.

It is contingent on achieving pre-defined performance levels based on a number of objectives which are collective and individual, financial and non-financial and quantitative and qualitative. The objectives relate to key indicators that reflect the Group's overall performance as well as the contribution expected from the Chief Executive Officer, in line with Safran's overall business strategy.

During the first quarter of each year, acting on the recommendations of the Appointments and Compensation Committee, the Board of Directors either confirms or sets these objectives as well as their weighting and the applicable performance levels, i.e.:

- the lowest performance level, under which no variable compensation is paid;
- the target level, corresponding to when an objective is reached; and
- the maximum level applicable if an objective is exceeded.

The quantitative financial performance objectives – which are based on financial indicators – are set precisely, by reference to the budget approved in advance by the Board of Directors (as adjusted, if necessary, to take into account exceptional circumstances or events), and are subject to the performance thresholds set out below.

The achievement rates of the performance objectives are assessed by the Board of Directors, based on the review and recommendations of the Appointments and Compensation Committee. The review is carried out on an objective-by-objective basis, for all of the financial and individual and qualitative and quantitative objectives, as well as on an aggregate basis. The results of this assessment are published in a press release.

An overall percentage achievement rate is calculated both for (i) the financial objectives and (ii) the individual objectives, based on the applicable metrics and weightings and the achievement rates for each objective. These overall percentages are then used to calculate the actual amount due.

2. Detailed description of the Chief Executive Officer's annual variable compensation

The Board of Directors has decided that the Chief Executive Officer's variable compensation will be based on the following:

Target annual variable compensation and maximum amount ("Cap")

The Chief Executive Officer's "target" variable compensation – i.e., the amount payable if the achievement rate is 100% for all of the financial and individual performance objectives set out below – corresponds to 120% of his annual fixed compensation (the "Target").

If the Chief Executive Officer outperforms his objectives, his "maximum" variable compensation – i.e., the amount payable if the achievement rate is 130% for all of the financial and individual performance objectives set out below – will represent a maximum of 150% of his annual fixed compensation (the "Cap").

Structure – Criteria

The Chief Executive Officer's annual variable compensation is determined as follows:

- two-thirds is contingent on quantitative financial performance objectives based on recurring operating income (ROI)[1], free cash flow (FCF)[2] and working capital (WC), calculated by reference to operating assets (Inventories)[3] and Unpaid Receivables[4];
- one-third is contingent on quantitative and qualitative individual objectives.

This annual variable compensation structure is also used for the Group's senior executives, adapted to each individual.

Quantitative financial performance objectives – parameters

The following parameters apply:

- Weightings:
  - ROI: 60%;
  - FCF: 25% (vs. 30% previously); and
  - working capital: 15% (vs. 10% previously), with 10% based on operating assets (Inventories) (vs. 5% previously) and 5% based on Unpaid Receivables.
- Triggering thresholds (Thresholds) based on the objectives in the annual budget which serves as the reference (Objective(s)):
  - 80% of the ROI Objective;
  - 65% of the FCF Objective;
  - 135% of each of the working capital Objectives, i.e., Inventories and Unpaid Receivables (if the level is higher than 135% for either of these Objectives, no additional variable compensation will be due as anything over 135% for these two metrics corresponds to underperformance).
- Calculation methods for the Thresholds, Target and Caps:
  - the Threshold for each performance metric triggers the entitlement to variable compensation (starting at 0 from the Threshold and reaching up to the Target if the budget Objective is achieved); if the achievement level of an Objective is 100%, the Target for the performance metric concerned will be payable;
  - if an Objective is exceeded, the variable compensation allocated in respect of that Objective will be increased beyond the Target in proportion to the extent to which the Objective is exceeded (but capped at a maximum of 130% irrespective of the extent to which the Objective is exceeded). Consequently:
    - if 130% (or more) of the ROI Objective is achieved, the Cap for this metric will be payable,
    - if 130% (or more) of the FCF Objective is achieved, the Cap for this metric will be payable,
    - if 70% (or less) of each of the working capital Objectives is achieved (Inventories and Unpaid Receivables), the Cap for each of these metrics will be payable.

Based on these indicators, an overall percentage achievement level of the financial objectives is obtained, which is then applied for determining the amount due.

For achievement levels between the Threshold and the Target and the Target and the Cap, the amounts payable will be calculated on a straight-line basis.

The applicable indicators are usually set by the Board of Directors in the first quarter of the year concerned and they may be changed from one year to the next.

Individual objectives (qualitative and quantitative)

These objectives are set by the Board of Directors and relate to strategic, business and managerial areas specific to the coming year. For example, they can be based on the implementation of strategic decisions validated by the Board of Directors, major industrial and commercial developments and programs, organizational and management measures or initiatives that factor in the Group's CSR and sustainable development policy.

These objectives are not related to routine tasks but to specific actions for which the Board of Directors expects a particular level of performance.

When setting these individual objectives, the Board is careful to factor in the Group's CSR and sustainable development targets and to ensure that some of the objectives are quantifiable, bearing in mind that two-thirds of the Chief Executive Officer's annual variable compensation is based on the achievement of quantitative objectives relating to financial performance.

(1) *Adjusted recurring operating income (see section 2.1.2 of this Universal Registration Document).*
(2) *Free cash flow (see section 2.2.3 of this Universal Registration Document) corresponds to cash flow from operating activities less changes in working capital and acquisitions of property, plant and equipment and intangible assets.*
(3) *Inventories and work-in-progress, as described in section 3.1, Note 3.o of this Universal Registration Document and broken down in section 3.1, Note 18.*
(4) *Receivables unpaid at their due date, as measured at the end of the reference period.*

An overall percentage achievement rate is calculated for the individual objectives based on the applicable weightings and the achievement rates for each objective. This overall percentage is then used to calculate the actual amount due.

Information on the current Chief Executive Officer's individual objectives for 2023 is provided in the table below.

Payment condition

In accordance with the law, the payment of the Chief Executive Officer's annual variable compensation for 2023 (payable in 2024) will be subject to approval by the shareholders at the Annual General Meeting to be held in 2024.

Illustrative table for 2023 annual variable compensation

The table below summarizes the main rules applicable to the Chief Executive Officer's annual variable compensation for 2023 as well as the underlying performance objectives and their respective weightings, as set by the Board of Directors on February 16, 2023 based on the recommendation of the Appointments and Compensation Committee.

2023 annual variable compensation for the Chief Executive Officer – Olivier Andriès (payment subject to shareholders' approval at the 2024 Annual General Meeting):

1. The proposed compensation policy for the Chief Executive Officer (see section 6.6.2.2.c) provides that his "target" variable compensation – i.e., the amount payable if the achievement rate is 100% for all of the financial and individual performance objectives – will correspond to 120% of his annual fixed compensation of €840,000 (the "Target").
2. If the Chief Executive Officer outperforms his objectives, his "maximum" variable compensation – i.e., the amount payable if the achievement rate is 130% for all of the financial and individual performance objectives – will represent a maximum of 150% of his annual fixed compensation (the "Cap").

- Target amount: €1,008,000, i.e., 120% of his fixed compensation if the achievement rate for all of the objectives is 100%
- Maximum amount: €1,260,000, i.e., 150% of his fixed compensation if the achievement rate for all of the objectives is 130%

1. 2023 financial performance objectives *(quantitative financial objectives)* (adjusted data)*		**Weighting**
Accounting for 2/3 of the CEO's annual variable compensation (67%)		
1	Recurring operating income (ROI)	60%
2	Free cash flow (FCF)	25%
3	Working capital, comprising the following components:	15%
	Operating assets (Inventories)	10%
	Unpaid receivables (late customer payments)	5%
Sub-total (base: 100%)		**100%**

2. 2023 individual objectives *(qualitative and quantitative individual performance objectives)**		**Weighting**
Accounting for 1/3 of the CEO's annual variable compensation (33%)		
1	Technological transition (qualitative and quantitative)	20%
2	Technological and industrial evolution of Seats and Cabin businesses (qualitative and quantitative)	20%
3	Expand and strengthen strategic partnerships in civil and military aeronautic (qualitative)	15%
4	Digital/Cybersecurity (qualitative and quantitative): ■ Pursuing the Cyber plan ■ Deploying the "Digital Academy" focused on digital transformation ■ Drafting the High Performance Computing (HPC) 4.0 roadmap ■ Pursuing the international expansion of digital centers of excellence	10%
5	CSR & human capital (qualitative and quantitative): ■ Safety: Frequency rate of lost-time accidents maintained at the same level, amid the ramp-up in business ■ Diversity & gender equality: Objectives linked to increasing the number of women among senior executives and within the Group Executive Committee and companies' management committees – Implementation of the inclusion/diversity roadmap ■ Human capital: Initiatives to develop Safran talent and executives over the long term ■ Climate – Low-carbon: 1. Ensuring the rise in maturity of the energy management system, with the aim of all sites achieving Silver status (analysis of the main sources of consumption and energy performance, robust energy saving action plan) 2. Implementing the Energy Sobriety Plan in Europe 3. Taking ongoing steps to achieve the action plan to reduce CO_2 emissions by 30% by 2025 (compared to 2018), with 75% of the actions completed, the remaining 25% on track, and sufficient margins identified to deal with contingencies 4. Establishing an action plan for each key company to achieve a 50% reduction in emissions by 2030 (compared to 2018) and integrating financing of the plans into the Group's medium-term plan 5. Mobilizing the main suppliers to increase their maturity on decarbonization, with the objective of conducting a carbon assessment for the 400 main suppliers	35%
Sub-total (base: 100%)		**100%**

2. 2023 individual objectives *(qualitative and quantitative individual performance objectives)**	**Weighting**

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

The achievement of the financial and individual objectives set for the Chief Executive Officer's variable compensation for 2023 will be reviewed by the Board of Directors in early 2024, based on the recommendation of the Appointments and Compensation Committee.

Payment of this annual variable compensation for 2023 will be subject to shareholders' approval at the 2024 Annual General Meeting.

d) Long-term incentive plan (performance share grants)

1. Objective

The Board of Directors considers that the long-term incentive system – which also applies to other key positions within the Company – is particularly suited to the position of Chief Executive Officer in view of the direct contribution expected from him to the Group's long-term performance. In addition, the system is based on performance share grants which strengthen the motivation and teamwork of beneficiaries and foster their loyalty, while at the same time aligning their interests with those of the Company and its shareholders. These share grants are also in line with the Board's strategy of linking the incentives of senior executives to Safran's share performance – with the inherent risks and rewards that this involves – in order to encourage long-term reasoning in their actions.

The Board of Directors may only grant performance shares if it has been given the necessary authorizations by way of a two-thirds majority vote of shareholders in an Extraordinary General Meeting. Consequently, related resolutions will be submitted to the Annual General Meeting and the shareholders will be asked to approve the components of the long-term incentive system. If approved, these resolutions could be used to add to and adjust the policy applicable to the Chief Executive Officer in relation to long-term compensation.

2. Detailed description of the Chief Executive Officer's annual variable compensation

Performance share grants made to the Chief Executive Officer are subject to the following principles and criteria:

Cap

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[1], estimated prior to the grant;
- exceed 5% of the total performance shares making up each grant. In addition, the resolutions submitted to shareholders in an Extraordinary Shareholders' Meeting for the purpose of authorizing such grants will set a maximum percentage of the Company's capital that the performance shares may represent.

Performance conditions

All performance shares granted to the Chief Executive Officer will only vest if the applicable internal and external performance conditions are met. The achievement of these conditions will be assessed over three full consecutive fiscal years, including the year in which the performance shares are granted. These performance criteria are also applied to the Group's other beneficiaries of performance shares, with appropriately adapted weightings where applicable.

Standard internal conditions

The standard internal performance conditions account in principle for 70% of the Chief Executive Officer's total vested shares and are based on the Group's financial and economic performance as well as its non-financial performance if decided by the Board of Directors.

- **Financial and economic performance**

  The two standard internal performance conditions relating to financial and economic performance account in principle for 50% of the total vested shares and are based on:

  - recurring operating income (ROI), for 50%;
  - free cash flow (FCF), for 50%.

  The financial and economic performance conditions will be assessed over a three-year period. The achievement levels for these conditions are measured by reference to the average of the ROI and FCF targets for the fiscal year in which the grant takes place and for the following two fiscal years, as set in the Group's most recent medium-term plan (MTP) or in the budget based on the MTP for the fiscal year in progress, as adjusted to factor in any exceptional circumstances or events and approved by the Board of Directors before the grant date (the "Reference Target"). The following achievement levels have been set for these conditions:

  - lowest achievement level: if 80% of the Reference Target is achieved, 40% of the shares contingent on that target will vest;
  - target achievement level: if 100% of the Reference Target is achieved, 80% of the shares contingent on that target will vest;
  - highest achievement level (cap): if 125% of the Reference Target is achieved, 100% of the shares contingent on that target 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 internal performance condition concerned will vest.

- **Non-financial performance**

  The internal conditions relating to non-financial performance count, in principle, for 20% of the total vested shares.

  The non-financial conditions relate to CSR and sustainable development objectives. The conditions, defined by the Board of Directors prior to the grant date, could take into account the Group's medium-term priorities or strategic challenges on these issues.

(1) See section 3.1, Note 3.r of this Universal Registration Document.

They will be quantifiable or measurable, making it possible to objectively monitor them and identify the actual achievement rate at the end of the performance period. When the Board of Directors grants performance shares, these conditions are communicated along with their respective weightings and other essential parameters.

For example, they can be based on targets related to:

- environmental and climate issues (such as the reduction of CO_2 emissions);
- gender equality (such as the proportion of women senior executives within the Group); and
- safety (such as reducing the lost-time accident frequency rate).

The non-financial conditions applicable to the performance shares granted by the Board of Directors on March 23, 2023 were based on the above targets (see sections 6.6.3.2.c and 6.6.5.2.2).

External performance condition

The external performance condition counts, in principle, for 30% of the total vested shares and is based on Safran's total shareholder return (TSR) performance as measured relative to a panel of companies or reference indices. The composition of this panel may change in order to factor in changes in the structure or operations of the Group or of the companies and indices concerned.

The following achievement levels have been set for this condition:

- lowest achievement level: if Safran's TSR is equal to that of the peer companies, 40% of the shares contingent on the external performance condition will vest;
- target achievement level: if Safran's TSR is 8 points higher than that of the peer companies, 80% of the shares contingent on the external performance condition will vest;
- highest achievement level (cap): if Safran's TSR is 12 points higher than that of the peer companies, 100% of the shares contingent on the external performance 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 external performance condition will vest.

If allowed by the relevant shareholder authorization covering performance share grants, the Board of Directors may, at its discretion, revise the weighting of this external condition, but to no less than 20%, in order to increase the weighting of the standard internal conditions to 80% where required, particularly if the Board believes that it would be useful or necessary to do so in light of the Group's strategic priorities and/or medium-term imperatives. If the Board does decide to revise this weighting, it will disclose this fact via a press release.

Additional conditions

As well as the portion attributed to the standard performance conditions, the Board of Directors may, at its discretion, apply additional demanding and quantifiable performance conditions for which it would define the parameters, in order to take into account the Group's medium-term priorities and challenges. In such a case, the additional performance conditions and their parameters, as defined by the Board of Directors prior to the grant, would be disclosed and their weighting would reduce the weighting of the standard internal performance conditions.

Such additional performance conditions would not therefore affect the cap on the value of grants to be made as defined above.

d) Overall presentation – Illustration and weightings

Performance conditions*			Overall weighting (in principle)
Standard internal performance conditions	Financial and economic performance	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.	20%
External performance condition	TSR	Safran's total shareholder return (TSR) compared with a panel of companies or benchmark indices.	30%
TOTAL			**100%**

* *Excluding any additional performance conditions that may be included (see c) above).*

The achievement rate of each performance condition is assessed by the Board of Directors, based on the review and recommendations of the Appointments and Compensation Committee. The results of this assessment are published in a press release.

Vesting and lock-up periods

The shares granted to the Chief Executive Officer are subject to a vesting period set by the Board of Directors, which may not be less than three years.

In addition, any shares granted to the Chief Executive Officer will be subject to a lock-up period of at least one year following their vesting date.

Other conditions

Holding requirement and undertaking not to use hedges

The Chief Executive Officer:

- is required to hold in registered form a proportion of his vested shares, as set by the Board of Directors, until his term of office as Chief Executive Officer ends.

  The Board has decided that following the lock-up period and for the duration of his term of office, the Chief Executive Officer will be required to hold in registered form 40% of the vested performance shares delivered to him under performance share plans, until the number of shares 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;
- must give a formal undertaking to refrain from using instruments to hedge the risks related to these shares until after the end of the lock-up period.

Continuing service condition – principles and exceptions

Under the rules of the performance share plan, the shares will only vest if the beneficiary still forms part of the Group on the vesting date ("continuing service condition"), apart from in a limited number of usual cases (death, disability, retirement of the beneficiary and a specific decision by the Board of Directors).

In particular:

- In the event of his death before the end of the vesting period, the Chief Executive Officer's heirs or beneficiaries may ask for the performance shares to be attributed (and delivered) to them. If the achievement rate of the performance conditions is not yet known at that date, the performance conditions will be deemed to have been met.
- If the Chief Executive Officer retires before the end of the vesting period, and provided that he has been with the Group for at least one year before retirement, he will retain his rights proportionately to the time he was with the Group during the vesting period.
- The Board of Directors may grant exemptions from the continuing service condition and the requirements set out above, and may decide to maintain all or part of the beneficiary's entitlements, in accordance with terms and conditions set by the Board.

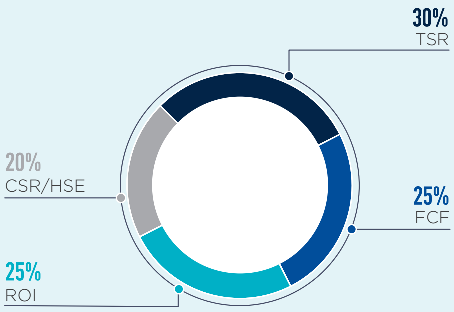
Information on performance share grants made to the Chief Executive Officer in 2022 and 2023 is provided in sections 6.6.3.2.c and 6.6.5.2.1.

Illustrative case for the 2023 grant

At its meeting on March 23, 2023, acting on the recommendation of the Appointments and Compensation Committee, the Board of Directors used the authorization granted by the shareholders in the 30th resolution of the May 26, 2021 Annual General Meeting to grant performance shares to certain Group managers and senior executives (see section 6.6.5.2.2).

As part of this overall grant, the Board granted 10,721 performance shares to the Chief Executive Officer, representing less than 5% of the total number of performance shares granted during 2023, which complied with the compensation policy described in section 6.6.2.2.

The performance shares granted to the Chief Executive Officer are subject to the condition that he is still with the Group when the shares vest ("continuing service condition") and to the achievement of internal and external performance conditions (see section 6.6.5.2.2 for a summary), based on the following 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.

The Board also confirmed that following this lock-up period and until his term of office ends, the Chief Executive Officer will be required to hold in registered form 40% of the vested performance shares delivered under this plan or any other plans until the number of shares 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 this plan and any other plan under which he is granted performance shares during his term of office as Chief Executive Officer.

The accounting value of these 10,721 performance shares, as measured at the grant date in accordance with IFRS 2 (see section 3.1, Note 3.r of this Universal Registration Document – i.e., March 23, 2023), corresponds to €1.01 million.

e) Multi-year variable compensation

The Board of Directors has decided not to put in place a multi-year variable compensation plan as it considers that share-based payments such as performance share grants are more in line with shareholders' interests (see the long-term incentive plan above).

f) Exceptional compensation

The Board of Directors has decided against including an exceptional component in the compensation policy for the Chief Executive Officer.

g) Directors' compensation (formerly "attendance fees")

The Chief Executive Officer does not receive any compensation in his capacity as a Director of the Company He is therefore not included in the allocation of Directors' compensation carried out in accordance with the rules provided for in the compensation policy for Directors (see section 6.6.2.3).

h) Benefits-in-kind

The Chief Executive Officer has the use of a company car.

He is also entitled to be reimbursed for expenses incurred in connection with his role as Chief Executive Officer, as well as any specifically agreed personal travel expenses, and he is provided with the material resources required for performing his duties.

i) Supplementary pension plans

Safran's policy is to align the post-employment benefits of the Chairman and the Chief Executive Officer with those of the Group's managerial-grade staff. This is in line with Safran's internal promotion policy built on helping in-house executives with considerable experience and expertise, often acquired during many years of service with the Group, to move seamlessly into corporate officer positions and to grant corporate officers similar entitlements to those of the plans' other beneficiaries.

No specific supplementary pension plan has been put in place for the Chief Executive Officer.

However, the Chief Executive Officer may be a beneficiary of the supplementary pension plans set up in France for all Group managerial-grade staff, subject to the same terms and conditions as the other plan beneficiaries, if the Board of Directors:

- authorizes the Chief Executive Officer to join the plans; or
- authorizes him to continue to be a beneficiary if he was already a beneficiary prior to his appointment as Chief Executive Officer.

At its meeting on December 16, 2020, the Board of Directors decided that the Chief Executive Officer would continue to be a beneficiary of the plans and benefits described below, for which he was already eligible when he was an employee, i.e., before he was appointed as Chief Executive Officer.

The Chief Executive Officer is a beneficiary of the same plans as described in section 6.6.2.1.g concerning the compensation policy for the Chairman.

Defined contribution plans: (PERO (former Article 83) – Core Plan, PERO (former Article 83) – Additional Plan and Article 82)

The Chief Executive Officer is a beneficiary of these plans under the same terms and conditions as the other plan beneficiaries.

The "PERO – Core Plan" contributions are based on the compensation subject to social security contributions that the Chief Executive Officer receives for his role as Chief Executive Officer.

The "PERO – Additional Plan" contributions are based on the compensation subject to social security contributions that the Chief Executive Officer receives for his role as Chief Executive Officer, capped at eight times the annual social security ceiling (PASS).

The contributions to the Article 82 defined contribution plan are based on the annual fixed compensation and the annual variable compensation (subject to the performance conditions defined in section 6.6.2.2.c) that the Chief Executive Officer receives for his role as Chief Executive Officer.

As provided for in the Group's Activity Transformation Agreement (see section 5.4.2.2 of the 2021 Universal Registration Document), employer contributions to the PERO and Article 82 defined contribution supplementary pension plans were frozen for 2021. Consequently, no contributions were paid to either of those plans for the Chief Executive Officer for 2021. These payments were reactivated for 2022 for all beneficiaries, including the Chief Executive Officer.

Information on the expenses recognized for 2022 by the Company in relation to the PERO plans of which the Chief Executive Officer is a beneficiary, as well as the estimated theoretical amount(1) at December 31, 2022 of the annuity that could be paid to him under those plans, are disclosed in section 6.6.3.2.f.

Information on the expenses recognized for 2022 by the Company in relation to the Article 82 Plan of which the Chief Executive Officer is a beneficiary, as well as the estimated theoretical amount(1) at December 31, 2022 of the annuity that could be paid to him under that plan, are disclosed in section 6.6.3.2.f.

"Article 39" defined benefit plan (closed to new entrants and entitlements frozen)

The Chief Executive Officer was previously a beneficiary of Safran's defined benefit supplementary pension plan set up in France for all Group managerial-grade staff pursuant to Article 39 of the French Tax Code (the "Article 39 Plan"; see section 6.6.2.1.g), subject to the same terms and conditions as the other plan beneficiaries. Olivier Andriès was originally a beneficiary of this plan in his former capacity as a Company employee. This plan is now closed to new entrants and the benefit entitlements have been frozen, including for the Chief Executive Officer.

However, he could still be eligible for the pension entitlement that he had accrued under the plan until December 31, 2016, provided the applicable terms and conditions are met (see section 6.6.2.1.g). These terms and conditions notably include seniority, which accounts for an additional 15.9% of the reference compensation.

For information purposes, the estimated theoretical amount(1) at December 31, 2022 of the annuity that could be paid to the Chief Executive Officer under the frozen Article 39 plan is provided in section 6.6.3.2.f.

(1) *Calculated based on the assumption that the annuity would be received as from January 1, 2023, irrespective of the eligibility conditions.*

j) Personal risk insurance plan

The Chief Executive Officer is a beneficiary of the personal risk insurance plan set up in France for all Group managerial-grade staff, subject to the same terms and conditions as the other plan beneficiaries.

The contributions to this plan are based on the compensation subject to social security contributions that the Chief Executive Officer receives for his role as Chief Executive Officer.

k) Indemnities or benefits payable to the Chief Executive Officer for termination of office, change in duties or non-compete agreements

The Chief Executive Officer is not eligible for any indemnities or benefits if his office is terminated or if there is a change in his duties. Similarly, he is not entitled to any non-compete indemnity.

This approach is consistent with Safran's policy, described below, of suspending, rather than terminating, the employment contracts of any Group senior executives who are appointed as corporate officers of the Company, and is aimed at avoiding any potential cumulation of corporate officers' benefits and benefits attributable under employment contracts.

l) Suspension of the Chief Executive Officer's employment contract and related entitlements

Safran's policy is to suspend, rather than terminate, employment contracts when senior executives are appointed as corporate officers because, depending on their age and length of service with the Group, terminating their employment contract could deter them from moving into top executive positions on account of the rights they could lose upon such termination. This policy is aimed at favoring internal promotion of talent wherever possible, which enables Safran to propose corporate officer positions to its senior executives who have the highest level of know-how, share and relay the Group's culture and values, and have in-depth knowledge of its markets. The objective of suspending, rather than terminating, employment contracts is not to avoid the AFEP-MEDEF Code's recommendations and guidelines relating to Chief Executive Officers (notably concerning corporate officers' departures), since reactivating an employment contract at the end of a corporate officer's term of office does not release him or her from the regulatory framework applicable to such officers.

The Chief Executive Officer has a permanent employment contract with Safran SA, which has been suspended but not terminated (see sections 6.4 and 6.6.2.2.l). In accordance with the collective bargaining agreement applicable to Safran (engineers and managerial-grade employees in the metallurgy industry), the rights attached to a suspended employment contract may include benefits or indemnities provided for under French labor law. Consequently, when the Chief Executive Officer ceases to hold his corporate office and his employment contract resumes:

- On his retirement date, he may be eligible for a retirement bonus. This retirement bonus would be calculated based on (i) his seniority within the Company (taking into account the years during which his employment contract was suspended when he was a corporate officer), and (ii) his annual compensation (based on a reference salary corresponding to the salary he was earning when his employment contract was suspended), adjusted based on a percentage corresponding to the average of the individual salary increases applied at Safran SA during the contract suspension period.
- If the employment contract is terminated by Safran SA, the Chief Executive Officer may be entitled to a termination benefit and a six-month notice period. This termination benefit would be calculated based on (i) his seniority within the Company (taking into account the years during which his employment contract was suspended when he was a corporate officer), and (ii) his compensation (based on a reference salary corresponding to the salary he was earning when his employment contract was suspended), adjusted based on a percentage corresponding to the average of the individual salary increases applied at Safran SA during the contract suspension period.

m) Exceptional circumstances or events

If any significant exceptional circumstances or events occur, i.e., circumstances or events that are out of the ordinary or beyond the Company's control, whose effects are not taken into account or reflected in the original metrics, criteria or benchmarks or those on which the current compensation policy concerning annual variable compensation and long-term incentive allocations is based and which may alter the assessment of the Chief Executive Officer's performance, the Board of Directors may decide, on the recommendation of the Appointments and Compensation Committee, and on an exceptional basis, to adapt and adjust these metrics, criteria or benchmarks, in particular by raising or lowering the performance targets, to take into account the impact of those circumstances or events. However, any caps on this type of compensation expressed in terms of a percentage of the Chief Executive Officer's fixed compensation may not be altered.

In such a case:

- in its assessment of the Chief Executive Officer's actual performance, the Board of Directors will take into account the favorable or unfavorable impact that the exceptional event or circumstance had on the Group's overall performance and the compensation paid to shareholders and the Group's personnel over the period;
- the Board of Directors will ensure that these adjustments (i) are designed to restore, to a reasonable extent, the original balance or objective, as adjusted for the expected impact of the event over the period concerned and (ii) maintain alignment with the Company's interests, strategy and outlook;
- the adjustments and the reasons therefor will be disclosed in a press release.

n) Adaptation of the compensation policy for the Chief Executive Officer in the event of a new Chief Executive Officer being appointed or the duties of an existing Chief Executive Officer ceasing during the year

If a new Chief Executive Officer is appointed or the duties of an existing Chief Executive Officer cease during the course of a year, the above principles will apply on a proportionate basis for the period during which he performs his duties.

In the case of a new appointment, these principles will be applied by taking as the reference point the annual fixed compensation decided by the Board of Directors when the new Chief Executive Officer is appointed.

However, if an appointment takes place during the second half of the year, the assessment of the Chief Executive Officer's performance for the purpose of calculating his annual variable compensation will be carried out by the Board of Directors on a discretionary basis, on the recommendation of the Appointments and Compensation Committee. The rationale underpinning the determination of the performance criteria achievement rate would be disclosed in a press release.

For long-term incentive plans (which take the form of performance share grants), the plan rules provide for the possibility for the Board of Directors to grant exemptions from the continuing service condition. Accordingly, the Board may decide that on the expiration of the Chief Executive Officer's term of office, he may retain all or some of his entitlement to the long-term incentive plan benefits he has accrued, based on terms and conditions set by the Board. The rationale underpinning this decision, as well as the decision about what happens to the vested rights under the plan, would be disclosed in a press release.

o) Adaptation of the policy for Deputy Chief Executive Officers

- If the Company appoints any Deputy Chief Executive Officers, the compensation structure, principles and criteria provided for in the compensation policy for the Chief Executive Officer would apply to them. The Board of Directors would then adapt this policy in line with the specific situation of the Deputy Chief Executive Officer concerned in order to set the objectives, performance levels, indicators, and structure of their compensation packages and the maximum that their variable compensation may represent as a proportion of their annual fixed compensation (it being specified that this proportion and the amount of their annual fixed compensation may not be higher than those set for the Chief Executive Officer).

6.6.2.3 Compensation policy for Directors

a) Principles

Article 17 of the Company's bylaws provides for compensation to be paid to the Directors.

In accordance with the law, the shareholders in a General Meeting set the aggregate annual amount of compensation that may be allocated to the Directors as consideration for their duties (the "Aggregate Compensation"). The Aggregate Compensation is set by way of a resolution proposed to the shareholders. The Aggregate Compensation approved by the shareholders remains unchanged and applies for each successive fiscal year until decided otherwise by way of a new resolution adopted by the shareholders at a General Meeting.

The rules for allocating the Aggregate Compensation under the current Directors' compensation policy (the "Allocation Rules") were set by the Board and submitted to the shareholders for their approval.

The Allocation Rules take into account Directors' actual attendance at meetings of the Board and its Committees, and therefore include a significant variable portion. The amount of compensation paid to each Director must be adapted to their particular level of responsibility as a Director and the time they devote to their directorship duties.

The Aggregate Compensation is allocated between the Directors by the Board, by applying the Allocation Rules.

The individual amounts paid to each Director are set out in the corporate governance report (see section 6.6.4.1).

The Chairman of the Board of Directors and the Chief Executive Officer do not receive any compensation amounts out of the Aggregate Compensation, as stipulated in their compensation policies since 2019 (see sections 6.6.1.2 and 6.6.1.3 of the 2018 Registration Document, sections 6.6.1.3 and 6.6.1.4 of the 2019, 2020 and 2021 Universal Registration Documents and sections 6.6.2.1.c and 6.6.2.2.g of this Universal Registration Document).

The cases in which the payment of compensation to Directors must be suspended are also set out in the applicable regulations.

b) Allocation Rules

In accordance with the Allocation Rules set by the Board of Directors[1], the Aggregate Compensation is allocated as follows (which may not necessarily represent the full amount of the Aggregate Compensation):

- The representative of the French State appointed pursuant to Article 4 of *ordonnance* 2014-948 dated August 20, 2014 and the Director(s) appointed pursuant to Article 6 of said *ordonnance* do not directly receive Directors' compensation when they act in the capacity of public agents. Instead, their portion of the Aggregate Compensation is paid directly by the Company to the French Treasury. For compensation allocated to Directors appointed pursuant to Article 6 of said *ordonnance* who are not public agents, the same applies to any amount that exceeds the cap set in the ministerial decree of December 18, 2014 implementing section V of Article 6 of said *ordonnance*.
- Irrespective of whether or not the role of Chairman of the Board of Directors is separate from that of Chief Executive Officer, the Chairman and the Chief Executive Officer (if he is a Director) are not entitled to Directors' compensation and are not included in the allocation of compensation carried out by the Board in accordance with the Allocation Rules.
- For membership of the Board of Directors:

  Annual fixed compensation:

  - Each Director (excluding the Chairman and the Chief Executive Officer if either is a Director) and any Board Advisors (*censeurs*) is entitled to annual fixed compensation whose amount is set by the Board of Directors.
  - If a new Director is appointed (or elected) during a given year, or if a directorship ceases during a given year, this annual fixed compensation is calculated proportionately based on the number of Board meetings held during the year.

  Variable compensation per Board meeting:

  - Each Director (excluding the Chairman and the Chief Executive Officer if either is a Director) and any Board Advisors (*censeurs*) is entitled to variable compensation for each Board meeting he or she attends, the amount of which is set by the Board of Directors.
- For membership of the Board Committees:

  Variable compensation per Committee meeting:

  - Each Director (including the Chair(s) of temporary committees, but excluding the Chairman and the Chief Executive Officer if either is a Director) is entitled to variable compensation for each meeting he or she attends of any Committee(s) of which he or she is a member (or each meeting of any temporary committee that he or she chairs). The amount of this variable compensation is set by the Board of Directors.
  - Each Chair of a standing Board committee (excluding, where applicable, the Chairman and the Chief Executive Officer if either is a Director) is entitled to a higher amount of variable compensation for each standing Committee meeting that he or she chairs. The amount of this variable compensation is set by the Board of Directors.

(1) *Rules set on February 26, 2018 and applicable as from 2018.*

- Additional compensation for geographical distance:
  - Directors residing outside Metropolitan France are entitled to an additional amount of variable compensation per Board and Committee meeting that he or she physically attends. The amount of this additional variable compensation is set by the Board of Directors.
- Cap and potential adjustment:
  - A maximum annual gross amount of Directors' compensation is set per Director by the Board of Directors. If the application of the Allocation Rules leads to an individual annual gross amount of Directors' compensation exceeding this cap, the individual allocation of the Director(s) concerned will be reduced to this cap, before any adjustment is made.
  - If the application of the Allocation Rules leads to a total amount of compensation to be allocated that is higher than the Aggregate Compensation set by the shareholders, said total amount will be decreased by reducing, on an equal proportionate basis, each individual allocation (rounded down to the nearest euro where necessary), such that the total amount allocated is equal to the Aggregate Compensation.
- Each year, the Board of Directors places on record the overall and individual allocation of the Directors' compensation resulting from the application of the Allocation Rules. Where appropriate, the Board may decide to allocate any residual unallocated amount corresponding to the difference between the Aggregate Compensation set by the shareholders and the total allocated amount resulting from the application of the Allocation Rules.

c) Reimbursement of expenses

Each member of the Board of Directors is entitled to be reimbursed for travel expenses incurred in connection with their directorship, subject to providing the appropriate receipts.

d) Specific or one-off assignments

Directors may be allocated additional compensation if they carry out specific assignments, such as, by way of illustration, those performed by the Vice-Chair or the Lead Independent Director. In such a case, the Board may decide to set specific amounts for this purpose that will be taken into account when applying the Allocation Rules for the Aggregate Compensation.

Directors may also be paid additional compensation for any one-off assignments they may carry out, in which case the payment of this additional compensation will be subject to the procedure applicable to related-party agreements.

e) Additional information

For information purposes, it is hereby disclosed that:

- The amount of the Aggregate Compensation to be allocated among the Directors, as approved by the shareholders at the May 25, 2022 Annual General Meeting, is €1,300,000.
- The total amount of the allocations made to each Director may not exceed the maximum authorized amount of the Aggregate Compensation in effect, as set by the shareholders at the Annual General Meeting.
- The amounts of fixed and variable compensation payable per meeting under the Allocation Rules set by the Board of Directors has been increased by 5% for 2023. The increase is consistent with the salary increases introduced for Safran Group senior executives in France on January 1, 2023 and with the average amount allocated to directors of other CAC 40 companies. The cap for each Director remains unchanged.

Amounts set for the purpose of applying the Allocation Rules:	As from 2023 and for all subsequent years, unless otherwise decided by the Board (in €)
Annual fixed compensation per Director (full-year basis) (excluding the Chairman and the Chief Executive Officer)	11,550
For attendance at Board meetings:	
■ Variable compensation per Board meeting for the Directors (no Directors' compensation for the Chairman and the Chief Executive Officer)	5,250
For attendance at meetings of the standing Board Committees and special temporary committees:	
■ Variable compensation per meeting for the Chairs of the standing Committees	9,450
■ Variable compensation per meeting for Committee members (including for the Chairs of special temporary committees)	5,250
Additional compensation for geographical distance, based on physical attendance per Board and Committee meeting	
■ Cross-Atlantic travel or equivalent	+3,675
■ Travel from a European country	+1,315
Annual cap on individual Directors' compensation paid out of the Aggregate Compensation	130,000
Annual cap on the Aggregate Compensation* approved at the AGM for all the Directors	1,300,000

- If there are any major changes in the membership structure and work of the Board or the Board Committees or if their Chair changes during a given year, or if any significant exceptional circumstances or events occur, the Board may adjust these amounts accordingly, provided the weighting of the variable portion of Directors' compensation still represents the majority of the individual amounts allocated. In all circumstances, any such adjustments may not result in the total final allocation exceeding the amount of the Aggregate Compensation in effect at the time the adjustment(s) are made.

The table summarizing the Directors' compensation paid or payable to members of the Board of Directors for 2021 and 2022 is provided in section 6.6.4.1.

6.6.3 Compensation and benefits of the Chairman and the Chief Executive Officer for 2022 (Report on the compensation of corporate officers)

The following section sets out the compensation and benefits of:

- the Chairman of the Board of Directors, Ross McInnes, for 2022;
- the current Chief Executive Officer, Olivier Andriès, for 2022.

6.6.3.1 Compensation and benefits of the Chairman of the Board of Directors for 2022

In his role as Chairman of the Board of Directors, in 2022 Ross McInnes received a fixed amount of annual compensation. He does not receive any variable compensation or Directors' compensation (formerly "attendance fees"). Ross McInnes continued to be a beneficiary of the Group's personal risk insurance plan and supplementary pension plan, subject to the same terms and conditions as the other plan beneficiaries. In addition, he had the use of a company car as a benefit-in-kind.

The structure of Ross McInnes' compensation package for 2022 is in line with the compensation policy described in section 6.6.1.3 of the 2021 Universal Registration Document, which was approved by the shareholders at the Annual General Meeting of May 25, 2022.

The compensation and benefits of the Chairman of the Board of Directors are summarized in the tables in section 6.6.3.3.

a) Fixed compensation (2022)

At its meeting on February 23, 2022, acting on the recommendation of the Appointments and Compensation Committee, the Board of Directors decided to keep the Chairman's annual fixed compensation at €450,000 for 2022, i.e., unchanged from 2021.

b) Directors' compensation (formerly "attendance fees") for 2022

The Chairman did not receive any compensation in his capacity as a Director in 2022, in accordance with the compensation policy approved at the Annual General Meeting of May 25, 2022 (see section 6.6.1.3 of the 2021 Universal Registration Document and section 6.6.2.1 of this Universal Registration Document).

c) Personal risk insurance plan

At its meeting on April 23, 2015, the Board of Directors decided to authorize the Chairman to continue to be a beneficiary of Safran's personal risk insurance plan set up in France for all Group managerial-grade staff (see section 6.6.2.1.h), subject to the same terms and conditions as the other plan beneficiaries. The Chairman was previously a beneficiary of this plan in his former capacity as a Company employee, then as Deputy Chief Executive Officer. The commitment given by the Company to enable Ross McInnes to continue to be a beneficiary of this plan was approved at the Annual General Meeting of May 19, 2016, pursuant to the legal provisions applicable at that date.

The corresponding expense recognized in the 2022 financial statements amounted to €5,974.08.

d) Supplementary pension system in 2022

No specific supplementary pension system was in place for the Chairman of the Board of Directors.

Defined contribution plans – PERO

In accordance with a decision taken by the Board of Directors on February 26, 2018, the Chairman was a beneficiary of Safran's two defined contribution supplementary pension plans set up in France for all Group managerial-grade staff pursuant to Article 83 of the French Tax Code (the "Article 83 plans") and in force at January 1, 2018 (replaced by PERO since January 1, 2022; see section 6.6.1.3.g of the 2021 Universal Registration Document and section 6.6.2.1.g of this Universal Registration Document), subject to the same terms and conditions as the other plan beneficiaries. This commitment was approved by the shareholders at the May 25, 2018 Annual General Meeting pursuant to the legal provisions applicable at that date, and was re-confirmed by the Board at its meeting on February 16, 2023 as part of Ross McInnes' re-appointment as Chairman of the Board of Directors (see section 6.1.1).

The expenses recorded in the 2022 financial statements relating to the contributions paid for Ross McInnes under the PERO – Core Plan and the PERO – Core Plan Additional Plan amounted to €12,135.12 and €14,191.92 respectively. At December 31, 2022, the estimated theoretical amount(1) of the annuities that could be paid to Ross McInnes under the PERO – Core Plan and the PERO – Additional Plan amounted to €10,098.26 and €3,740.48 respectively.

"Article 82" defined contribution plan

In accordance with a decision taken by the Board of Directors on March 23, 2017, the Chairman is a beneficiary of Safran's defined contribution supplementary pension set up in France for all Group managerial-grade staff pursuant to Article 82 of the French Tax Code (the "Article 82 Plan"), subject to the same terms and conditions as the other plan beneficiaries (see section 6.6.2.1.g). This was most recently confirmed by the Board at its meeting on February 16, 2023 as part of the preliminary decision to re-appoint Ross McInnes as Chairman of the Board of Directors (see section 6.1.1).

Under the Article 82 Plan, the Insurer Contribution and Additional Payment for the Chairman for 2022 totaled €39,015 each (i.e., €78,030 altogether), corresponding in each case to 8.67% of his reference compensation (17.34% in total).

At December 31, 2022, the estimated theoretical amount(2) of the annuity that could be paid to the Chairman under the Article 82 Plan was €10,686.18.

"Article 39" defined benefit plan (closed to new entrants and entitlements frozen)

The Chairman was previously a beneficiary of Safran's defined benefit supplementary pension plan set up in France for all Group managerial-grade staff pursuant to Article 39(3) of the French Tax Code (the "Article 39 Plan"; see section 6.6.2.1.g), subject to the same terms and conditions as the other plan

(1) Calculated based on the assumption that the annuity would be received as from January 1, 2023, irrespective of the eligibility conditions (in accordance with Article D.22-10-16 of the French Commercial Code).
(2) Calculated based on the assumption that the annuity would be received as from January 1, 2023, irrespective of the eligibility conditions.
(3) Defined benefit plan meeting the conditions set out in Article L.137-11 of the French Social Security Code.

beneficiaries. Ross McInnes was originally a beneficiary of this plan in his former capacity as Deputy Chief Executive Officer. The commitment given by the Company to enable Ross McInnes to continue to be a beneficiary of this plan was approved at the Annual General Meeting of May 19, 2016.

This plan was closed to new entrants and existing entitlements frozen as from December 31, 2016. The Article 82 defined contribution plan described in section 6.6.2.1.g was set up to compensate for this closure.

However, as decided by the Board at its meeting on March 23, 2017 (and most recently confirmed at its February 16, 2023 meeting as part of the preliminary decision to re-appoint Ross McInnes as Chairman of the Board of Directors), the Chairman could still be eligible for the pension entitlement that he had accrued under the plan until December 31, 2016, provided the applicable terms and conditions are met.

At December 31, 2022, the estimated theoretical amount[1] of the annuity that could be paid to Ross McInnes corresponded to the cap set in the plan, i.e., €131,976 (corresponding to three times the annual social security ceiling [PASS], based on the 2023 value of the PASS, up 6.9% from 2022).

e) Termination of employment contract

As previously announced (see sections 6.1.1 and 8.2.1 of the 2018 Registration Document), the Chairman terminated his employment contract when his term of office was renewed on May 23, 2019. He did not receive any severance pay or other specific benefits on the termination of his employment contract. At that date, he lost the entitlements to severance pay and retirement bonuses associated with his employment contract (see section 6.6.2.1 of the 2018 Registration Document).

f) Other indemnities or benefits payable for the termination of office or a change in duties – Non-compete indemnities

The Chairman of the Board of Directors is not eligible for any indemnities or benefits if his office is terminated or if there is a change in his duties. Similarly, he is not entitled to any non-compete indemnity.

6.6.3.2 Compensation and benefits of the Chief Executive Officer for 2022

In his role as Chief Executive Officer, Olivier Andriès' compensation package for 2022 included annual fixed compensation, annual variable compensation and performance shares granted under a long-term incentive plan. He continues to be a beneficiary of the Group's personal risk insurance plan and supplementary pension plan, subject to the same terms and conditions as the other plan beneficiaries. In addition, he has the use of a company car as a benefit-in-kind and can claim travel expenses.

The structure of his 2022 compensation package as Chief Executive Officer is in line with the compensation policy described in section 6.6.1.4 of the 2021 Universal Registration Document, which was approved by the shareholders at the Annual General Meeting of May 25, 2022.

The structure of his 2023 compensation package is unchanged from that approved at the 2022 Annual General Meeting, apart from a change to one of the parameters applicable to his annual variable compensation, as described in sections 6.6.2 and 6.6.2.2.c.

a) Fixed compensation (2022)

At its meeting on February 23, 2022, acting on the recommendation of the Appointments and Compensation Committee, the Board of Directors set the Chief Executive Officer's annual fixed compensation at €800,000 for 2022, unchanged from the amount set for 2021 and also since 2018 for the office of Chief Executive Officer.

b) Annual variable compensation for 2022

The Chief Executive Officer's annual variable compensation for 2022 was determined based on the terms and conditions set out in the compensation policy approved by the shareholders at the Annual General Meeting of May 25, 2022, as described in section 6.6.1.4 of the 2021 Universal Registration Document.

Acting on the recommendation of the Appointments and Compensation Committee, on February 16, 2023 the Board of Directors set the amount of the annual variable compensation for 2022 of the Chief Executive Officer, Olivier Andriès.

Based on the achievement levels of the applicable financial and individual objectives, the amount of Olivier Andriès' annual variable compensation for 2022 totals €1,072,671, representing 134% of his annual fixed compensation.

This amount reflects:

- An overall achievement rate of 109% for the portion related to the Group's financial performance (accounting for two-thirds of the variable compensation), for which the objectives related to:
  - recurring operating income (ROI) (60% weighting): 103% achievement;
  - free cash flow (FCF) (30% weighting): 130% achievement;
  - working capital, comprising the following components:
    - operating assets (Inventories) (5% weighting): 74% achievement, and
    - unpaid receivables (5% weighting): 92% achievement.
- An overall achievement rate of 124.25% for the portion related to individual quantitative and qualitative performance objectives (accounting for one-third of the variable compensation).

(1) *Calculated based on the assumption that the annuity would be received as from January 1, 2023, irrespective of the eligibility conditions.*

The table below summarizes the main rules applicable to the Chief Executive Officer's variable compensation for 2022 as well as the underlying performance objectives and their respective weightings:

2022 annual variable compensation for the Chief Executive Officer – Olivier Andriès – Results
(payment subject to shareholders' approval at the 2023 Annual General Meeting):

The compensation policy applicable to the Chief Executive Officer provides that his "target" variable compensation – i.e., the amount payable if the achievement rate is 100% for all of the financial and individual performance objectives – corresponds to 120% of his annual fixed compensation (the "Target").

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

- Target amount: €960,000, i.e., 120% of his fixed compensation if the achievement rate for all of the objectives is 100%
- Maximum amount: €1,200,000, i.e., 150% of his fixed compensation if the achievement rate for all of the objectives is 130%

Objectives		Weighting	Achievement rate*	Comments**
Financial performance objectives *(quantitative financial objectives) (adjusted data)*		**Accounting for 2/3 of the CEO's annual variable compensation (67%)**		
1	Recurring operating income (ROI)	60%	62.1%	Objectives met or exceeded (outperformance) ■ ROI (after deducting the value-sharing bonus) was €2,442 million, in line with the 2022 budget.
2	Free cash flow (FCF)	30%	39%	■ FCF (after deducting the value-sharing bonus) was €2,699 million, ahead of the 2022 budget.
3	Working capital, comprising the following components:	10%		■ The favorable change in working capital during the year (€729 million) was driven by higher inventories, more than offset by higher deferred income and significant customer advance payments.
	■ *Operating assets (Inventories)*	*5%*	*3.7%*	
	■ *Unpaid receivables (late customer payments)*	*5%*	*4.6%*	
Sub-total (base: 100%)		**100%**	**109%**	**(Potential range: 0% to 130%)**
AMOUNT *(in €)*			**€688,000**	**REPRESENTING 129% OF 2/3 OF THE CEO'S REFERENCE FIXED COMPENSATION OF €800,000**

* *Corresponding to the relevant weighting multiplied by the achievement rate of the objective. For example, where an objective with a 30% weighting is 130% achieved (therefore corresponding to outperformance), the overall achievement rate is 39% (i.e., 30 x 130%).*

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

Individual objectives *(qualitative and quantitative individual performance objectives)**		**Accounting for 1/3 of the CEO's annual variable compensation (33%)**		
1	Relations with aircraft manufacturers and key partners (qualitative): ■ Commercial and strategic campaigns	20%	26%	Objective exceeded (outperformance) ■ The outperformance reflects the commercial campaigns – identified during the year as strategic – that were secured and won, in particular due to the major work done with our partner in the CFM joint venture, as well as to relations with aircraft manufacturers and airlines. For confidentiality reasons, the details of these campaigns are not disclosed.
2	LEAP aftermarket activities (qualitative and quantitative): ■ Management of LEAP engine service contracts and maintenance costs and related action plans	20%	24%	Objective exceeded (outperformance) ■ The action plans for the long-term development of the CFM and LEAP aftermarket were presented, together with their implementation. For confidentiality reasons, the details of these action plans are not disclosed.
3	Portfolio review (qualitative and quantitative): ■ As announced at Safran's 2021 Capital Markets Day, active management of the Group's asset portfolio ■ Related steps, progress and achievements (quantitative)	10%	13%	Objective exceeded (outperformance) ■ The objective was assessed as having been met, based on the proceeds from the selective divestment program. ■ The objective was assessed as having been exceeded, based on the deployment and implementation of a restructuring plan for a strategic activity in 2022.
4	Digital/Cybersecurity (qualitative and quantitative): ■ Setting up a "Digital Academy" focused on digital transformation ■ Advancing on the development, organization and location of centers of excellence ■ Pushing ahead with the Cyber plan	15%	19.5%	Objective exceeded (outperformance) ■ The Digital Academy was successfully created and launched in 2022, with a new fun learning platform and new Jump In modules (etc.). ■ A ramp-up plan for offshore Digital/IT skills was developed, with a quick start-up and very strong adoption, including two centers opened and 200 people recruited (etc.). Implementation of the Cybersecurity plan continued apace, with new cyber protection measures for equipment and networks, thereby enhancing the level of security in 2022. A plan to strengthen the Active Directory (AD) was completed, with the architecture validated by the French cybersecurity agency ANSSI.

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

Individual objectives *(qualitative and quantitative individual performance objectives)**		**Accounting for 1/3 of the CEO's annual variable compensation (33%)**		
5	CSR & human capital (qualitative and quantitative): ■ Safety: Frequency rate of occupational accidents and of lost-time accidents maintained at the same level, amid the ramp-up in business ■ Diversity & gender equality: Objectives linked to increasing the number of women among senior executives and within the Group Executive Committee and companies' management committees – Launch of an inclusion/diversity barometer and related action plan ■ Human capital: Initiatives to develop Safran talent and executives over the long term ■ Climate – Low-carbon: • Extending the "Scopes 1 & 2" action plan to include the newly-announced long-term objective of reducing emissions by 50% by 2030 (compared to 2018) • Rolling out the energy management system • Launching a Scope 3 plan for "Purchases", targeting Safran's main suppliers • Setting an objective for reducing Scope 3 emissions from "Product Use" and achieving SBTi certification	35%	41.75%	Objectives met or exceeded (outperformance) ■ Safety: the reduction in the frequency rate of occupational accidents at end-2022 compared to 2021 was the result of ongoing efforts to improve HSE performance. In addition, the frequency rate of lost-time accidents was maintained at the same level, in the context of the ramp-up in activity. ■ Diversity & gender equality: there are four women on the Group Executive Committee and one additional woman on the companies' management committees, and 17% of senior executives are women versus 15% in 2021: objectives met; an inclusion/diversity barometer was launched and its results were communicated; an inclusion/diversity roadmap was validated. ■ Human capital: talent development pathways were accelerated (nearly half of the most senior positions were renewed). ■ Climate – Low-carbon: • A macro study of the main levers for achieving the 50% reduction by 2030 was conducted; the objective was rolled out within the Group; and additional decarbonization actions that will put the Group well on track to meeting the 2025 objective and contribute to achieving the 2030 objective were identified. An Energy Sobriety Plan was developed, including actions scheduled between 2025 and 2030. • The 2022 energy management system was launched at Group company level; site audits were structured and launched; 80% of the 169 sites concerned obtained Bronze status at end-December. • A supplier decarbonization plan was launched in 2022, with an 83.5% supplier questionnaire response rate. • The objective of a 42.5% reduction per passenger kilometer in Scope 3 emissions from "Product Use" was set and validated; SBTi certification was obtained on January 12, 2023, with the nuance of expressing the objective in terms of emissions per seat kilometer (capacity) rather than per passenger kilometer (passenger traffic).
Sub-total (base: 100%)		**100%**	**124.25%**	**(Potential range: 0% to 130%)**
Amount *(in €)*			**€384,671**	**Representing 144% of 1/3 of the CEO's reference fixed compensation of €800,000**
TOTAL *(in €)*		**€1,072,671**		**REPRESENTING 134% OF THE CEO'S REFERENCE FIXED COMPENSATION OF €800,000**

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

Payment of the Chief Executive Officer's annual variable compensation for 2022 is subject to shareholders' approval at the Annual General Meeting of May 25, 2023.

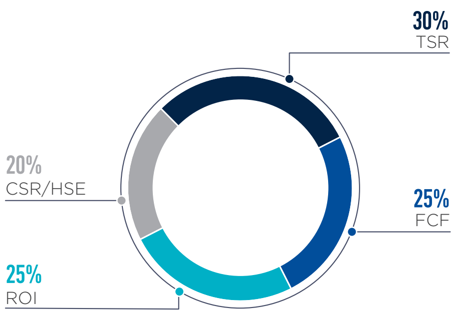
c) Long-term incentive plan (performance share grants)

Performance share grants in 2022

At its meeting on March 24, 2022, acting on the recommendation of the Appointments and Compensation Committee, the Board of Directors used the authorization granted by the shareholders in the 30th resolution of the May 26, 2021 Annual General Meeting to grant performance shares to certain Group managers and senior executives (see section 6.6.5.2.1).

As part of this overall grant, the Board granted 14,334 performance shares to the Chief Executive Officer[(1)], representing less than 2% of the total number of performance shares granted, in compliance with the compensation policy approved at the 2021 Annual General Meeting.

The performance shares granted to the Chief Executive Officer are subject to the condition that he is still with the Group when the shares vest ("continuing service condition") and to the achievement of internal and external performance conditions (see section 6.6.5.2.1 for a summary), based on the following weightings:



The vesting period has been set at three years (2022-2024) 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 vesting period will be followed by a one-year lock-up period.

The Board also confirmed that following this lock-up period and until his term of office ends, the Chief Executive Officer will be required to hold in registered form 40% of the vested performance shares delivered under this plan or any other plans until the number of shares 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 this plan and any other plan under which he is granted performance shares during his term of office as Chief Executive Officer.

The accounting value of these performance shares, as measured at the grant date in accordance with IFRS 2 (see section 3.1, Note 3.r of this Universal Registration Document – i.e., March 24, 2022), corresponds to €959,947.98.

d) Directors' compensation (formerly "attendance fees") for 2022

The Chief Executive Officer did not receive any compensation in his capacity as a Director for 2022, in accordance with the compensation policy described in section 6.6.2.2.g.

e) Personal risk insurance plan

As decided by the Board of Directors on December 16, 2020, the Chief Executive Officer is a beneficiary of Safran's personal risk insurance plan set up in France for all Group managerial-grade staff (see section 6.6.2.2.j), subject to the same terms and conditions as the other plan beneficiaries. The Chief Executive Officer was previously a beneficiary of this plan in his former capacity as a Company employee.

f) Supplementary pension system in 2022

No specific supplementary pension system was in place for the Chief Executive Office.

Defined contribution plans – PERO

In accordance with a decision taken by the Board of Directors on December 16, 2020, the Chief Executive Officer is a beneficiary of Safran's two defined contribution supplementary pension plans set up in France for all Group managerial-grade staff pursuant to Article 83 of the French Tax Code (the "Article 83 plans") and in force at January 1, 2018 (see section 6.6.2.2.i), subject to the same terms and conditions as the other plan beneficiaries. The Chief Executive Officer was previously a beneficiary of these plans in his capacity as a Company employee. The Article 83 plans were replaced by the PERO plans on January 1, 2022 (see section 6.6.2.1.g).

The expenses recorded in the 2022 financial statements relating to the contributions paid for Olivier Andriès under the PERO – Core Plan and the PERO – Additional Plan amounted to €12,135.12 and €14,191.92 respectively.

At December 31, 2022, the estimated theoretical amount[(2)] of the annuities that could be paid to Olivier Andriès under the PERO – Core Plan and the PERO – Additional Plan amounted to €14,413.16 and €2,703.74 respectively.

"Article 82" defined contribution plan

In accordance with a decision taken by the Board of Directors on December 16, 2020, the new Chief Executive Officer is a beneficiary of Safran's defined contribution supplementary pension plan set up in France for all Group managerial-grade staff pursuant to Article 82 of the French Tax Code (the "Article 82 Plan"), subject to the same terms and conditions as the other plan beneficiaries (see section 6.6.2.2.i).

Under the Article 82 Plan, the Insurer Contribution and Additional Payment for the Chief Executive Officer for 2022 totaled €135,373.56 each (i.e., €270,747.12 altogether), corresponding in each case to 12.735% of his reference compensation (25.47% in total).

(1) 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; see section 3.1 Note 3.r of this Universal Registration Document), as estimated at the grant date.

(2) Calculated based on the assumption that the annuity would be received as from January 1, 2023, irrespective of the eligibility conditions (in accordance with Article D.22-10-16 of the French Commercial Code).

At December 31, 2022, the estimated theoretical amount(1) of the annuity that could be paid to the Chief Executive Officer under the Article 82 Plan was €22,017.56.

"Article 39" defined benefit plan (closed to new entrants and entitlements frozen)

The Chief Executive Officer was previously a beneficiary of Safran's defined benefit supplementary pension plan set up in France for all Group managerial-grade staff pursuant to Article 39(2) of the French Tax Code (the "Article 39 Plan"; see section 6.6.2.2.i), subject to the same terms and conditions as the other plan beneficiaries. Olivier Andriès was originally a beneficiary of this plan in his former capacity as a Company employee.

This plan was closed to new entrants and existing entitlements frozen as from December 31, 2016. The Article 82 defined contribution plan described in section 6.6.2.2.i was set up to compensate for this closure.

However, the Chief Executive Officer could still be eligible for the pension entitlement that he had accrued until December 31, 2016, provided the applicable terms and conditions are met.

At December 31, 2022, the estimated theoretical amount(3) of the annuity that could be paid to the Chief Executive Officer corresponded to the cap set in the plan, i.e., €131,976 (corresponding to three times the annual social security ceiling [PASS], based on the 2023 value of the PASS, up 6.9% from 2022).

g) Indemnities or benefits payable for the termination of office or a change in duties – Non-compete indemnities

The Chief Executive Officer is not eligible for any indemnities or benefits if his office is terminated or if there is a change in his duties. Similarly, he is not entitled to any non-compete indemnity.

h) Suspension of the Chief Executive Officer's employment contract and related entitlements

On December 16, 2020, when Olivier Andriès was appointed Chief Executive Officer, the Board of Directors decided and placed on record that his employment contract with Safran entered into on March 1, 2008 would be suspended as from January 1, 2021 (see sections 6.4 and 6.6.2.2.l).

The Chief Executive Officer's employment contract was therefore automatically suspended on the date he took up office. This Board decision is in line with the Group's strategy (see sections 6.4 and 6.6.2.2.l) of favoring internal promotion of talent wherever possible, which enables Safran to propose corporate officer positions to its senior executives who have the highest level of know-how, share and relay the Group's culture and values, and have in-depth knowledge of its markets.

The entitlements attached to Olivier Andriès' employment contract, as at the date of its suspension and based on a seniority of 12 years and 10 months, are as follows:

- When he ceases to serve as Chief Executive Officer and his employment contract resumes, on retirement he may be entitled to a retirement bonus pursuant to French labor law. In accordance with the collective bargaining agreement applicable to engineers and managerial-grade employees in the metallurgy industry, this retirement bonus would be calculated based on (i) his seniority within the Company (taking into account the years during which his employment contract was suspended when he was a corporate officer), and (ii) his annual compensation (based on a reference salary corresponding to the salary he was earning when his employment contract was suspended), adjusted based on a percentage representing the average of the individual salary increases applied at Safran during the contract suspension period. For information purposes, at December 31, 2022 this retirement bonus amounted to €181,060.
- After his employment contract resumes when he ceases to serve as Chief Executive Officer and if the contract is then terminated by Safran, he may be entitled to a termination benefit pursuant to French labor law, as well as to a six-month notice period. In accordance with the collective bargaining agreement applicable to engineers and managerial-grade employees in the metallurgy industry, this termination benefit would be calculated based on (i) his seniority within the Company (taking into account the years during which his employment contract was suspended when he was a corporate officer), and (ii) his compensation (based on a reference salary corresponding to the salary he was earning when his employment contract was suspended), adjusted based on a percentage representing the average of the individual salary increases applied at Safran SA during the contract suspension period. For information purposes, at December 31, 2022 this termination benefit amounted to €552,234.
- The payment of his paid vacation entitlements accrued and not taken prior to the suspension of his employment contract, adjusted based on a percentage corresponding to the average of the individual salary increases applied at Safran during the suspension period.
- An employee's salary corresponding to (i) the fixed compensation he was earning in his capacity as an employee on the date his employment contract was suspended, adjusted based on a percentage corresponding to the average of the individual salary increases applied at Safran during the suspension period, plus (ii) annual variable compensation, whose target amount (i.e., if the applicable objectives are achieved) would represent 70% of his fixed compensation.

(1) *Calculated based on the assumption that the annuity would be received as from January 1, 2023, irrespective of the eligibility conditions (in accordance with Article D.22-10-16 of the French Commercial Code).*
(2) *Defined benefit plan meeting the conditions set out in Article L.137-11 of the French Social Security Code.*
(3) *Calculated based on the assumption that the annuity would be received as from January 1, 2023, irrespective of the eligibility conditions (in accordance with Article D.22-10-16 of the French Commercial Code).*

6.6.3.3 Summary of the compensation of the Chairman and the Chief Executive Officer for 2022

6.6.3.3.1 Summary tables showing the individual compensation and benefits of the Chairman of the Board of Directors

The summary table based on the AMF/AFEP-MEDEF table no. 3 template is presented in section 6.6.4.1, "Compensation paid during or awarded for 2022 to the members of the Board of Directors".

SUMMARY TABLE OF COMPENSATION, STOCK OPTIONS AND PERFORMANCE SHARES GRANTED TO THE CHAIRMAN OF THE BOARD OF DIRECTORS (AMF/AFEP-MEDEF TABLE NO. 1)

Summary of compensation, stock options and performance shares granted	2021	2022
Compensation allocated for the year (detailed in the table below)	€455,713.46	€494,894.36[(1)]
Value of multi-year variable compensation allocated during the year	N/A	N/A
Value of stock options granted during the year	N/A	N/A
Value of performance shares granted during the year	N/A	N/A
TOTAL	**€455,713.46**	**€494,894.36**

(1) *Including €39,015 corresponding to the Additional Payment under the Article 82 defined contribution plan (see section 6.6.3.1.d).*

SUMMARY TABLE OF THE INDIVIDUAL COMPENSATION AND BENEFITS OF THE CHAIRMAN OF THE BOARD OF DIRECTORS (AMF/AFEP-MEDEF TABLE NO. 2)

	2021		2022	
Summary of compensation *(gross)*	Amounts awarded for the year	Amounts paid during the year	Amounts awarded for the year	Amounts paid during the year
Fixed compensation	€450,000	€450,000	€450,000	€450,000
Annual variable compensation	N/A	N/A	N/A	N/A
Multi-year variable compensation	N/A	N/A	N/A	N/A
Exceptional compensation	N/A	N/A	N/A	N/A
Directors' compensation	N/A	N/A	N/A	N/A
Benefits-in-kind[(1)]	€5,713.46	€5,713.46	€5,879.36	€5,879.36
Additional Payment provided for under a defined contribution supplementary pension plan[(2)]	0	0	€39,015	€39,015
Other	N/A	N/A	N/A	N/A
TOTAL	**€455,713.46**	**€455,713.46**	**€494,894.36**	**€494,894.36**

(1) *Company car.*

(2) *Corresponding to the Additional Payment under the Article 82 defined contribution plan, enabling payment of the tax due under this plan, which is taxed up front (see section 6.6.3.1.d). As provided for in the Activity Transformation Agreement (see section 5.4.2.2 of the 2021 Universal Registration Document), employer contributions to the Group's defined contribution supplementary pension plans (including the Article 82 Plan) were frozen for 2021. Consequently, no contributions were paid to those plans for the Chairman for 2021. These payments were reactivated for 2022 for all beneficiaries, including the Chairman.*

6.6.3.3.2 Summary tables showing the individual compensation and benefits of the Chief Executive Officer

SUMMARY TABLE OF COMPENSATION, STOCK OPTIONS AND PERFORMANCE SHARES GRANTED TO THE CHIEF EXECUTIVE OFFICER (AMF/AFEP-MEDEF TABLE NO. 1)

Summary of compensation, stock options and performance shares granted	2021	2022
Compensation allocated for the year	€1,824,100.61	€2,032,135.71[(2)]
Value of multi-year variable compensation allocated during the year	N/A	N/A
Value of stock options granted during the year	N/A	N/A
Value of performance shares granted during the year[(1)]	€959,963.76	€959,947.98
TOTAL	**€2,784,064.37**	**€2,992,083.69**

(1) The value of the performance shares is estimated at the grant date in accordance with IFRS 2 (see section 3.1, Note 3.r of this Universal Registration Document) and does not correspond to compensation received by the beneficiary during the year.
(2) Including €135,373.56 corresponding to the Additional Payment under the Article 82 defined contribution plan (see section 6.6.3.2.f).

SUMMARY TABLE OF THE COMPENSATION OF THE CHIEF EXECUTIVE OFFICER (AMF/AFEP-MEDEF TABLE NO. 2)

	2021		2022	
Summary of compensation *(gross)*	Amounts awarded for the year	Amounts paid during the year	Amounts awarded for the year	Amounts paid during the year
Fixed compensation	€800,000	€800,000	€800,000	€800,000
Annual variable compensation	€1,002,222	€263,004[(1)]	€1,072,671	€1,002,222
Multi-year variable compensation	N/A	N/A	N/A	N/A
Exceptional compensation	N/A	N/A	N/A	N/A
Directors' compensation	N/A	N/A	N/A	N/A
Benefits-in-kind[(2)]	€21,878.61	€21,878.61	€24,091.15	€24,091.15
Additional Payment provided for under a defined contribution supplementary pension plan[(3)]	0	0	€135,373.56	€135,373.56
TOTAL	**€1,824,100.61**	**€1,084,882.61**	**€2,032,135.71**	**€1,961,686.71**

(1) Variable compensation for 2020 under his employment contract with Safran prior to his appointment as Chief Executive Officer on January 1, 2021.
(2) Company car and specific travel expenses.
(3) Corresponding to the Additional Payment under the Article 82 defined contribution plan, enabling payment of the tax due under this plan, which is taxed up front (see section 6.6.3.2.f). As provided for in the Activity Transformation Agreement (see section 5.4.2.2 of the 2021 Universal Registration Document), employer contributions to the Group's defined contribution supplementary pension plans (including the Article 82 Plan) were frozen for 2021. Consequently no contributions were paid to those plans for the Chief Executive Officer for 2021. These payments were reactivated for 2022 for all beneficiaries, including the Chief Executive Officer.

SUMMARY TABLE OF PERFORMANCE SHARES GRANTED DURING 2022 TO THE CHIEF EXECUTIVE OFFICER (AMF/AFEP-MEDEF TABLE NO. 6)

	Plan date	Number of shares granted	Value of shares	Vesting date	End of lock-up period	Performance conditions
Olivier Andriès	Board meeting of March 24, 2022	14,334	€959,947.98	March 24, 2025	March 28, 2026	All the shares are subject to the performance conditions described in section 6.6.5.2.1.

PERFORMANCE SHARES GRANTED TO THE CHIEF EXECUTIVE OFFICER AND WHICH WERE DELIVERED DURING 2022 (AMF/AFEP-MEDEF TABLE NO. 7)

	Plan date	Total number of shares delivered
Olivier Andriès	Board meeting of July 24, 2018	5,498[(1)] For the determination of the achievement rate of the 2018 Long-Term Incentive Plan, see section 6.6.4.3 of the 2020 Universal Registration Document.

(1) Granted to Olivier Andriès, in his capacity as a salaried employee and member of the Executive Committee, prior to his appointment as Chief Executive Officer.

PERFORMANCE SHARES DELIVERED TO THE CHIEF EXECUTIVE OFFICER SINCE JANUARY 1, 2023

	Plan date	Total number of shares delivered
Olivier Andriès	Board meeting of March 27, 2019	1,007[(1)] The conditions (lowest achievement level, target achievement level, highest achievement level) of the 2019 Long-Term Incentive Plan are presented in section 6.6.4.2 of the 2019 Universal Registration Document. The overall achievement rate for the Plan's performance conditions for the Chief Executive Officer and the members of the Executive Committee was 17.08%[(2)].

(1) Granted to Olivier Andriès, in his capacity as a salaried employee and member of the Executive Committee, prior to his appointment as Chief Executive Officer.
(2) The achievement levels for the performance conditions for the various categories of beneficiaries are detailed in section 6.6.4.2.4 of the 2021 Universal Registration Document.

SUMMARY TABLE OF PERFORMANCE SHARES GRANTED TO THE CHIEF EXECUTIVE OFFICER (STILL IN VESTING PERIOD AT DECEMBER 31, 2022) (AMF/AFEP-MEDEF TABLE NO. 10)

Grantee	Plan date	Total number of shares granted (currently in the vesting period)
Olivier Andriès	Board meeting of March 26, 2020	5,900[(1)]
	Board meeting of March 24, 2021	14,466
	Board meeting of March 24, 2022	14,334
TOTAL		**34,700**

(1) Granted to Olivier Andriès before he was appointed as Chief Executive Officer. As indicated in section 6.6.5.2.4, at its meeting of March 23, 2023, the Board of Directors noted that the performance conditions attached to the 2020 Long-Term Incentive Plan had not been met. No shares will be delivered to the beneficiaries under this plan, including the Chief Executive Officer.

SUMMARY TABLE OF STOCK OPTIONS GRANTED IN 2022 TO THE CHIEF EXECUTIVE OFFICER (AMF/AFEP-MEDEF TABLE NO. 4)

None

SUMMARY TABLE OF STOCK OPTIONS EXERCISED IN 2022 BY THE CHIEF EXECUTIVE OFFICER

None

SUMMARY TABLE OF EMPLOYMENT CONTRACTS, SUPPLEMENTARY PENSION PLANS AND TERMINATION BENEFITS OF THE CHAIRMAN OF THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER (AMF/AFEP-MEDEF TABLE NO. 11)

Name	Position	Employment contract	Supplementary pension plan	Indemnities or benefits payable for termination of office, change in duties, or non-compete agreements
Ross McInnes	Chairman of the Board of Directors	No(1)	Yes(3)	No(4)
Olivier Andriès	Chief Executive Officer	Yes, suspended(2)	Yes(3)	No(4)

(1) Employment contract suspended from April 21, 2011 until May 23, 2019 and terminated on May 23, 2019, when the Chairman's term of office was renewed (see section 6.6.2.1.i).

(2) Employment contract suspended since January 1, 2021, the date on which he took up office as Chief Executive Officer (see sections 6.6.2.2.l and 6.4).

(3) No specific pension plans have been set up for the Chairman of the Board of Directors or the Chief Executive Officer. The Chairman and the Chief Executive Officer are beneficiaries under the Article 82 and PERO (former Article 83) defined contribution supplementary pension plans set up for the Group's managerial-grade staff, subject to the same terms and conditions as the other plan beneficiaries. They remain potential beneficiaries of the defined benefit supplementary pension plan (Article 39 plan) which has now been closed and whose benefit entitlements were frozen at December 31, 2016 (see sections 6.6.2.1.g and 6.6.2.2.i).

(4) See sections 6.6.2.1.j, 6.6.2.2.k and 6.6.2.2.l.

6.6.3.4 Pay ratios between the level of compensation of the Chairman and the Chief Executive Officer and the average and median compensation of Safran's employees

Compensation multiples (ratios between the compensation of the Chairman and the Chief Executive Officer and the average and median compensation of Safran's employees) and annual changes in compensation and Safran's performance as shown below.

These disclosures form part of the reporting requirements under Article L.22-10-9 I of the French Commercial Code and, pursuant to Article L.22-10-34 of said Code, will be proposed to the shareholders at the Annual General Meeting on May 25, 2023.

The Company has based its pay ratio reporting methods on the provisions of Article L. 22-10-9 I of the French Commercial Code and on AFEP guidelines as updated in February 2021.

Calculation method and scope:

The multiples shown have been calculated based on the following compensation and benefits paid or awarded: fixed compensation, annual variable compensation, the Additional Payment under the Article 82 defined contribution plan (see section 6.6.2.1.g), Directors' compensation, employee share ownership and long-term incentive plans (in the form of free performance share grants).

All of these compensation components refer to amounts paid during 2022, apart from the long-term incentive compensation which is valued at the grant date (corresponding to the grant-date fair value), for the years 2018 to 2022.

The compensation components included in the calculations are based on gross amounts, i.e., excluding employer contributions.

For any given year Y, only those employees who were continuously present are taken into account for the calculation, i.e., those who were with the Group for the whole of years Y-1 and Y.

In accordance with the applicable regulations, the scope used for calculating these pay ratios corresponds to Safran SA (France), a listed company and head of the Safran Group (around 1,200 employees, representing 3% of the Group's headcount in France at December 31, 2022).

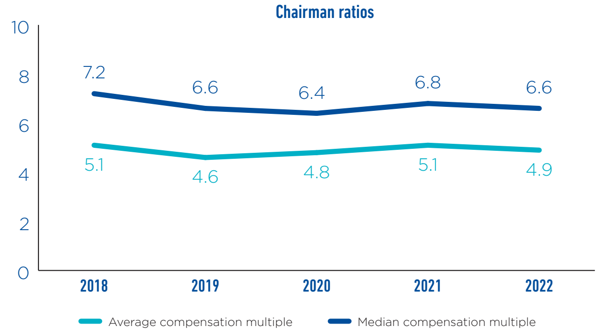
However, on a voluntary basis, the ratios have also been calculated for all Safran Group companies in France (representing, at December 31, 2022, an average of about 35,000 employees over the five-year period), as this scope is more representative, relevant and coherent, using comparable data for cost of living, compensation structure and the institutional framework.

Ratios for the Chairman of the Board of Directors:

Details of the compensation and benefits of the Chairman of the Board of Directors for 2022 are set out in section 6.6.3.1.

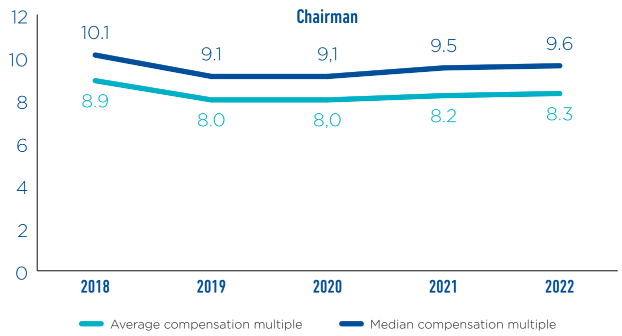
"Safran SA" scope:

COMPENSATION MULTIPLES FOR THE PAST FIVE YEARS (SAFRAN SA)



"Safran France" scope:

COMPENSATION MULTIPLES FOR THE PAST FIVE YEARS (SAFRAN FRANCE)



Observation:

The amounts used are those received by or awarded to Ross McInnes in his capacity as Chairman.

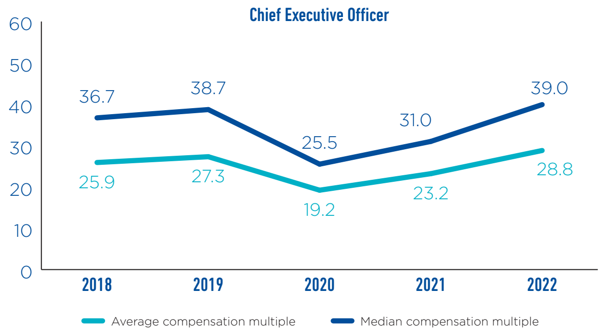
The decrease in the ratio between 2018 and 2019 was due to the fact that he was no longer entitled to Directors' compensation as from 2019, in accordance with the compensation policy for the Chairman of the Board (see section 6.6.3.1).

Ratios for the Chief Executive Officer:

Details of the compensation and benefits of the Chief Executive Officer for 2022 are set out in section 6.6.3.2.

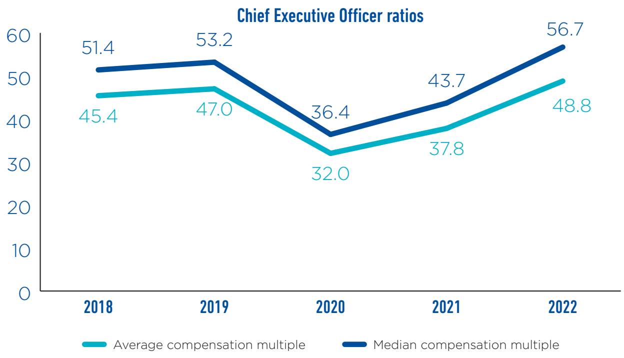
"Safran SA" scope:

COMPENSATION MULTIPLES FOR THE PAST FIVE YEARS (SAFRAN SA)



"Safran France" scope:

COMPENSATION MULTIPLES FOR THE PAST FIVE YEARS (SAFRAN FRANCE)



Observation:

The amounts used are those received or awarded solely in respect of the position of Chief Executive Officer in a given year, regardless of the person holding the office at the time.

The amounts paid or awarded in 2022 take into account:

- the fixed compensation paid to Olivier Andriès in 2022;
- the variable compensation for 2021 paid to Olivier Andriès in 2022;
- the shares granted to Olivier Andriès under the 2022 Long-Term Incentive Plan.

For 2020, Philippe Petitcolin was in the last year of his term of office as Chief Executive Officer and was not therefore granted any performance shares, which explains the difference in the multiples between 2019 and 2020 (for both average and median compensation) and between 2020 and 2021.

Employees in the former Zodiac Aerospace scope have been taken into account as from the year of acquisition of Zodiac Aerospace by Safran, in 2018.

Annual changes in compensation and Safran's performance

The following table presents year-on-year changes in the Group's performance and in paid and awarded compensation and benefits.

	2018	2019	2020	2021	2022
COMPENSATION RATIO TABLE FOR THE CHAIRMAN					
Year-on-year change *(in %)* in compensation	+13%	-8%	0%	-9%	+9%
Information for the "Safran SA" scope					
Year-on-year change (in %) in employees' average compensation	*+4%*	*+1%*	*-3%*	*-14%*	*+13%*
Year-on-year change (in %) in employees' median compensation	*0%*	*+1%*	*+3%*	*-14%*	*+11%*
Ratio in relation to employees' average compensation	5.1	4.6	4.8	5.1	4.9
Year-on-year change *(in %)* in the ratio based on average compensation	+9%	-9%	+3%	+5%	-4%
Ratio in relation to employees' median compensation	7.2	6.6	6.4	6.8	6.6
Year-on-year change *(in %)* in the ratio based on median compensation	+13%	-8%	-3%	+6%	-2%
Additional information for the "Safran Group France" scope					
Year-on-year change (in %) in employees' average compensation	*-2%*	*+3%*	*0%*	*-11%*	*+8%*
Year-on-year change (in %) in employees' median compensation	*-1%*	*+3%*	*0%*	*-13%*	*+8%*
Ratio in relation to employees' average compensation	8.9	8	8	8.2	8.3
Year-on-year change *(in %)* in the ratio based on average compensation	+15%	-10%	0%	+3%	0%
Ratio in relation to employees' median compensation	10.1	9.1	9.1	9.5	9.6
Year-on-year change (in %) in the ratio based on median compensation	+15%	-10%	+1%	+4%	+1%
Performance of Safran					
Financial criterion: Adjusted profit attributable to owners of the parent					
Year-on-year change (in %)(1)	-17%	+35%	-68%	-10%	+55%

	2018	2019	2020	2021	2022
COMPENSATION RATIO TABLE FOR THE CHIEF EXECUTIVE OFFICER					
Year-on-year change *(in %)* in compensation	+15%	+7%	-32%	+5%	+40%
Information for the "Safran SA" scope					
Year-on-year change (in %) in employees' average compensation	*+4%*	*+1%*	*-3%*	*-14%*	*+13%*
Year-on-year change (in %) in employees' median compensation	*0%*	*+1%*	*+3%*	*-14%*	*+11%*
Ratio in relation to employees' average compensation	25.9	27.3	19.2	23.2	28.8
Year-on-year change *(in %)* in the ratio based on average compensation	+11%	+5%	-30%	+21%	+24%
Ratio in relation to employees' median compensation	36.7	38.7	25.5	31	39
Year-on-year change *(in %)* in the ratio based on median compensation	+15%	+6%	-34%	+22%	+26%
Additional information for the "Safran Group France" scope					
Year-on-year change (in %) in employees' average compensation	*-2%*	*+3%*	*0%*	*-11%*	*+8%*
Year-on-year change (in %) in employees' median compensation	*-1%*	*+3%*	*0%*	*-13%*	*+8%*
Ratio in relation to employees' average compensation	45.4	47	32	37.8	48.8
Year-on-year change *(in %)* in the ratio based on average compensation	+17%	+4%	-32%	+18%	+29%
Ratio in relation to employees' median compensation	51.4	53.2	36.4	43.7	56.7
Year-on-year change (in %) in the ratio based on median compensation	+17%	+4%	-32%	+20%	+30%
Performance of Safran					
Financial criterion: Adjusted profit attributable to owners of the parent					
Year-on-year change (in %)[1]	-17%	+35%	-68%	-10%	+55%

(1) Over the past five years, changes in the Group's profit have reflected a series of non-recurring events that make each year-on-year comparison atypical. These include changes in scope of consolidation (acquisition of the former Zodiac Aerospace activities in 2018), changes in accounting standards (including the impact of the transition to IFRS 15, "Revenue from Contracts with Customers" in 2018), the health and economic crisis caused by the Covid-19 pandemic in 2020 and 2021, and the resumption of air traffic in 2022 in a difficult macro-economic context (supply chain constraints, inflation and cessation of activities in Russia). Recurring operating income rose steadily until 2019 before coming to a halt in 2020 due to the Covid-19 pandemic. The Covid-19 crisis severely disrupted the Group's businesses, with both original equipment and services impacted by the stark decline in air traffic and airline companies' financial difficulties.
The 68% decrease between 2019 and 2020 reflects both the impact of the Covid-19 pandemic on 2020 performance and the fact that the 2019 basis of comparison was particularly high.

6.6.4 Directors' compensation (formerly "attendance fees")

Article 17 of Safran's bylaws provides for the payment of compensation to Directors for the duties they perform. The rules for allocating this compensation are set by the Board of Directors. These rules are included in the compensation policy for Directors which is put to an *ex-ante* shareholder vote each year at the Annual General Meeting.

The Board of Directors also sets the amount of fixed and variable compensation payable per meeting under the allocation rules. These amounts are provided for information purposes in the compensation policy for Directors.

The Directors' compensation policy for 2022 was approved at the May 25, 2022 Annual General Meeting and is set out in section 6.6.1.5 of the 2021 Universal Registration Document.

In accordance with this policy and the per-meeting amounts set by the Board, at its meeting on February 16, 2023 the Board decided the individual allocations for 2022, as shown in the table below.

6.6.4.1 Summary table of compensation paid to the members of the Board of Directors (AMF/AFEP-MEDEF table no. 3)

	Amount of compensation				
	2021		2022		
	Gross amount	Net amount paid in 2022[1]	Gross amount	Net amount paid in 2023[1]	% variable compensation
NON-EXECUTIVE DIRECTORS (EXCLUDING THE REPRESENTATIVE OF THE FRENCH STATE AND THE DIRECTOR PUT FORWARD BY THE FRENCH STATE)					
Anne Aubert (Director since May 28, 2020)[2]	47,449.50	39,288.19	51,000.00	42,228.00	78.43%
Marc Aubry (Director since May 28, 2020)[2]	68,632.32	56,827.56	81,000.00	67,068.00	86.42%
Hélène Auriol Potier	72,868.88	51,008.22	86,000.00	60,200.00	87.21%
Patricia Bellinger (Director since May 28, 2020)	70,326.94	61,325.09	83,500.00	72,812.00	86.83%
Hervé Chaillou[2]	55,922.63	46,303.94	61,000.00	50,508.00	81.97%
Jean-Lou Chameau	72,868.88	51,008.22	76,000.00	53,200.00	85.53%
Monique Cohen	77,952.76	54,566.93	96,000.00	67,200.00	88.54%
Odile Desforges (Director until May 25, 2021)	36,340.29	25,438.21	-	-	
Didier Domange (Director until May 25, 2022)	64,395.75	45,077.03	35,500.00	24,850.00	84.51%
F&P represented by Robert Peugeot (replaced by Robert Peugeot in an individual capacity since December 19, 2022)	64,395.75	64,395.75	81,000.00	81,000.00	86.42%
Laurent Guillot	83,036.63	58,125.64	115,000.00	80,500.00	90.43%
Fabienne Lecorvaisier (Director since May 25, 2021)	40,106.13	28,074.29	66,000.00	46,200.00	83.33%
Daniel Mazaltarim[2] (Director until December 19, 2022)	64,395.75	53,319.69	56,000.00	46,368.00	80.36%
Patrick Pélata	75,410.82	52,787.57	94,000.00	65,800.00	88.30%
Sophie Zurquiyah	68,632.32	48,042.62	81,000.00	56,700.00	86.42%
Total compensation paid to non-executive Directors excluding the representative of the French State and the Director put forward by the French State	**962,735.36**	**735,588.94**	**1,063,000**	**814,634**	**86.01%**
Amount paid to the French Treasury[3]	137,264.63	137,264.63	147,000.00	147,000.00	85.03%
Total compensation paid to non-executive Directors	**1,100,000**	**872,853.58**	**1,210,000**	**961,634.00**	**85.1%**
Chairman and Chief Executive Officer	-	-	-	-	-
Ross McInnes	-	-	-	-	-
Olivier Andriès (Chief Executive Officer since January 1, 2021)	-	-	-	-	-
Total compensation paid to the Chairman and the Chief Executive Officer	**-**	**-**	**-**	**-**	**-**
TOTAL COMPENSATION PAID TO MEMBERS OF THE BOARD OF DIRECTORS	**1,100,000**	**872,853.58**	**1,210,000**	**961,634.00**	**85.1%**

(1) *After deducting (i) 17.2% for social security contributions and the 12.8% tax payment on account applicable for individuals domiciled in France for tax purposes, and (ii) the 12.8% tax payment on account for the Director domiciled in the United States for tax purposes.*

(2) *As the Directors representing employees and the Directors representing employee shareholders requested that their compensation be paid over to their trade union, these amounts were exempt from tax.*

(3) *Representative of the French State and Director put forward by the French State.*

6.6.4.2 Compensation in 2022 of Directors representing employee shareholders and Directors representing employees

Anne Aubert, who has been a Director representing employees since May 28, 2020, has received €99,911 in gross annual compensation (fixed and variable) since that date under her employment contract with Safran Seats. She has also received profit-sharing on the same basis and under the same terms as the other employees of the Group's companies (in accordance with the rules set out in the Activity Transformation Agreement; see section 5.4.2.2 of the 2021 Universal Registration Document). At December 31, 2022, the estimated theoretical amount(1) of the annuity that could be paid to Anne Aubert under the defined contribution supplementary pension plan of which she is a beneficiary (PERO – Core Plan) was €70.91.

Marc Aubry, who has been a Director representing employees since May 28, 2020, has received €82,033 in gross annual compensation (fixed and variable) since that date under his employment contract with Safran Aircraft Engines. He has also received profit-sharing on the same basis and under the same terms as the other employees of the Group's companies (in accordance with the rules set out in the Activity Transformation Agreement; see section 5.4.2.2 of the 2021 Universal Registration Document). At December 31, 2022, the estimated theoretical amount(2) of the annuity that could be paid to Marc Aubry under the defined contribution supplementary pension plan of which he is a beneficiary (PERO – Core Plan) was €1,923.55.

Hervé Chaillou, who is a Director representing employees, received €51,390 in gross (fixed and variable) compensation in 2022 under his employment contract with Safran Aircraft Engines. He has also received statutory and discretionary profit-sharing on the same basis and under the same terms as the other employees of the Group's companies (in accordance with the rules set out in the Activity Transformation Agreement; see section 5.4.2.2 of the 2021 Universal Registration Document). He is not a beneficiary of the Group's defined contribution supplementary pension plans (PERO).

Daniel Mazaltarim, a Director representing employees until December 19, 2022, received €106,685 in gross (fixed and variable) compensation in 2022 under his employment contract with Safran Aircraft Engines. He has also received profit-sharing on the same basis and under the same terms as the other employees of the Group's companies (in accordance with the rules set out in the Activity Transformation Agreement; see section 5.4.2.2 of the 2021 Universal Registration Document). At December 31, 2022, the estimated theoretical amount(3) of the annuity that could be paid to Daniel Mazaltarim under the defined contribution supplementary pension plan of which he is a beneficiary (PERO – Core Plan) was €3,003.60.

Christèle Debarenne-Fievet, a Director representing employees as of December 19, 2022, received €73,355 in gross (fixed and variable) compensation in 2022 under her employment contract with Safran Aircraft Engines. She has also received profit-sharing on the same basis and under the same terms as the other employees of the Group's companies (in accordance with the rules set out in the Activity Transformation Agreement; see section 5.4.2.2 of the 2021 Universal Registration Document). At December 31, 2022, the estimated theoretical amount(4) of the annuity that could be paid to Christèle Debarenne-Fievet under the defined contribution supplementary pension plan of which she is a beneficiary (PERO – Core Plan) was €439.80.

6.6.5 Long-term incentive plan

6.6.5.1 Stock options

No stock options were granted during 2022.

There are currently no stock options outstanding.

When the merger of Zodiac Aerospace into Safran was completed on December 1, 2018, Safran took over from Zodiac Aerospace with respect to all of the obligations resulting from the commitments given by Zodiac Aerospace to holders of Zodiac Aerospace stock options outstanding at the merger completion date. Consequently, the outstanding Zodiac Aerospace stock options are now exercisable for ordinary Safran shares, based on the exchange ratio used for the merger. The characteristics of the plan in effect at February 12, 2023 are described in section 7.3.7.3 of this Universal Registration Document. Neither the Chairman nor the Chief Executive Officer hold any of stock options under this plan.

6.6.5.2 Performance shares

Performance share grants are a common method used by companies in order to strengthen the motivation and teamwork of beneficiaries and foster their loyalty, while at the same time aligning their interests with those of the Company and its shareholders.

Unchanged performance conditions

The same performance conditions were applied to the performance share plans from when the plans were first set up in 2016 up until 2022, when a CSR criterion was added.

Level of achievement of performance conditions for performance share plans

Despite the global health and economic crisis in 2020, no adjustments have been made to the plans' performance conditions, in line with the Company's policy of strictly adhering to the plans' terms and conditions.

(1) Calculated based on the assumption that the annuity would be received as from January 1, 2023, irrespective of the eligibility conditions.
(2) Calculated based on the assumption that the annuity would be received as from January 1, 2023, irrespective of the eligibility conditions.
(3) Calculated based on the assumption that the annuity would be received as from January 1, 2023, irrespective of the eligibility conditions.
(4) Calculated based on the assumption that the annuity would be received as from January 1, 2023, irrespective of the eligibility conditions.

Plan date	Vesting date	Level of achievement of plans for the Chief Executive Officer and Executive Committee members	Level of achievement of plans for the other beneficiaries
July 24, 2018	July 24, 2021	85.63%(1)	93.20%(2)
March 27, 2019	March 27, 2022	17.08%	19.52%
March 26, 2020	March 27, 2023	0%	0%

(1) *For beneficiaries subject to additional performance conditions relating to the performance and integration of the new Zodiac scope, including Philippe Petitcolin, former Chief Executive Officer (see section 6.6.4.3 of the 2020 Universal Registration Document).*
(2) *For members of the Executive Committee to which the additional conditions were not applicable, including Olivier Andriès, current Chief Executive Officer.*

6.6.5.2.1 Performance share grants in 2022

In the 30th resolution of the May 26, 2021 Annual General Meeting, the Company's shareholders authorized the Board of Directors to grant performance shares to (i) employees or certain categories of employees of the Company and/or of other entities in the Group, and/or (ii) executive corporate officers of the Company and/or of other entities in the Group (excluding the Chairman of the Company's Board of Directors when the duties of Chairman of the Board and Chief Executive Officer are separated), provided said corporate officers are eligible for such grants under the applicable law.

The shareholders gave full powers to the Board of Directors to decide on the individual beneficiaries or categories of beneficiaries of the grants.

The total number of performance shares granted could not exceed 0.4% of the Company's capital at the date on which the Board of Directors decided to make the share grants (main ceiling), or two-thirds of this percentage in any given fiscal year (sub-ceiling).

In addition, it was specified that, for each grant of performance shares, the maximum number of shares granted to each of the Company's corporate officers could not exceed 5% of the total number of shares making up the grant (representing a sub-ceiling of 0.01% of the Company's capital per corporate officer per fiscal year).

Acting on the recommendation of the Appointments and Compensation Committee, at its March 24, 2022 meeting, the Board of Directors decided to grant 799,466 performance shares to certain Group managers and senior executives under the 2022 Long-Term Incentive Plan, which is designed to recognize their contributions to the Group's operating performance and the creation of shareholder value, as measured over a period of several years.

The shares granted could either be new shares or existing shares previously bought back by the Company.

The grants decided by the Board of Directors have the following characteristics and conditions:

Conditions

The vesting of all of the free shares is subject to the achievement of internal and external performance conditions, which are similar for all beneficiaries and are assessed over three full consecutive fiscal years, including 2022 – the year when the performance shares were granted. Beneficiaries of the grants are also subject to a continuing service condition within the Group.

Standard internal conditions applying to all beneficiaries

These standard internal performance conditions count for up to 70% of the total for all beneficiaries and are based on the Group's financial and economic performance as well as its non-financial performance.

Financial and economic performance

The two financial and economic performance conditions are based on:

- ROI (adjusted recurring operating income, as defined in section 2.1.2 of this Universal Registration Document);
- FCF (free cash flow, as defined in section 2.2.3 of this Universal Registration Document);

  each counting for half of the weighting assigned to these two conditions.

The achievement levels for these conditions will be measured based on comparisons with each reference target approved by the Board of Directors prior to the grant date (the "Reference Target") as described below. The following levels have been set:

- lowest achievement level: if 80% of the Reference Target is achieved, 40% of the shares contingent on that target will vest;
- target achievement level: if 100% of the Reference Target is achieved, 80% of the shares contingent on that target will vest;
- highest achievement level (cap): if 125% of the Reference Target is achieved, 100% of the shares contingent on that target 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 internal performance condition concerned will vest.

Based on the Group's medium-term plan (MTP), the Reference Target set by the Board of Directors for this grant is the average of the ROI and FCF targets set in (i) the budget contained in the MTP for the fiscal year in which the grant took place (2022) and (ii) the MTP for the following two fiscal years (2023 and 2024).

The performance criteria will be measured by comparing results against a same-scope reference base. If an entity is deconsolidated, the reference bases used for past grants will be adjusted to exclude the amounts related to the deconsolidated entity for the years concerned. For the first performance share grant after a new entity has been consolidated, additional performance conditions may be added. Past grants will continue to be measured, to the extent feasible, based on the previous scope of consolidation (i.e., not including the newly-consolidated entity).

Non-financial performance

The overall weighting of the non-financial performance conditions is 20% for the 2022 Long-Term Incentive Plan. There are three conditions, concerning (i) an environment and climate objective (reducing Scopes 1 & 2 CO_2 emissions compared with 2018, for 10%); (ii) a gender equality objective (increasing the proportion of women among Safran's senior executives, 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 CO_2 emissions[(1)].

The target is to achieve a 25% reduction compared with 2018 emissions (the reference year) at the end of the three-year performance period[(2)]. This condition counts for 10% of the overall conditions.

The achievement rate[(3)] for this condition will be measured based on comparisons with the reference (2018 emissions – Scopes 1 & 2), with the following levels set:

- target achievement level: if emissions are reduced by 25% compared to the reference, 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 emissions are reduced by 30% compared to the reference, 100% of the shares contingent on this condition will vest;
- between the target level and the highest achievement level, the number of shares that will vest will vary in linear fashion.

- The second condition relating to "gender equality" concerns the increase in the proportion of women among the Group's senior executives[(4)].

The target is to increase the proportion to 20% by the end of the three-year performance period, from 15.1% at the end of 2021. This condition counts for 5% of the overall conditions.

The achievement rate[(5)] for this condition will be measured at December 31, 2024, with the following levels set:

- target achievement level: if the proportion is increased to 20%, 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 22%, 100% of the shares contingent on this condition will vest;
- 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 level[(6)].

The target is to maintain the rate at 2.1% at the end of the three-year performance period at the end of 2024, amid the ramp-up in business and despite the rate being historically low at the end of 2021 due to the downturn in business as a result of the Covid-19 crisis (3.2% in 2019). This condition counts for 5% of the overall conditions.

The achievement rate[(7)] for this condition will be measured at December 31, 2024, with the following levels set:

- lowest achievement level: if the frequency rate of lost-time accidents is 2.3%, 40% of the shares contingent on this condition will vest;
- target achievement level: if the frequency rate of lost-time accidents is maintained at 2.1%, 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 the non-financial performance condition will vest.

External performance condition

The external performance condition counts for at least 10% of the total conditions. It is based on 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. This 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 these three indices counts for one-third of the composite index.

The following performance achievement levels have been set for this condition:

- lowest achievement level: if Safran's TSR is equal to that of the composite index, 40% of the shares contingent on the external performance condition will vest;
- target achievement level: if Safran's TSR is 8 points higher than that of the composite index, 80% of the shares contingent on the external performance condition will vest;
- highest achievement level (cap): if Safran's TSR is 12 points higher than that of the composite index, 100% of the shares contingent on the external performance 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 external performance condition will vest.

Vesting and lock-up periods

The shares granted are subject to a three-year vesting period as set by the Board of Directors.

In addition, the shares granted to the Chief Executive Officer and members of Safran's Executive Committee are subject to a lock-up period of at least one year following their vesting date.

(1) 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.
(2) The achievement rate will be measured between September 30, 2023 and September 30, 2024.
(3) The rate is measured to two decimal places and rounded mathematically to the nearest hundredth.
(4) 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).
(5) The rate is measured to two decimal places and rounded mathematically to the nearest hundredth.
(6) Number of accidents per million hours worked.
(7) The rate is measured to two decimal places and rounded mathematically to the nearest hundredth.

As stipulated in the Board of Directors' Internal Rules, the Chief Executive Officer is required to hold in registered form a proportion of his vested shares, as set by the Board of Directors, until his term of office as Chief Executive Officer ends.

In addition, each beneficiary has given a formal undertaking not to hedge the risks related to the shares granted to them until those shares become freely transferable (i.e., at the end of either the vesting period or the lock-up period set by the Board of Directors, depending on the beneficiary concerned).

Performance share grants to Olivier Andriès, Chief Executive Officer at the grant date

Under the 2022 Long-Term Incentive Plan, 14,334 shares were granted to the Chief Executive Officer, Olivier Andriès (see section 6.6.3.2.c).

6.6.5.2.2 Performance share grants in 2023

In the 30th resolution of the May 26, 2021 Annual General Meeting, the Company's shareholders authorized the Board of Directors to grant performance shares to (i) employees or certain categories of employees of the Company and/or of other entities in the Group, and/or (ii) executive corporate officers of the Company and/or of other entities in the Group (excluding the Chairman of the Company's Board of Directors when the duties of Chairman of the Board and Chief Executive Officer are separated), provided said corporate officers are eligible for such grants under the applicable law.

The shareholders gave full powers to the Board of Directors to decide on the individual beneficiaries or categories of beneficiaries of the grants.

The total number of performance shares granted could not exceed 0.4% of the Company's capital at the date on which the Board of Directors decided to make the share grants (main ceiling), or two-thirds of this percentage in any given fiscal year (sub-ceiling).

In addition, it was specified that, for each grant of performance shares, the maximum number of shares granted to each of the Company's corporate officers could not exceed 5% of the total number of shares making up the grant (representing a sub-ceiling of 0.01% of the Company's capital per corporate officer per fiscal year).

Acting on the recommendation of the Appointments and Compensation Committee, at its March 23, 2023 meeting, the Board of Directors decided to grant 799,466 performance shares to certain Group managers and senior executives under the 2023 Long-Term Incentive Plan, which is designed to recognize their contributions to the Group's operating performance and the creation of shareholder value, as measured over a period of several years.

The shares granted could either be new shares or existing shares previously bought back by the Company.

The grants decided by the Board of Directors have the following characteristics and conditions:

Conditions

The vesting of all of the free shares is subject to the achievement of internal and external performance conditions, which are similar for all beneficiaries and are assessed over three full consecutive fiscal years, including 2023 – the year when the performance shares were granted. Beneficiaries of the grants are also subject to a continuing service condition within the Group.

Standard internal conditions applying to all beneficiaries

These standard internal performance conditions count for at least 70% of the total for all beneficiaries and are based on the Group's financial and economic performance as well as its non-financial performance.

Financial and economic performance

The financial and economic performance conditions count for at least 50% and are based equally on ROI and FCF.

Based on the Group's medium-term plan (MTP), the Reference Target set by the Board of Directors for this grant is the average of the ROI and FCF targets set in (i) the budget contained in the MTP for the fiscal year in which the grant took place (2023) and (ii) the MTP for the following two fiscal years (2024 and 2025).

Performance (lowest achievement level, target achievement level, highest achievement level) will be measured in the same way and according to the same parameters as the 2022 grant (see section 6.6.5.2.1).

Non-financial performance

The overall weighting of the non-financial performance conditions is 20% for the 2023 Long-Term Incentive Plan. There are three conditions, concerning (i) an environment and climate objective (reducing Scopes 1 & 2 CO_2 emissions compared with 2018, for 10%); (ii) a gender equality objective (increasing the proportion of women among Safran's senior executives, 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 CO_2 emissions[(1)].

The target is to achieve a 30% reduction compared with 2018 emissions (the reference year) at the end of the three-year performance period[(2)]. This condition counts for 10% of the overall conditions.

The achievement rate[(3)] 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 target level and the highest achievement level, the number of shares that will vest will vary in linear fashion.

(1) *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.*
(2) *The achievement rate will be measured between September 30, 2024 and September 30, 2025.*
(3) *The rate is measured to two decimal places and rounded mathematically to the nearest hundredth.*

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 executives[1].

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 rate[2] 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;
- 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 level[3].

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 rate[4] 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 maintained 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 the non-financial performance condition will vest.

External performance condition

The external performance condition counts for at least 10% of the total conditions. It is based on 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. The composite index for the 2023 grant is the same as that used for the 2022 grant and the performance achievement levels set for this condition are identical to those for the 2022 grant (see section 6.6.5.2.1).

Vesting and lock-up periods

The shares granted are subject to a three-year vesting period as set by the Board of Directors.

In addition, the shares granted to the Chief Executive Officer and members of Safran's Executive Committee are subject to a lock-up period of at least one year following their vesting date.

As stipulated in the Board of Directors' Internal Rules, the Chief Executive Officer is required to hold in registered form a proportion of his vested shares, as set by the Board of Directors, until his term of office as Chief Executive Officer ends.

In addition, each beneficiary has given a formal undertaking not to hedge the risks related to the shares granted to them until those shares become freely transferable (i.e., at the end of either the vesting period or the lock-up period set by the Board of Directors, depending on the beneficiary concerned).

Performance share grants to Olivier Andriès, Chief Executive Officer

Under the 2023 Long-Term Incentive Plan, 10,721 shares were granted to the Chief Executive Officer, Olivier Andriès (see section 6.6.2.2.d).

(1) 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).
(2) The rate is measured to two decimal places and rounded mathematically to the nearest hundredth.
(3) Number of accidents per million hours worked.
(4) The rate is measured to two decimal places and rounded mathematically to the nearest hundredth.

6.6.5.2.3 Summary table of performance share plans at December 31, 2022 (AMF/AFEP-MEDEF table no. 10)

	2017 Plan – March 23, 2017	2018 Plan – July 24, 2018	2019 Plan – March 27, 2019	2020 Plan – March 26, 2020	2021 Plan – March 24, 2021	2022 Plan – March 24, 2022
Shareholder authorization	May 19, 2016	May 25, 2018	May 25, 2018	May 23, 2019	May 23, 2019	May 26, 2021
Grant date	March 23, 2017	July 24, 2018	March 27, 2019	March 26, 2020	March 24, 2021	March 24, 2022
Number of performance shares granted	567,747	574,712	732,130	759,360	733,640	784,171
■ Of which to corporate officers (in office at the grant date)	27,165	13,600	13,350	0	14,466	14,334
■ Of which to Olivier Andriès, Chief Executive Officer in office since January 1, 2021	5,898(4)	5,900(4)	5,900(4)	5,900(4)	14,466	14,334
■ Of which to the ten employees (non-corporate officers) who received the most shares	58,980	61,713	57,200	59,000	58,886	59,000
Number of beneficiaries at the grant date	430	440	589	797	764	969
Vesting date	March 25, 2020	July 26, 2021	March 29, 2022	March 24, 2023	March 25, 2024	March 25, 2025
■ Availability date	March 25, 2020	July 26, 2021	March 29, 2022	March 27, 2023	March 26, 2024	March 26, 2025
■ Availability date for the Chief Executive Officer (end of lock-up period)	March 26, 2021	July 27, 2022	March 30, 2023	March 26, 2024	March 27, 2025	March 26, 2026
■ Availability date for other Executive Committee members	March 26, 2021	July 27, 2022(5)	March 30, 2023(5)	March 26, 2024(5)	March 27, 2025	March 26, 2026

	2017 Plan – March 23, 2017	2018 Plan – July 24, 2018	2019 Plan – March 27, 2019	2020 Plan – March 26, 2020	2021 Plan – March 24, 2021	2022 Plan – March 24, 2022
Performance conditions	See section 6.6.4.2 of the 2017 Universal Registration Document(1)	See section 6.6.4.2 of the 2018 Universal Registration Document(2)	See section 6.6.2.2 of the 2019 Universal Registration Document(3)	See sections 6.6.2.2 and 6.6.4.2 of the 2020 Universal Registration Document(6)	See sections 6.6.2.2.d and 6.6.4.2.1 of the 2021 Universal Registration Document(7)	See sections 6.6.2.2.d and 6.6.5.2.1 of this Universal Registration Document(8)
Total number of shares canceled or forfeited	58,231	83,755	615,671	111,810	51,355	8,300
Number of performance shares vested at December 31, 2022	509,516	490,957	116,459	0	0	0
Number of performance shares outstanding at December 31, 2022	0	0	0	647,550(9)	682,285	775,871

(1) *Two internal conditions (ROI and FCF, together counting for 70% of the total vested shares) and one external condition (counting for 30%) based on Safran's TSR performance compared with a panel of peer companies operating in the same business sectors as Safran. These peer companies are: Airbus, BAE Systems, MTU AeroEngines, Rolls Royce, Thales, Boeing, Leonardo SPA, Meggitt, Spirit Aerospace and Esterline (until it was delisted).*

(2) *As well as the standard internal performance conditions (ROI and FCF, counting for 45%, 70% or 80% of the total vested shares depending on the beneficiary), additional performance conditions have been added, applicable to a certain category of beneficiaries involved in integrating Zodiac Aerospace (including the Chief Executive Officer). These additional conditions count for 25%, reducing the weighting of the standard conditions to 45%. The external condition (counting for 30% or 20% of the total vested shares depending on the beneficiary) is based on Safran's TSR compared with that of a composite index comprising three indices (each counting for one-third): STOXX® Europe TMI Aerospace & Defense (Stoxx A&D Net Return), S&P Aerospace & Defense Industry Select (S&P A&D) and CAC 40 (CAC 40 Gross Return).*

(3) *Two internal conditions (ROI and FCF, together counting for 70% or 80% of the total vested shares depending on the beneficiary) and one external condition (counting for 30% or 20% depending on the beneficiary) based on Safran's TSR compared with a composite index comprising three indices (each counting for one-third): STOXX® Europe TMI Aerospace & Defense (Stoxx A&D Net Return), S&P Aerospace & Defense Industry Select (S&P A&D) and CAC 40 (CAC 40 Gross Return).*

(4) *Granted to Olivier Andriès before he was appointed as Chief Executive Officer.*

(5) *Date on which the shares will become available to Olivier Andriès, member of the Executive Committee, Chief Executive Officer since January 1, 2021.*

(6) *Two internal conditions (ROI and FCF, together counting for 70% or 80% of the total vested shares depending on the beneficiary) and one external condition (counting for 30% or 20% depending on the beneficiary) based on Safran's TSR compared with a composite index comprising three indices (each counting for one-third): STOXX® Europe TMI Aerospace & Defense (Stoxx A&D Net Return), S&P Aerospace & Defense Industry Select (S&P A&D) and CAC 40 (CAC 40 Gross Return).*

(7) *Two internal conditions (ROI and FCF, together counting for at least 70% of the total vested shares) and one external condition (counting for between 10% and 30% depending on the beneficiary) based on Safran's TSR compared with a composite index comprising three indices (each counting for one-third): STOXX® Europe TMI Aerospace & Defense (Stoxx A&D Net Return), S&P Aerospace & Defense Industry Select (S&P A&D) and CAC 40 (CAC 40 Gross Return).*

(8) *Two internal conditions (ROI and FCF, together counting for up to 70% the total vested shares) and one external condition (counting for between 10% and 30% depending on the beneficiary) based on Safran's TSR compared with a composite index comprising three indices (each counting for one-third): STOXX® Europe TMI Aerospace & Defense (Stoxx A&D Net Return), S&P Aerospace & Defense Industry Select (S&P A&D) and CAC 40 (CAC 40 Gross Return).*

(9) *As indicated in section 6.6.5.2.4, at its meeting of March 23, 2023, the Board of Directors noted that the performance conditions attached to the 2020 Long-Term Incentive Plan had not been met. No shares will be delivered to the beneficiaries under this plan, including the Chief Executive Officer.*

6.6.5.2.4 2020 Long-Term Incentive Plan – Determination of the achievement rate at the end of the performance measurement period

When setting up the 2020 Long-Term Incentive Plan at its meeting on March 26, 2020, the Board of Directors decided to grant 5,900 performance shares to Olivier Andriès, who was then a beneficiary under the employment contract that he held in his capacity as Chairman of Safran Aircraft Engines and a member of the Group Executive Committee prior to his appointment as Chief Executive Officer.

The number of performance shares to be delivered at the end of the three-year vesting period depended on the extent to which internal (ROI and FCF) and external (TSR) performance conditions were met over the 2020-2022 period.

At its meeting on March 23, 2023, on the recommendation of the Appointments and Compensation Committee, the Board of Directors noted that the overall achievement rate for all of the Plan's performance conditions was 0% for the Chief Executive Officer and Executive Committee members and 0% for the other beneficiaries, corresponding to:

- 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.

Consequently, no performance shares were delivered to any employees or to Olivier Andriès, the Chief Executive Officer, at the end of the vesting period.

6.6.5.2.5 Potential dilutive impact of securities carrying rights to shares of the Company

Based on the Company's share capital at December 31, 2022, if shares were to be issued for all of the rights to performance shares granted to the Chief Executive Officer and not yet vested, i.e., a total of 39,521 shares (14,466 shares under the 2021 Long-Term Incentive Plan, 14,334 shares under the 2022 Long-Term Incentive Plan and 10,721 shares under the 2023 Long-Term Incentive Plan), this would result in a maximum potential dilution of the Company's share capital of 0.009%.

6.7 CROSS-REFERENCE TABLE FOR THE CORPORATE GOVERNANCE REPORT PREPARED IN ACCORDANCE WITH ARTICLE L.225-37 OF THE FRENCH COMMERCIAL CODE

This corporate governance report was reviewed by the Appointments and Compensation Committee (for the parts falling within its remit), before being submitted to the Board of Directors, which approved it at its meeting on March 23, 2023.

Cross-reference tables

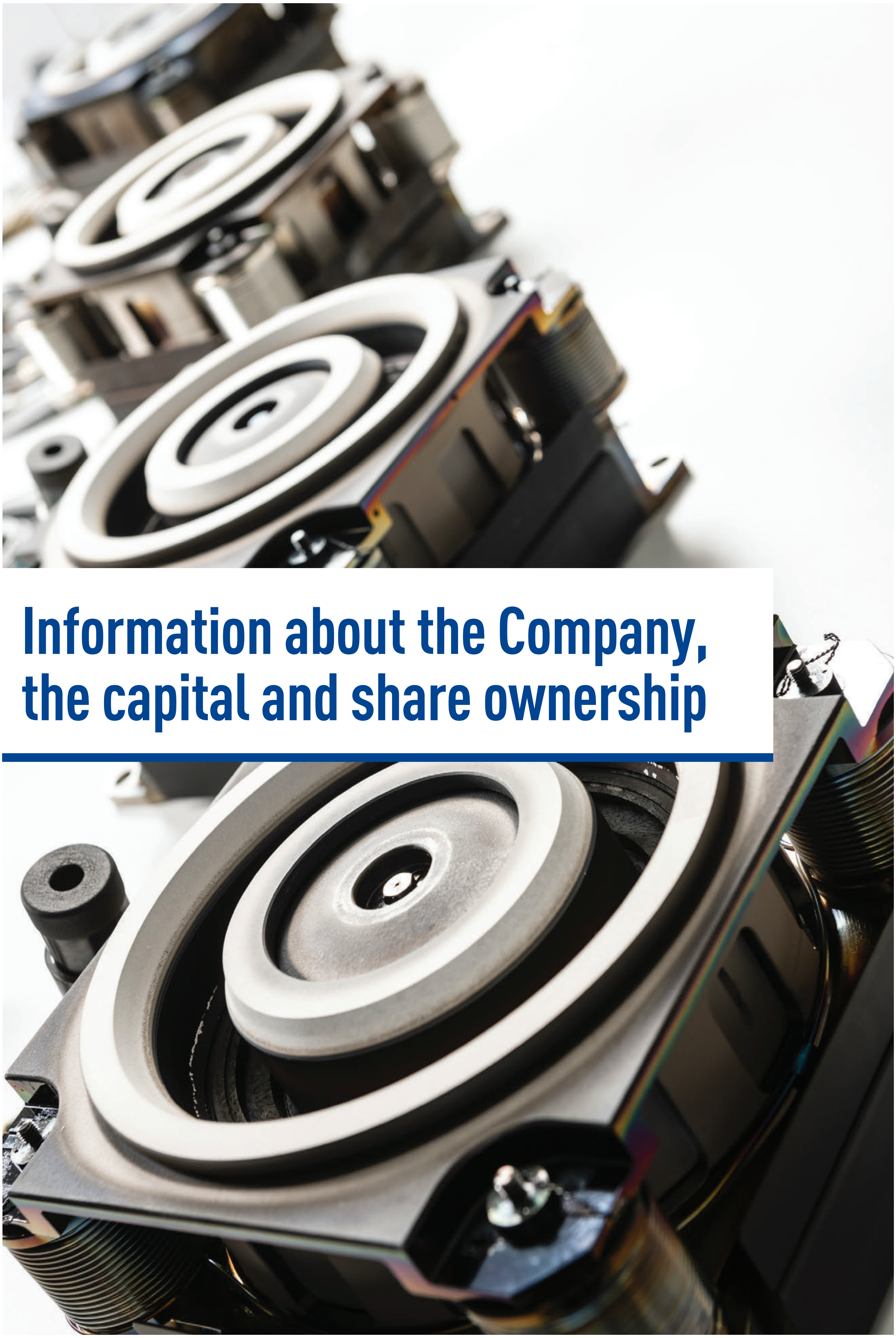
The table below lists the references to the sections of this Universal Registration Document in which information is provided on the topics required in the corporate governance report.

Topics required in the corporate governance report	Section(s) of the 2022 Universal Registration Document
Framework Corporate Governance Code	6.1 and 6.4
Structure of Executive Management	6.1.1
Powers and responsibilities of the Chief Executive Officer and restrictions on these powers and responsibilities	6.1.3 and 6.1.4.2
Membership structure of the Board of Directors	6.2
Offices and positions held by Safran's Directors	6.2.2
Organization and operating procedures of the Board of Directors and the Board Committees	6.3
Board annual assessment	6.3.7
Diversity policy	6.2.4.2 and 5.4.3.2
Compensation policies for the corporate officers and related resolutions presented at the Annual General Meeting	6.6.1 to 6.6.2 and 8.2.1.7
Compensation and benefits of corporate officers	6.6.3 and 6.6.4
Related-party agreements	7.1.4 and 8.3
Procedure for assessing related-party agreements concerning routine operations	6.2.5
Commitments given by the Company to its corporate officers	6.6.3
Terms and conditions of shareholders' participation in General Meetings and any restrictions on such participation	7.1.2.2
Share ownership	7.3
Authorizations currently in force granted to the Board of Directors	8.2.5
Items with a potential impact in the event of a public offering	7.1.2.2, 7.1.4.2 and 7.1.2.6
Report on the compensation of corporate officers	6.6

The table below sets out the references to the sections of this Universal Registration Document corresponding to the components of the compensation of corporate officers referred to in sub-section I of Article L.22-10-9 of the French Commercial Code, as presented in the corporate governance report, and which will be submitted for shareholder approval in the 14th resolution of the May 25, 2023 Annual General Meeting (see section 8.2.1.6 of this Universal Registration Document).

Sub-section I of Article L.22-10-9 of the French Commercial Code	Topics required in the corporate governance report	Section(s) of the 2021 Universal Registration Document
1	**Annual compensation and benefits**	6.6.3 to 6.6.5
2	**Relative proportions of fixed compensation and annual variable compensation**	6.6.3.2 and 6.6.3.3
3	**Use of the possibility of requesting the restitution of variable compensation**	N/A
4	**Commitments given by the Company corresponding to compensation components, indemnities or benefits payable or potentially payable on account of the commencement, termination or change of duties or subsequent thereto**	6.6.3
5	**Total compensation paid or allocated by an entity included in the Company's scope of consolidation**	N/A
6	**For the Chairman and the Chief Executive Officer, the ratios between each of their levels of compensation and the average and median compensation of the Company's employees (on a full-time equivalent basis) other than the corporate officers**	6.6.3.4
7	**Year-on-year changes in compensation, the Company's performance, the average compensation of the Company's employees (on a full-time equivalent basis) other than its executives, and the ratios referred to in point 6, during at least the past five years, all presented aggregately and in a way that enables meaningful comparisons**	6.6.3.4
8	**Explanation of how compensation packages comply with the applicable compensation policy, including how they contribute to the Company's long-term performance, and how the performance criteria have been applied**	6.6.3 and 6.6.4
9	**Explanation of how the general vote on compensation taken at the last Annual General Meeting has been taken into account**	N/A (resolutions approved at the May 25, 2022 Annual General Meeting)
10	**Any differences compared with the procedure for implementing the compensation policy or any exemptions (applied in accordance with the second paragraph of sub-section III of Article L.22-10-8 of the French Commercial Code)**	N/A
11	**Suspension and restitution of Directors' compensation due to non-compliance with the legislation concerning gender balance on the Board of Directors (in application of Article L.225-45, paragraph 2, and Article L.22-10-14 of the French Commercial Code)**	N/A

7 Information about the Company, the capital and share ownership



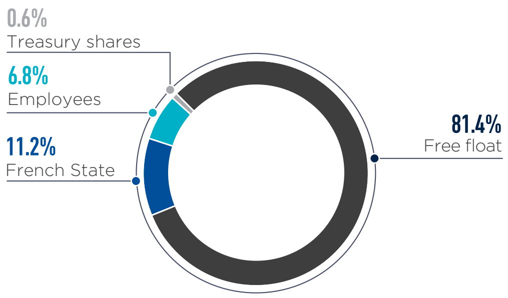
PPS®5000 plasma thrusters designed for geostationary satellite orbiting and station keeping

7 Information about the Company, the capital and share ownership

FOREWORD

At December 31, 2022, Safran's share capital amounted to €85,449,194, comprising 427,245,970 fully paid-up shares, all of the same class, with a par value of €0.20 each.

BREAKDOWN OF SHARE CAPITAL AT DECEMBER 31, 2022*

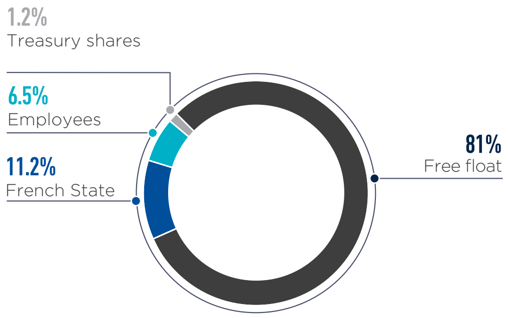


BREAKDOWN OF EXERCISABLE VOTING RIGHTS AT DECEMBER 31, 2022*

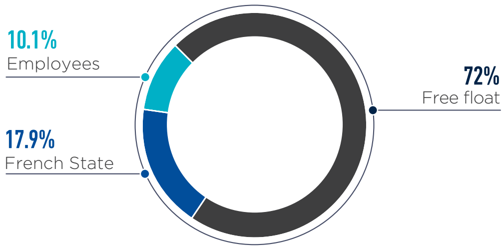
* *On the basis of 427,245,970 shares making up the Company's capital and 540,355,774 exercisable voting rights at December 31, 2022.*

At February 28, 2023, following the recognition of the capital increases resulting from the exercise of stock subscription options (see section 7.3.7.3) between January 1 and February 28, 2023, Safran's share capital amounted to €85,452,108.20, comprising 427,260,541 fully paid-up shares, all of the same class, with a par value of €0.20 each.

BREAKDOWN OF SHARE CAPITAL AT FEBRUARY 28, 2023*



BREAKDOWN OF EXERCISABLE VOTING RIGHTS AT FEBRUARY 28, 2023*



* *On the basis of 427,260,541 shares making up the Company's capital and 536,909,680 exercisable voting rights at February 28, 2023.*

SAFRAN SHARE PRICE

Main stock market data over three years	2020	2021	2022
NUMBER OF SHARES AT DECEMBER 31	**427,235,939**	**427,242,440**	**427,245,970**
SAFRAN SHARE PRICE *(in €)*			
High	152.300	127.7	120.1
Low	51.100	96.2	87.9
Closing	115.950	107.66	116.92
MARKET CAPITALIZATION AT DECEMBER 31 *(in € millions)*	49,538	45,997	49,954

7.1 GENERAL INFORMATION AND BYLAWS

7.1.1 General information

Corporate name

Safran.

Registered office

2, boulevard du Général-Martial-Valin, 75015 Paris – France.

Tel.: +33 (0)1 40 60 80 80

Legal form

Safran is a French *société anonyme* (joint-stock corporation).

Registration

The Company is registered with the Paris Trade and Companies Registry under number 562 082 909.

Its legal entity identifier (LEI) is 969500UIC89GT3UL7L24.

Fiscal year

The fiscal year begins on January 1 and ends on December 31.

Incorporation date and term

The Company was incorporated on August 16, 1924.

The Company's term, which was initially set at 99 years from the date of registration with the Trade and Companies Registry, i.e., expiring on August 28, 2023, was extended by decision of the Extraordinary Shareholders' Meeting of May 25, 2022 (16th resolution) for a term of 99 years from the date of said Meeting, i.e., until May 24, 2121, unless said term is extended or the Company is wound up in advance.

Corporate purpose

Under Article 3 of the bylaws, the Company's purpose, in any and all countries, for its own account, on behalf of third parties, or directly or indirectly in conjunction with third parties, is to carry out research, design, development, testing, manufacturing, sales, maintenance and support operations for high-technology activities, and notably for:

- all aviation and aerospace activities for the civilian and military markets;
- all air, land and naval defense activities;
- and generally, to conduct any and all transactions of a commercial, industrial or financial nature or involving movable assets or real estate that relate directly or indirectly to the above corporate purpose or to anything incidental or conducive to the achievement of said corporate purpose.

7.1.2 Principal provisions of the bylaws

In the 16th resolution of the Annual General Meeting of May 25, 2022, the Company's term was extended until May 24, 2121 and Article 5 of the bylaws was amended accordingly.

Article 6 regarding the Company's share capital was also updated during the year to reflect capital increases resulting from the exercise of stock options in 2022 and 2023 (see section 7.3.7.3).

7.1.2.1 Board of Directors

Membership structure

Under the terms of Article 14 of the bylaws, the Company is administered by a Board of Directors with at least three and no more than 14 members, including, where applicable, a representative appointed by the French State and/or Directors put forward by the French State in accordance with Articles 4 and/or 6 of French government *ordonnance* (order) 2014-948 of August 20, 2014 regarding the governance of companies in which the French State has a stake and regarding corporate actions involving these companies.

The maximum number of 14 Board members may be increased to allow for the inclusion of Directors representing employee shareholders, appointed as provided for in Article 14.8 of the bylaws, and Directors representing employees, appointed as provided for in Article 14.9 of the bylaws.

The Board of Directors appoints a Chairman and, if applicable, a Vice-Chairman from among its members, who must be individuals.

Representatives of employee shareholders

The Safran Board of Directors includes one or several Directors representing employee shareholders, who are elected by the Annual General Meeting in accordance with Article 14.8 of the bylaws.

Representatives of employees

In accordance with the law on securing employment of June 14, 2013, the Safran Board of Directors includes Directors representing employees, who are elected under Article 14.9 of the Company's bylaws.

Shareholding

Under Article 14.5 of the bylaws, each member of the Board of Directors shall be required to own a certain number of shares in the Company for his/her entire term of office in accordance with the terms and conditions set down in the Board of Directors' Internal Rules.

As an exception, this shareholding obligation shall not apply to the representative of the French State and/or Directors put forward by the French State in accordance with Articles 4 and/or 6 of aforementioned French government *ordonnance* (order) 2014-948 of August 20, 2014, or Directors representing employees or Directors representing employee shareholders. However, under Article 14.8 of the bylaws, each Director representing employee shareholders shall be required to hold – either individually or through a corporate mutual fund set up as part of the Group's employee share ownership program – at least one share or a number of units in the fund equivalent to at least one share.

Term of office – age limit

Members of the Board of Directors are appointed by the Ordinary Shareholders' Meeting for a term of four years, ending at the close of the Ordinary Shareholders' Meeting held during the year in which their term of office expires in order to approve the financial statements for the previous year. Members of the Board of Directors may be re-appointed, it being specified that:

- the number of Directors (both individuals and permanent representatives of legal entities) over the age of 70 may not exceed one-quarter of the total number of Directors in office, rounded up to the nearest whole number where appropriate;
- no Director over the age of 70 may be appointed if such appointment would raise the number of Directors over the age of 70 to more than one-quarter of the total number of Directors in office, rounded up to the nearest whole number where appropriate;
- if the number of Directors over the age of 70 exceeds one-quarter of the total number of Directors in office, and if no Director over the age of 70 resigns, the oldest Board member shall automatically be deemed to have resigned.

Article 15 of the bylaws stipulates that the duties of the Chairman and Vice-Chairman shall end no later than at the close of the first Ordinary Shareholders' Meeting following the date on which they reach the age of 75.

Meetings

Under the terms of Article 18 of the bylaws, the Board of Directors shall meet as often as required in the interests of the Company and at least four times a year. Meetings shall be called by the Chairman, or if he is unable to do so, by the Vice-Chairman.

If the Board has not met for more than two months, a group of at least one-third of the Directors may ask the Chairman to call a meeting to discuss a specific agenda.

The Chief Executive Officer or the Deputy Chief Executive Officer(s) may also request that the Chairman call a Board meeting to consider a specific agenda.

In both of these cases, the Chairman is bound by such requests and must call a Board meeting within seven days of receiving the request (or within a shorter timeframe in urgent matters).

Board meetings shall only be validly constituted if at least half of the Directors are present.

Directors who participate in Board meetings by videoconference or any other telecommunications media that comply with the technical criteria set in the applicable laws and regulations shall be considered as being physically present for the purposes of calculating the quorum and voting majority, in accordance with the terms and conditions set out in the Board of Directors' Internal Rules.

Directors may give written proxy to another Director to represent them at Board meetings, provided that no Director holds more than one proxy at any single meeting.

The Company's bylaws provide that the Board of Directors may make decisions by way of a written consultation where permitted by law (Article 18.12).

Powers

Under Article 19 of the bylaws, the Board of Directors shall determine the Company's overall business strategy and oversee its implementation. Subject to the powers directly vested in Shareholders' Meetings (appointment of Directors and Statutory Auditors, approval of the financial statements and related-party agreements, decisions that amend the bylaws), the Board is responsible for dealing with all matters concerning the efficient running of the Company, and for making all related decisions, within the scope of the Company's corporate purpose.

Subject to the applicable laws and regulations and the terms and conditions set out in the Board of Directors' Internal Rules, the roles and responsibilities of the Board of Directors shall include, but shall not be limited to:

- calling the Annual General Meeting and setting its agenda;
- approving the Group's annual budget presented by the Chief Executive Officer as well as any amendments thereto;
- approving the Group's medium-term business plan;
- approving the financial statements of the Company and the Group and drawing up the annual management report;
- authorizing related-party agreements governed by Article L.225-38 of the French Commercial Code (*Code de commerce*);
- selecting the Company's management structure;
- appointing and removing from office (i) the Chairman of the Board of Directors, and the Vice-Chairman (if any), and (ii) the Chief Executive Officer and, on the recommendation of the Chief Executive Officer, the Deputy Chief Executive Officer(s) (if any);
- determining the powers of the Chief Executive Officer and, in agreement with the Chief Executive Officer, of the Deputy Chief Executive Officer(s) (if any);
- appointing Directors prior to ratification by shareholders;
- setting the compensation payable to the Chairman of the Board of Directors and the Vice-Chairman (if any), and the Chief Executive Officer and the Deputy Chief Executive Officer(s) (if any);
- appointing the members of the Audit and Risk Committee and the members of any other Board committees set up in accordance with the provisions of the bylaws and the Board of Directors' Internal Rules;
- allocating among its members the aggregate annual amount of compensation allocated to the Directors as consideration for their duties (formerly "attendance fees");
- deciding on issues of debt securities not carrying rights to shares;
- deciding whether to allocate compensation to any Board Advisors (*censeurs*);
- giving the Chief Executive Officer authorization (which may be delegated) to grant guarantees, endorsements and sureties, in accordance with conditions set by the Board.

In addition to the legal and regulatory requirements concerning prior authorizations that must be obtained from the Board of Directors, a number of specific transactions must also be approved by the Board before they can be carried out by the Chief Executive Officer or a Deputy Chief Executive Officer, as required by the internal procedures of the Company and Group. These transactions are listed in the Board of Directors' Internal Rules (see sections 6.1.4.2 and 6.3.1).

The Board of Directors shall perform any checks and controls that it deems appropriate. Each Director shall be provided with all the information required to carry out his/her duties and may request any documents he or she deems useful.

Aggregate Compensation awarded to the Directors as consideration for their duties

Under Article 17 of the bylaws, at the Annual General Meeting, the Company's shareholders shall set the aggregate annual amount of compensation allocated to the Directors as consideration for their duties, effective for the current year and, if appropriate, subsequent years until the shareholders decide otherwise.

The Board of Directors shall allocate the Aggregate Compensation among its members as it deems fit, in accordance with the compensation policy for Directors (see section 6.6.2.3).

Board Advisors

Under Article 20 of the bylaws, shareholders in an Ordinary Shareholders' Meeting may appoint up to two Board Advisors (*censeurs*) to attend Board meetings in an advisory capacity. However, if the French State's interest in the Company's capital falls below 10%, the French State would automatically be entitled to appoint a Board Advisor and the maximum number would be increased to three. Board Advisors are appointed for four years and may be re-appointed. Any Board Advisor reaching the age of 70 shall be deemed to have resigned.

Executive Management

Under Article 21 of the bylaws, the Company's management shall be placed under the responsibility of either:

- the Chairman of the Board of Directors; or
- another individual appointed by the Board, who shall hold the title of Chief Executive Officer and who may or may not be a Director.

Under Article 22 of the bylaws, the Chief Executive Officer shall have the broadest powers to act in all circumstances in the Company's name. The Chief Executive Officer shall exercise these powers within the scope of the Company's corporate purpose, and subject to:

- the powers expressly vested by the applicable laws and regulations in Shareholders' Meetings and the Board of Directors; and
- any restrictions placed on his powers and any matters that require the prior approval of the Board of Directors in accordance with the Board of Directors' Internal Rules.

The Board of Directors shall determine compensation payable to the Chief Executive Officer and the length of his term of office. The age limit for the Chief Executive Officer is set at 68 years.

Deputy Chief Executive Officer(s)

Under Article 23 of the bylaws, at the proposal of the Chief Executive Officer, the Board of Directors may appoint up to three Deputy Chief Executive Officers (who may or may not be Directors) to assist the Chief Executive Officer in his duties.

In agreement with the Chief Executive Officer, the Board of Directors shall determine the scope and duration of the powers vested in the Deputy Chief Executive Officer(s). The Board of Directors shall also set their compensation, in accordance with Article 24 of the bylaws.

The Deputy Chief Executive Officer(s) shall have the same powers as the Chief Executive Officer with respect to third parties.

The age limit for holding office as Deputy Chief Executive Officer is set at 68 years.

7.1.2.2 General Shareholders' Meetings

Convening and participating

General Shareholders' Meetings shall be called in accordance with the applicable laws and regulations.

The conditions for the participation of shareholders in General Meetings are governed by the legal provisions and regulations in effect and by Articles 30 *et seq.* of Safran's bylaws. Any shareholder, regardless of the number of shares held, is entitled to attend General Meetings, on proof of identity and of his/her capacity as a shareholder, provided that the shareholder's shares are registered in his/her name in Safran's share register managed by BNP Paribas Securities Services, or in the securities accounts managed by the authorized intermediary, no later than zero hours (CET) on the second business day preceding the meeting.

Proxy/postal voting forms for General Shareholders' Meetings may be sent in paper form or, by decision of the Board of Directors published in the notice of meeting, by electronic mail in accordance with the applicable laws and regulations.

Where a shareholder electronically submits a proxy or postal voting form, the shareholder's signature must be a secure electronic signature or be subject to a reliable identification procedure to ensure signature security, for example by registering a unique identification code and password.

Shareholders who have not paid up the amounts due on their shares within 30 days of a notice to pay issued by the Company shall not be entitled to participate in General Shareholders' Meetings and the shares concerned shall be deducted from the total of the Company's outstanding shares for the purposes of calculating the quorum.

Exercising voting rights – double voting rights – restriction on voting rights

Under Article 31 of the bylaws, each shareholder shall have a number of votes corresponding to the number of shares held or represented by proxy, unless otherwise provided for in the applicable laws or regulations.

The General Shareholders' Meeting of June 21, 1974 decided to allocate double voting rights in respect of all fully paid-up shares registered in the name of the same holder for at least two years (Article 31.8 of the bylaws).

In the event of a capital increase paid up by capitalizing retained earnings, profits or additional paid-in capital, the registered bonus shares allocated in respect of shares carrying double voting rights shall also carry double voting rights.

Double voting rights shall be forfeited if registered shares are converted into bearer shares or transferred. However, registered shares shall not be stripped of double voting rights and the qualifying period shall continue to run following a transfer of shares included in the estate of a deceased shareholder, or in connection with the settlement of the marital estate, or an *inter vivos* gift to a spouse or a relative in the direct line of succession.

Any merger or demerger of the Company shall have no impact on double voting rights, which may be exercised in the surviving company if its bylaws so provide.

In accordance with the law, double voting rights may not be abolished by the Extraordinary Shareholders' Meeting unless this decision is first approved by a special meeting of holders of shares with double voting rights.

Under Article 31.12 of the bylaws, no shareholder may exercise more than 30% of the total voting rights attached to all of the Company's shares. The voting rights exercised by a shareholder for this purpose shall include the voting rights exercised directly by the shareholder himself/herself and in the capacity as proxy for another shareholder that are attached to shares (i) that he/she holds directly or indirectly and (ii) that are owned by another shareholder for which he/she is acting as proxy.

For the purposes of these provisions:

- the total number of voting rights attached to the Company's shares taken into account shall be calculated as at the date of the General Shareholders' Meeting concerned and the shareholders shall be informed thereof at the start of the meeting;
- the number of voting rights held directly or indirectly shall mean those voting rights attached to shares held by:
  - a private individual, either personally or as part of jointly-owned property, or
  - a company, group of entities, association or foundation,

  as well as voting rights attached to shares held by a company that is controlled – within the meaning of Article L.233-3 of the French Commercial Code – by a company, private individual, association, group of entities or foundation;
- the restrictions set out above shall not include voting rights exercised by the Chairman of a General Shareholders' Meeting when said voting rights are (i) attached to shares for which a proxy form has been returned to the Company without any named proxy, and (ii) do not individually infringe the specified restrictions.

The restrictions provided for above shall automatically become null and void, without the requirement for a new decision by shareholders in an Extraordinary Shareholders' Meeting, in the event that an individual or entity – acting alone or in concert with one or more other individuals or entities – acquires an interest in the Company representing two-thirds of the Company's capital or voting rights following a public tender offer for all of the Company's shares.

7.1.2.3 Rights, preferences and restrictions attached to shares

Under Article 9 of the bylaws, fully paid-up ordinary shares may be held either in registered or bearer form, at the shareholder's discretion, subject to compliance with the provisions of the applicable laws and regulations and the Board of Directors' Internal Rules concerning the form of shares held by certain categories of shareholder.

Under Article 12 of the bylaws, each share shall entitle its holder to a proportion of the Company's profits, net assets and any liquidation surplus equal to the proportion of capital represented by the share.

Where a shareholder must own a specific number of shares to exercise a particular right, notably in the event of an exchange or allocation of shares, a stock-split, reverse stock-split, a capital increase or reduction, a merger, demerger, partial asset transfer, dividend payment or any other corporate action, any shares held that fall below the required number shall not confer any rights on their holders with respect to the Company, and the shareholders concerned shall be personally responsible for obtaining the necessary number of shares or rights, including through purchases or sales of shares or rights where required.

7.1.2.4 Conditions governing changes to share capital and shareholders' rights

The Company's bylaws do not require that the conditions to change share capital and shareholders' rights be more restrictive than prevailing legislation. These changes are subject to the approval of the shareholders at the Extraordinary Shareholders' Meeting deliberating in accordance with the rules of quorum and majority set out in the applicable laws and regulations.

7.1.2.5 Disclosure obligation in the event of exceeding the threshold for ownership set out in the bylaws

Under Article 13 of the bylaws, in addition to the disclosures required under the applicable laws and regulations when certain ownership thresholds are crossed, any person or legal entity, acting alone or in concert with others, that becomes the owner – directly or indirectly through one or more companies controlled by said person or entity within the meaning of Article L.233-3 of the French Commercial Code – of 1% or more of the Company's capital or voting rights or any multiple thereof, as calculated in accordance with Articles L.233-7 and L.233-9 of the French Commercial Code and the General Regulations of the French financial markets authority (*Autorité des marchés financiers* – AMF), must notify the Company of the total number of shares and voting rights held as well as the total number of securities held that carry deferred rights to the Company's capital and the potential voting rights attached thereto.

Said notification shall be sent to the Company by registered letter with recorded delivery within four trading days of the relevant threshold being crossed.

The same disclosures are required – within the same timeframe and in accordance with the same conditions – in cases where a shareholder's interest falls below any of the thresholds referred to above.

The sanctions provided for by law in the event of a failure to comply with the disclosure requirements applicable when a legal threshold is crossed shall also apply if a shareholder does not comply with the disclosure requirements applicable in the bylaws, where requested by one or more shareholders holding at least 5% of the Company's capital or voting rights (with said request duly recorded in the minutes of the relevant General Shareholders' Meeting).

7.1.2.6 Provisions that could delay, postpone or prevent a change in control of the Company

The provisions of the bylaws or other contractual documents related to the Company that could delay, postpone or prevent a change in the Company's control are as follows: (i) the granting of double voting rights to any shareholder owning fully paid-up shares which the shareholder must prove have been registered in the name of the same shareholder for at least two years, (ii) the restriction on voting rights provided for by Article 31.12 of the bylaws (see section 7.1.2.2), (iii) an agreement between Safran and the French State (see section 7.1.4.2).

7.1.3 Information on investments

7.1.3.1 Direct and indirect investments as of December 31, 2022

The direct and indirect investments which meet the criteria defined by the European Securities and Markets Authority (ESMA) in its March 2013 recommendation are set out in section 3.1, Note 40 and section 3.3, Note 3.1.

7.1.3.2 Investments

In accordance with the provisions of Article L.233-6 of the French Commercial Code, in 2022 Safran acquired the following investments:

- Safran Electronics & Defense acquired all the shares of Orolia;
- Safran Electronics & Defense acquired all the shares of Syrlinks;
- Safran Electronics & Defense indirectly acquired 31.5% of Cilas' share capital;
- Safran Corporate Venture took the following stakes:
  - 5% in the capital of Ineratec GmbH,
  - 17% in the capital of Cranfield Aerospace Solutions Limited,
  - 8% in the capital of Sintermat.

7.1.4 Relations with related parties

Related parties (as defined by the Group in accordance with IAS 24) and quantitative information concerning related-party transactions are presented in section 3.1, Note 35.

7.1.4.1 Relations with the French State

In 2022, Safran generated adjusted revenue of €1,007 million with the French State and entities in which it has interests, primarily in military areas.

The Aerospace Propulsion business (see section 1.2.1) develops, manufactures and maintains aircraft engines for the French armed forces. It is the industrial prime contractor for this equipment in major aviation projects.

In the Aircraft Equipment (sections 1.2.2.1, 1.2.2.2 and 1.2.2.3)/ Defense (section 1.2.2.5)/Aerosystems (section 1.2.2.4) segment:

- Safran participates in major French military aviation programs, both in terms of landing gear and braking systems and of safety systems;
- Safran provides the following equipment and related services to the French Armed Forces:
  - independent positioning, navigation and guidance systems for all types of aircraft, vehicles and engines,
  - observation and surveillance cameras for planes, helicopters, drones and ships,
  - day and night vision observation binoculars,
  - mission preparation systems,
  - tactical drones,
  - missile guidance seekers,
  - onboard systems and ground stations for the acquisition and processing of test flight data,
  - mission recorders for pilot training and intelligence,
  - space surveillance systems and services,
  - cockpit systems, piloting controls and electromechanical actuation for airplanes and helicopters,
  - engine control systems,
  - flight data collection and decoding systems,
  - parachute systems (for troops and cargo),
  - equipment for dismounted soldiers,
  - high-performance mirrors for earth observation satellites,
  - safety and survival equipment for air crews (combat vests, life rafts, anti-G pants, waterproof suits),
  - complete fuel systems (for aircraft, helicopters and missiles) including fuel gauging, fuel circulation and fuel inerting systems,
  - in-flight refueling nacelles and engine equipment.

7.1.4.2 Agreement with the French State relating to strategic assets and subsidiaries

In order to protect national interests and preserve national independence, and in the context of the proposed combination of Sagem and Snecma's businesses through the merger of these two companies, the French State reminded these companies of its right to a "golden share" with regard to Snecma of the kind defined in Article 10 of Law 86-912 of August 6, 1986. In exchange for the waiver of this right to a "golden share", the French State required sufficient contractual rights to ensure national interests are protected.

In view of this, a three-way agreement in lieu of a "golden share" was entered into by Sagem and Snecma (now Safran) and the French State on December 21, 2004 (the "2004 Agreement").

In view of the 2005 merger of Snecma and Sagem that led to the creation of Safran, and the various transactions completed by Safran since that date which have substantially altered the Group's scope, Safran and the French State decided to amend the 2004 Agreement with six successive addendums between 2011 and 2016.

In 2018, Safran and the French State wished to consolidate the 2004 Agreement and its amendments into a single document (the "Agreement") and to update its contents.

The new Agreement was signed on March 26, 2018, canceling and replacing the 2004 Agreement as from that date. It was authorized by the Board of Directors on March 22, 2018 and approved by the Annual General Meeting on May 25, 2018.

The Agreement notably provides as follows:

On corporate governance matters:

- Safran's competent bodies shall be invited to appoint the French State as a Director if its interest in the Company's share capital is less than 10% but more than 1%;
- Safran's competent bodies shall in addition be invited to appoint a member proposed by the French State to the Board of Directors if its interest in the Company's share capital is more than 5%, and the shareholders will thus be invited to approve the terms of office of these Directors;
- at the request of the French State, the Board of Directors shall be invited to appoint one of the persons referred to above to any Board committees that may be set up for the purpose of addressing matters directly related to its rights under the Agreement;
- the French State shall be entitled to appoint a non-voting representative to the Boards of Directors or equivalent bodies of Safran's strategic subsidiaries (Safran Ceramics and Safran Power Units) and subsidiaries owning sensitive defense assets.

On strategic or sensitive defense assets and the entities that hold such assets:

- the French State shall have a prior right of approval over:
  - sales of assets (other than those that do not affect the defense activities) owned by strategic subsidiaries and accordingly identified as strategic; sales of shares in strategic subsidiaries Safran Ceramics and Safran Power Units; and sales of shares in ArianeGroup Holding,
  - sales of certain assets identified as defense sensitive (such as engines, components and systems, high precision inertial navigation and missile guidance systems, financed directly or indirectly by the French Defense Ministry) owned by Group entities,
  - sales of shares in Safran Electronics & Defense, which owns sensitive defense assets,
  - acquisitions of interests resulting in a holding of more than 33.33% or more than 50% of the share capital or voting rights of the other Group companies that own sensitive defense assets,
  - projects conferring special management or information rights over strategic or sensitive defense assets or rights of representation on the administrative or management bodies of Safran Ceramics, Safran Power Units, ArianeGroup Holding or another entity owning sensitive defense assets controlled by Safran;
- the French State's failure to respond within a period of 30 business days shall be deemed to constitute agreement, except in the case of proposals to sell shares in ArianeGroup Holding, in which case failure to respond shall be deemed to constitute refusal;
- the French State shall be informed beforehand of any proposal by a strategic subsidiary or an entity controlled by Safran that owns sensitive defense assets to sell assets that do not fall into these protected categories but whose sale could have a material impact on the independent management on French territory of the entity's strategic assets or sensitive defense assets;
- in the event a third party acquires more than 10% or a multiple of 10% of the capital or voting rights of Safran, and failing an agreement on other ways of protecting national interests in connection with the strategic assets, the French State shall be entitled to purchase the securities and assets of the strategic subsidiaries Safran Ceramics and Safran Power Units and the stake in ArianeGroup Holding at a price to be set by a panel of experts.

7.1.4.3 Other related-party agreements

An agreement within the meaning of Article L.225-38 of the French Commercial Code was entered into during the year. The agreement of July 22, 2022 between Safran, Airbus SE, Tikehau ACE Capital, AD Holding and the French State relates to the sensitive assets of Aubert & Duval SAS (see sections 8.2.1.3 and 8.3.1).

The acquisition of 100% of the share capital and voting rights of Aubert & Duval SAS (hereinafter "AD SAS") held by Eramet SA, through a holding company (hereinafter "AD Holding") owned by a consortium composed of Safran, Airbus SE and Tikehau Ace Capital, is still underway at the filing date of this Universal Registration Document.

AD SAS and its subsidiaries directly or indirectly hold assets that are directly related to protecting the French State's strategic interests in materials that are essential for national defense needs in the aviation, naval, land and nuclear sectors and, in particular, preserving innovation, design and production capacities, as well as securing the supply of such materials.

Accordingly, the French State intends, at the latest upon completion of the acquisition of AD SAS' share capital by AD Holding and in order to protect France's essential interests, to set up a specific share within AD SAS (the "Specific Share"), which will replace the specific share within Eramet SA[(1)].

Furthermore, it has been agreed between Safran, Airbus SE, Tikehau Ace Capital and the French State (collectively the "Parties") that an agreement (the "AD Agreement") is necessary for the Specific Share, in order to ensure full protection of France's national interests and therefore the continuity of AD SAS' sovereignty-related operations and give the French State:

- rights over the ownership and, where applicable, the devolution of all or part of the sensitive defense assets defined in the AD Agreement; and
- rights of representation on the governing bodies of AD Holding and, where applicable, AD SAS.

In particular, the AD Agreement provides for:

Protection scope:

- assets identified as sensitive defense assets that are essential for national defense needs in the aviation, naval, land and nuclear sectors;
- shares in AD Holding, AD SAS and its subsidiaries, as well as interests held directly or indirectly by AD SAS, or any company to which its rights and obligations are transferred, if said company holds or operates an asset identified as a sensitive defense asset ("Protected Sector Interests").

On corporate governance matters:

- the French State shall be entitled to appoint a non-voting representative to the Board of Directors of AD Holding and, where applicable, the Board of Directors of AD SAS, if there is one.

On sensitive assets and entities holding such assets:

- the French State shall have a prior right of approval over:
  - any proposal to sell sensitive defense assets to a third party,
  - any proposal from a third party to purchase shares in AD Holding, AD SAS, its subsidiaries and Protected Sector Interests,
  - any proposal to sell all or part of the interest held by AD Holding in AD SAS to a third party,
  - any proposal to confer rights on a third party for the purpose of transferring expertise, technology or intellectual property rights related to a sensitive defense asset or to confer rights of representation on the administrative or management bodies of AD Holding or AD SAS.

  Failure by the French State to respond within one month (renewable once) shall be deemed to constitute agreement;
- the French State shall be informed beforehand of any proposal to change the distribution of AD Holding's share capital between Airbus, Safran SA and Tikehau Ace Capital or of any proposal to restructure AD Holding or AD SAS;
- if the French State establishes that AD Holding or AD SAS has failed to comply with the essential obligations undertaken in respect of the French State in the AD Agreement (in particular, failure to comply with the above-mentioned right of approval or the rights linked to the Specific Share), and that such non-compliance continues for more than three months after notification is received from the French State, the French State may acquire all or part of the sensitive defense assets at a price to be set by a panel of experts.

The AD Agreement was authorized by Safran's Board of Directors on February 23, 2022 (the representative of the French State and the Director put forward by the French State did not take part in the vote).

It was signed on July 22, 2022 and will come into effect on the date on which the acquisition of AD SAS by AD Holding is completed, subject to said completion. It will be submitted for shareholders' approval at the Annual General Meeting of May 25, 2023 (see section 8.2.1.3).

The related-party agreements authorized in previous years, and which had continuing effect during 2022, are presented in the Statutory Auditors' special report in section 8.3.1 of this Universal Registration Document.

(1) *Specific share set up within Eramet SA by Decree no. 2022-206 of February 18, 2022 covering the sensitive assets of AD SAS or any company to which its rights and obligations are transferred, or one of the subsidiaries that it controls within the meaning of Article L.233-3 of the French Commercial Code.*

7.2 INFORMATION ON SHARE CAPITAL

7.2.1 Share capital

At December 31, 2022, Safran's share capital amounted to €85,449,194, comprising 427,245,970 fully paid-up shares, all of the same class, with a par value of €0.20 each. New ordinary shares were issued at regular intervals during 2022 upon exercise of stock options (see section 7.3.7.3). The resulting capital increases were automatically considered as having been completed upon receipt by the Company of notification that the options were being exercised, together with the corresponding share subscription form and the subscription price. The total amount by which the share capital was increased in 2022 was €706, through the exercise of 3,530 stock subscription options.

New ordinary shares were issued at regular intervals between January 1, 2023 and February 12, 2023, the date at which the last share subscription plan in effect expired (see section 7.3.7.3). The total amount by which the share capital was increased between January 1, 2023 and February 12, 2023 was €2,914.20, through the exercise of 14,571 stock subscription options. Consequently, at February 28, 2023 Safran's share capital amounted to €85,452,108.20, comprising 427,260,541 fully paid-up shares, all of the same class, with a par value of €0.20 each.

7.2.2 Authorizations granted to the Board of Directors with respect to share capital increases

The authorizations with respect to share capital increases currently in force, already granted by shareholders to the Board of Directors, are summarized in section 8.2.5 of this Universal Registration Document.

The authorization to make free share grants of the Company's existing shares or shares to be issued, granted to the Board of Directors in the 30th resolution of the May 26, 2021 Annual General Meeting, was used in March 2022 and March 2023 (see section 7.3.7.1).

The other authorizations with respect to share capital increases currently in force, granted to the Board of Directors by the May 26, 2021 Annual General Meeting, were not used in 2022 nor between January 1, 2023 and the filing date of this Universal Registration Document.

As a reminder, the authorizations granted to the Board of Directors in the 21st and 22nd resolutions of the May 26, 2021 Annual General Meeting, in order to carry out one or several issues through an offering of financial securities to qualified investors, without pre-emptive subscription rights for existing shareholders, of bonds convertible into new shares and/or exchangeable for existing shares ("2028 OCEANEs"), with an overallotment option where applicable, were used in June 2021 (see sections 7.2.3.2 and 8.4 of the 2021 Universal Registration Document and section 7.2.3.2 of this Universal Registration Document).

7.2.3 The Company's securities

7.2.3.1 Securities not representing capital

Other securities issued by Safran not representing the Company's capital as of the date of this Universal Registration Document are set out in section 3.1, Note 24 and section 3.3, Note 3.9.

7.2.3.2 Securities carrying rights to shares of the Company

2027 OCEANEs

As a reminder, on May 15, 2020 Safran issued 7,391,665 bonds (the "Initial Bonds") convertible into new shares and/or exchangeable for existing shares, due May 15, 2027 ("2027 OCEANEs"). On October 12, 2020, Safran carried out a tap issue of 1,847,916 bonds (the "New Bonds") convertible into new shares and/or exchangeable for existing shares. The New Bonds carry the same terms and conditions as the Initial Bonds, with the exception of the issue price. They are fungible with the Initial Bonds, with which they form a single series of 2027 OCEANEs. The 2027 OCEANEs have a par value of €108.23 each (see section 3.1, Note 24 and section 3.3, Note 3.9 of this Universal Registration Document).

The background, terms and conditions, purpose and impact of the 2027 OCEANE bond issues are presented in the reports of the Board of Directors and the Statutory Auditors, in section 8.4 of the 2020 Universal Registration Document.

At the Annual General Meeting of May 25, 2022, the shareholders approved a dividend payment of €0.50 per share. The ex-dividend date was May 31, 2022 and the record date was June 1, 2022. Consequently and in accordance with the terms and conditions of the 2027 OCEANEs, the 2027 OCEANE conversion ratio – previously 1.004 Safran shares for 1 OCEANE bond – was adjusted to 1.009 Safran shares for 1 OCEANE bond, effective June 2, 2022.

At December 31, 2022, all the 9,239,581 OCEANEs issued were still outstanding.

In the event that Safran decided to provide only new shares upon the exercise of the conversion rights for all the 2027 OCEANEs, the maximum dilution as estimated based on the Company's capital and the 2027 OCEANE conversion ratio at December 31, 2022 would be 2.18%.

2028 OCEANEs

As a reminder, on June 14, 2021 Safran issued 4,035,601 bonds convertible into new shares and/or exchangeable for existing shares, due April 1, 2028 ("2028 OCEANEs"). The 2028 OCEANEs have a par value of €180.89 each (see section 3.1, Note 24 and section 3.3, Note 3.9 of this Universal Registration Document).

The background, terms and conditions, purpose and impact of the 2028 OCEANE bond issue are presented in the reports of the Board of Directors and the Statutory Auditors, in section 8.4 of the 2021 Universal Registration Document.

At December 31, 2022, all the 4,035,601 OCEANEs issued were still outstanding.

In the event that Safran decided to provide only new shares upon the exercise of the conversion rights for all the 2028 OCEANEs, the maximum dilution as estimated based on the Company's capital and the 2028 OCEANE conversion ratio at December 31, 2022 would be 0.94%.

7.2.4 History of the share capital since 2005

Date	Transaction	Safran share price *(in €)*	Amount of share capital *(in €)*	Number of shares	Additional paid-in capital *(cumulative, in €)*
Situation at February 28, 2023		**0.20**	**85,452,108.20**	**427,260,541**	**5,294,589,688.01**
February 28, 2023	Cumulative increases in share capital and additional paid-in capital resulting from the exercise of stock options between January 1, 2023 and February 12, 2023, placed on record on March 6, 2023	0.20	85,452,108.20	427,260,541	5,294,589,688.01
Situation at December 31, 2022		0.20	85,449,194	427,245,970	5,293,026,656.82
December 31, 2022	Cumulative increases in share capital and additional paid-in capital resulting from the exercise of stock options in the period to December 31, 2022, placed on record on January 5, 2023	0.20	85,449,194	427,245,970	5,293,026,656.82
December 31, 2021	Cumulative increases in share capital and additional paid-in capital resulting from the exercise of stock options in the period to December 31, 2021, placed on record on January 10, 2021	0.20	85,448,488	427,242,440	5,292,647,993.72
June 30, 2021	Cumulative increases in share capital and additional paid-in capital resulting from the exercise of stock options in the period to June 30, 2020, placed on record on July 7, 2021	0.20	85,447,723.20	427,238,616	5,292,300,002.44
February 13, 2021	Conversion of Class A preferred shares (see section 7.2.1) into ordinary shares (at a ratio of 1 Class A preferred share to 1 ordinary share)	0.20	85,447,187.80	427,235,939	5,292,086,789.53
June 30, 2020	Cumulative increases in share capital and additional paid-in capital resulting from the exercise of stock options in the period to June 30, 2020, placed on record on July 7, 2020	0.20	85,447,187.80	427,235,939	5,292,086,789.53
December 31, 2019	Cumulative increases in share capital and additional paid-in capital resulting from the exercise of stock options in December 2019, placed on record on January 9, 2020	0.20	85,446,831	427,234,155	5,291,895,416.85
December 19, 2019	Capital reduction by canceling treasury shares	0.20	85,446,697.20	427,233,486	5,291,823,656.22
November 30, 2019	Cumulative increases in share capital and additional paid-in capital resulting from the exercise of stock options in the period to November 30, 2019, placed on record on December 19, 2019	0.20	87,159,268.40	435,796,342	5,291,823,656.22
December 17, 2018	Capital reduction by canceling treasury shares	0.20	87,153,590.20	435,767,951[1]	5,289,486,113.84
December 1, 2018	Merger of Zodiac Aerospace into Safran	0.20	89,434,167	447,170,835[1]	5,289,486,113.84
February 13, 2018	Settlement of Class A Preferred Shares delivered in exchange as part of the Safran subsidiary exchange offer for Zodiac Aerospace shares	0.20	88,736,128.60	443,680,643[1]	5,289,486,113.84
May 11, 2005	Merger of Snecma into Sagem SA, now Safran	0.20	83,405,917	417,029,585	3,051,330,263
March 17, 2005	Settlement of Sagem shares delivered in exchange as part of the Sagem public exchange offer for Snecma shares	0.20	73,054,834	365,274,170	3,051,330,263

(1) Including 26,651,058 Class A Preferred Shares (see section 7.2.1 of the 2021 Universal Registration Document).

7.2.5 Pledging of shares

To the best of the Company's knowledge, 1,102,675 shares representing 0.26% of the share capital were pledged at December 31, 2022, compared with 1,033,004 shares representing 0.24% of the share capital at December 31, 2021.

7.2.6 Treasury shares

SITUATION AT DECEMBER 31, 2022

	Number of shares	% share capital	Carrying amount at Dec. 31, 2022 *(in €)*	Total nominal value *(in €)*
Treasury shares, held directly	2,687,189	0.63	310,370,186	537,438
Treasury shares, held indirectly	-	-	-	-
TOTAL	**2,687,189**	**0.63**	**310,370,186**	**537,438**

7.2.7 Share buyback programs

The Annual General Meeting of May 25, 2022, in its 15th resolution, authorized the Board of Directors, for a period of 18 months, to set up a share buyback program with the following main characteristics:

Purpose of the program:

- to maintain a liquid market in the Company's shares via a liquidity agreement that complies with the Code of Ethics drawn up by the French association of financial and investment firms (*Association française des marchés financiers* – AMAFI) approved by the AMF, and entered into with an investment services firm;
- for allocation or sale to employees and/or corporate officers of the Company or other Group companies, in accordance with the terms and conditions provided for by law, notably in connection with a profit-sharing plan, free share grants, the exercise of stock options, the Group employee savings plan, or any company employee savings plan in place within the Group;
- for delivery on exercise of rights attached to securities redeemable, convertible, exchangeable or otherwise exercisable for shares of the Company;
- to hold shares in treasury for subsequent delivery as payment or exchange for external growth transactions;
- for cancellation, pursuant to the authorization in effect granted by the Annual General Meeting.

Maximum percentage of share capital to be bought back:

- 10% of share capital.

Maximum purchase price per share:

- €165.

Total maximum amount that may be invested in the share buyback program:

- €7 billion.

At May 25, 2022, this program had terminated the previous share buyback program authorized by the Annual General Meeting of May 26, 2021 (16th resolution), with the same objectives, the same maximum purchase price of €165 per share, and the same total maximum amount of €7 billion to be invested in the buyback program.

7.2.7.1 Treasury share transactions in 2022

Share buybacks

On October 28, 2022, Safran announced that it would buy back up to 9.4 million of its own shares (approximately 2.2% of its share capital) with a view to eliminating the potential dilution risk related to its convertible bonds maturing in 2027 ("2027 OCEANEs", see section 7.2.3.2). To this end, on November 14, 2022, Safran entered into an agreement with an investment services provider for the implementation of an initial tranche of this buyback program, for a maximum amount of €325 million, to be completed between November 15, 2022 and December 28, 2022 at the latest. A total of 2,373,547 shares were bought back under the program, for a total investment of €275 million.

Liquidity agreement

The liquidity agreement, which has been managed by Oddo since February 1, 2012, was renewed in 2019.

Share buybacks under the liquidity agreement

In 2022, Safran purchased 3,247,326 treasury shares under the liquidity agreement, of which:

- 1,553,850 shares were purchased between January 1 and May 25, 2022, at an average price of €105.6461;
- 1,693,476 shares were purchased between May 26 and December 31, 2022, at an average price of €101.3258.

Sales of shares under the liquidity agreement

In 2022, Safran sold 3,269,070 treasury shares under the above-mentioned liquidity agreement, of which:

- 1,546,622 shares were sold between January 1 and May 25, 2022, at an average price of €106.9546;
- 1,722,448 shares were sold between May 26 and December 31, 2022, at an average price of €102.5517.

Shares held under the liquidity agreement

At December 31, 2022, 222,135 shares were held under the liquidity agreement.

Cancellation of shares

No shares were canceled during 2022.

Delivery of free shares

At its meeting on March 27, 2019, the Board of Directors decided to award 732,130 performance shares to certain managers and senior executives of the Group (2019 Long-Term Incentive Plan). Subject to a continuing service condition, the number of performance shares that were ultimately delivered at the end of the three-year vesting period depended on the extent to which internal and external performance conditions were met over the 2019–2021 period (see section 6.6.4.2 of the 2019 Registration Document). At its March 24, 2022 meeting, the Board of Directors placed on record the achievement rates for the performance conditions of the 2019 Long-Term Incentive Plan. Based on the achievement rates, a total of 116,459 ordinary shares were delivered to the plan beneficiaries in March 2022 (including 1,007 shares to Olivier Andriès [see section 6.6.4.2.4 of the 2021 Universal Registration Document]).

Situation at December 31, 2022

At December 31, 2022, Safran directly held 2,687,189 of its own shares, representing 0.63% of the Company's capital.

These treasury shares were held for the following purposes:

- for allocation or sale to employees: 78,307 shares, representing 0.02% of the Company's capital;
- to cover exchangeable debt securities: 2,386,747 shares, representing 0.56% of the Company's capital;
- to maintain a liquid market in the Company's shares via a liquidity agreement: 222,135 shares, representing 0.05% of the Company's capital;
- for cancellation: 0.

Situation at February 28, 2023

At February 28, 2023, Safran directly held 5,080,817 of its own shares, representing 1.19% of the Company's capital.

These treasury shares were held for the following purposes:

- for allocation or sale to employees: 78,301 shares, representing 0.018% of the Company's capital;
- to cover exchangeable debt securities: 4,899,446 shares, representing 1.147% of the Company's capital;
- to maintain a liquid market in the Company's shares via a liquidity agreement: 103,070 shares, representing 0.024% of the Company's capital;
- for cancellation: 0.

7.2.7.2 Description of the share buyback program to be approved by the Annual General Meeting of May 25, 2023

Under the 18th resolution, the Annual General Meeting of May 25, 2023 is invited to authorize a new share buyback program (see section 8.2.1.8). Drafted in accordance with the provisions of Article 241-2 of the AMF's General Regulations, the program's description is presented below and will not be published separately pursuant to Article 241-3 of said Regulations.

Information about the number of shares and the percentage of share capital held directly and indirectly by the Company at February 28, 2023 is provided in sections 7.2.6 and 7.2.7.1.

Objectives of the share buyback program

In accordance with Regulation (EU) no. 596/2014 of the European Parliament, the AMF's General Regulations and market practices permitted by the AMF, the objectives of the share buyback program to be approved by the Annual General Meeting of May 25, 2023 are to:

- to maintain a liquid market in the Company's shares via a liquidity agreement that complies with the AMAFI Code of Ethics, approved by the AMF, and entered into with an investment services firm;
- for allocation or sale to employees and/or corporate officers of the Company or other Group companies, in accordance with the terms and conditions provided for by law, notably in connection with a profit-sharing plan, free share grants, the exercise of stock options, the Group employee savings plan, or any company employee savings plan in place within the Group;
- for delivery on exercise of rights attached to securities redeemable, convertible, exchangeable or otherwise exercisable for shares of the Company;
- to hold shares in treasury for subsequent delivery as payment or exchange for external growth transactions;
- for cancellation, pursuant to the share capital reduction authorization in effect, granted by the Annual General Meeting.

The program is also designed to enable any current or future market practices permitted by the AMF to be carried out and, more generally, to enable any other authorized operations or operations that would be authorized in the future by the applicable regulations. The Company will inform its shareholders in a press release prior to carrying out any such operations.

Maximum percentage of share capital, maximum number and purchase price, and characteristics of the shares the Company wishes to acquire

The number of shares that may be bought back under the program may not exceed 10% of the Company's total shares. This ceiling is reduced to 5% for shares acquired for the purpose of being held in treasury for subsequent delivery as payment or exchange for external growth transactions. When shares are bought back for the purpose of maintaining a liquid market in the Company's shares via a liquidity agreement, the number of shares included for the calculation of the 10% ceiling corresponds to the number of shares purchased less any shares sold during the authorization period.

Under no circumstances may the use of this authorization have the effect of increasing the number of Safran shares held by the Company, either directly or indirectly, to more than 10% of its share capital.

For information purposes, at December 31, 2022, the Company's capital comprised 427,245,970 shares. Given the 2,687,189 shares already directly held by the Company at this date, the maximum number of shares the Company could still acquire in connection with this buyback program would be 40,037,408 shares.

Generally, Safran sets the maximum purchase price at around 130% of the highest closing price of the Safran share over the 12 months preceding the pricing date. The maximum purchase price proposed to the shareholders will be €175 per share, and the maximum amount that may be invested in the program is €7.4 billion. The maximum purchase price does not represent a target price.

The maximum number of shares and the maximum purchase price as indicated above may be adjusted to reflect the impact on the share price of any share capital transactions carried out by the Company.

Share buyback program procedures

Shares may be purchased, sold, or transferred in one or several transactions and by any method allowed under the laws and regulations applicable at the transaction date, including over-the-counter and through a block trade for all or part of the program, as well as via the use of derivative financial instruments.

The Board of Directors may use this authorization at any time subject to the limitations set down by the applicable regulations, except during, or in the run-up to, a public offer for the Company's shares.

Term of the share buyback program

This new share buyback program shall be valid for a period of 18 months as from the approval of the Annual General Meeting of May 25, 2023, i.e., until November 24, 2024 at the latest.

7.3 SHARE OWNERSHIP

7.3.1 Breakdown of share capital and voting rights

To the best of the Company's knowledge, Safran's share capital and voting rights were held as follows as of December 31, 2022:

	Shares		Exercisable voting rights		Theoretical voting rights(1)	
Shareholders	**Number**	**% capital**	**Number**	**%**	**Number**	**%**
Free float	347,795,090	81.40	388,799,278	71.95	388,799,278	71.60
■ *o/w The Capital Group Companies, Inc.*	*38,469,389(2)*	*9(3)*	*38,469,389(2)*	*7.12(3)*	*38,469,389(2)*	*7.08(3)*
■ *TCI Fund Management Limited*	*21,386,096(4)*	*5.01(5)*	*34,860,766(4)*	*6.45(5)*	*34,860,766(4)*	*6.42(5)*
French State	47,983,131	11.23	95,966,262	17.76	95,966,262	17.67
Employees(6)	28,780,560	6.74	55,590,234	10.29	55,590,234	10.24
■ *o/w FCPE Safran Investissement*	*17,932,600*	*4.20*	*35,718,300*	*6.61*	*35,718,300*	*6.58*
Treasury shares, held directly	2,687,189	0.63	-	-	2,687,189	0.49
Treasury shares, held indirectly	-	-	-	-	-	-
TOTAL	**427,245,970**	**100.00**	**540,355,774**	**100.00**	**543,042,963**	**100.00**

(1) Calculated based on all the shares making up the Company's share capital, including treasury shares and other shares stripped of voting rights (Article 223-11 of the AMF's General Regulations).
(2) Number of shares and voting rights at October 28, 2022 disclosed by The Capital Group Companies, Inc. on behalf of Capital Research and Management Company and its clients and managed funds.
(3) Calculated based on the number of shares and voting rights at October 28, 2022 disclosed by The Capital Group Companies, Inc. (see above) and the number of shares and voting rights making up the Company's capital at December 31, 2022.
(4) Number of shares and voting rights disclosed by TCI Fund Management Limited at November 11, 2022 on behalf of the clients and funds that it manages (AMF notice no. 222C2498).
(5) Calculated based on the number of shares and voting rights disclosed by TCI Fund Management Limited at November 11, 2022 (see above) and the number of shares and voting rights making up the Company's capital at December 31, 2022.
(6) Employee shareholding within the meaning of Article L.225-102 of the French Commercial Code.

To the best of the Company's knowledge, no shareholder apart from those listed in the table above held more than 5% of Safran's share capital or voting rights as of December 31, 2022.

Double voting rights

At December 31, 2022, 115,796,993 of the 427,245,970 shares making up the share capital carried double voting rights pursuant to Article 31.8 of the Company's bylaws.

The main Safran shareholders do not have different voting rights from those of other shareholders. Any shareholder may be entitled to double voting rights in accordance with the conditions stipulated in Article 31.8 of the Company's bylaws (see section 7.1.2.2).

7.3.2 Breakdown of share ownership

According to a survey on identifiable bearer shares carried out by Euroclear France at December 31, 2022:

- Safran's free-float shareholders break down as around 83% institutional investors, around 6% other institutional holdings, around 7% individual investors and 4% unidentified. This breakdown is stable compared with December 31, 2021.
- The breakdown by geographic area of the free–float shares held by institutional investors is as follows: 50% are from North America, 16% are from the United Kingdom and Ireland, 9% are from France and 8% are from other countries.
- Around 6% of Safran's share capital is held by individual shareholders, the majority of them being French.

7.3.3 Change in the breakdown of share capital and voting rights over the last three years

	December 31, 2020			December 31, 2021			December 31, 2022		
Shareholders	Number of shares	% capital	% voting rights[1]	Number of shares	% capital	% voting rights[1]	Number of shares	% capital	% voting rights[1]
Free float	347,973,999	81.45	72.47	348,856,484	81.65	72.05	347,795,090	81.40	71.95
■ *o/w The Capital Group Companies, Inc.*	*38,545,754*[(2)]	*9.02*[(3)]	*6.87*[(3)]	*38,096,384*[(4)]	*8.91*[(5)]	*6.94*[(5)]	*38,469,389*[(6)]	*9*[(7)]	*7.12*[(7)]
■ *o/w BlackRock, Inc.*	*27,422,108*[(8)]	*6.42*[(9)]	*4.87*[(9)]	*20,872,854*[(10)]	[(11)]	[(11)]	*17,432,709*[(12)]	[(13)]	[(13)]
■ *o/w TCI Fund Management Limited*	*21,209,497*[(14)]	*4.96*[(15)]	*6.49*[(15)]	*14,360,510*[(16)]	*3.36*[(17)]	*5.07*[(17)]	*21,386,096*[(18)]	*5.01*[(19)]	*6.45*[(19)]
French State	47,983,131	11.23	17.10	47,983,131	11.23	17.48	47,983,131	11.23	17.76
Employees[(20)]	30,959,525	7.25	10.43	29,946,660	7.01	10.47	28,780,560	6.74	10.29
■ *o/w FCPE Safran Investissement*	*21,351,714*	*4.99*	*7.16*	*18,800,750*	*4.40*	*6.85*	*17,932,600*	*4.20*	*6.61*
Treasury shares, held directly	319,284	0.07	-	456,165	0.11	-	2,687,189	0.63	-
Treasury shares, held indirectly	-	-	-	-	-	-			
TOTAL	**427,235,929**	**100.00**	**100.00**	**427,242,440**	**100.00**	**100.00**	**427,245,970**	**100.00**	**100.00**

(1) Exercisable voting rights.
(2) Number of shares and voting rights disclosed by The Capital Group Companies, Inc. at December 1, 2020 on behalf of Capital Research and Management Company and the clients and funds that it manages.
(3) Calculated based the number of shares and voting rights disclosed by The Capital Group Companies, Inc. at December 1, 2020 (see above) and the number of shares and voting rights making up the Company's capital at December 31, 2020.
(4) Number of shares and voting rights disclosed by The Capital Group Companies, Inc. at November 2, 2021 on behalf of Capital Research and Management Company and its clients and managed funds.
(5) Calculated based on the number of shares and voting rights disclosed by The Capital Group Companies, Inc. at November 2, 2021 (see above) and the number of shares and voting rights making up the Company's capital at December 31, 2021.
(6) Number of shares and voting rights at October 28, 2022 disclosed by The Capital Group Companies, Inc. on behalf of Capital Research and Management Company and its clients and managed funds.
(7) Calculated based on the number of shares and voting rights at October 28, 2022 disclosed by The Capital Group Companies, Inc. (see above) and the number of shares and voting rights making up the Company's capital at December 31, 2022.
(8) Number of shares and voting rights disclosed by BlackRock, Inc. at November 27, 2020 on behalf of the clients and funds that it manages.
(9) Calculated based on the number of shares and voting rights disclosed by BlackRock, Inc. at November 27, 2020 (see above) and the number of shares and voting rights making up the Company's capital at December 31, 2020.
(10) Number of shares and voting rights disclosed by BlackRock, Inc. at November 29, 2021 on behalf of the clients and funds that it manages.
(11) Less than 5%.
(12) Number of shares and voting rights disclosed by BlackRock, Inc. at December 30, 2022 on behalf of the clients and funds that it manages.
(13) Less than 5%.
(14) Number of shares and voting rights disclosed by TCI Fund Management Limited at November 23, 2020 on behalf of the clients and funds that it manages (AMF notice no. 220C5172).
(15) Calculated based on the number of shares and voting rights disclosed by TCI Fund Management Limited at November 23, 2020 (see above) and the number of shares and voting rights making up the Company's capital at December 31, 2021.
(16) Number of shares and voting rights disclosed by TCI Fund Management Limited at December 15, 2021 on behalf of the clients and funds that it manages (AMF notice no. 220C5172).
(17) Calculated based on the number of shares and voting rights disclosed by TCI Fund Management Limited at December 15, 2021 (see above) and the number of shares and voting rights making up the Company's capital at December 31, 2021.
(18) Number of shares and voting rights disclosed by TCI Fund Management Limited at November 11, 2022 on behalf of the clients and funds that it manages (AMF notice no. 222C2498).
(19) Calculated based on the number of shares and voting rights disclosed by TCI Fund Management Limited at November 11, 2022 (see above) and the number of shares and voting rights making up the Company's capital at December 31, 2022.
(20) Employee shareholding within the meaning of Article L.225-102 of the French Commercial Code.

7.3.4 Disclosure thresholds

7.3.4.1 Significant movements during 2022

Safran presents below the threshold crossings (share capital and voting rights held and treated as held in accordance with Articles L.233-7 to L.233-9 of the French Commercial Code) disclosed during the year. Safran has no obligation to verify the completeness of the disclosures.

Disclosure of the crossing of legal thresholds

Only one crossing of legal thresholds was disclosed in 2022. TCI Fund Management Limited, acting on behalf of the clients and funds that it manages, disclosed that it had exceeded the 5% threshold of the Company's share capital on November 11, 2022, holding, on behalf of said clients and funds, 21,386,096 shares and 34,860,766 voting rights, representing 5.01% of the Company's share capital and 6.35% of its voting rights (AMF notice no. 222C2498).

Disclosure of the crossing of thresholds set out in the bylaws

In addition to the legal threshold disclosures described above, the Company was notified of several crossings of the thresholds set out in the bylaws in 2022. The material or most recent crossings of the thresholds set out in the Company's bylaws were as follows, as disclosed to Safran:

Shareholder	Date of crossing	Bylaws threshold crossed	Upward or downward	Number of shares disclosed post-crossing	% capital disclosed post-crossing	% voting rights disclosed[1] post-crossing
BlackRock	December 30, 2022	4% of the Company's capital	Upward	17,432,709	4.08	3.20
Caisse des Dépôts	December 28, 2022	2% of the Company's capital	Upward	8,646,474	2.02	2.20
Meritage	December 7, 2022	1% of the Company's capital or voting rights	Downward	3,871,045	0.9	-
D1 Capital Partners	November 30, 2022	1% of voting rights	Downward	5,198,715	1.22	0.95
ISALT (Fonds Stratégique de Participations – FSP)	November 8, 2022	1% of voting rights	Downward	2,138,137	0.5	0.39
Eagle Capital Management	October 14, 2022	1% of the Company's capital	Upward	17,281,367	1.01	-
The Capital Group Companies	October 28, 2022	9% of the Company's capital	Upward	38,469,389	9.004	-
The Capital Group Companies	October 27, 2022	7% of voting rights	Upward	38,436,461	_	7.001
Ontario Teachers' Pension Plan	July 20, 2022	1% of the Company's capital	Downward	4,234,778	0.99	0.77
Artisan Partners	July 5, 2022	2% of the Company's capital	Upward	8,638,189	2.02	1.57
Veritas – Asset Management	May 3, 2022	2% of the Company's capital	Downward	8,425,306	1.97	-
Fidelity International	January 21, 2022	1% of the Company's capital or voting rights	Upward	5,598,133	1.31	1.02

(1) *Theoretical voting rights.*

7.3.4.2 Significant movements since January 1, 2023

The main legal or bylaw thresholds that were crossed and declared between January 1, 2023 and February 28, 2023 were as follows:

1. TCI Fund Management Limited, on behalf of the clients and funds that it manages, disclosed that it had fallen below the threshold of 5% of the Company's share capital on January 19, 2023, holding, on behalf of said clients and funds, 21,258,910 shares and 34,733,580 voting rights, representing 4.98% of the Company's share capital and 6.40% of its voting rights (AMF notice no. 223C0169). Following a subsequent sale, TCI disclosed that, on February 13, 2023, it had fallen below the threshold of 6% of the Company's voting rights set in Safran's bylaws and held, at that date, 19,033,603 Safran shares and 32,508,273 voting rights, representing 5.99% of the Company's voting rights;
2. Natixis Asset Managers International, acting on behalf of the company mutual fund FCPE Safran Investissement, disclosed that, on February 1, 2023, FCPE Safran Investissement had increased its interest to above the threshold of 5% of the Company's share capital and held, at that date, 24,483,013 shares and 48,760,311 voting rights, representing 5.73% of the Company's share capital and 8.98% of its voting rights (AMF notice no. 223C0246);
3. Caisse des Dépôts et Consignations made several disclosures, indirectly through CNP Assurances, that it had, on different occasions, either exceeded or fallen below the threshold of 2% of the Company's voting rights or share capital. More recently, it disclosed that, on February 21, 2023, it had fallen below the threshold of 2% of the Company's voting rights set in Safran's bylaws, and that Caisse des Dépôts held, at that date, directly and indirectly through CNP Assurances, 7,265,799 Safran shares and 10,613,799 voting rights, representing 1.70% of the Company's share capital and 1.95% of its voting rights;
4. Royal Bank of Canada, acting on its own behalf and on behalf of its subsidiaries, disclosed that, on January 31, 2023, it had increased its interest to above the threshold of 1% of the Company's share capital and held, at that date, 4,314,735 shares, representing 1.01% of the Company's share capital and 0.80% of its voting rights;
5. D1 Capital Partners L.P., acting on behalf of D1 Capital Partners Master L.P., disclosed that, on January 27, 2023, it had fallen below the threshold of 1% of the Company's capital and held, on behalf of said fund, 4,232,715 Safran shares, representing 0.991% of the Company's share capital and 0.779% of its voting rights.

7.3.4.3 Trigger level for mandatory bids – grandfather clause

No shareholder benefits from a "grandfather" clause providing an exception from the legal trigger level for mandatory filing of a public offer.

The French State, a shareholder of the Company, benefited from a grandfather clause from February 2011 to March 2013 (described in section 7.3.4.3 of the 2013 Registration Document).

7.3.5 Control of the Company – shareholders' agreement

As of the date of filing of this Universal Registration Document, no shareholder held, directly or indirectly, jointly or in concert with another shareholder, a percentage of voting rights conferring control of the Company.

To the best of the Company's knowledge, there are no current shareholder agreements relating to Safran shares.

7.3.6 Agreements whose implementation could lead to a change in control of the Company

To the best of the Company's knowledge, there are no agreements whose implementation at a later date could lead to a change in control of the Company.

7.3.7 Employee shareholders

7.3.7.1 Free share grants

At its March 24, 2022 meeting, using the authorization granted in the 30th resolution of the Annual General Meeting of May 26, 2021, the Board of Directors authorized grants of performance shares to certain managers and senior executives of the Group (2022 Long-Term Incentive Plan). The number of performance shares to be delivered after the three-year vesting period will depend on the extent to which the different performance conditions, applicable over 2022–2024, are achieved. Under the 2022 Long-Term Incentive Plan, 14,334 performance shares were granted to the Chief Executive Officer, Olivier Andriès (see sections 6.6.2.2.d and 6.6.4.2.2 of the 2021 Universal Registration Document and sections 6.6.3.2.c and 6.6.5.2.1 of this Universal Registration Document).

At its March 23, 2023 meeting, using the authorization granted in the 30th resolution of the Annual General Meeting of May 26, 2021, the Board of Directors authorized grants of performance shares to certain managers and senior executives of the Group (2023 Long-Term Incentive Plan). The number of performance shares to be delivered after the three-year vesting period will depend on the extent to which the different performance conditions, applicable over 2023–2025, are achieved. Under the 2023 Long-Term Incentive Plan, 10,721 performance shares were granted to the Chief Executive Officer, Olivier Andriès (see section 6.6.5.2.2 of this Universal Registration Document).

Safran affiliates did not grant free shares during the year.

7.3.7.2 Other transactions

As a reminder, the French State has previously sold the following Safran shares:

- 2.64% of the Company's share capital on December 1, 2015 (see section 7.3.4.1 of the 2015 Registration Document);
- 1.39% of the share capital on November 23, 2016 (see section 7.3.4.1 of the 2016 Registration Document); and
- 2.35% of the share capital on October 1, 2018 (see section 7.3.4.1 of the 2018 Registration Document).

Following the above sales by the French State, a total of 3,023,333 additional shares (1,222,222 shares sold in 2015, 644,444 shares sold in 2016 and 1,156,667 shares sold in 2018) will be offered to current and former employees of Safran and its subsidiaries at a later date, in accordance with Article 31.2 of French government *ordonnance* (order) 2014–948 of August 20, 2014 regarding the governance of companies in which the French State has a stake and regarding corporate actions involving these companies, as amended by French Act 2015-990 of August 6, 2015 on growth, business and equal economic opportunities.

7.3.7.3 Stock options

No authorizations for the Board of Directors to give stock options granting entitlement to subscribe for new shares of the Company or to purchase existing shares were in force as of December 31, 2022 or the date of this Universal Registration Document.

No stock option plan granting entitlement to purchase existing shares is currently in progress.

When the merger of Zodiac Aerospace into Safran was completed on December 1, 2018, Safran took over from Zodiac Aerospace with respect to all of the obligations resulting from the commitments given by Zodiac Aerospace to holders of Zodiac Aerospace stock options outstanding at the merger completion date. Consequently, the outstanding Zodiac Aerospace stock options are now exercisable for ordinary Safran shares, based on the exchange ratio used for the merger. The only plan still in progress at December 31, 2022 was as follows:

Zodiac Aerospace stock subscription options exercisable for Safran shares	Plan 14 Zodiac Aerospace
Date of the (Zodiac Aerospace) Shareholders' Meeting	01/08/2014
Date of the (Zodiac Aerospace) Supervisory Board or Management Board meeting	02/12/2015
Option exercise start date	02/12/2016
Option expiration date	02/12/2023
Corporate officers concerned	0
Option subscription price	€107.47
Number of shares subscribed at December 31, 2022	18,864
Total number of options canceled or forfeited	53,677
Options outstanding at December 31, 2022	124,464
Maximum number of Safran shares to which the options outstanding at December 31, 2022 grant entitlement	124,464

The plan expired on February 12, 2023.

For information purposes, 14,571 stock subscription options were exercised between January 1, 2023 and February 12, 2023, the date at which the options expired. The share capital has been increased by a total amount of €2,914.20 in 2023, through the exercise of 14,571 options granting entitlement to 14,571 shares (see the Foreword above).

Safran affiliates do not grant stock subscription or purchase options.

7.3.8 Temporary transfer of Safran shares

In accordance with French law, any individual or legal entity (with the exception of the investment services firms described in paragraph IV-3 of Article L.233-7 of the French Commercial Code) holding alone or in concert a number of shares representing more than 0.5% of the Company's voting rights pursuant to one or more temporary transfers or similar transactions within the meaning of Article L.22-10-48 of the aforementioned Code, is required to notify the Company and the AMF of the number of shares owned on a temporary basis no later than the second business day preceding the Shareholders' Meeting at zero hours.

If no notification is sent, any shares acquired under a temporary transfer will be stripped of voting rights at the Shareholders' Meeting concerned and at any Shareholders' Meeting that may be held until such shares are resold or returned.

No disclosures of temporary transfers were notified to the Company in 2022.

7.4 RELATIONS WITH SHAREHOLDERS

7.4.1 Accessible financial information

The following financial information and financial publications are available on Safran's website, at www.safran-group.com:

- the Universal Registration Document (including the annual financial report) and the half-year financial report filed with the AMF;
- the Integrated Report, on a stand-alone basis and also as the opening chapter of the Universal Registration Document;
- financial press releases and financial publications (results, Capital Markets Day, roadshows, etc.);
- documents relating to the Annual General Meeting;
- the shareholders' newsletter, the shareholders' guide and the site visit program (reserved for members of the Safran Shareholders' Club).

The information can be mailed upon request from the Financial Communications Department.

7.4.2 Relations with institutional investors and financial analysts

To ensure good relations with the financial community, the Financial Communications Department regularly organizes events to enable financial analysts and institutional investors to meet with Executive Management.

In 2022, Executive Management participated in conference calls during which it presented the customary financial data (quarterly revenue, first-half and annual results) and answered questions from investors and financial analysts. A governance roadshow was also organized with the participation of the Chairman of the Board of Directors, the Lead Independent Director and the Director responsible for monitoring climate change issues, in order to discuss governance issues with Safran's main institutional shareholders and proxy advisory firms ahead of the Annual General Meeting.

During the year, Executive Management and the Financial Communications Department also participated in meetings with the financial community (financial analysts and institutional investors) in the form of conference calls and roadshows in France and abroad, as well as industry-specific conferences organized by brokers. These regular contacts contribute to developing a relationship of trust.

Lastly, in response to the growing importance of CSR issues, the Financial Communications Department, in collaboration with the CSR and Climate departments, continued its dialogue with non-financial rating agencies (MSCI and Sustainalytics), responded to a number of ESG questionnaires and participated in an ESG roadshow.

7.4.3 Relations with individual shareholders

For reasons outside of Safran's control, the program of regional meetings with shareholders and site visits had to be adapted in 2022. An online shareholders' meeting was broadcast live on the video platform of the French newspaper *Les Echos/Investir*. Shareholders were able to meet Safran's Financial Communications Department at the "Investir Day" trade show held in Paris at the end of November and listen to a presentation on Safran's climate strategy by the Vice-President, Climate Change. Four site visits, out of the six initially planned, took place.

The Group's regular publications including the "Shareholders' Club Program", the "Shareholders' Guide" and two shareholders' newsletters were published during the year and are available in the Finance section of the Group's website at www.safran-group.com/finance.

In addition, Safran's financial communications teams provide a permanent channel of communication with the Company's shareholders (see section 7.4.5, "Group investor relations contacts").

7.4.4 Provisional 2023 shareholders' calendar

First-quarter 2023 revenue: April 26, 2023

Ordinary and Extraordinary Shareholders' Meeting: May 25, 2023 at 2:00 p.m. (CET) at Campus Safran – 32, rue de Vilgénis – 91300 Massy, France

First-half 2023 results: July 27, 2023

Third-quarter 2023 revenue: October 27, 2023

Full-year 2023 results: February 15, 2024

7.4.5 Group investor relations contacts

2, boulevard du Général-Martial-Valin

75724 Paris Cedex 15 – France

Tel.: +33 (0)1 40 60 80 80

Website: safran-group.com

Investors and analysts	Individual shareholders and Shareholders' Club
■ E-mail: investor.relation@safrangroup.com	■ Toll-free number (France only): 0 800 17 17 17 ■ E-mail: actionnaire.individuel@safrangroup.com

7.5 STOCK MARKET INFORMATION

The Safran share (ISIN code: FR0000073272 – Ticker symbol: SAF) is listed on compartment A of the Euronext Paris Eurolist market and is eligible for deferred settlement (see Euronext notice no. 2005-1865 of May 11, 2005).

Since September 19, 2011, the Safran share has been included in the CAC 40, CAC 40 Equal Weight, CAC Large 60, SBF 120, CAC All-Tradable, CAC All-Share, CAC Industrials, CAC Aero. & Def., Euronext 100 and Euronext FAS IAS indices. The Safran share has been included in the LC 100 Europe index since March 21, 2011 and the Euro STOXX 50 index since September 21, 2015.

Main stock market data over three years	2020	2021	2022
Number of shares at December 31	**427,235,939**	**427,242,440**	**427,245,970**
Safran share price *(in €)*			
High	152.300	127.7	120.1
Low	51.100	96.2	87.9
Closing	115.950	107.66	116.92
Market capitalization at December 31 *(in € millions)*	49,538	45,997	49,954

Change in share price from January 1, 2022 to February 28, 2023		Average share price* (in €)	High (in €)	Low (in €)	Average daily transactions (in number of shares)	Average market capitalization** (in € millions)
January	**2022**	110.163	115.140	102.680	883,798	47,066
February		111.917	117.200	103.300	877,119	47,816
March		104.095	114.740	91.480	1,176,577	44,474
April		104.023	110.100	99.520	696,795	44,443
May		96.569	102.500	91.740	790,152	41,258
June		94.160	101.140	87.850	807,551	40,229
July		101.036	107.380	90.660	719,710	43,167
August		107.833	113.460	101.020	503,358	46,071
September		98.695	106.800	89.410	699,644	42,167
October		104.530	114.520	91.610	866,105	44,660
November		113.828	118.060	108.740	791,132	48,632
December		117.245	120.100	114.560	565,308	50,092
January	**2023**	126.226	133.180	116.600	743,149	53,931
February		132.677	137.580	129.020	780,807	56,688

Source: Euronext.

* *Average closing price.*

** *Based on the number of outstanding shares (published monthly on the Company's website, in the section Finance/ Publications/Regulated Information).*

7.6 CREDIT RATINGS

On December 2, 2022, Standard & Poor's upgraded Safran's long-term credit rating to A- with a stable outlook.

8 Annual General Meeting

New-generation in-flight refueling pod (NARANG) for Rafale-to-Rafale refueling

8 Annual General Meeting

8.1 AGENDA

Ordinary resolutions

First resolution:	Approval of the parent company financial statements for the year ended December 31, 2022
Second resolution:	Approval of the consolidated financial statements for the year ended December 31, 2022
Third resolution:	Appropriation of profit for the year and approval of the recommended dividend
Fourth resolution:	Approval of a related-party agreement governed by Article L.225-38 of the French Commercial Code entered into with Airbus SE, Tikehau ACE Capital, AD Holding and the French State, and of the Statutory Auditors' special report on related-party agreements governed by Articles L.225-38 *et seq.* of the French Commercial Code
Fifth resolution:	Ratification of the appointment of Alexandre Lahousse as a Director put forward by the French State
Sixth resolution:	Ratification of the appointment of Robert Peugeot as a Director
Seventh resolution:	Re-appointment of Ross McInnes as a Director
Eighth resolution:	Re-appointment of Olivier Andriès as a Director
Ninth resolution:	Appointment of Fabrice Brégier as an independent Director
Tenth resolution:	Re-appointment of Laurent Guillot as an independent Director
Eleventh resolution:	Re-appointment of Alexandre Lahousse as a Director put forward by the French State
Twelfth resolution:	Approval of the fixed, variable and exceptional components of the total compensation and benefits paid during or awarded for 2022 to the Chairman of the Board of Directors
Thirteenth resolution:	Approval of the fixed, variable and exceptional components of the total compensation and benefits paid during or awarded for 2022 to the Chief Executive Officer
Fourteenth resolution:	Approval of the disclosures required under Article L.22-10-9 I of the French Commercial Code concerning the compensation of corporate officers for 2022
Fifteenth resolution:	Approval of the compensation policy applicable to the Chairman of the Board of Directors for 2023
Sixteenth resolution:	Approval of the compensation policy applicable to the Chief Executive Officer for 2023
Seventeenth resolution:	Approval of the compensation policy applicable to the Directors for 2023
Eighteenth resolution:	Authorization for the Board of Directors to carry out a share buyback program

Extraordinary resolutions

Nineteenth resolution:	Authorization for the Board of Directors to increase the Company's capital by issuing ordinary shares and/or securities carrying rights to shares of the Company, with pre-emptive subscription rights for existing shareholders, which may not be used during, or in the run-up to, a public offer for the Company's shares, and blanket ceiling for capital increases with or without pre-emptive subscription rights
Twentieth resolution:	Authorization for the Board of Directors to increase the Company's capital by issuing ordinary shares and/or securities carrying rights to shares of the Company, without pre-emptive subscription rights for existing shareholders, by way of a public offer other than offers governed by Article L.411-2, 1° of the French Monetary and Financial Code, which may not be used during, or in the run-up to, a public offer for the Company's shares
Twenty-first resolution:	Authorization for the Board of Directors to issue ordinary shares and/or securities carrying rights to shares of the Company, without pre-emptive subscription rights for existing shareholders, in the event of a public exchange offer initiated by the Company, which may not be used during, or in the run-up to, a public offer for the Company's shares
Twenty-second resolution:	Authorization for the Board of Directors to increase the Company's capital by issuing ordinary shares and/or securities carrying rights to shares of the Company, without pre-emptive subscription rights for existing shareholders, through an offer governed by Article L.411-2, 1° of the French Monetary and Financial Code, which may not be used during, or in the run-up to, a public offer for the Company's shares
Twenty-third resolution:	Authorization for the Board of Directors to increase the number of securities included in an issue carried out with or without pre-emptive subscription rights for existing shareholders (pursuant to the 19th, 20th, 21st or 22nd resolutions), which may not be used during, or in the run-up to, a public offer for the Company's shares
Twenty-fourth resolution:	Authorization for the Board of Directors to increase the Company's capital by capitalizing reserves, retained earnings, profits or additional paid-in capital, which may not be used during, or in the run-up to, a public offer for the Company's shares
Twenty-fifth resolution:	Authorization for the Board of Directors to increase the Company's capital by issuing ordinary shares to employees who are members of a Group employee savings plan, without pre-emptive subscription rights for existing shareholders
Twenty-sixth resolution:	Authorization for the Board of Directors to reduce the Company's capital by canceling treasury shares
Twenty-seventh resolution:	Authorization for the Board of Directors to grant existing or new shares of the Company, without consideration and with performance conditions, to employees and corporate officers of the Company and other Group entities, with a waiver of shareholders' pre-emptive subscription rights
Twenty-eighth resolution:	Authorization for the Board of Directors to grant existing or new shares of the Company, without consideration and without performance conditions, to employees of the Company and other Group entities, with a waiver of shareholders' pre-emptive subscription rights

Resolution concerning powers to carry out formalities

Twenty-ninth resolution: Powers to carry out formalities

The Annual General Meeting will be held on May 25, 2023 at 2:00 p.m. (CET) at the Safran Campus – 32, rue de Vilgénis, 91300 Massy (France).

Shareholders are invited to regularly check the 2023 Annual General Meeting section of the Company's website (https://www.safran-group.com/finance/annual-general-meeting).

The Annual General Meeting will be broadcast live and the video replay will be available on the Company's website.

Dividend

At the Annual General Meeting on May 25, 2023, the Board of Directors will recommend the payment of a €1.35 per-share dividend for 2022, representing a total payout of approximately €576.8 million and a 40% payout ratio based on restated profit(1).

The dividends for the past three years were as follows:

Year	2019	2020	2021
Dividend per share	€0	€0.43	€0.50

(1) *Excluding the contribution from the French government in the form of short-time working, the contribution of employees in 2022 (*abondement*) and the impairment of Aircraft Interiors goodwill.*

8.2 REPORT OF THE BOARD OF DIRECTORS ON THE RESOLUTIONS PROPOSED TO THE ANNUAL GENERAL MEETING AND TEXT OF THE PROPOSED RESOLUTIONS

The proposed resolutions that will be submitted for shareholder approval at Safran's Annual General Meeting on May 25, 2023 are presented below.

Each of the resolutions is preceded by an explanatory paragraph providing a description of the resolution and setting out the reasons why it is being proposed.

8.2.1 Ordinary resolutions

8.2.1.1 Approval of the parent company and consolidated financial statements for the year ended December 31, 2022

Presentation of the first and second resolutions

The shareholders are invited to approve the parent company and consolidated financial statements for the year ended December 31, 2022, as well as the expenses incurred during the year that are not deductible for tax purposes (company vehicles):

- the parent company financial statements show that the Company ended 2021 with profit of €1,036 million;
- the consolidated financial statements show an attributable loss for the year amounting to €2,459 million.

Text of the first resolution

Approval of the parent company financial statements for the year ended December 31, 2022

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings and having considered the management report prepared by the Board of Directors and the Statutory Auditors' report on the parent company financial statements, the shareholders approve the parent company financial statements for the year ended December 31, 2022 as presented – showing profit for the year of €1,036,303,514.57 – together with the transactions reflected in those financial statements and referred to in those reports.

Pursuant to Article 223 *quater* of the French Tax Code (*Code général des impôts*), the shareholders approve the non-deductible expenses governed by Article 39-4 of said Code, which totaled €392,135 and gave rise to a tax charge of €101,288.

Text of the second resolution

Approval of the consolidated financial statements for the year ended December 31, 2022

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings and having considered the management report prepared by the Board of Directors and the Statutory Auditors' report on the consolidated financial statements, the shareholders approve the consolidated financial statements for the year ended December 31, 2022 as presented, together with the transactions reflected in those financial statements and referred to in those reports.

8.2.1.2 Appropriation of profit for the year and approval of the recommended dividend

Presentation of the third resolution

The Company's distributable profit for 2022 totals €5,639 million, breaking down as €1,036 million in profit for the year plus €4,602 million in retained earnings brought forward from the previous year.

The Board of Directors recommends paying a dividend of €1.35 per share, corresponding to a total payout of €576.8 million based on the 427,245,970 shares making up the Company's capital at December 31, 2022 (see section 7.2.1 of this Universal Registration Document) and a 40% payout ratio based on restated profit(1).

The remaining €5,061 million of distributable profit would be allocated to retained earnings.

The amount of €5,061 million (and, consequently, the amount allocated to retained earnings) will be adjusted to take into account new shares with dividend rights issued before the ex-dividend date (including shares issued upon exercise of stock options) and the number of shares held in treasury at that date for which the dividend is credited to retained earnings.

For individual shareholders domiciled for tax purposes in France, this dividend will be subject to the 30% flat-rate tax comprising 12.8% for the tax prepayment provided for in Article 200-A of the French Tax Code and 17.2% for social security contributions. This flat-rate tax will automatically apply unless the taxpayer opts to be taxed based on the standard income tax bands for all of his or her investment income. For shareholders who exercise this option, the dividend will be eligible for the 40% tax relief provided for in Article 158, 3-2° of the French Tax Code.

The dividend will be paid based on the following timetable:

- ex-dividend date: May 30, 2023;
- record date: May 31, 2023;
- dividend payment date: June 1, 2023.

Text of the third resolution

Appropriation of profit for the year and approval of the recommended dividend

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings, and based on the Board of Directors' recommendation, the shareholders resolve to appropriate the profit for the year ended December 31, 2022 as follows:

Profit for 2022	€1,036,303,514.57
Retained earnings(1)	€4,602,315,165.39
Profit available for distribution	€5,638,618,679.96
Appropriation:	
■ Dividend	€576,782,059.50
■ Retained earnings	€5,061,836,620.46

(1) Including €158,401 corresponding to the 2021 dividend due on shares held in treasury at the dividend payment date.

Accordingly, the dividend paid will be €1.35 per share.

For individual shareholders domiciled for tax purposes in France, this dividend will be subject to the 30% flat-rate tax comprising 12.8% for the tax prepayment provided for in Article 200-A of the French Tax Code and 17.2% for social security contributions. This flat-rate tax will automatically apply unless the taxpayer opts to be taxed based on the standard income tax bands for all of his or her investment income. For shareholders who exercise this option, the dividend will be eligible for the 40% tax relief provided for in Article 158, 3-2° of the French Tax Code.

The ex-dividend date will be May 30, 2023 and the record date will be May 31, 2023. The dividend will be paid on June 1, 2023.

The shareholders resolve that in the event of an increase or decrease in the number of shares carrying dividend rights at the ex-dividend date, the dividend payout and also the amount allocated to retained earnings will be adjusted accordingly.

The shareholders note that dividends paid for the past three years were as follows:

	Number of shares carrying dividend rights(1)	Net dividend per share	Total payout
2021	427,242,440	€0.50	€213,621,220.00(2)
2020	426,321,373	€0.43	€183,318,190.39(2)
2019	0	€0	€0

(1) Total number of shares carrying dividend rights less the number of Safran shares held in treasury at the dividend payment date.

(2) Subject to the flat-rate tax or, on a discretionary basis, tax levied at the progressive rate after deducting the 40% tax relief.

(1) Excluding the contribution from the French government in the form of short-time working, the contribution of employees in 2022 (abondement) and the impairment of Aircraft Interiors goodwill.

8.2.1.3 Related-party agreement

Presentation of the fourth resolution

A related-party agreement was entered into in 2022 with several parties including the French State. This agreement, which is described below, is being submitted to the Annual General Meeting for approval.

Related-party agreement of July 22, 2022 between Safran, Airbus SE, Tikehau ACE Capital, AD Holding and the French State on Aubert & Duval SAS' sensitive assets

On July 22, 2022, Safran SA signed an agreement with Airbus SE, Tikehau ACE Capital, AD Holding and the French State ("the Parties") for the acquisition from Eramet SA of all the shares and voting rights of Aubert & Duval SAS ("AD SAS"), through a holding company ("AD Holding") owned by a consortium composed of Safran, Airbus SE and Tikehau ACE Capital.

AD SAS and its subsidiaries directly or indirectly hold assets that are directly related to protecting the French State's strategic interests in materials that are essential for national defense needs in the aviation, naval, land and nuclear sectors and, in particular, preserving innovation, design and production capacities, as well as securing the supply of such materials.

In order to protect France's essential interests, on the acquisition date of AD SAS by AD Holding, the French State will create a specific AD SAS share (the "Specific Share"), which will replace the existing specific Eramet SA share[1].

Furthermore, it has been agreed between the Parties that an agreement (the "AD Agreement") is necessary for the Specific Share, in order to ensure full protection of France's national interests and therefore the continuity of AD SAS' sovereignty-related operations and give the French State:

- rights over the ownership and, where applicable, the devolution of all or part of the sensitive defense assets defined in the AD Agreement; and
- rights of representation on the governing bodies of AD Holding and, where applicable, AD SAS.

In particular, the AD Agreement provides for:

Protection scope:

- assets identified as sensitive defense assets that are essential for national defense needs in the aviation, naval, land and nuclear sectors;
- shares in AD Holding, AD SAS and its subsidiaries, as well as interests held directly or indirectly by AD SAS, or any company to which its rights and obligations are transferred, if said company holds or operates an asset identified as a sensitive defense asset ("Protected Sector Interests").

On corporate governance matters:

- the French State shall be entitled to appoint a non-voting representative to the Board of Directors of AD Holding and, where applicable, the Board of Directors of AD SAS, if there is one.

On sensitive assets and entities holding such assets:

- the French State shall have a prior right of approval over:
  - any proposal to sell sensitive defense assets to a third party,
  - any proposal from a third party to purchase shares in AD Holding, AD SAS, its subsidiaries and Protected Sector Interests,
  - any proposal to sell all or part of the interest held by AD Holding in AD SAS to a third party,
  - any proposal to confer rights on a third party for the purpose of transferring expertise, technology or intellectual property rights related to a sensitive defense asset or to confer rights of representation on the administrative or management bodies of AD Holding or AD SAS.

  Failure by the French State to respond within one month (renewable once) shall be deemed to constitute agreement;
- the French State shall be informed beforehand of any proposal to change the distribution of AD Holding's share capital between Airbus, Safran SA and Tikehau Ace Capital or of any proposal to restructure AD Holding or AD SAS;
- if the French State establishes that AD Holding or AD SAS has failed to comply with the essential obligations undertaken in respect of the French State in the AD Agreement (in particular, failure to comply with the above-mentioned right of approval or the rights linked to the Specific Share), and that such non-compliance continues for more than three months after notification is received from the French State, the French State may acquire all or part of the sensitive defense assets at a price to be set by a panel of experts.

The AD Agreement was authorized by the Board of Directors on February 23, 2022 (the representative of the French State and the Director put forward by the French State did not take part in the vote).

It was signed on July 22, 2022 and will come into effect when AD Holding's acquisition of AD SAS is completed.

Related-party agreements

The related-party agreements authorized in previous years, and which had continuing effect during 2022, are presented in the Statutory Auditors' special report in section 8.3 of this Universal Registration Document.

(1) *Specific share set up within Eramet SA by Decree no. 2022-206 of February 18, 2022 covering the sensitive assets of AD SAS or any company to which its rights and obligations are transferred, or one of the subsidiaries that it controls within the meaning of Article L.233-3 of the French Commercial Code* (Code de commerce).

Text of the fourth resolution

Approval of a related-party agreement governed by Article L.225-38 of the French Commercial Code entered into with Airbus SE, Tikehau ACE Capital, AD Holding and the French State, and of the Statutory Auditors' special report on related-party agreements governed by Articles L.225-38 *et seq.* of the French Commercial Code

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings and having considered the Statutory Auditors' special report on the related-party agreements governed by Articles L.225-38 *et seq.* of the French Commercial Code, the shareholders approve the conclusions of the report and the agreement entered into with Airbus SE, Tikehau ACE Capital, AD Holding and the French State in 2022, as described therein.

8.2.1.4 Ratification of the appointments of directors

Presentation of the fifth resolution

At its meeting of July 27, 2022, the Board of Directors appointed Alexandre Lahousse as a Director, who was put forward by the French State, to replace and fill the seat left vacant by the resignation of Vincent Imbert. Alexandre Lahousse was appointed for the remainder of his predecessor's term of office, i.e., until the close of the Annual General Meeting of May 25, 2023. At the same meeting, Alexandre Lahousse was also appointed as a member of the Innovation, Technology & Climate Committee, replacing Vincent Imbert.

The shareholders are invited to ratify the appointment of Alexandre Lahousse by the Board of Directors.

Alexandre Lahousse complies with the legal requirements and the recommendations of the AFEP-MEDEF Corporate Governance Code (the "AFEP-MEDEF Code") regarding the maximum number of offices that can be held by a corporate officer and/or Director.

He brings to the Board in-depth knowledge of the Group's sovereignty-related products and markets, as well as his defense industry expertise, his knowledge of the European aerospace industry, and his expertise in industrial strategy and State research and technology.

His profile is presented in section 6.2.2 of this Universal Registration Document.

Text of the fifth resolution

Ratification of the appointment of Alexandre Lahousse as a Director put forward by the French State

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings and having considered the Board of Directors' report, the shareholders ratify the Board's decision of July 27, 2022 to temporarily appoint Alexandre Lahousse as a Director put forward by the French State, to replace Vincent Imbert for the remainder of his term of office, i.e., until the close of the Annual General Meeting to be held in 2023 to approve the financial statements for the year ended December 31, 2022.

Presentation of the sixth resolution

As a reminder, Robert Peugeot was previously the permanent representative of F&P[1] on the Board of Directors. At its meeting of December 19, 2022, the Board of Directors decided to appoint Robert Peugeot as an independent Director in his own name, to fill the seat left vacant by the resignation of F&P. Robert Peugeot took office as a Director in his own name on December 19, 2022 for the remainder of his predecessor's term, i.e., until the close of the Annual General Meeting to be held in 2026 to approve the financial statements for the year ending December 31, 2025. At its meeting of December 19, 2022, the Board of Directors also confirmed that Robert Peugeot would remain a member of the Audit and Risk Committee.

The shareholders are invited to ratify the appointment of Robert Peugeot as a Director in his own name by the Board of Directors.

Robert Peugeot complies with the legal requirements and the recommendations of the AFEP-MEDEF Code regarding the maximum number of offices that can be held by a corporate officer and/or Director.

He brings to the Board his experience as an executive and director of international industrial groups, as well as his experience in private equity and finance. His profile is presented in section 6.2.2 of this Universal Registration Document.

Text of the sixth resolution

Ratification of the appointment of Robert Peugeot as a Director

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings and having considered the Board of Directors' report, the shareholders ratify the Board's decision of December 19, 2022 to temporarily appoint Robert Peugeot as a Director, to replace F&P for the remainder of F&P's term of office, i.e., until the close of the Annual General Meeting to be held in 2026 to approve the financial statements for the year ending December 31, 2025.

(1) *F&P was a joint venture between Peugeot Invest Assets (formerly FFP Invest) and Fonds Stratégique de Participations (FSP), specifically set up for the purpose of exercising the role of a Director of Safran.*

8.2.1.5 Expiration of terms of office – Re-appointments and appointment

Presentation of the seventh to eleventh resolutions

The terms of office of Ross McInnes, Olivier Andriès, Jean-Lou Chameau, Laurent Guillot and Alexandre Lahousse are due to expire at the close of the Annual General Meeting to be held on May 25, 2023. The shareholders are invited to vote on the proposals to fill these vacancies.

Concerning the Chairman of the Board of Directors and the Chief Executive Officer, at its meeting on October 27, 2022, the Board of Directors reaffirmed:

- its satisfaction with (i) the current governance structure based on segregated roles of Chairman of the Board and Chief Executive Officer, and (ii) the respective performances of the Chairman and the Chief Executive Officer;
- its belief that the complementary profiles, expertise and careers of the Chairman of the Board of Directors and the Chief Executive Officer are a major factor for ensuring the Group's efficient governance, based on transparency between Executive Management and the Board, a balanced split between the respective roles of the Chairman and the Chief Executive Officer, and effective segregation of their functions;
- its belief that it is useful, necessary and of real value for the Chief Executive Officer to also be a Director of the Company, as it enables the Chief Executive Officer to be among his peers around the Board table, and also allows the Board to benefit from his contribution to its discussions.

These observations were confirmed and reiterated during the Board annual self-assessment at its December 2022 meeting.

Re-appointment of Ross McInnes as a Director (7th resolution)

Based on the recommendations of the Appointments and Compensation Committee, the Board of Directors is putting forward Ross McInnes for re-appointment as a Director for a four-year term expiring at the close of the Annual General Meeting to be held in 2027.

The Company has already announced in its press release of October 28, 2022 that, assuming Ross McInnes is re-appointed as a Director by the Annual General Meeting, the Board of Directors will re-appoint him as Chairman of the Board for the duration of his term of office as Director (i.e., four years). His specific duties as Chairman, as set out in the Board of Directors' Internal Rules, will be unchanged (see section 6.1.2).

Ross McInnes' employment contract with the Company was terminated on May 23, 2019, when his appointment as Chairman was last renewed, in order to comply with the recommendation of the AFEP-MEDEF Code in this regard.

Ross McInnes complies with the legal requirements and the recommendations of the AFEP-MEDEF Code regarding the maximum number of offices that can be held by a corporate officer and/or Director.

His profile is presented in section 6.2.2 of this Universal Registration Document.

Re-appointment of Olivier Andriès as a Director (8th resolution)

Considering its belief that it is of real value for the Chief Executive Officer to also be a Director of the Company, and based on the recommendations of the Appointments and Compensation Committee, the Board of Directors is putting forward Olivier Andriès for re-appointment as a Director by the Annual General Meeting, for a four-year term expiring at the close of the Annual General Meeting to be held in 2027.

The Company has already announced in its press release of October 28, 2022 that the Board of Directors will re-appoint Olivier Andriès as Chief Executive Officer at the close of the 2023 Annual General Meeting.

This decision reflects the Board's continuing belief that it is useful, necessary and of real value for the Chief Executive Officer to also be a Director of the Company, as it enables the Chief Executive Officer to take part in the Board's discussions and deliberations, and allows the Board to benefit from his contribution.

Olivier Andriès complies with the legal requirements and the recommendations of the AFEP-MEDEF Code regarding the maximum number of offices that can be held by a corporate officer and/or Director.

Olivier Andriès' employment contract with the Company has been suspended since he took up his position as Chief Executive Officer on January 1, 2021.

His profile is presented in section 6.2.2 of this Universal Registration Document.

Appointment of Fabrice Brégier as an independent Director (9th resolution)

Following a selection procedure led by the Chairman of the Board, the Lead Independent Director and the Appointments and Compensation Committee, the profile of Fabrice Brégier was chosen as the one that most closely matched the candidate requirements drawn up by the Board, in terms of independence, knowledge of the aeronautics, defense and space industries, experience of leading and serving on the Boards of international groups, and expertise in digital technologies.

The Board also noted that Fabrice Brégier complies with the legal requirements and the recommendations of the AFEP-MEDEF Code regarding the maximum number of offices that can be held by a corporate officer and/or Director.

As of the 2023 Annual General Meeting, Jean-Lou Chameau will have served on the Board for 12 years and will no longer qualify as an independent Director.

The shareholders are therefore invited to appoint Fabrice Brégier as an independent Director, replacing Jean-Lou Chameau, for a four-year term expiring at the close of the Annual General Meeting to be held in 2027.

His profile is presented in section 8.2.4 of this Universal Registration Document.

Re-appointment of Laurent Guillot as an independent Director (10th resolution)

Based on the recommendation of the Appointments and Compensation Committee, the Board of Directors is putting forward Laurent Guillot for re-appointment as an independent Director for a four-year term expiring at the close of the Annual General Meeting to be held in 2027.

The Board has verified that Laurent Guillot continues to qualify as independent based on the criteria set out in the AFEP-MEDEF Code and the Board of Directors' Internal Rules (see section 6.2.4.1).

The Board has also assessed his individual contribution to the work of the Board and to that of the Audit and Risk Committee, which he chairs, and the Innovation, Technology & Climate Committee, of which he is a member. The assessment led the Board to once again recognize Laurent Guillot's financial expertise, his skills and experience acquired in staff and line positions within a global industrial group, and his expertise in high-performance materials, industrialization processes and information systems.

The Board also noted that Laurent Guillot complies with the legal requirements and the recommendations of the AFEP-MEDEF Code regarding the maximum number of offices that can be held by a corporate officer and/or Director.

His profile is presented in section 6.2.2 of this Universal Registration Document.

Re-appointment of Alexandre Lahousse as a Director put forward by the French State (11th resolution)

Shareholders are invited to re-appoint Alexandre Lahousse as a Director put forward by the French State in accordance with Article 6 of the French government *ordonnance* (order) dated August 20, 2014[1], for a four-year term expiring at the close of the Annual General Meeting be held in 2027.

The Board of Directors draws shareholders' attention to Alexandre Lahousse's excellent understanding of the Company's challenges and strategy, and his contribution to the work of the Board and the Innovation, Technology & Climate Committee of which he is a member.

The Board noted that Alexandre Lahousse complies with the legal requirements and the recommendations of the AFEP-MEDEF Code regarding the maximum number of offices that can be held by a corporate officer and/or Director.

His profile is presented in section 6.2.2 of this Universal Registration Document.

As of the close of the Annual General Meeting of May 25, 2023, subject to shareholder approval of the resolutions put to the vote, the Board of Directors will have 16 members, as follows:

- 66.7% of Directors will qualify as independent[2];
- 41.7%[3] of Directors will be women, a percentage aligned with the legal requirement.

Text of the seventh resolution

Re-appointment of Ross McInnes as a Director

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings and having considered the Board of Directors' report, the shareholders re-appoint Ross McInnes as a Director, for a four-year term expiring at the close of the Annual General Meeting to be held in 2027 to approve the financial statements for the year ending December 31, 2026.

Text of the eighth resolution

Re-appointment of Olivier Andriès as a Director

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings and having considered the Board of Directors' report, the shareholders re-appoint Olivier Andriès as a Director, for a four-year term expiring at the close of the Annual General Meeting to be held in 2027 to approve the financial statements for the year ending December 31, 2026.

Text of the ninth resolution

Appointment of Fabrice Brégier as an independent Director

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings, the shareholders appoint Fabrice Brégier as an independent Director to replace Jean-Lou Chameau whose term has expired. Fabrice Brégier is appointed for a four-year term expiring at the close of the Annual General Meeting to be held in 2027 to approve the financial statements for the year ending December 31, 2026.

(1) *Government* ordonnance *(order) 2014-948 of August 20, 2014 regarding the governance of companies in which the French State has a stake and regarding corporate actions involving these companies.*
(2) *Excluding the Directors representing employees and employee shareholders.*
(3) *Excluding the Directors representing employees and employee shareholders.*

Text of the tenth resolution

Re-appointment of Laurent Guillot as an independent Director

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings and having considered the Board of Directors' report, the shareholders re-appoint Laurent Guillot as a Director, for a four-year term expiring at the close of the Annual General Meeting to be held in 2027 to approve the financial statements for the year ending December 31, 2026.

Text of the eleventh resolution

Re-appointment of Alexandre Lahousse as a Director put forward by the French State

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings and having considered the Board of Directors' report, the shareholders re–appoint Alexandre Lahousse as a Director, for a four-year term expiring at the close of the Annual General Meeting to be held in 2027 to approve the financial statements for the year ending December 31, 2026.

8.2.1.6 Approval of the components of compensation and benefits paid during or awarded for 2022 to the corporate officers (*ex-post*)

Presentation of the twelfth and thirteenth resolutions – Specific votes on the components of compensation and benefits paid during or awarded for 2022 to the Chairman of the Board of Directors, Ross McInnes, and the Chief Executive Officer, Olivier Andriès (*ex-post*)

At the Annual General Meeting of May 25, 2022, the shareholders approved the compensation policies for (i) the Chairman of the Board of Directors, in the 8th resolution, and (ii) the Chief Executive Officer, in the 9th resolution (*ex-ante* vote).

The Board set the respective compensation packages for the Chairman and the Chief Executive Officer for 2022 in accordance with these policies.

Shareholders are asked to vote on the individual components of compensation and benefits paid during or awarded for the previous year to the Chairman of the Board of Directors and to the Chief Executive Officer (*ex–post* vote).

In accordance with the applicable regulations[1], the specific vote concerning each corporate officer covers the fixed, variable and exceptional components of the total compensation and benefits paid during the previous year (i.e., cash compensation paid to the officer in 2022, whatever the year to which it relates) or awarded for that year (i.e., share-based and/or cash compensation awarded in respect of the work performed in 2022, the quantity and/or amount of which does not vest on the grant date and is therefore measured at the grant-date accounting value, if applicable).

At the Annual General Meeting, the shareholders will be asked to approve the components of the compensation and benefits paid during or awarded for 2022 to the Chairman and the Chief Executive Officer (*ex-post* vote), as fixed by the Board. These components may comprise:

- fixed compensation;
- variable compensation;
- performance shares;
- supplementary pension plans;
- benefits-in-kind.

The following tables summarize the various components of the compensation and benefits of the Chairman and the Chief Executive Officer, which are presented in detail in sections 6.6.3.1 and 6.6.3.2 of this Universal Registration Document.

In accordance with the applicable law, payment of the corporate officers' variable compensation and any exceptional compensation for the previous year (year Y-1) is subject to the approval of the shareholders at the Annual General Meeting held the following year (year Y).

Payment of the annual variable compensation of the Chief Executive Officer, Olivier Andriès, for 2022 is therefore subject to the approval of the shareholders at the Annual General Meeting of May 25, 2023.

Consequently:

- in the 12th resolution, the shareholders are asked to approve the fixed, variable and exceptional components making up the total compensation and benefits paid during or awarded for 2022 to Ross McInnes, Chairman of the Board of Directors; and
- in the 13th resolution, the shareholders are asked to approve the fixed, variable and exceptional components making up the total compensation and benefits paid during or awarded for 2022 to Olivier Andriès, Chief Executive Officer.

(1) *Article L.22-10-34 II of the French Commercial Code.*

COMPONENTS OF THE COMPENSATION PAID DURING OR AWARDED FOR 2022 TO ROSS MCINNES, CHAIRMAN OF THE BOARD OF DIRECTORS

Compensation components put to the vote	Amounts paid during 2022	Amounts awarded for 2022 or accounting value	Presentation
Fixed compensation (2022)	**€450,000** Awarded for 2022 and paid in 2022	**See opposite**	At its meeting on February 23, 2022, acting on the recommendation of the Appointments and Compensation Committee, the Board of Directors kept the Chairman's annual fixed compensation at €450,000 for 2022, i.e., unchanged from 2021 (see section 6.6.3.1.a of this Universal Registration Document).
Annual variable compensation (2022)	**N/A**(1)	**N/A**	Ross McInnes does not receive any annual variable compensation.
Multi-year variable compensation	**N/A**	**N/A**	Ross McInnes does not receive any multi-year variable compensation.
Exceptional compensation	**N/A**	**N/A**	Ross McInnes did not receive any exceptional compensation.
Stock options, performance shares and any other long-term compensation	**N/A**	**N/A**	Ross McInnes does not receive any stock options. Ross McInnes does not receive any performance shares or any other long-term compensation.
Directors' compensation	**N/A**	**N/A**	Ross McInnes did not receive any compensation for his duties as member of the Board of Directors for 2022.
Benefits-in-kind	**N/A**	**€5,879.36** *(accounting value)*	Ross McInnes has the use of a company car.
Termination benefits	**N/A**	**N/A**	Ross McInnes is not entitled to any termination benefits in his capacity as Chairman of the Board of Directors.
Supplementary pension			The Chairman of the Board of Directors is not covered by any specific supplementary pension plan, other than those described below.
	€0	**N/A**	**Defined contribution pension plans (*plan d'épargne retraite obligatoire* – PERO)** The Chairman is a beneficiary of "PERO – Core" and "PERO – Additional" plans set up on January 1, 2022 (see section 6.6.3.1.d of this Universal Registration Document) for all Group managerial-grade staff, subject to the same terms and conditions as the other plan beneficiaries. His participation in these plans was approved at the Annual General Meeting of May 25, 2022, through the 12th resolution relating to the compensation policy for the Chairman, which included said supplementary pension benefits. The expenses recorded in the 2022 financial statements relating to the contributions paid for Ross McInnes under the PERO – Core Plan and the PERO – Additional Plan amounted to €12,135.12 and €14,191.92 respectively. At December 31, 2022, the estimated theoretical amount(2) of the annuities that could be paid to Ross McInnes under the PERO – Core Plan and the PERO – Additional Plan amounted to €10,098.26 and €3,740.48 respectively.
	Additional payment: €39,015	**N/A**	**"Article 82" defined contribution plan** The Chairman is a beneficiary of Safran's defined contribution supplementary pension plan set up in France (see section 6.6.3.1.d of this Universal Registration Document) for all Group managerial-grade staff pursuant to Article 82 of the French Tax Code (the "Article 82 Plan"), subject to the same terms and conditions as the other plan beneficiaries. The commitment was approved at the Annual General Meeting of May 25, 2022, through the 12th resolution relating to the compensation policy for the Chairman, which included said supplementary pension benefits. The contributions to the plan are based on the fixed compensation that Ross McInnes receives for his role as Chairman of the Board of Directors. In view of his status as Chairman, the plan does not have any underlying performance conditions, meaning that his compensation is

Compensation components put to the vote	Amounts paid during 2022	Amounts awarded for 2022 or accounting value	Presentation
			not linked to the Company's performance, in compliance with the requirement in the AFEP-MEDEF Code for non-executive officers. The Article 82 Plan was put in place to compensate for the closure of Safran's Article 39 defined benefit plan as from January 1, 2017 (see below). In order for entitlements to accrue under the plan, the Company is required to: ■ pay monthly contributions to an insurer, the rate of which is set based on the beneficiary's reference compensation for year Y-1 (Insurer Contribution) and which may represent up to 12.735% of that reference compensation; and ■ pay a cash amount to the beneficiary corresponding to the Insurer Contribution (Additional Payment) so that the beneficiary can pay the applicable tax (the plan provides for up-front taxation so that the capital accrued and received on the beneficiaries' retirement is net of tax and social security contributions). The commitment was approved at the Annual General Meeting of May 25, 2022, through the 12th resolution relating to the compensation policy for the Chairman, which included said supplementary pension benefits. Under the Article 82 Plan, the Insurer Contribution and Additional Payment for the Chairman for 2022 totaled €39,015 each (i.e., €78,030 altogether), corresponding in each case to 8.67% of his reference compensation (17.34% in total). At December 31, 2022, the estimated theoretical amount(2) of the annuity that could be paid to Ross McInnes under the Article 82 Plan was €10,686.18.
	€0	**N/A**	**"Article 39" defined benefit plan (closed to new entrants and entitlements frozen)** The Article 39 defined benefit supplementary pension plan(3) of which the Chairman was previously a beneficiary (further to the decision of the Board of Directors on April 23, 2015 and by the shareholders at the May 19, 2016 Annual General Meeting) is now closed to new entrants and the benefit entitlements have been frozen, including for the Chairman. However, he could still be eligible for the pension entitlement that he had accrued under the plan until December 31, 2016, provided the applicable terms and conditions are met (see section 6.6.3.1.d of this Universal Registration Document). At December 31, 2022, the estimated theoretical amount(2) of the annuity that could be paid to Ross McInnes corresponded to the cap set in the plan, i.e., €131,976 (corresponding to three times the annual social security ceiling [PASS], based on the 2023 value of the PASS).

(1) Not applicable.
(2) Calculated based on the assumption that the annuity would be received as from January 1, 2023, irrespective of the eligibility conditions (in accordance with Article D.22-10-16 of the French Commercial Code).
*(3) Defined benefit plan meeting the conditions set out in Article L.137-11 of the French Social Security Code (*Code de la sécurité sociale*).*

COMPONENTS OF THE COMPENSATION PAID DURING OR AWARDED FOR 2022 TO OLIVIER ANDRIÈS, CHIEF EXECUTIVE OFFICER

Compensation components put to the vote	Amounts paid during 2022	Amounts awarded for 2022 or accounting value	Presentation
Fixed compensation (2022)	**€800,000** Awarded for 2022 and paid in 2022	**See opposite**	At its meeting on February 23, 2022, acting on the recommendation of the Appointments and Compensation Committee, the Board of Directors kept the Chief Executive Officer's annual fixed compensation at €800,000 for 2022, i.e., unchanged since 2018 for the office of Chief Executive Officer (see section 6.6.3.2.a of this Universal Registration Document).
Annual variable compensation (2022)		**€1,072,671** Awarded for 2022 and payable in 2023 Payment of the Chief Executive Officer's annual variable compensation for 2022 is subject to shareholders' approval at the Annual General Meeting of May 25, 2023	The Chief Executive Officer's annual variable compensation for 2022 was determined by the Board of Directors in accordance with the compensation policy approved by the shareholders at the Annual General Meeting of May 25, 2022 (see section 6.6.1.3 of the 2021 Universal Registration Document) and described in section 6.6.3.2.b of this Universal Registration Document. At its meeting on February 23, 2022, the Board of Directors made a notable change to the compensation policy for the Chief Executive Officer compared to the compensation policy approved by the shareholders at the Annual General Meeting of May 26, 2021. The change concerned his annual variable compensation. The amended compensation policy provides that, as from 2022, his "target" variable compensation – i.e., the amount payable if the achievement rate is 100% for all of the financial and individual performance objectives – will correspond to 120% of his annual fixed compensation, as opposed to 100% previously. Unchanged from the compensation policy approved by the shareholders at the Annual General Meeting of May 26, 2021, if the Chief Executive Officer outperforms his objectives, his "maximum" variable compensation – i.e., the amount payable if the achievement rate is 130% for all of the financial and individual performance objectives – will represent a maximum of 150% of his annual fixed compensation. At its meeting on February 16, 2023, the Board of Directors reviewed the achievement of the objectives set for the variable compensation payable to the Chief Executive Officer for 2022, after consultation with the Appointments and Compensation Committee. Following this review, it set Olivier Andriès' variable compensation for 2022 at €1,072,671, i.e., 134% of his annual fixed compensation. This amount reflects: ■ An overall achievement rate of 109% for the portion related to the Group's financial performance (accounting for two-thirds of the variable compensation), for which the objectives related to: • recurring operating income (ROI) (60% weighting): 103% achievement; • free cash flow (FCF) (30% weighting): 130% achievement; • working capital, comprising the following components: • operating assets (Inventories) (5% weighting): 74% achievement, and • unpaid receivables (5% weighting): 92% achievement. ■ An overall achievement rate of 124.25% for the portion related to individual quantitative and qualitative performance objectives (accounting for one-third of the annual variable compensation), as detailed in section 6.6.3.2.b of this Universal Registration Document.

Compensation components put to the vote	Amounts paid during 2022	Amounts awarded for 2022 or accounting value	Presentation
Multi-year variable compensation	**N/A**[1]	**N/A**	No multi-year variable compensation was awarded to Olivier Andriès.
Exceptional compensation	**N/A**	**N/A**	Olivier Andriès did not receive any exceptional compensation.
Stock options, performance shares and any other long-term compensation	**Stock options: N/A**	**Stock options: N/A**	Olivier Andriès did not receive any stock options.
	For information, not subject to a shareholder vote at the Annual General Meeting of May 25, 2023: delivery in March 2022, at the end of the performance period, of 1,007 shares out of the 5,900 performance shares granted in 2019 to Olivier Andriès under his employment contract (see section 6.6.4.2.4 of the 2021 Universal Registration Document).	**Performance shares: €959,947.98** *(accounting value on grant date)*	On the recommendation of the Appointments and Compensation Committee, at its March 24, 2022 meeting, the Board of Directors used the authorization granted in the 30th resolution of the May 26, 2021 Annual General Meeting to grant 14,334 performance shares to Olivier Andriès (see section 6.6.3.2.c of this Universal Registration Document). The general terms and conditions of this performance share plan and the terms and conditions relating specifically to the Chief Executive Officer are described in section 6.6.5.2.1 of this Universal Registration Document. The estimated accounting value of these performance plans, as measured at the grant date, corresponds to €959,947.98[2].
	Other long-term compensation: **N/A**	Other long-term compensation: **N/A**	Olivier Andriès did not receive any other long-term compensation.
Directors' compensation	**N/A**	**N/A**	Olivier Andriès did not receive any compensation for his duties as member of the Board of Directors for 2022.
Value of benefits-in-kind	**N/A**	**€24,091.15** (accounting value)	Olivier Andriès has the use of a company car and is eligible for specific travel expenses.
Termination benefits	**N/A**	**N/A**	Olivier Andriès is not entitled to any termination benefits in his capacity as Chairman of the Board of Directors.
Supplementary pension			The Chief Executive Officer is not covered by any specific supplementary pension plan, other than those described below.
	€0	**N/A**	**Defined contribution pension plans (*plan d'épargne retraite obligatoire* – PERO)** The Chief Executive Officer is a beneficiary of "PERO – Core" and "PERO – Additional" plans set up on January 1, 2022 (see section 6.6.3.2.f of this Universal Registration Document) for all Group managerial-grade staff, subject to the same terms and conditions as the other plan beneficiaries. The commitment was approved at the Annual General Meeting of May 25, 2022, through the 13th resolution relating to the compensation policy for the Chief Executive Officer, which included said supplementary pension benefits. The expenses recorded in the 2022 financial statements relating to the contributions paid for Olivier Andriès under the PERO – Core Plan and the PERO – Additional Plan amounted to €12,135.12 and €14,191.92 respectively. At December 31, 2022, the estimated theoretical amount[3] of the annuities that could be paid to Olivier Andriès under the PERO – Core Plan and the PERO – Additional Plan amounted to €14,413.16 and €2,703.74 respectively.

Compensation components put to the vote	Amounts paid during 2022	Amounts awarded for 2022 or accounting value	Presentation
	Additional payment: €135,373.56	**N/A**	**"Article 82" defined contribution plan** The Chief Executive Officer is a beneficiary of Safran's defined contribution supplementary pension plan set up in France (see section 6.6.3.2.f of this Universal Registration Document) for all Group managerial-grade staff pursuant to Article 82 of the French Tax Code (the "Article 82 Plan"), subject to the same terms and conditions as the other plan beneficiaries. The commitment was approved at the Annual General Meeting of May 25, 2022, through the 13th resolution relating to the compensation policy for the Chief Executive Officer, which included said supplementary pension benefits. In order for entitlements to accrue under the plan, the Company is required to: ■ pay monthly contributions to an insurer, the rate of which is set based on the beneficiary's reference compensation for year Y-1 (Insurer Contribution) and which may represent up to 12.735% of that reference compensation; and ■ pay a cash amount to the beneficiary corresponding to the Insurer Contribution (Additional Payment) so that the beneficiary can pay the applicable tax (the plan provides for up-front taxation so that the capital accrued and received on the beneficiaries' retirement is net of tax and social security contributions). The contributions to the Article 82 defined contribution plan are based on the annual fixed compensation and the annual variable compensation (subject to performance conditions, as defined in section 6.6.3.2.b) that the Chief Executive Officer receives for his role as Chief Executive Officer. Under the Article 82 Plan, the Insurer Contribution and Additional Payment for the Chief Executive Officer for 2022 totaled €135,373.56 each (i.e., €270,747.12 altogether), corresponding in each case to 12.735% of his reference compensation (25.47% in total). At December 31, 2022, the estimated theoretical amount(3) of the annuity that could be paid to Olivier Andriès under the Article 82 Plan was €22,017.56.
	€0	**N/A**	**"Article 39" defined benefit plan (closed to new entrants and entitlements frozen)** The Chief Executive Officer was previously a beneficiary of Safran's defined benefit supplementary pension plan set up in France for all Group managerial-grade staff pursuant to Article 39(4) of the French Tax Code (the "Article 39 Plan" – see section 6.6.3.2.f of this Universal Registration Document), subject to the same terms and conditions as the other plan beneficiaries. Olivier Andriès was originally a beneficiary of this plan in his former capacity as a Company employee. This plan is now closed to new entrants and the benefit entitlements have been frozen, including for the Chief Executive Officer. In accordance with a decision taken by the Board of Directors on December 16, 2020, however, the Chief Executive Officer could still be eligible for the pension entitlement that he had accrued under the plan until December 31, 2016, provided the applicable terms and conditions are met (see section 6.6.2.1.g of this Universal Registration Document). At December 31, 2022, the estimated theoretical amount(3) of the annuity that could be paid to Olivier Andriès corresponded to the cap set in the plan, i.e., €131,976 (corresponding to three times the annual social security ceiling [PASS], based on the 2023 value of the PASS).

(1) Not applicable.
(2) The value of the performance shares was estimated at the grant date (i.e., March 24, 2022) in accordance with IFRS 2 (see section 3.1, Note 3.r) and does not correspond to compensation received by the beneficiary during the year.
(3) Calculated based on the assumption that the annuity would be received as from January 1, 2023, irrespective of the eligibility conditions (in accordance with Article D.22-10-16 of the French Commercial Code).
(4) Defined benefit plan meeting the conditions set out in Article L.137-11 of the French Social Security Code.

Text of the twelfth resolution

Approval of the fixed, variable and exceptional components of the total compensation and benefits paid during or awarded for 2022 to the Chairman of the Board of Directors

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings and in application of Article L.22-10-34 II of the French Commercial Code, having considered the Board of Directors' corporate governance report prepared in accordance with Article L.225-37 of the French Commercial Code, the shareholders approve the fixed, variable and exceptional components making up the total compensation and benefits paid during or awarded for 2022 to Ross McInnes, Chairman of the Board of Directors, as presented in section 6.6.3.1 of the 2022 Universal Registration Document.

Text of the thirteenth resolution

Approval of the fixed, variable and exceptional components of the total compensation and benefits paid during or awarded for 2022 to the Chief Executive Officer

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings and in application of Article L.22-10-34 II of the French Commercial Code, having considered the Board of Directors' corporate governance report prepared in accordance with Article L.225-37 of the French Commercial Code, the shareholders approve the fixed, variable and exceptional components making up the total compensation and benefits paid during or awarded for 2022 to Olivier Andriès, Chief Executive Officer, as presented in section 6.6.3.2 of the 2022 Universal Registration Document.

Presentation of the fourteenth resolution – Vote on the total compensation paid to corporate officers in 2022 (Report on the compensation of corporate officers)

As every year, the shareholders are invited to vote on the aggregate compensation and benefits paid during the previous year or awarded for that year to all corporate officers, executive and non-executive.

The disclosures on which the shareholders are required to vote are presented in the report on the compensation of corporate officers (see sections 6.6.3 and 6.6.4 of this Universal Registration Document).

In addition to the disclosures concerning the compensation and benefits of the Chairman of the Board, Ross McInnes, and the Chief Executive Officer, Olivier Andriès, which will be put to the vote in the 12th and 13th resolutions presented above, they include disclosures on the compensation allocated to the Directors (see section 6.6.4), pay ratios between the level of compensation of the Chairman and the Chief Executive Officer and the average and median compensation of Safran's employees (see section 6.6.3.4), and a certain number of other disclosures required under the applicable regulations (specifically, Article L.22-10-9 I of the French Commercial Code).

A concordance table for all of these disclosures is provided in section 6.7 of this Universal Registration Document.

Text of the fourteenth resolution

Approval of the disclosures required under Article L.22-10-9 I of the French Commercial Code concerning the compensation of corporate officers for 2022

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings and in application of Article L.22-10-34 of the French Commercial Code, having considered the Board of Directors' corporate governance report prepared in accordance with Article L.225-37 of the French Commercial Code, the shareholders approve the disclosures required under Article L.22-10-9 I of the French Commercial Code, as presented in the aforementioned report.

8.2.1.7 Compensation policies (*ex-ante*)

Presentation of the fifteenth to seventeenth resolutions

In compliance with Articles L.22-10-8 and R.22-10-14 of the French Commercial Code, the Board of Directors determines a compensation policy for the corporate officers, which sets out the principles and criteria used to determine, allocate and award the fixed, variable and exceptional components of their total compensation and benefits.

By nature and by construction, taking into account compensation-related governance rules, the components of the policies are specific and different, depending on whether they concern the Chairman of the Board, the Chief Executive Officer or the Directors, all of whom are corporate officers. These policies are submitted for shareholders' approval each year at the Annual General Meeting.

These specific policies are disclosed in sections 6.6.1 and 6.6.2 of this Universal Registration Document. This section presents:

- the principles and rules for determining the compensation and benefits for all corporate officers;
- the specific compensation policy for the Chairman of the Board of Directors. No changes have been made that alter the substance of this policy compared with the compensation policy approved at the last Annual General Meeting;
- the specific compensation policy for the Chief Executive Officer, which may be adapted and applied to any Deputy Chief Executive Officer(s) who may be appointed in the future. No changes have been made that alter the substance of this policy compared with the compensation policy approved at the last Annual General Meeting. The adjustments to this policy proposed to the Annual General Meeting are described in section 6.6.2; they concern the fixed compensation of the Chief Executive Officer and one parameter of his annual variable compensation;
- the specific compensation policy for Directors, the principles, and terms and conditions of which are unchanged compared with those approved at the May 25, 2022 Annual General Meeting.

The 2023 policies have been approved by the Board of Directors and will be submitted to a shareholder vote at the Annual General Meeting on May 25, 2023.

At the May 25, 2023 Annual General Meeting, shareholders are invited to approve the compensation policies that will be applicable for 2023 to the Chairman of the Board of Directors (15th resolution) and the Chief Executive Officer (16th resolution), as well as the compensation policy that will be applicable to the Directors (17th resolution).

Text of the fifteenth resolution

Approval of the compensation policy applicable to the Chairman of the Board of Directors

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings and having considered the Board of Directors' report on the compensation policy applicable to corporate officers prepared in accordance with Article L.22-10-8 of the French Commercial Code, the shareholders approve the compensation policy applicable to the Chairman of the Board of Directors, as presented in sections 6.6.1 and 6.6.2.1 of the 2022 Universal Registration Document.

Text of the sixteenth resolution

Approval of the compensation policy applicable to the Chief Executive Officer

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings and having considered the Board of Directors' report on the compensation policy applicable to corporate officers prepared in accordance with Article L.22-10-8 of the French Commercial Code, the shareholders approve the compensation policy applicable to the Chief Executive Officer, as presented in sections 6.6.1 and 6.6.2.2 of the 2022 Universal Registration Document.

Text of the seventeenth resolution

Approval of the compensation policy applicable to the Directors

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings and having considered the Board of Directors' report on the compensation policy applicable to corporate officers prepared in accordance with Article L.22-10-8 of the French Commercial Code, the shareholders approve the compensation policy applicable to the Directors, as presented in sections 6.6.1 and 6.6.2.3 of the 2022 Universal Registration Document.

8.2.1.8 Authorization for the Board of Directors to carry out a share buyback program

Presentation of the eighteenth resolution

Share buyback program

The Company needs to have the necessary flexibility to react to changes in financial markets by buying back Safran shares.

The shareholders are therefore invited to renew the authorization given to the Board of Directors to carry out a share buyback program, with the following main conditions:

- the number of shares that may be bought back may not exceed 10% of the Company's total outstanding shares (for information purposes, 42,724,597 shares based on the issued capital at December 31, 2022) and the Company may at no time, directly or indirectly, hold a number of Safran shares representing more than 10% of the Company's capital;
- the shares may be purchased, sold or transferred by any authorized method, including through block trades for all or some of the program, subject to the regulations in force at the date on which the authorization is implemented.

Subject to the limits authorized by the applicable laws and regulations, the Board of Directors may use this authorization at any time during the period of validity of the buyback program, except during, or in the run-up to, a public offer for the Company's shares, when this authorization may not be used and the Company may not pursue the execution of a share buyback program unless specifically authorized by shareholders in General Meeting.

Generally, Safran sets the maximum purchase price at around 130% of the highest closing price of the Safran share over the 12 months preceding the pricing date. The shareholders are invited to set the maximum price at €175 per share. The maximum amount that could be invested in the program would be €7.4 billion. The maximum purchase price does not represent a target price.

The objectives of this share buyback program are set out in the text of the 16th resolution below and are identical to those of the previous authorization given to the Board of Directors by the Annual General Meeting.

This authorization would be given for a period of 18 months and would supersede the previous authorization granted for the same purpose in the 15th resolution of the Annual General Meeting of May 25, 2022.

Report on the utilization in 2022 of previous shareholder-approved share buyback programs

On October 28, 2022, Safran announced that it would buy back up to 9.4 million of its own shares (approximately 2.2% of its share capital) with a view to eliminating the potential dilution risk related to its convertible bonds maturing in 2027 (see section 7.2.3.2). To this end, on November 14, 2022, Safran entered into an agreement with an investment services provider for the implementation of an initial tranche of this buyback program, for a maximum amount of €325 million, to be completed between November 15, 2022 and December 28, 2022 at the latest. A total of 2,373,547 shares were bought back under the program, for a total investment of €275 million.

In 2022, the aggregate number of shares purchased under the liquidity agreement entered into with Oddo BHF SCA amounted to 3,247,326.

The total number of shares sold under this liquidity agreement during the year amounted to 3,269,070.

At December 31, 2022, Safran held 2,687,189 of its own shares, representing 0.63% of its capital.

These treasury shares were held for the following purposes:

- for allocation or sale to employees: 78,307 shares, representing 0.02% of the Company's capital;
- to cover exchangeable debt securities: 2,386,747 shares, representing 0.56% of the Company's capital;
- to maintain a liquid market in the Company's shares via a liquidity agreement: 222,135 shares, representing 0.05% of the Company's capital;
- for cancellation: 0.

Text of the eighteenth resolution

Authorization for the Board of Directors to carry out a share buyback program

Deliberating in accordance with the rules of quorum and majority applicable to Ordinary General Meetings and having considered the Board of Directors' report, the shareholders grant the Board of Directors – or any representative duly empowered in accordance with the law – an authorization to purchase, directly or indirectly, the Company's shares in accordance with the conditions set out in Articles L.22-10-62 *et seq.* of the French Commercial Code and EC Regulation No. 596/2014 dated April 16, 2014, as well as any other laws and regulations that may be applicable in the future.

The authorization may be used to purchase shares:

- to maintain a liquid market in the Company's shares via a liquidity agreement that complies with the Code of Ethics drawn up by the French association of financial and investment firms (*Association française des marchés financiers* – AMAFI) approved by the AMF, and entered into with an investment services firm;
- for allocation or sale to employees and/or corporate officers of the Company or other Group companies, in accordance with the terms and conditions provided for by law, notably in connection with a profit-sharing plan, free share grants, the exercise of stock options, the Group employee savings plan, or any company employee savings plan in place within the Group;
- for delivery on exercise of rights attached to securities redeemable, convertible, exchangeable or otherwise exercisable for shares of the Company;
- to hold in treasury for subsequent delivery in payment or exchange for external growth transactions; and
- for cancellation, pursuant to the share capital reduction authorization in effect, granted by the Annual General Meeting.

This authorization is also designed to enable any future market practices permitted by the AMF to be carried out and, more generally, to enable any other operations authorized by the applicable regulations. The Company will inform its shareholders in a press release prior to carrying out any such operations.

Shares may be purchased, sold, or transferred by any method allowed under the applicable laws and regulations, on one or more occasions, including, in accordance with the regulations in force at the date of this Meeting, over the counter and through block trades for all or part of the program, as well as through the use of derivative financial instruments.

The Board of Directors may use this authorization at any time subject to the limitations set down by the applicable laws and regulations, except during, or in the run-up to, a public offer for the Company's shares.

The number of shares that may be bought back under this authorization may not exceed 10% of the Company's total outstanding shares (for information purposes, 42,724,597 shares based on the issued capital at December 31, 2022). This ceiling is reduced to 5% for shares acquired for the purpose of being held in treasury for subsequent delivery in payment or exchange for external growth transactions. When shares are bought back for the purpose of maintaining a liquid market in the Company's shares via a liquidity agreement, the number of shares included in the calculation of the 10% ceiling corresponds to the number of shares purchased less any shares sold during the period covered by this authorization.

Under no circumstances may the Company hold more than 10% of its capital, either directly or indirectly through a person acting in their own name but on behalf of the Company.

The shares may not be purchased at a price of more than €175 per share and the maximum amount that may be invested in the program is €7.4 billion. However, the Board of Directors may adjust this maximum purchase price to take into account the impact on the share price of any corporate actions.

The shareholders give full powers to the Board of Directors – or any representative duly empowered in accordance with the law – to carry out this share buyback program, set the applicable terms and conditions, make the required adjustments as a result of any corporate actions, place any and all buy and sell orders, enter into any and all agreements notably for the keeping of registers of share purchases and sales, make any and all filings with the AMF and any other organization, carry out all other formalities, and generally do everything necessary to use this authorization.

This authorization is given for a period of 18 months from the date of this Meeting and supersedes the unused portion of the authorization given to the Board of Directors for the same purpose in the 15th resolution of the Annual General Meeting of May 25, 2022.

8.2.2 Extraordinary resolutions

8.2.2.1 Financial authorizations

Safran needs to have the flexibility required to raise financing swiftly to support the ongoing operations and business development of the Company and of the Group, based on opportunities arising in financial markets and using the most suitable financial instruments.

To this end, shareholders are invited to grant the Board of Directors the necessary authorizations to issue shares and/or securities carrying immediate or deferred rights to shares of the Company.

These authorizations are of particular importance in a crisis period, such as the recent Covid-19 health crisis, where the Board of Directors and Executive Management must demonstrate responsiveness and agility to preserve the Group's resources and liquidity and maintain the continuity of its operations.

These authorizations could not be used during, or in the run-up to, a public offer for the Company's shares.

They would supersede the previous authorizations granted to the Board of Directors for the same purpose.

A summary table is provided in section 8.2.6 of this Universal Registration Document setting out the financial authorizations that the shareholders are being asked to approve.

Ceilings

The authorizations given in these resolutions would enable the Board of Directors to increase the Company's capital by a maximum nominal amount of €20 million (blanket ceiling set in the 19th resolution), corresponding to a maximum of 100 million shares and representing less than 24% of the Company's capital.

The following individual ceilings provided for in the various resolutions are included in this blanket ceiling (expressed in terms of nominal value):

- €20 million ceiling applicable to capital increases carried out with pre-emptive subscription rights for existing shareholders (19th resolution);
- €8 million ceiling (less than 10% of the Company's capital) applicable to capital increases carried out without pre-emptive subscription rights for existing shareholders, by way of a public offer other than offers governed by Article L.411-2, 1° of the French Monetary and Financial Code (*Code monétaire et financier*) (20th resolution);
- €8 million ceiling applicable to capital increases carried out without pre-emptive subscription rights for existing shareholders, in the event of a public exchange offer initiated by the Company (21st resolution);
- €8 million ceiling applicable to capital increases carried out without pre-emptive subscription rights for existing shareholders, through an offer governed by Article L.411-2, 1° of the French Monetary and Financial Code (22nd resolution);

- ceiling currently equal to 15% of any issues carried out pursuant to the 19th to 22nd resolutions which are oversubscribed (23rd resolution), also subject to the ceiling applicable in the relevant resolution.

The blanket ceiling set in the 19th resolution also includes any capital increases carried out as a result of employee share issues, which are capped at 1% of the Company's capital (25th resolution, see section 8.2.2.2 below).

None of the above ceilings include the par value of any additional shares that may be issued in the event of further corporate actions, in accordance with the applicable laws and regulations and any contractual provisions, to protect the rights of existing holders of securities carrying rights to shares of the Company or beneficiaries of free share grants.

If the authorizations granted in the 19th to 22nd resolutions were to be used to issue debt securities, the aggregate nominal amount of said debt securities would not exceed €2 billion (or the euro-equivalent of this amount at the issue date for issues denominated in foreign currency or a monetary unit determined by reference to a basket of currencies).

Sub-ceilings applicable to issues carried out without pre-emptive subscription rights for existing shareholders

Issues carried out without pre-emptive subscription rights for existing shareholders (pursuant to the 20th to 22nd resolutions) are subject to a cumulative sub-ceiling of €8 million for capital increases (less than 10% of the Company's capital) and €2 billion for issues of debt securities.

Use of previous authorizations

The financial authorizations given to the Board of Directors at the May 26, 2021 Annual General Meetings were used as follows:

- The authorizations granted to the Board of Directors in the 24th and 25th resolutions of the May 26, 2021 Annual General Meeting, in order to carry out one or several issues through an offering of financial securities to qualified investors, without pre-emptive subscription rights for existing shareholders, of bonds convertible and/or exchangeable for new and/or existing ordinary shares ("OCEANE" bonds), with an overallotment option where applicable, were used in June 2021 (see section 7.2.3.2).
- The authorization to make free share grants of the Company's existing shares or shares to be issued granted to the Board of Directors in the 30th resolution of the May 26, 2021 Annual General Meeting was used in March 2022 and March 2023 (see section 7.3.7.1).

The other authorizations with respect to share capital increases granted to the Board of Directors by the Annual General Meeting were not used in 2022 nor between January 1, 2023 and the filing date of this Universal Registration Document.

Presentation of the nineteenth resolution

Issue of various shares and/or other securities with pre-emptive subscription rights, and blanket ceiling for capital increases with or without pre-emptive subscription rights

The purpose of the 19th resolution is to authorize the Board of Directors to issue ordinary shares and/or securities carrying rights to shares of the Company, with pre-emptive subscription rights for existing shareholders. The pre–emptive rights granted to existing shareholders may be detached from the shares to which they relate and may be transferred or traded throughout the subscription period of any issues carried out under this authorization.

These pre-emptive subscription rights would entitle their holders to subscribe for a number of new shares proportionate to the number of pre-emptive rights held, during a period corresponding to at least five trading days from the opening of the subscription period.

The Board of Directors would be able to use this authorization at any time **except during, or in the run-up to, a public offer** for the Company's shares.

The maximum nominal amount of any capital increases carried out pursuant to this resolution – either immediately or on the exercise of rights to shares of the Company – would be set at €20 million (representing approximately 23.4% of the Company's capital).

This €20 million ceiling corresponds to a **blanket ceiling covering all of the capital increases**, with or without pre-emptive subscription rights, that may be carried out pursuant to this resolution as well as the 20th to 22nd and 25th resolutions.

The maximum principal amount of any debt securities issued would be set at €2 billion. The nominal amount of any capital increases resulting from the exercise of rights attached to debt securities carrying rights to shares of the Company would be included in the €20 million blanket ceiling on capital increases set in the 19th resolution.

This €2 billion ceiling corresponds to a blanket ceiling covering the principal amount of all debt securities that may be issued pursuant to this resolution as well as the 20th to 22nd resolutions.

This authorization would supersede, as of the date of this Meeting, the unused portion of any previous authorization granted for the same purpose.

Text of the nineteenth resolution

Authorization for the Board of Directors to increase the Company's capital by issuing ordinary shares and/or securities carrying rights to shares of the Company, with pre-emptive subscription rights for existing shareholders, which may not be used during, or in the run-up to, a public offer for the Company's shares, and blanket ceiling for capital increases with or without pre-emptive subscription rights

Deliberating in accordance with the rules of quorum and majority applicable to Extraordinary General Meetings and having considered the Board of Directors' report and the Statutory Auditors' special report, in accordance with the applicable laws and regulations and in particular Articles L.225-129-2 and L.225-132 of the French Commercial Code, as well as Articles L.228-91 *et seq.* of said Code, and having noted that the share capital has been fully paid up, the shareholders:

1. Authorize the Board of Directors – or any representative duly empowered in accordance with the law – to increase the Company's capital by issuing, on one or more occasions, shares or other securities, with pre-emptive subscription rights for existing shareholders. The Board will have full discretionary powers to determine the amount and timing of said issue(s), which may be carried out in France or abroad, and may be denominated in euros, foreign currency or a monetary unit determined by reference to a basket of currencies. This authorization may be used to issue:
   - ordinary shares; and/or
   - securities carrying immediate or deferred rights (either with or without consideration) to new or existing ordinary shares of the Company; and/or
   - securities carrying immediate or deferred rights (either with or without consideration) to new or existing ordinary shares of a company in which the Company holds over half of the capital, directly or indirectly ("a Subsidiary").

   The securities carrying rights to shares of the Company or a Subsidiary may consist of debt securities, or be associated with the issue of debt securities or allow their issue as intermediate securities, and said debt securities may represent senior or junior debt, may be dated or undated, and may be denominated in euros or in any other currency.

   The shares or securities may be paid up in cash, or by capitalizing liquid and callable debt, or partly in cash and partly by capitalizing reserves, retained earnings, profits or additional paid-in capital.

   However, if a third party launches a public offer for the Company's shares, the Board may not use this authorization during, or in the run-up to, the offer, unless it obtains the prior approval of the shareholders in a General Meeting.

2. Resolve that if the Board of Directors uses this authorization:
   - the maximum nominal amount of the capital increases that may be carried out pursuant to this authorization – either immediately or on the exercise of rights to shares of the Company – is set at €20 million corresponding to 100 million shares. This €20 million ceiling represents a blanket ceiling covering all of the capital increases that may be carried out under this authorization and the authorizations granted in the 20th to 22nd and 25th resolutions of this Annual General Meeting (as well as any authorizations granted in resolutions with the same purpose that could supersede the aforementioned resolutions during the validity period of this authorization). However, it does not include the nominal amount of any additional shares that may be issued in accordance with the applicable laws and regulations and any contractual provisions to protect the rights of holders of securities carrying rights to shares of the Company;
   - the maximum principal amount of debt securities that may be issued pursuant to this authorization is set at €2 billion (or the euro-equivalent of this amount at the issue date for issues in foreign currency or a monetary unit determined by reference to a basket of currencies). This €2 billion ceiling (i) represents a blanket ceiling covering the principal amount of all debt securities that may be issued under this authorization and the authorizations granted in the 20th to 22nd resolutions of this Annual General Meeting (as well as any authorizations granted in resolutions with the same purpose that could supersede the aforementioned resolutions during the validity period of this authorization), (ii) is separate from and does not include the amount of any debt securities whose issue may be decided or authorized by the Board of Directors in accordance with Article L.228-40 of the French Commercial Code, and (iii) does not include the amount of any redemption premiums.

     For the purpose of calculating the above ceilings for debt securities, the euro-equivalent of the principal amount of any debt securities issued in foreign currency will be measured at the issue date.

3. Resolve that existing shareholders will have pre-emptive rights to subscribe for the securities issued pursuant to this authorization, in proportion to their existing holdings.

4. Note that in accordance with the law, the Board of Directors may grant shareholders additional pre-emptive rights to subscribe for any securities not taken up by other shareholders exercising their pre-emptive subscription rights. Such additional rights will also be exercisable in proportion to shareholders' existing holdings and within the limits of their requests.

5. Resolve that if an issue is not taken up in full by shareholders exercising their pre-emptive rights as described above, the Board of Directors may take one or more of the following courses of action, in accordance with the law and in the order of its choice:
   - limit the amount of the issue to the subscriptions received, provided that at least three-quarters of the issue is taken up;
   - freely allocate all or some of the unsubscribed securities;
   - offer some or all of the unsubscribed securities on the open market, either in France or abroad.

6. Resolve that Safran stock warrants may be offered for subscription on the above basis or allocated without consideration to existing shareholders. In the latter case, the Board of Directors will have full powers to decide that rights to fractions of warrants will not be transferable or tradable and that the corresponding warrants will be sold.

7. Resolve that the Board of Directors may suspend the exercise of rights attached to securities with immediate or deferred rights to shares of the Company in accordance with the applicable regulations, and make any adjustments in accordance with the applicable laws and regulations and any contractual provisions to protect the rights of holders of securities carrying rights to shares of the Company.
8. Note that in the event of an issue of securities carrying rights to shares of the Company, this authorization automatically entails the waiver by shareholders of their pre-emptive rights to subscribe for any shares to be issued on the exercise of the rights attached to said securities.

The shareholders give full powers to the Board of Directors – or any representative duly empowered in accordance with the law – to:

- use this authorization and notably to determine the timing, characteristics and other terms and conditions of any issues carried out, including the type and form of securities to be issued, the start and end dates of the subscription period, the issue price and cum-rights date of the issued securities, the method by which the securities will be paid up, and the terms and conditions for exercising the rights attached to securities carrying rights to shares of the Company or a Subsidiary;
- charge the issuance costs against the related premiums and deduct from the premiums the amounts necessary to raise the legal reserve to the required level;
- in the case of the issue of debt securities, determine (i) whether the debt will be subordinated or unsubordinated (and the ranking of any subordinated debt), (ii) the interest rate, (iii) the life of the securities (i.e., dated or undated), (iv) their redemption price (which may be fixed or variable and with or without a premium) and repayment terms, depending on market conditions, (v) the terms of their exercise for shares of the Company or a Subsidiary, and (vi) any other terms and conditions of the issue, including any collateral or other form of guarantee, as well as to amend any of said terms and conditions during the life of the securities concerned; and more generally
- take all appropriate measures and enter into any and all agreements to successfully complete the issue(s), place on record the capital increase(s), amend the Company's bylaws to reflect the new capital and carry out all the formalities required for the admission to trading of the securities issued.

This authorization is given for a period of 26 months from the date of this Meeting and supersedes, as of that date, the unused portion of any previous authorization for the same purpose.

Presentation of the twentieth to twenty-second resolutions

Issue of shares and/or other securities without pre-emptive subscription rights

The purpose of the 20th to 22nd resolutions is to authorize the Board of Directors to issue ordinary shares and/or securities carrying rights to shares of the Company, without pre-emptive subscription rights for existing shareholders. The waiver of shareholders' pre-emptive subscription rights would make it easier to carry out public offers, especially when an issue has to be organized swiftly in order for it to be successful, or when shares or other securities are offered in financial markets both in France and abroad.

The Board of Directors would be able to use these authorizations at any time **except during, or in the run-up to, a public offer** for the Company's shares.

The maximum nominal amount of any capital increases carried out using these three authorizations would be set (both per authorization and cumulatively) at €8 million, representing less than 10% of the Company's capital. The amounts used under these authorizations would be included in the blanket ceiling set in the 19th resolution.

The maximum principal amount of any debt securities issued using these three authorizations would be set (both per authorization and cumulatively) at €2 billion. The amounts used under these authorizations would be included in the €2 billion blanket ceiling set in the 19th resolution. The nominal amount of any capital increases resulting from the exercise of rights attached to debt securities carrying rights to shares of the Company would be included in the €8 million individual and cumulative ceiling set in the 20th to 22nd resolutions (and therefore in the blanket ceiling set in the 19th resolution).

These authorizations would supersede, as of the date of this Meeting, the unused portions of all previous authorizations for the same purpose:

20th resolution (public offers other than offers governed by Article L.411-2, 1° of the French Monetary and Financial Code). In this resolution, the Board is seeking an authorization to issue ordinary shares and/or securities carrying rights to shares of the Company, by way of a public offer. If this resolution is adopted, the Board of Directors would be able to grant shareholders a non-transferable and non-tradable priority subscription right for a period set in accordance with the applicable laws and regulations.

21st resolution (issues carried out in the event of a public exchange offer initiated by the Company). The purpose of this resolution is to authorize the Board to issue shares of the Company and/or securities carrying rights to shares of the Company as payment for securities of another company that are tendered to a public exchange offer initiated by the Company in France or abroad.

22nd resolution (offers governed by Article L.411-2, 1° of the French Monetary and Financial Code). This resolution would authorize the Board of Directors to issue shares and/or securities carrying rights to shares of the Company, by way of an offer carried out through an offer to qualified investors or a restricted group of investors. The simplified procedure for this type of public offer, as proposed in the 22nd resolution, would enable the Company to react swiftly to market opportunities and rapidly raise the funds it requires.

Text of the twentieth resolution

Authorization for the Board of Directors to increase the Company's capital by issuing ordinary shares and/or securities carrying rights to shares of the Company, without pre-emptive subscription rights for existing shareholders, by way of a public offer other than offers governed by Article L.411-2, 1° of the French Monetary and Financial Code, which may not be used during, or in the run-up to, a public offer for the Company's shares

Deliberating in accordance with the rules of quorum and majority applicable to Extraordinary General Meetings and having considered the Board of Directors' report and the Statutory Auditors' special report, in accordance with the applicable laws and regulations and in particular Articles L.225-129 *et seq.*, L.225-129-2, L.225-135, L.22-10-51, L.225-136 and L.22-10-52 of the French Commercial Code, as well as Articles L.228-91 *et seq.* of said Code, and having noted that the share capital has been fully paid up, the shareholders:

1. Authorize the Board of Directors – or any representative duly empowered in accordance with the law – to increase the Company's capital by issuing, on one or more occasions, shares or other securities, through a public offer in France or abroad. The Board will have full discretionary powers to determine the amount and timing of said issue(s), which may be denominated in euros, foreign currency or a monetary unit determined by reference to a basket of currencies. This authorization may be used to issue:
   - ordinary shares; and/or
   - securities carrying immediate or deferred rights (either with or without consideration) to new or existing ordinary shares of the Company; and/or
   - securities carrying immediate or deferred rights (either with or without consideration) to new or existing ordinary shares of a company in which the Company holds over half of the capital, directly or indirectly ("a Subsidiary").

   The securities carrying rights to shares of the Company or a Subsidiary may consist of debt securities, or be associated with the issue of debt securities or allow their issue as intermediate securities, and said debt securities may represent senior or junior debt, may be dated or undated, and may be denominated in euros or in any other currency.

   The shares or securities may be paid up in cash, or by capitalizing liquid and callable debt, or partly in cash and partly by capitalizing reserves, retained earnings, profits or additional paid-in capital.

   However, if a third party launches a public offer for the Company's shares, the Board may not use this authorization during, or in the run-up to, the offer, unless it obtains the prior approval of the shareholders in a General Meeting.

2. Resolve that if the Board of Directors uses this authorization:
   - the maximum nominal amount of the capital increases that may be carried out pursuant to this authorization – either immediately or on the exercise of rights to shares of the Company – is set at €8 million. This €8 million ceiling (i) represents an overall ceiling on the nominal amount of the capital increases that may be carried out under this authorization and the authorizations granted in the 21st to 22nd resolutions of this Annual General Meeting (as well as any authorizations granted in resolutions with the same purpose that could supersede the aforementioned resolutions during the validity period of this authorization), and (ii) is included in the blanket ceiling set in the 19th resolution (or in any ceiling set in a resolution with the same purpose that could supersede the aforementioned resolution during the validity period of this authorization). However, it does not include the nominal amount of any additional shares that may be issued in accordance with the applicable laws and regulations and any contractual provisions to protect the rights of holders of securities carrying rights to shares of the Company;
   - the maximum principal amount of debt securities that may be issued pursuant to this authorization is set at €2 billion (or the euro-equivalent of this amount at the issue date for issues in foreign currency or a monetary unit determined by reference to a basket of currencies), it being specified that (i) this €2 billion ceiling represents a blanket ceiling covering the principal amount of all debt securities that may be issued under this authorization and the authorizations granted in the 21st to 22nd resolutions of this Annual General Meeting (as well as any authorizations granted in resolutions with the same purpose that could supersede the aforementioned resolutions during the validity period of this authorization), (ii) the principal amount of any debt securities that may be issued under this authorization will be deducted from the blanket ceiling set in the 19th resolution of this Meeting (as well as any authorizations granted in resolutions with the same purpose that could supersede the aforementioned resolutions during the validity period of this authorization), (iii) this amount is separate from and does not include the amount of any debt securities whose issue may be decided or authorized by the Board of Directors in accordance with Article L.228-40 of the French Commercial Code, and (iv) does not include the amount of any redemption premiums.

     For the purpose of calculating the above ceilings for debt securities, the euro-equivalent of the principal amount of any debt securities issued in foreign currency will be measured at the issue date.

3. Resolve to waive shareholders' pre-emptive rights to subscribe for the shares and/or other securities to be issued under this authorization. However, in accordance with Article L.22-10-51 and Article R.225-131 of the French Commercial Code, the Board of Directors may offer existing shareholders a priority right to subscribe for all or part of any issue(s) carried out under this authorization for a period set in accordance with the applicable laws and regulations. Such priority rights will not be transferable or tradable and will be exercisable in proportion to shareholders' existing interests.

4. Resolve that if an issue is not taken up in full (including by shareholders exercising their above-mentioned priority rights), the Board of Directors may take one or the other of the following courses of action, in accordance with the law and in the order of its choice:
   - limit the amount of the issue to the subscriptions received, provided that at least three-quarters of the issue is taken up;
   - freely allocate all or some of the unsubscribed securities.
5. Note that in the event of an issue of securities carrying rights to shares of the Company, this authorization automatically entails the waiver by shareholders of their pre-emptive rights to subscribe for any shares to be issued on the exercise of the rights attached to said securities.
6. Resolve that the issue price of the shares or securities carrying rights to shares will be at least equal to the minimum price provided for in the laws and regulations in force on the issue date (for information purposes, corresponding at the date of this Meeting to a price at least equal to the weighted average of the prices quoted for the Company's shares over the three trading days preceding the pricing date, less a discount of no more than 10%).

The shareholders give full powers to the Board of Directors – or any representative duly empowered in accordance with the law – to:

- use this authorization and notably to determine the timing, characteristics and other terms and conditions of any issues carried out, including the type and form of securities to be issued, the start and end dates of the subscription period, the issue price and cum-rights date of the issued securities, the method by which the securities will be paid up, and the terms and conditions for exercising the rights attached to securities carrying rights to shares of the Company or a Subsidiary;
- charge the issuance costs against the related premiums and deduct from the premiums the amounts necessary to raise the legal reserve to the required level;
- suspend, where appropriate, the exercise of any rights attached to new or existing securities in accordance with the applicable laws and regulations, and make any adjustments in order to take into account the impact of any issues on the Company's capital and set the terms and conditions for protecting the rights of holders of securities carrying rights to shares of the Company, in accordance with the applicable laws, regulations and contractual provisions;
- in the case of the issue of debt securities, determine (i) whether the debt will be subordinated or unsubordinated (and the ranking of any subordinated debt), (ii) the interest rate, (iii) the life of the securities (i.e., dated or undated), (iv) their redemption price (which may be fixed or variable and with or without a premium) and repayment terms, depending on market conditions, (v) the terms of their exercise for shares of the Company or a Subsidiary, and (vi) any other terms and conditions of the issue, including any collateral or other form of guarantee, as well as to amend any of said terms and conditions during the life of the securities concerned; and more generally
- take all appropriate measures and enter into any and all agreements to successfully complete the issue(s), place on record the capital increase(s), amend the Company's bylaws to reflect the new capital and carry out all the formalities required for the admission to trading of the securities issued.

This authorization is given for a period of 26 months from the date of this Meeting and supersedes, as of that date, the unused portion of any previous authorization for the same purpose.

Text of the twenty-first resolution

Authorization for the Board of Directors to issue ordinary shares and/or securities carrying rights to shares of the Company, without pre-emptive subscription rights for existing shareholders, in the event of a public exchange offer initiated by the Company, which may not be used during, or in the run-up to, a public offer for the Company's shares

Deliberating in accordance with the rules of quorum and majority applicable to Extraordinary General Meetings and having considered the Board of Directors' report and the Statutory Auditors' special report, in accordance with the applicable laws and regulations and in particular Articles L.225-129-2 to L.225-129-6, L.22-10-49, L.22-10-54, L.225-132 and L.228-91 *et seq.* of the French Commercial Code, the shareholders:

1. Authorize the Board of Directors to issue ordinary shares of the Company and/or securities carrying immediate or deferred rights to shares of the Company as payment for securities of another company tendered to a public exchange offer initiated by the Company. The shareholders further authorize the Board to cancel existing shareholders' pre-emptive rights to subscribe for the shares and/or other securities issued under this authorization.

   The securities carrying rights to shares of the Company may consist of debt securities, or be associated with the issue of debt securities or allow their issue as intermediate securities, and said debt securities may represent senior or junior debt, may be dated or undated, and may be denominated in euros or in any other currency.

   This authorization may be used in connection with any public exchange offer initiated by the Company, in France or abroad, for the securities of another company listed on one of the regulated markets referred to in Article L.22-10-54 of the French Commercial Code, or any other type of public offer that complies with the applicable laws and regulations, including notably any public exchange offer, any alternative public purchase or exchange offer, any stock-for-stock and stock-for-cash purchase or exchange offer, any public purchase or exchange offer combined with a secondary purchase or exchange offer, or any other type of public offer that complies with the applicable laws and regulations.

   However, if a third party launches a public offer for the Company's shares, the Board may not use this authorization during, or in the run-up to, the offer, unless (i) the Company has already announced its own public offer prior to that period, and (ii) it obtains the prior approval of the shareholders in a General Meeting.

2. Note that in accordance with Article L.225-132 of the French Commercial Code, in the event of an issue of securities carrying immediate or deferred rights to shares of the Company, this authorization entails the waiver by existing shareholders of their pre-emptive rights to subscribe for any shares to be issued on the exercise of the rights attached to said securities.
3. Resolve that if the Board of Directors uses this authorization:
   - the maximum nominal amount of the capital increases that may be carried out pursuant to this authorization – either immediately or on the exercise of rights to shares of the Company – is set at €8 million. This ceiling is included in the €8 million overall ceiling set in the 20th resolution above and the blanket ceiling set in the 19th resolution (or any ceilings set in any resolutions with the same purpose that could supersede the aforementioned resolutions during the validity period of this authorization). However, it does not include the nominal amount of any additional shares that may be issued in accordance with the applicable laws and regulations and any contractual provisions to protect the rights of holders of securities carrying rights to shares of the Company;
   - the maximum principal amount of debt securities that may be issued pursuant to this authorization is set at €2 billion (or the euro-equivalent of this amount at the issue date for issues in foreign currency or a monetary unit determined by reference to a basket of currencies). This ceiling is (i) included in the €2 billion overall ceiling set in the 20th resolution of this Annual General Meeting and is deductible from the blanket ceiling set in the 19th resolution (as well as any authorizations granted in resolutions with the same purpose that could supersede the aforementioned resolutions during the validity period of this authorization), (ii) is separate from and does not include the amount of any debt securities whose issue may be decided or authorized by the Board of Directors in accordance with Article L.228-40 of the French Commercial Code, and (iii) does not include the amount of any redemption premiums.

     For the purpose of calculating the above ceilings for debt securities, the euro-equivalent of the principal amount of any debt securities issued in foreign currency will be measured at the issue date.
4. Resolve that the Board of Directors will have full powers to use this authorization, in particular to carry out issues of shares and/or securities carrying immediate or deferred rights to shares of the Company in connection with public offers that fall within the scope of this resolution, and notably to:
   - set the exchange ratio as well as any balance to be paid in cash;
   - place on record the number of securities tendered to the exchange;
   - determine the timing and other terms and conditions of the issue(s) and notably the price and cum-rights date (which may be retroactive) of the securities issued in accordance with this resolution;
   - suspend, where appropriate, the exercise of any rights attached to new or existing securities in accordance with the applicable laws and regulations, and make any adjustments in order to take into account the impact of any issues on the Company's capital and set the terms and conditions for protecting the rights of holders of securities carrying rights to shares of the Company, in accordance with the applicable laws, regulations and contractual provisions;
   - credit the difference between the issue price of the new shares and their par value to a "contribution premium" account to which all shareholders will have equivalent rights;
   - charge all the issuance costs against the contribution premium; and more generally
   - take all appropriate measures and enter into any and all agreements to successfully complete the issue(s), place on record the capital increase(s), amend the Company's bylaws to reflect the new capital and carry out all the formalities required for the admission to trading of the securities issued.

This authorization is given for a period of 26 months from the date of this Meeting and supersedes, as of that date, the unused portion of any previous authorization for the same purpose.

Text of the twenty-second resolution

Authorization for the Board of Directors to increase the Company's capital by issuing ordinary shares and/or securities carrying rights to shares of the Company, without pre-emptive subscription rights for existing shareholders, through an offer governed by Article L.411-2, 1° of the French Monetary and Financial Code, which may not be used during, or in the run-up to, a public offer for the Company's shares

Deliberating in accordance with the rules of quorum and majority applicable to Extraordinary General Meetings and having considered the Board of Directors' report and the Statutory Auditors' special report, in accordance with the applicable laws and regulations and in particular Articles L.225-129 *et seq.*, L.225-129-2, L.225-135, L.225-136, L.22-10-49, L.22-10-51 and L.22-10-52 of the French Commercial Code, as well as Articles L.228-91 *et seq.* of said Code and Article L.411-2, 1° of the French Monetary and Financial Code, the shareholders:

1. Authorize the Board of Directors – or any representative duly empowered in accordance with the law – to increase the Company's capital by issuing, on one or more occasions, ordinary shares and/or securities carrying immediate or deferred rights (either with or without consideration) to new or existing ordinary shares of the Company, through an offer governed by Article L.411-2, 1° of the French Monetary and Financial Code. The Board will have full discretionary powers to determine the amount and timing of said issue(s), which may be carried out in France or abroad, and may be denominated in euros, foreign currency or a monetary unit determined by reference to a basket of currencies. This authorization may be used to issue:
   - ordinary shares; and/or
   - securities carrying immediate or deferred rights (either with or without consideration) to new or existing ordinary shares of the Company; and/or
   - securities carrying immediate or deferred rights (either with or without consideration) to new or existing ordinary shares of a company in which the Company holds over half of the capital, directly or indirectly ("a Subsidiary").

   The securities carrying rights to shares of the Company or a Subsidiary may consist of debt securities, or be associated with the issue of debt securities or allow their issue as intermediate securities, and said debt securities may represent senior or junior debt, may be dated or undated, and may be denominated in euros or in any other currency.

   The shares or securities may be paid up in cash, or by capitalizing liquid and callable debt, or partly in cash and partly by capitalizing reserves, retained earnings, profits or additional paid-in capital.

   However, if a third party launches a public offer for the Company's shares, the Board may not use this authorization during, or in the run-up to, the offer, unless it obtains the prior approval of the shareholders in a General Meeting.

2. Resolve that if the Board of Directors uses this authorization:
   - the maximum nominal amount of capital increases that may be issued pursuant to this authorization – either immediately or on the exercise of rights to shares of the Company – will be €8 million. This ceiling is included in the €8 million overall ceiling set in the 20th resolution above and the blanket ceiling set in the 19th resolution (or in any ceilings set in any resolutions with the same purpose that could supersede the aforementioned resolutions during the validity period of this authorization). However, it does not include the nominal amount of any additional shares that may be issued in accordance with the applicable laws and regulations and any contractual provisions to protect the rights of holders of securities carrying rights to shares of the Company;
   - the maximum principal amount of debt securities that may be issued pursuant to this authorization is set at €2 billion (or the euro-equivalent of this amount at the issue date for issues in foreign currency or a monetary unit determined by reference to a basket of currencies). This ceiling is (i) included in the €2 billion overall ceiling set in the 20th resolution of this Annual General Meeting and is deductible from the blanket ceiling set in the 19th resolution (as well as any authorizations granted in resolutions with the same purpose that could supersede the aforementioned resolutions during the validity period of this authorization), (ii) is separate from and does not include the amount of any debt securities whose issue may be decided or authorized by the Board of Directors in accordance with Article L.228-40 of the French Commercial Code, and (iii) does not include the amount of any redemption premiums.

   For the purpose of calculating the above ceilings for debt securities, the euro-equivalent of the principal amount of any debt securities issued in foreign currency will be measured at the issue date.

3. Resolve to waive shareholders' pre-emptive rights to subscribe for the shares and/or other securities to be issued under this authorization.

4. Resolve that if an issue is not taken up in full, the Board of Directors may limit the amount of the issue to the subscriptions received, provided that at least three-quarters of the issue is taken up.

5. Note that in the event of an issue of securities carrying rights to shares of the Company, this authorization automatically entails the waiver by shareholders of their pre-emptive rights to subscribe for any shares to be issued on the exercise of the rights attached to said securities.

6. Resolve that the issue price of the shares or securities carrying rights to shares will be at least equal to the minimum price provided for in the laws and regulations in force on the issue date (for information purposes, corresponding at the date of this Meeting to a price at least equal to the weighted average of the prices quoted for the Company's shares over the three trading days preceding the pricing date, less a discount of no more than 10%).

The shareholders give full powers to the Board of Directors – or any representative duly empowered in accordance with the law – to:

- use this authorization and notably to determine the timing, characteristics and other terms and conditions of any issues carried out, including the type and form of securities to be issued, the start and end dates of the subscription period, the issue price and cum-rights date of the issued securities, the method by which the securities will be paid up, and the terms and conditions for exercising the rights attached to securities carrying rights to shares of the Company or a Subsidiary;
- charge the issuance costs against the related premiums and deduct from the premiums the amounts necessary to raise the legal reserve to the required level;
- suspend, where appropriate, the exercise of any rights attached to new or existing securities in accordance with the applicable laws and regulations, and make any adjustments in order to take into account the impact of any issues on the Company's capital and set the terms and conditions for protecting the rights of holders of securities carrying rights to shares of the Company, in accordance with the applicable laws, regulations and contractual provisions;
- in the case of the issue of debt securities, determine (i) whether the debt will be subordinated or unsubordinated (and the ranking of any subordinated debt), (ii) the interest rate, (iii) the life of the securities (i.e., dated or undated), (iv) their redemption price (which may be fixed or variable and with or without a premium) and repayment terms, depending on market conditions, (v) the terms of their exercise for shares of the Company or a Subsidiary, and (vi) any other terms and conditions of the issue, including any collateral or other form of guarantee, as well as to amend any of said terms and conditions during the life of the securities concerned; and more generally
- take all appropriate measures and enter into any and all agreements to successfully complete the issue(s), place on record the capital increase(s), amend the Company's bylaws to reflect the new capital and carry out all the formalities required for the admission to trading of the securities issued.

This authorization is given for a period of 26 months from the date of this Meeting and supersedes, as of that date, the unused portion of any previous authorization for the same purpose.

Presentation of the twenty-third resolution

In the 23rd resolution, the Board of Directors is seeking an authorization to increase the number of securities to be issued in the event that an issue carried out with or without pre-emptive subscription rights as decided by the Board of Directors pursuant to the 19th, 20th, 21st or 22nd resolutions is oversubscribed.

The Board of Directors would be able to use this authorization at any time except during, or in the run-up to, a public offer for the Company's shares. The additional securities would be issued at the same price as for the original issue in accordance with the timeframes and ceilings specified in the applicable laws and regulations in force on the issue date (currently, they must be issued within 30 days of the close of the original subscription period and may not represent more than 15% of the original issue amount). The sub-ceilings and ceilings set in the 19th, 20th, 21st and 22nd resolutions would apply if the 23rd resolution is used. Any issues of additional securities carried out under this resolution may not result in the ceiling(s) set in the original resolution being exceeded.

This authorization would supersede, as of the date of this Meeting, the unused portion of any previous authorization granted for the same purpose.

Text of the twenty-third resolution

Authorization for the Board of Directors to increase the number of securities included in an issue carried out with or without pre-emptive subscription rights for existing shareholders (pursuant to the 19th, 20th, 21st or 22nd resolutions), which may not be used during, or in the run-up to, a public offer for the Company's shares.

Having considered the Board of Directors' report, in accordance with French company law, notably Articles L.225-135-1, L.22-10-51 and R.225-118 of the French Commercial Code, and subject to the adoption of the 19th, 20th, 21st or 22nd resolutions, the shareholders:

1. Authorize the Board of Directors – or any representative duly empowered in accordance with the law – to increase the number of securities included in an issue carried out with or without pre-emptive subscription rights as decided by the Board of Directors pursuant to the 19th, 20th, 21st or 22nd resolutions, notably in order to grant an overallotment option in accordance with standard market practices. The additional securities will be issued at the same price as for the original issue in accordance with the timeframes and ceilings specified in the applicable laws and regulations in force on the issue date (currently, they must be issued within 30 days of the close of the original subscription period and may not represent more than 15% of the original issue amount). In the case of an issue carried out with pre-emptive subscription rights, any additional securities issued pursuant to this resolution may only be offered to shareholders in proportion to their existing holdings.

   However, if a third party launches a public offer for the Company's shares, the Board may not use this authorization during, or in the run-up to, the offer, unless it obtains the prior approval of the shareholders in a General Meeting.

2. Resolve that the nominal amount of any capital increases carried out as a result of the shares or other securities issued pursuant to this resolution will be included in the ceiling(s) provided for in the resolution under which the original issue is decided (or in any ceiling(s) set in any resolution with the same purpose that could supersede the resolution concerned during the validity period of this authorization).

This authorization is given for a period of 26 months from the date of this Meeting and supersedes, as of that date, the unused portion of any previous authorization for the same purpose.

Presentation of the twenty-fourth resolution

Capitalization of reserves, retained earnings, profits or additional paid-in capital

The purpose of the 24th resolution is to authorize the Board of Directors to increase the Company's capital by capitalizing reserves, retained earnings, profits or additional paid-in capital brought forward from prior years.

The aggregate nominal amount of any capital increases carried out pursuant to this resolution would not exceed €12.5 million.

The Board of Directors would be able to use this authorization at any time **except during, or in the run-up to, a public offer for the Company's shares**.

Text of the twenty-fourth resolution

Authorization for the Board of Directors to increase the Company's capital by capitalizing reserves, retained earnings, profits or additional paid-in capital, which may not be used during, or in the run-up to, a public offer for the Company's shares

Deliberating in extraordinary session but in accordance with the rules of quorum and majority applicable to Ordinary General Meetings and having considered the Board of Directors' report, in accordance with the applicable laws and regulations and in particular Articles L.225-129-2 and L.225-130 of the French Commercial Code, the shareholders:

1. Authorize the Board of Directors – or any representative duly empowered in accordance with the law – to increase the Company's capital, on one or more occasions, to be paid up by capitalizing reserves, retained earnings, profits or additional paid-in capital and/or other items that may be capitalized in accordance with the applicable laws and the Company's bylaws, by issuing bonus shares and/or raising the par value of existing shares. The amounts and timing of such issues will be determined at the Board's discretion.

   However, if a third party launches a public offer for the Company's shares, the Board may not use this authorization during, or in the run-up to, the offer, unless it obtains the prior approval of the shareholders in a General Meeting.

2. Resolve that the maximum nominal amount of any capital increases carried out pursuant to this authorization will not exceed €12.5 million, not including the par value of any additional shares to be issued in accordance with the applicable laws and regulations and any contractual provisions to protect the rights of holders of securities carrying rights to shares of the Company.

3. Resolve that rights to fractions of shares will not be transferable or tradable and that the corresponding shares will be sold, with the proceeds allocated to the holders of the rights in accordance with the applicable laws.

   The shareholders give full powers to the Board of Directors – or any representative duly empowered in accordance with the law – to use this authorization and to take any and all measures and carry out any and all formalities required to successfully complete the capital increase(s), as well as to place on record the capital increase(s) and amend the Company's bylaws to reflect the new capital.

   This authorization is given for a period of 26 months from the date of this Meeting.

8.2.2.2 Employee share issues

Presentation of the twenty-fifth resolution

Share capital increase reserved for employees

In the 25th resolution, shareholders are invited to authorize the Board of Directors to offer employees who are members of a Group employee savings plan the possibility to subscribe for the Company's shares with a view to involving them more closely in the Group's development.

This resolution is being submitted in accordance with paragraph 1 of Article L.225-129-6 of the French Commercial Code, which states that whenever companies seek authorizations to issue shares to be paid up in cash, they must also submit a resolution on employee share issues.

If this authorization is approved, it will necessarily entail the waiver of existing shareholders' pre-emptive rights to subscribe for the shares covered by the employee share issue(s) concerned.

Employee shareholdings (within the meaning of Article L.225-102 of the French Commercial Code) represented 6.54% of the Company's capital at February 28, 2023.

Shares issued under this resolution could not exceed 1% of the Company's capital and would be included in the €20 million blanket ceiling on capital increases set in the 19th resolution.

In accordance with Article L.3332-19 of the French Labor Code (*Code du travail*), the purchase price of the shares offered to employees may not be higher than the average price over the 20 trading days preceding the Board of Directors' decision setting the opening date for the subscription period. In addition, it may not be more than 30% below this average, or 40% depending on the lock-up period applicable under the employee savings plan, in accordance with Article L.3332-19 of the French Labor Code.

This authorization would supersede, as of the date of this Meeting, the unused portion of any previous authorization granted for the same purpose.

Text of the twenty-fifth resolution

Authorization for the Board of Directors to increase the Company's capital by issuing ordinary shares to employees who are members of a Group employee savings plan, without pre-emptive subscription rights for existing shareholders

Deliberating in accordance with the rules of quorum and majority applicable to Extraordinary General Meetings and having considered the Board of Directors' report and the Statutory Auditors' special report, in accordance with Articles L.225-129-2, L.225-129-6 and L.225-138-1 of the French Commercial Code, and Articles L.3332-18 *et seq.* of the French Labor Code, the shareholders:

1. Authorize the Board of Directors – or any representative duly empowered in accordance with the law – to increase the Company's capital by issuing, on one or more occasions and with or without consideration, ordinary shares or securities with immediate or deferred rights to ordinary shares of the Company to employees of the Company and of any French or foreign companies affiliated to it within the meaning of Article L.225-180 of the French Commercial Code, who are members of the Group employee savings plan or any company employee savings plan in place within the Group. The amounts and timing of such issues will be determined at the Board's discretion.

   Said shares or other securities may be paid up in cash or by capitalizing liquid and callable debt, or by capitalizing reserves, retained earnings, profits or additional paid-in capital in the case of shares or other securities carrying rights to shares allocated without consideration in respect of the discount and/or the employer's top-up contribution.

2. Resolve that the maximum nominal amount of any capital increases carried out pursuant to this authorization may not represent more than 1% of the Company's capital at the date of the Board of Directors' decision to carry out the issue, it being specified that (i) this ceiling does not include the nominal amount of any additional shares that may be issued in accordance with the applicable laws and regulations and any contractual provisions to protect the rights of holders of securities carrying rights to shares of the Company and (ii) the nominal amount of any capital increases carried out pursuant to this authorization will be included in the blanket ceiling for capital increases set in the 19th resolution of this Meeting (or in any ceiling set in any resolution with the same purpose that could supersede the aforementioned resolution during the validity period of this authorization).

3. Resolve that, in accordance with Article L.3332-19 of the French Labor Code, the purchase price of the shares offered to employees under this authorization may not be greater than the average price over the 20 trading days preceding the Board of Directors' decision setting the opening date for the subscription period, or more than 30% below this average, or 40% depending on the lock-up period applicable under the employee savings plan.

4. Resolve that the Board of Directors will have full powers to grant to the above beneficiaries, without consideration and in addition to the shares to be subscribed for in cash, new or existing shares or securities carrying immediate or deferred rights to shares, in place of all or part of the discount compared with the above reference price and/or the employer's top-up contribution, it being specified that the benefit resulting from such grants may not exceed the legal or regulatory limits as provided for in Articles L.3332–1 to L.3332-21 of the French Labor Code.

5. Note that this authorization automatically entails the waiver by existing shareholders of their pre-emptive rights to subscribe for the shares offered to employees under the issue(s) carried out under this resolution.

   The shareholders give full powers to the Board of Directors – or any representative duly empowered in accordance with the law – to use this authorization, and in particular to (i) set the terms and conditions of the capital increase(s), (ii) draw up the list of companies whose employees will be eligible for the share issue(s), (iii) set the conditions, particularly concerning length of service, that the beneficiaries will have to meet in order to subscribe, on an individual basis or through a corporate mutual fund, for the shares or other securities carrying rights to shares issued pursuant to this authorization, (iv) set the dates and terms and conditions of the issue(s), (v) set the start and end dates of the subscription period(s), (vi) determine the price and the cum-rights date of the shares issued, (vii) determine the method by which the shares will be paid up, (viii) charge the issuance costs against the related premium and deduct from the premium the amounts necessary to raise the legal reserve to the required level, and more generally (ix) take all appropriate measures and enter into any agreements to successfully complete the share issue(s), place on record the capital increase(s), amend the Company's bylaws to reflect the new capital and carry out all the formalities required for the admission to trading of the shares issued.

This authorization is given for a period of 26 months from the date of this Meeting and supersedes, as of that date, the unused portion of any previous authorization for the same purpose.

8.2.2.3 Capital reduction by canceling treasury shares

Presentation of the twenty-sixth resolution

In the 26th resolution, the Board of Directors is seeking an authorization to reduce the Company's capital by canceling all or some of the treasury shares purchased under share buyback programs previously authorized by shareholders as well as the new program proposed in the 18th resolution of this Meeting.

The Company may choose to cancel treasury shares in order to achieve certain financial objectives, such as actively managing its capital, optimizing its balance sheet structure or offsetting the dilutive impact of capital increases.

In compliance with the applicable law, the number of shares canceled in any 24-month period could not exceed 10% of the Company's capital.

This authorization would be given for a period of 24 months and would supersede any previous authorization for the same purpose.

The Board of Directors did not cancel any of the Company's shares during the year ended December 31, 2022.

Text of the twenty-sixth resolution

Authorization for the Board of Directors to reduce the Company's capital by canceling treasury shares

Deliberating in accordance with the rules of quorum and majority applicable to Extraordinary General Meetings and having considered the Board of Directors' report and the Statutory Auditors' special report, in accordance with Article L.22-10-62 of the French Commercial Code, the shareholders:

1. Authorize the Board of Directors to reduce the Company's capital on one or more occasions, in the proportions and on the dates it deems appropriate, by canceling all or some of the treasury shares held by the Company as a result of implementing a share buyback program. The number of treasury shares that may be canceled within any 24-month period may not exceed 10% of the Company's capital. This 10% ceiling will apply to the amount of the Company's capital as adjusted, where applicable, to take into consideration any corporate actions that may be carried out after this Annual General Meeting.
2. Resolve that the Board of Directors – or any representative duly empowered in accordance with the law – will have full powers to implement this resolution and in particular to:
   - set the definitive amount of the capital reduction;
   - set the terms and conditions of the capital reduction and carry it out;
   - charge the difference between the carrying amount of the canceled shares and their par value against any available reserves and additional paid-in capital accounts;
   - place on record the completion of the capital reduction and amend the Company's bylaws accordingly; and
   - carry out any formalities and other measures and generally do everything necessary to implement this authorization.

This authorization is given for a period of 24 months from the date of this Meeting and supersedes, as of that date, any previous authorization for the same purpose.

8.2.2.4 Performance shares (free share grants)

Presentation of the twenty-seventh resolution

In the 27th resolution, shareholders are invited to authorize the Board of Directors to grant performance shares to (i) employees or certain categories of employees of the Company and/or of other Group entities, and/or (ii) corporate officers of the Company and/or other Group entities (except the Chairman of the Company's Board of Directors when the duties of Chairman of the Board and Chief Executive Officer are separated), provided said corporate officers are eligible for such grants under the applicable law.

Performance share grants are a common method used by companies in order to strengthen the motivation and teamwork of beneficiaries and foster their loyalty, while at the same time aligning their interests with those of the Company and its shareholders. They are also in line with the strategy of linking the incentives of senior executives to share performance – with the inherent risks and rewards that this involves – in order to encourage long-term reasoning in their actions.

The Board of Directors would determine the beneficiaries of the grants and set the terms and conditions thereof as well as the applicable eligibility criteria.

The shares granted could either be new shares or existing shares bought back by the Company under the terms and conditions provided for by law.

This authorization would entail the waiver by existing shareholders of their pre-emptive rights to subscribe for any shares issued pursuant to this resolution.

This authorization would supersede, as of the date of this Meeting, the unused portion of any prior authorization for the same purpose.

The main characteristics of any performance share grants carried out using this authorization would be as follows:

Performance conditions

Performance share grants would be subject to the achievement of internal and external performance conditions, assessed over three full consecutive fiscal years, including the year of grant.

This rule would apply to all beneficiaries regardless of the weighting of the various conditions, which vary according to the different beneficiary categories.

Standard internal conditions applying to all beneficiaries

These standard internal performance conditions would count for at least 70% of the total for the beneficiaries and would be based on the Group's financial and economic performance as well as, by decision of the Board of Directors, on the Group's non-financial performance.

By way of illustration, the internal performance conditions applied for previous plans were as follows, it being specified that the elements of the performance conditions (criteria, threshold, target, etc.) are set by the Board of Directors:

Financial and economic performance

Under this set of internal conditions, the two standard internal performance conditions relating to the Group's financial and economic performance would be based on:

- ROI (adjusted recurring operating income, as discussed in section 2.1.2 of this Universal Registration Document);
- FCF (free cash flow, as discussed in section 2.2.3 of this Universal Registration Document);

each counting for half of the weighting assigned to these financial and economic conditions.

The achievement levels for these conditions would be measured by reference to the average of the ROI and FCF targets for the fiscal year in which the grant takes place and for the following two fiscal years, as set in the Group's most recent medium-term plan (MTP) or in the budget based on the MTP for the fiscal year in progress, as adjusted to factor in any exceptional circumstances or events and approved by the Board of Directors before the grant date (the "Reference Target"). The following achievement levels would be set for these conditions:

- lowest achievement level: if 80% of the Reference Target were achieved, 40% of the shares contingent on that target would vest;
- target achievement level: if 100% of the Reference Target were achieved, 80% of the shares contingent on that target would vest;
- highest achievement level (cap): if 125% of the Reference Target were achieved, 100% of the shares contingent on that target would 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 would vest would vary in linear fashion. Below the lowest achievement level, none of the shares contingent on the internal performance condition concerned would vest.

The performance criteria would be measured by comparing results against a same-scope reference base. If an entity is deconsolidated, the reference bases used for past grants would be adjusted to exclude the amounts related to the deconsolidated entity for the years concerned. For the first performance share grant after a new entity has been consolidated, additional performance conditions may be added. Past grants would continue to be measured, whenever possible, based on the previous scope of consolidation (i.e., not including the newly-consolidated entity).

Non-financial performance

Under this set of internal conditions, the non-financial condition(s) would relate to CSR and sustainable development objectives. These conditions, which would be defined by the Board of Directors prior to the grant date, could take into account the Group's medium-term priorities or strategic challenges on these issues. They would be quantifiable or measurable, making it possible to objectively monitor them and identify the actual achievement rate at the end of the performance period. They would be disclosed and their weighting would reduce the weighting of the internal financial and economic performance conditions.

For the 2022 grant, made on the basis of the authorization granted in the 30th resolution of the May 26, 2021 Annual General Meeting, the condition relating to non-financial performance accounts for 20% of the 70% allocated to standard internal conditions.

Possible additional performance conditions

As well as the portion attributed to the "standard" internal performance conditions, the Board of Directors may, at its discretion, apply additional demanding and quantifiable performance conditions for which it would define the parameters, to take into account the Group's medium-term priorities and challenges. In such a case, the additional performance conditions and their parameters, as defined by the Board of Directors prior to the grant, would be disclosed and their weighting would reduce the weighting of the "standard" internal performance conditions.

External performance condition

The external performance condition would be based on Safran's total shareholder return (TSR) performance as measured relative to a group of peer companies operating in the same business sectors as Safran or enlarged to include other comparable companies operating in other sectors, or including or made up of one or more indices. The composition of this panel of peer companies may change in order to factor in changes in the structure or operations of the Group or of the peer companies concerned. The composite index currently used enables simultaneous comparison with the European market, the US market and the reference index for the French market. This 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 these three indices counts for one-third of the composite index.

The external performance condition would count for 30% for the Chief Executive Officer, although the Board of Directors may, at its discretion, revise the weighting of this external condition, but to no less than 20%, in order to increase the weighting of the standard internal conditions to 80% where required, particularly if the Board believes that it would be useful or necessary to do so in light of the Group's strategic priorities and/or medium-term imperatives. If the Board does decide to revise this weighting, it will disclose this fact via a press release. For other beneficiaries, the external performance condition could count for a lower percentage, but would in any event not be less than 10%.

The following achievement levels would be set for this condition:

- lowest achievement level: if Safran's TSR were equal to that of the composite index, 40% of the shares contingent on the external performance condition would vest;
- target achievement level: if Safran's TSR were 8 points higher than that of the composite index, 80% of the shares contingent on the external performance condition would vest;
- highest achievement level: if Safran's TSR were 12 points higher than that of the composite index, 100% of the shares contingent on the external performance condition would 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 would vest would vary in linear fashion. Below the lowest achievement level, none of the shares contingent on the external performance condition would vest.

Under the rules of the performance share plan, the shares would only vest if the beneficiary still forms part of the Group on the vesting date, apart from in a limited number of cases (death, disability, retirement of the beneficiary or a specific decision by the Board of Directors).

Vesting and lock-up periods

The shares granted would be subject to a vesting period set by the Board of Directors, which may not be less than three years.

In addition, the shares granted to the Chief Executive Officer or other corporate officers of the Company would be subject to a lock-up period set by the Board of Directors, which may not be less than one year as from the vesting date. In principle, the minimum lock-up period of at least one year would also apply to members of the Company's Executive Committee; exceptions, however, may apply to some of them (other than the Company's Chief Executive Officer) in view of their nationality, tax residence or related personal situation. As an exception and for illustration purposes, the Board of Directors could set up an alternative arrangement allowing them to sell some of the shares delivered on the vesting date to cover the tax due on that date, and decide to waive the lock-up period if it would result in the double taxation of the beneficiary.

Ceilings

The total number of performance shares granted under this authorization would not exceed 0.4% of the Company's capital at the date of the Board of Directors' decision to grant the performance shares (main ceiling), within the limit of two-thirds of this percentage in any given fiscal year (sub-ceiling).

In addition, for each grant of performance shares, the maximum number of shares granted to each of the Company's corporate officers would be set at 5% of the total number of shares making up the grant (representing a sub-ceiling of 0.01% of the Company's capital per corporate officer and fiscal year).

Anticipated use

If it is approved by shareholders, in line with its long-term compensation policy (Long-Term Incentive Plan), the Board of Directors intends to use this authorization to set up annual performance share plans with the characteristics, performance conditions and ceilings described above.

Use of authorization previously granted

Using the authorization granted in the 30th resolution of the May 26, 2021 Annual General Meeting, the Board of Directors authorized grants of performance shares to certain managers and senior executives of the Group (top executives (*hors statut*) in certain categories corresponding to levels of responsibility in the human resources organization and young talents), first on March 24, 2022 (2022 Long-Term Incentive Plan, as described in sections 6.6.4.2.2 and 7.3.7.1 of the 2021 Universal Registration Document), and then on March 23, 2023 (2023 Long-Term Incentive Plan, as described in section 6.6.5.2.2 of this Universal Registration Document) (see the press releases available on the Company's website, www.safran-group.com/group/governance).

Text of the twenty-seventh resolution

Authorization for the Board of Directors to grant existing or new shares of the Company, without consideration and with performance conditions, to employees and corporate officers of the Company and other Group entities, with a waiver of shareholders' pre-emptive subscription rights

Deliberating in accordance with the rules of quorum and majority applicable to Extraordinary General Meetings and having considered the Board of Directors' report and the Statutory Auditors' special report, in accordance with Articles L.225-197-1 *et seq.* and L.22-10-59 *et seq.* of the French Commercial Code, the shareholders:

1. Authorize the Board of Directors to grant, on one or more occasions, existing or new Safran shares, without consideration, to (i) employees or certain categories of employees of the Company and/or of related companies or groups within the meaning of Article L.225-197-2 of the French Commercial Code, and/or (ii) corporate officers of the Company and/or of related companies or groups within the meaning of Article L.225-197-2 of the French Commercial Code (except for the Chairman of the Company's Board of Directors when the duties of Chairman of the Board and Chief Executive Officer are separated), provided said corporate officers are eligible for such grants under the applicable law. The amounts and timing of such grants will be determined at the Board's discretion.
2. Resolve that the total number of existing or new shares granted without consideration under this authorization may not exceed 0.4% of the number of shares making up the Company's share capital on the date of the Board of Directors' decision to grant the shares, within the limit of two-thirds of this percentage in any given fiscal year, it being specified that this ceiling takes into account any shares to be granted in respect of adjustments to be made, in accordance with the applicable laws and regulations and any contractual stipulations, to protect the rights of the beneficiaries of the performance shares.
3. Resolve that for each performance share grant, any shares granted to the Company's corporate officers in accordance with the conditions provided for by law may not represent more than 5% of the total number of shares making up the grant (per corporate officer).
4. Resolve that the shares granted pursuant to this authorization will be subject to performance conditions set by the Board of Directors based on the recommendations of the Appointments and Compensation Committee and assessed over a minimum period (the "vesting period") of three consecutive fiscal years, including the year of grant.
5. Resolve that the shares granted will be subject to a vesting period which will be set by the Board of Directors but may not be less than three years, followed, in certain cases, by a lock-up period whose duration will also be set by the Board of Directors.
6. Resolve that any performance shares granted to the Company's corporate officers will be subject to a lock-up period that will be set by the Board of Directors but may not be less than one year as from the vesting date.
7. Resolve that the shares will vest before the expiration of the above-mentioned vesting period and will be freely transferable before the expiration of the above-mentioned lock-up period in the event that the beneficiary becomes disabled, within the meaning of the definition set down in the second or third categories under Article L.341-4 of the French Social Security Code (or the equivalent in any foreign country).
8. Note that if new shares are issued for the purpose of allocating the performance shares, this authorization will result in capital increases paid up by capitalizing reserves, retained earnings, profits or additional paid-in capital as the shares vest, as well as a corresponding waiver by shareholders of their pre-emptive rights to subscribe for the shares issued as part of these capital increases.

The shareholders give full powers to the Board of Directors – or any representative duly empowered in accordance with the law – to use this authorization within the limits set by the applicable laws and regulations and in particular to:

- determine if the shares granted without consideration will be new shares or existing shares, it being specified that the Board may change its choice before the vesting date;
- draw up the list or categories of eligible beneficiaries of the shares, as well as the number of shares allocated to each beneficiary;

- where applicable, set and amend the applicable performance and vesting conditions, notably the duration of the vesting period and lock-up period, particularly concerning the Company's corporate officers and members of the Executive Committee;
- provide for the possibility to defer the vesting date of the shares granted, if necessary;
- provide for the possibility to provisionally suspend the beneficiaries' rights to receive the shares;
- place on record the vesting dates of the shares granted and the dates from which the shares may be freely transferred or sold;
- make any adjustments required during the vesting period to the number of free shares granted in order to protect the rights of beneficiaries, it being specified that the shares granted in connection with any such adjustments will be deemed to have been granted on the same date as the initial grant;
- in the event of the issue of new shares, (i) deduct, where applicable, from reserves, retained earnings, profits or additional paid-in capital, the amounts necessary to pay up the shares, (ii) place on record the capital increases carried out pursuant to this authorization, (iii) amend the Company's bylaws to reflect the new capital; and generally
- take all appropriate measures and enter into any and all agreements to successfully complete the share grants.

This authorization is given for a period of 26 months from the date of this Meeting and supersedes, as of that date, the unused portion of any previous authorization for the same purpose.

Presentation of the twenty-eighth resolution

In order to boost employee shareholding within the Group and share value, a proposal is being made to grant 10 shares to every employee worldwide.

In the 28th resolution, shareholders are therefore invited to authorize the Board of Directors to grant, on one occasion and without consideration, shares to all Group employees, in France and abroad, subject to the applicable regulatory framework in the beneficiaries' country of residence.

In accordance with their respective compensation policies, the Chief Executive Officer and the Chairman of the Company would be excluded from the grant.

The Board of Directors would draw up the list or geographic scope of the beneficiaries of the grants and set the terms and conditions thereof as well as the applicable eligibility criteria.

The shares granted could either be new shares or existing shares bought back by the Company under the terms and conditions provided for by law.

This authorization would entail the waiver by existing shareholders of their pre-emptive rights to subscribe for any shares issued pursuant to this resolution.

The main characteristics of the free share grant carried out using this authorization would be as follows:

No performance conditions

The free share grant would not be subject to performance conditions.

Vesting period – Continuing service condition

The shares granted would be subject to a vesting period set by the Board of Directors, which may not be less than two years.

Ceiling

The total number of free shares granted under this authorization would not exceed 0.3% of the Company's capital at the date of the Board of Directors' decision to grant the free shares (ceiling).

Text of the twenty-eighth resolution

Authorization for the Board of Directors to grant existing or new shares of the Company, without consideration and without performance conditions, to employees of the Company and other Group entities, with a waiver of shareholders' pre-emptive subscription rights

Deliberating in accordance with the rules of quorum and majority applicable to Extraordinary General Meetings and having considered the Board of Directors' report and the Statutory Auditors' special report, in accordance with Articles L.225-197-1 *et seq.* and L.22-10-59 *et seq.* of the French Commercial Code, the shareholders:

1. Authorize the Board of Directors to grant existing or new Safran shares, without consideration, to employees or certain categories of employees of the Company and/or of related companies or groups within the meaning of Article L.225-197-2 of the French Commercial Code, it being specified that the Chief Executive Officer and the Chairman of the Company will be excluded from the grant made under this authorization. The amounts and timing of such grants will be determined at the Board's discretion.
2. Resolve that the total number of existing or new shares granted without consideration under this authorization may not exceed 0.3% of the number of shares making up the Company's share capital on the date of the Board of Directors' decision to grant the shares, it being specified that this ceiling takes into account any shares to be granted in respect of adjustments to be made, in accordance with the applicable laws and regulations and any contractual stipulations, to protect the rights of the beneficiaries of the performance shares.

3. Resolve that the shares granted would be subject to a vesting period set by the Board of Directors, which may not be less than two years.
4. Resolve that the shares will vest before the expiration of the above-mentioned vesting period and will be freely transferable before the expiration of the above-mentioned lock-up period in the event that the beneficiary becomes disabled, within the meaning of the definition set down in the second or third categories under Article L.341-4 of the French Social Security Code (or the equivalent in any foreign country).
5. Note that if new shares are issued for the purpose of allocating the free shares, this authorization will result in capital increases paid up by capitalizing reserves, retained earnings, profits or additional paid-in capital as the shares vest, as well as a corresponding waiver by shareholders of their pre-emptive rights to subscribe for the shares issued as part of these capital increases.

The shareholders give full powers to the Board of Directors – or any representative duly empowered in accordance with the law – to use this authorization within the limits set by the applicable laws and regulations and in particular to:

- determine if the shares granted without consideration will be new shares or existing shares, it being specified that the Board may change its choice before the vesting date;
- draw up the list or geographic scope of eligible beneficiaries of the shares, as well as the number of shares allocated to each beneficiary;
- where applicable, set and amend the vesting conditions, notably the duration of the vesting period and lock-up period;
- provide for the possibility to defer the vesting date of the shares granted, if necessary;
- provide for the possibility to provisionally suspend the beneficiaries' rights to receive the shares;
- place on record the vesting dates of the shares granted and the dates from which the shares may be freely transferred or sold;
- make any adjustments required during the vesting period to the number of free shares granted in order to protect the rights of beneficiaries, it being specified that the shares granted in connection with any such adjustments will be deemed to have been granted on the same date as the initial grant;
- in the event of the issue of new shares, (i) deduct, where applicable, from reserves, retained earnings, profits or additional paid-in capital, the amounts necessary to pay up the shares, (ii) place on record the capital increases carried out pursuant to this authorization, (iii) amend the Company's bylaws to reflect the new capital; and generally
- take all appropriate measures and enter into any and all agreements to successfully complete the share grant.

This authorization is given for a period of 26 months from the date of this Meeting

8.2.3 Resolution concerning powers to carry out formalities

Presentation of the twenty-ninth resolution

The 29th resolution concerns the powers that are necessary to carry out the filing and other legal formalities required for the resolutions adopted at the meeting.

Text of the twenty-ninth resolution

Powers to carry out formalities

The shareholders give full powers to the bearer of an original, extract or copy of the minutes of this Meeting to carry out any and all filing, publication, declaration and other formalities required by the applicable laws and regulations.

8.2.4 Nominees to the Board of Directors

Based on the recommendations of the Appointments and Compensation Committee, in order to continue to benefit from the expertise of Ross McInnes, Olivier Andriès, Laurent Guillot and Alexandre Lahousse, the Board of Directors invites shareholders to re-appoint them (see section 8.2.1.5) for a four-year term expiring at the close of the Annual General Meeting to be held in 2027.

These directors' profiles are presented in section 6.2.2.

Shareholders are invited to appoint Fabrice Brégier as an independent Director for a four-year term expiring at the close of the Annual General Meeting to be held in 2027. Fabrice Brégier would replace Jean-Lou Chameau, whose term is due to expire.

Fabrice Brégier's profile is presented below.

Fabrice BRÉGIER

Executive Management
Digital, innovation, new technologies
Industry

Address: Palantir Technologies France – 5, rue Charlot – 75003 Paris, France

Number of Safran shares held: pursuant to the Board of Directors' Internal Rules, each Director is required to own at least 500 registered shares of the Company

Number of offices held in listed companies: 2

Born in 1961, Fabrice Brégier, a French national, is a graduate engineer of *École Polytechnique* (1980) and *École des Mines de Paris*.

He began his career at the DRIRE Alsace (French Ministry of Industry and Trade), before being appointed Sub-Director of Economic, International and Financial Affairs at the French Ministry of Agriculture (French General Directorate for Food) in 1989.

After serving as an advisor to several French ministers from 1989 to 1993, Fabrice Brégier was appointed Chairman of Franco-German joint ventures at Matra Défense, Director of Stand-Off Activities at Matra BAe Dynamics (MBD) and then Chief Executive Officer of MBD/MBDA.

Fabrice Brégier has 20 years' experience in the aerospace and defense industries. He has spent a large part of his career with the Airbus group. He was Chairman and Chief Executive Officer of Eurocopter from 2003 to 2005, before joining the Executive Committee of Airbus in 2005. He was then successively Chief Operating Officer of Airbus from 2006 to 2012, Chairman and Chief Executive Officer of Airbus from 2012 to 2017 and, lastly, Chairman of Airbus Commercial Aircraft and Chief Operating Officer of Airbus from 2017 to 2018.

Fabrice Brégier has been Chairman of Palantir Technologies France, a leading Big Data company, since October 2018.

MAIN POSITION(S) HELD (OUTSIDE THE COMPANY)

- Chairman of Palantir Technologies France (France)

CURRENT OFFICES AND POSITIONS

Safran Group	Non-Group
None	■ Director and member of the Strategic Committee, the Audit Committee, the Compensation Committee and the Crisis Management Committee of SCOR (listed company) (France) ■ Director and member of the Appointments, Compensation and Governance of Engie (listed company) (France) ■ Chief Executive Officer of FB Consulting SAS (France) ■ Director of KK Wind Solutions (Denmark)

OFFICES AND POSITIONS THAT EXPIRED IN THE LAST FIVE YEARS

Safran Group	Non-Group
None	■ Chief Operating Officer of AIrbus (listed company) (France) ■ Chairman of Airbus Commercial Aircraft (France)

8.2.5 Summary table showing the delegations and authorizations currently in force to increase the share capital

Type of authorization	Date of authorization Term and expiration	Ceiling *(maximum nominal amount of capital increases and maximum principal amount of debt securities authorized)*	Amount used at Dec. 31, 2022
Authorization for the Board of Directors to increase the Company's capital by issuing ordinary shares and/or securities carrying rights to shares of the Company, with pre-emptive subscription rights for existing shareholders, which may not be used during, or in the run-up to, a public offer for the Company's shares	May 26, 2021 AGM (18th resolution) 26 months, i.e., until July 25, 2023	€20 million €2 billion (debt securities)	None
Authorization for the Board of Directors to increase the Company's capital by issuing ordinary shares and/or securities carrying rights to shares of the Company, without pre-emptive subscription rights for existing shareholders, by way of a public offer other than offers governed by Article L.411-2, 1° of the French Monetary and Financial Code, which may not be used during, or in the run-up to, a public offer for the Company's shares	May 26, 2021 AGM (19th resolution) 26 months, i.e., until July 25, 2023	€8 million(1) €2 billion (debt securities)(2)	None
Authorization for the Board of Directors to issue shares and/or securities carrying rights to shares of the Company, without pre-emptive subscription rights for existing shareholders, in the event of a public exchange offer initiated by the Company, which may not be used during, or in the run-up to, a public offer for the Company's shares	May 26, 2021 AGM (20th resolution) 26 months, i.e., until July 25, 2023	€8 million(1)(3) €2 billion (debt securities)(2)(4)	None
Authorization for the Board of Directors to increase the Company's capital by issuing ordinary shares and/or securities carrying rights to shares of the Company, without pre-emptive subscription rights for existing shareholders, through an offer governed by Article L.411-2, 1° of the French Monetary and Financial Code, which may not be used during, or in the run-up to, a public offer for the Company's shares	May 26, 2021 AGM (21st resolution) 26 months, i.e., until July 25, 2023	€8 million(1)(3) €2 billion (debt securities)(2)(4)	Amount used (debt securities): €729,999,864.89 (4,035,601 OCEANE bonds due 2028, see section 7.2.3) Balance of debt securities at Dec. 31, 2022: €1,270,000,135.11 Maximum nominal amount of capital increases that may be carried out: €807,120.20 Balance of capital amount at Dec. 31, 2022: €7,192,879.80

Type of authorization	Date of authorization Term and expiration	Ceiling *(maximum nominal amount of capital increases and maximum principal amount of debt securities authorized)*	Amount used at Dec. 31, 2022
Authorization for the Board of Directors to increase the number of securities included in an issue carried out with or without pre-emptive subscription rights for existing shareholders (pursuant to the 18th, 19th, 20th or 21st resolutions), which may not be used during, or in the run-up to, a public offer for the Company's shares, and blanket ceiling for capital increases with or without pre-emptive subscription rights	May 26, 2021 AGM (22nd resolution) 26 months, i.e., until July 25, 2023	15% of the original issue(5)	None
Authorization for the Board of Directors to increase the Company's capital by issuing ordinary shares to employees who are members of a Group employee savings plan, without pre-emptive subscription rights for existing shareholders	May 26, 2021 AGM (28th resolution) 26 months, i.e., until July 25, 2023	1% of the Company's capital(1)	None
Authorization for the Board of Directors to grant existing or new shares of the Company, without consideration, to employees and corporate officers of the Company and other Group entities, with a waiver of shareholders' pre-emptive subscription rights	May 26, 2021 AGM (30th resolution) 26 months, i.e., until July 25, 2023	0.40% of the Company's capital at the grant date	Amount used in March 2022: 0.19% Balance at Dec. 31, 2022: 0.21% Amount used in March 2023: 0.19% Balance at March 31, 2023: 0.02%

(1) This amount is included in the €20 million ceiling for capital increases set in the 18th resolution adopted by the shareholders at the May 26, 2021 AGM.

(2) This amount is included in the €2 billion ceiling for issues of debt securities set in the 18th resolution adopted by the shareholders at the May 26, 2021 AGM.

(3) This amount is included in the €8 million ceiling for capital increases set in the 19th resolution adopted by the shareholders at the May 26, 2021 AGM.

(4) This amount is included in the €2 billion ceiling for issues of debt securities set in the 19th resolution adopted by the shareholders at the May 26, 2021 AGM.

(5) The ceilings applicable to the 18th, 19th, 20th and 21st resolutions adopted by the shareholders at the May 26, 2021 AGM still apply if the option provided for in the 22nd resolution adopted by the shareholders at that AGM is used.

8.2.6 Summary table of financial authorizations for the Board of Directors submitted to the Annual General Meeting of May 25, 2023 for approval

Type of authorization	Date of authorization Term and expiration	Ceiling *(maximum nominal amount of capital increases and maximum principal amount of debt securities authorized)*
Authorization for the Board of Directors to increase the Company's capital by issuing ordinary shares and/or securities carrying rights to shares of the Company, with pre-emptive subscription rights for existing shareholders, which may not be used during, or in the run-up to, a public offer for the Company's shares, and blanket ceiling for capital increases with or without pre-emptive subscription rights	May 25, 2023 AGM (19th resolution) 26 months, i.e., until July 25, 2025	€20 million €2 billion (debt securities)
Authorization for the Board of Directors to increase the Company's capital by issuing ordinary shares and/or securities carrying rights to shares of the Company, without pre-emptive subscription rights for existing shareholders, by way of a public offer other than offers governed by Article L.411-2, 1° of the French Monetary and Financial Code, which may not be used during, or in the run-up to, a public offer for the Company's shares	May 25, 2023 AGM (20th resolution) 26 months, i.e., until July 25, 2025	€8 million(1) €2 billion (debt securities)(2)
Authorization for the Board of Directors to issue shares and/or securities carrying rights to shares of the Company, without pre-emptive subscription rights for existing shareholders, in the event of a public exchange offer initiated by the Company, which may not be used during, or in the run-up to, a public offer for the Company's shares	May 25, 2023 AGM (21st resolution) 26 months, i.e., until July 25, 2025	€8 million(1)(3) €2 billion (debt securities)(2)(4)
Authorization for the Board of Directors to increase the Company's capital by issuing ordinary shares and/or securities carrying rights to shares of the Company, without pre-emptive subscription rights for existing shareholders, through an offer governed by Article L.411-2, 1° of the French Monetary and Financial Code, which may not be used during, or in the run-up to, a public offer for the Company's shares	May 25, 2023 AGM (22nd resolution) 26 months, i.e., until July 25, 2025	€8 million(1)(3) €2 billion (debt securities)(2)(4)
Authorization for the Board of Directors to increase the number of securities included in an issue carried out with or without pre-emptive subscription rights for existing shareholders (pursuant to the 18th, 19th, 20th or 21st resolutions), which may not be used during, or in the run-up to, a public offer for the Company's shares	May 25, 2023 AGM (23rd resolution) 26 months, i.e., until July 25, 2025	15% of the original issue(5)
Authorization for the Board of Directors to increase the Company's capital by capitalizing reserves, retained earnings, profits or additional paid-in capital, which may not be used during, or in the run-up to, a public offer for the Company's shares	May 25, 2023 AGM (24th resolution) 26 months, i.e., until July 25, 2025	€12.5 million
Authorization for the Board of Directors to increase the Company's capital by issuing ordinary shares to employees who are members of a Group employee savings plan, without pre-emptive subscription rights for existing shareholders	May 25, 2023 AGM (25th resolution) 26 months, i.e., until July 25, 2025	1% of the Company's capital(1)
Authorization for the Board of Directors to grant existing or new shares of the Company, without consideration and **with performance conditions**, to employees and corporate officers of the Company and other Group entities, with a waiver of shareholders' pre-emptive subscription rights	May 25, 2023 AGM (27th resolution) 26 months, i.e., until July 25, 2025	0.4% of the Company's capital at the grant date
Authorization for the Board of Directors to grant existing or new shares of the Company, without consideration and **without performance conditions**, to employees of the Company and other Group entities, with a waiver of shareholders' pre-emptive subscription rights	May 25, 2023 AGM (28th resolution) 26 months, i.e., until July 25, 2025	0.3% of the Company's capital at the grant date

(1) *This amount is included in the €20 million ceiling for capital increases set in the 19th resolution submitted to the shareholders at the May 25, 2023 AGM.*
(2) *This amount is included in the €2 billion ceiling for issues of debt securities set in the 19th resolution submitted to the shareholders at the May 25, 2023 AGM.*
(3) *This amount is included in the €8 million ceiling for capital increases set in the 20th resolution submitted to the shareholders at the May 25, 2023 AGM.*
(4) *This amount is included in the €2 billion ceiling for issues of debt securities set in the 20th resolution submitted to the shareholders at the May 25, 2023 AGM.*
(5) *The ceilings applicable to the 19th, 20th, 21st and 22nd resolutions submitted to the shareholders at the May 25, 2023 AGM still apply if the option provided for in the 23rd resolution submitted to the shareholders at that AGM is used.*

8.3 STATUTORY AUDITORS' REPORTS PRESENTED TO THE ANNUAL GENERAL MEETING OF MAY 25, 2023

8.3.1 Statutory Auditors' special report on related-party agreements

Annual General Meeting for the approval of the financial statements for the year ended December 31, 2022

This is a free translation into English of the Statutory Auditors' special report on related-party agreements and is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of Safran, we hereby report to you on related-party agreements.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of agreements that have been disclosed to us or that we may have identified as part of our engagement, as well as the reasons given as to why they are beneficial for the Company, without commenting on their relevance or substance or identifying any undisclosed agreements. Under the provisions of Article R.225-31 of the French Commercial Code (*Code de commerce*), it is the responsibility of the shareholders to determine whether the agreements are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by Article R.225-31 of the French Commercial Code in relation to the implementation during the year of agreements already approved by the Annual General Meeting.

We performed the procedures that we deemed necessary in accordance with the professional guidance issued by the French national auditing body (*Compagnie nationale des commissaires aux comptes*) for this type of engagement. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

Agreements submitted for approval by the Annual General Meeting

In accordance with Article L.225-40 of the French Commercial Code, we were informed of the following agreement entered into during the year and authorized in advance by the Board of Directors.

With the French State (shareholder holding more than 10% of the Company's voting rights)

Persons concerned

The French State (shareholder holding more than 10% of the Company's voting rights).

Céline Fornaro, representative of the French State to the Board of Directors of Safran, and Alexandre Lahousse, a Director put forward by the French State.

Agreement of July 22, 2022 between Safran, Airbus SE, Tikehau ACE Capital, AD Holding and the French State on Aubert & Duval SAS' sensitive assets (the "AD Agreement")

Nature, purpose, terms and conditions

The acquisition of 100% of the share capital and voting rights of Aubert & Duval SAS (hereinafter "AD SAS") held by Eramet SA is underway, through a holding company (hereinafter "AD Holding") owned by a consortium composed of Safran, Airbus SE and Tikehau Ace Capital.

AD SAS and its subsidiaries directly or indirectly hold assets that are directly related to protecting the French State's strategic interests in materials that are essential for national defense needs in the aviation, naval, land and nuclear sectors and, in particular, preserving innovation, design and production capacities, as well as securing the supply of such materials.

Accordingly, the French State intends, at the latest upon completion of the acquisition of AD SAS' share capital by AD Holding and in order to protect France's essential interests, to set up a specific AD SAS share (the "Specific Share"), which will replace the specific Eramet SA share.

In particular, the AD Agreement provides for:

Protection scope:

- assets identified as sensitive defense assets that are essential for national defense needs in the aviation, naval, land and nuclear sectors;
- shares in AD Holding, AD SAS and its subsidiaries, as well as interests held directly or indirectly by AD SAS, or any company to which its rights and obligations are transferred, if said company holds or operates an asset identified as a sensitive defense asset ("Protected Sector Interests").

  On corporate governance matters:
- the French State shall be entitled to appoint a non-voting representative to the Board of Directors of AD Holding and, where applicable, the Board of Directors of AD SAS, if there is one.

On sensitive assets and entities holding such assets:

- the French State shall have a prior right of approval over:
  - any proposal to sell sensitive defense assets to a third party,
  - any proposal from a third party to purchase shares in AD Holding, AD SAS, its subsidiaries and Protected Sector Interests,
  - any proposal to sell all or part of the interest held by AD Holding in AD SAS to a third party,

  - any proposal to confer rights on a third party for the purpose of transferring expertise, technology or intellectual property rights related to a sensitive defense asset or to confer rights of representation on the administrative or management bodies of AD Holding or AD SAS;
- failure by the French State to respond within one month (renewable once) shall be deemed to constitute agreement, subject to the application of the provisions in respect of the Specific Share;
- the French State shall be informed beforehand of any proposal to change the distribution of AD Holding's share capital between Airbus SE, Safran and Tikehau Ace Capital or of any proposal to restructure AD Holding or AD SAS;
- if the French State establishes that AD Holding or AD SAS has failed to comply with the essential obligations undertaken in respect of the French State in the AD Agreement (in particular, failure to comply with the above-mentioned right of approval or the rights linked to the Specific Share), and that such non-compliance continues for more than three months after notification is received from the French State, the French State may acquire all or part of the sensitive defense assets at a price to be set by a panel of experts.

The AD Agreement was authorized by the Board of Directors on February 23, 2022 (the representative of the French State and the Director put forward by the French State did not take part in the vote).

It was signed on July 22, 2022 and will come into effect on the date on which the acquisition of AD SAS by AD Holding is completed, subject to said completion.

Reason for the agreement

The Board of Directors signed this agreement for the following reason:

An agreement is necessary for the Specific Share, in order to ensure full protection of France's national interests and therefore the continuity of AD SAS' sovereignty-related operations and give the French State:

- rights over the ownership and, where applicable, the devolution of all or part of the sensitive defense assets defined in the AD Agreement; and
- rights of representation on the governing bodies of AD Holding and, where applicable, AD SAS.

Agreements already approved by the Annual General Meeting

In accordance with Article R.225-30 of the French Commercial Code, we were informed that the following agreements, approved by the Annual General Meeting in prior years, remained in force during the year.

With the French State (shareholder holding more than 10% of the Company's voting rights)

Persons concerned

The French State (shareholder holding more than 10% of the Company's voting rights).

Céline Fornaro, representative of the French State to the Board of Directors of Safran, and Alexandre Lahousse, a Director put forward by the French State.

a) Agreement of March 22, 2018 between Safran and the French State – Consolidation and update of the 2004 Agreement related to strategic defense assets and subsidiaries and its addendums in a single document

Nature, purpose, terms and conditions

When Snecma was privatized following its merger with Sagem, the French State agreed to waive its right, pursuant to Article 10 of the privatization act of August 6, 1986, to take a golden share in Snecma, provided that equivalent contractual rights were granted in an agreement. In order to protect France's national interests and preserve the country's independence, the French State entered into an agreement on December 21, 2004 with Sagem and Snecma related to strategic defense assets and subsidiaries (the "2004 Agreement"). The 2004 Agreement is designed (i) to give the French State control over the ownership and, where applicable, the devolution of all or part of certain assets and shares of subsidiaries or other equity investments held by the companies party to the 2004 Agreement, combined with certain acquisition thresholds, and (ii) to give the French State rights of representation on the governing bodies of the strategic subsidiaries and subsidiaries holding assets related to French combat aircraft engines.

The merger between Snecma and Sagem which created Safran in 2005 and the various transactions completed by Safran since then have significantly changed the Group's scope, prompting Safran and the French State to amend the 2004 Agreement through a series of six successive addendums.

Safran and the French State wished to consolidate the 2004 Agreement and its amendments into a single document (the "Agreement") and to update its contents. The Agreement was authorized by the Board of Directors at its meeting on March 22, 2018. It was signed by Safran on March 26, 2018.

The Agreement supersedes the 2004 Agreement, and notably provides as follows:

On corporate governance matters:

- Safran's competent bodies shall be invited to appoint the French State as a Director if its interest in the Company's share capital is less than 10% but more than 1%;
- Safran's competent bodies shall in addition be invited to appoint a member proposed by the French State to the Board of Directors if its interest in the Company's share capital is more than 5%;
- at the request of the French State, the Board of Directors shall be invited to appoint one of the persons referred to above to any Board committee that may be set up for the purpose of addressing matters directly related to its rights under the Agreement;
- the French State shall be entitled to appoint a non-voting representative to the Boards of Directors or equivalent bodies of Safran's strategic subsidiaries (Safran Ceramics and Safran Power Units) and subsidiaries owning sensitive defense assets.

On strategic or sensitive defense assets and the entities that hold such assets:

- the French State shall have a prior right of approval over:
  - sales of assets (other than those that do not affect the defense activities) owned by strategic subsidiaries and accordingly identified as strategic; sales of shares in the strategic subsidiaries Safran Ceramics and Safran Power Units; and sales of shares in AGH,
  - sales by Group companies of certain assets identified as defense sensitive (such as engines, components and systems, high precision inertial navigation and missile guidance systems, financed directly or indirectly by the French Defense Ministry),
  - sales of shares in Safran Electronics & Defense, which owns sensitive defense assets,
  - acquisitions by Group companies of interests resulting in a holding of more than 33.33% or more than 50% of the share capital or voting rights of the other Group companies that own sensitive defense assets,
  - projects conferring special management or information rights over strategic or sensitive defense assets or rights of representation on the administrative or management bodies of Safran Ceramics, Safran Power Units, AGH or another entity owning sensitive defense assets controlled by Safran.

    Failure by the French State to respond within a period of 30 business days shall be deemed to constitute agreement, except in the case of proposals to sell shares in AGH, in which case failure to respond shall be deemed to constitute refusal;
- the French State shall be informed beforehand of any proposal by a strategic subsidiary or an entity controlled by Safran that owns sensitive defense assets, to sell assets that do not fall into these protected categories but whose sale could have a material impact on the independent management on French territory of the entity's strategic assets or sensitive defense assets;
- in the event that a third party acquires more than 10% or a multiple of 10% of the share capital or voting rights of Safran, and failing an agreement on other ways of protecting national interests in connection with the strategic assets, the French State shall be entitled to purchase the securities and assets of the strategic subsidiaries Safran Ceramics and Safran Power Units and the stake in AGH at a price to be set by a panel of experts.

The Agreement was approved by shareholders at the May 25, 2018 Annual General Meeting.

b) Agreements related to the establishment of ArianeGroup Holding – AGH Agreement, Arianespace Agreement, Pre-emption Agreement, addendum no. 6 to the Agreement of December 21, 2004 and addendum to the Environmental Guarantee Agreement (EGA)

Nature, purpose, terms and conditions

On June 30, 2016, Safran and Airbus Group finalized the combination, carried out in two stages, of their launch vehicle business into Airbus Safran Launchers Holding (since renamed ArianeGroup Holding [AGH]) and its wholly-owned subsidiary Airbus Safran Launchers (since renamed ArianeGroup SAS).

In the first half of 2016, the following agreements and addendums, which are indivisible and were required to establish the combination, were signed with the French State:

- AGH Agreement;
- Arianespace Agreement;
- Pre-emption Agreement;
- addendum no. 6 to the Agreement of December 21, 2004 (the "2004 Agreement", as described above in section 1.a) and below in section b.4;
- addendum to the Environmental Guarantee Agreement (EGA).

The AGH Agreement, the Arianespace Agreement and the Pre-emption Agreement, as well as addendum no. 6 to the 2004 Agreement, were authorized by the Board of Directors on December 17, 2015. They were signed on June 24, 2016 and entered into force on June 30, 2016. They were subsequently approved by the Annual General Meeting of June 15, 2017.

Effective from June 30, 2016, the protection of the French State's strategic interests is ensured via:

- **b.1 The AGH Agreement**: an agreement between the French State and AGH relating to protected assets and strategic subsidiaries and interests, entered into in the presence of Safran and Airbus Group SE.
- **b.2 The Arianespace Agreement**: an agreement between the French State and AGH relating to Arianespace Participation and Arianespace SA shares, entered into in the presence of Safran and Airbus Group SE.

The following agreements were entered into at the same time:

- **b.3 The Pre-emption Agreement**: an agreement between Safran, Airbus Group and the French State, which sets out the conditions under which Airbus Group and Safran may exercise a pre-emptive right on the shares of the other partner in AGH if the French State exercises any of the call options granted to it by Airbus Group and Safran. The French State may only buy back AGH shares once the pre-emptive rights of Safran and Airbus have been used or expire.
- **b.4 Addendum no. 6 to the 2004 Agreement between Safran and the French State:**

The 2004 Agreement was approved by shareholders at the May 11, 2005 Annual General Meeting. The agreement, as amended or supplemented by the three addendums signed in 2011 and approved at the May 31, 2012 Annual General Meeting and the two addendums signed in 2014 and approved at the April 23, 2015 Annual General Meeting as well as addendum no. 6, provided that:

- the French State shall be entitled to appoint a non-voting representative to Safran's Board of Directors should its interest in the Company's share capital fall below 10%;
- the French State shall be entitled to appoint a non-voting representative to the Boards of Directors or equivalent bodies of Safran's strategic subsidiaries and subsidiaries holding assets related to French combat aircraft engines;
- the French State shall have a prior right of approval over (i) sales of certain strategic or defense sensitive assets, and (ii) acquisitions of interests resulting in crossing certain ownership or voting rights thresholds in Safran and other Group companies that own strategic assets.

The Agreement of December 21, 2004, as amended by the six addendums, remained in force until March 22, 2018, when it was superseded by the Agreement of March 22, 2018 between Safran and the French State (see section 1.a above).

- **b.5** Moreover, the EGA Addendum, an addendum to an Environmental Guarantee Agreement (EGA) with SNPE authorized by the Board of Directors on December 17, 2015, was signed on May 17, 2016 and entered into force on June 30, 2016. It was subsequently approved by the Annual General Meeting of June 15, 2017. Some sites transferred to AGH, as part of the above-described business combination, are covered by an Environmental Guarantee Agreement (EGA) granted to Safran by SNPE and counter-guaranteed by the French State. With the French State's approval, the addendum to the EGA was entered into between SNPE, AGH and Safran in order to transfer the benefit of the EGA to AGH for said sites (Safran being substituted by AGH).

c) Arianespace Framework Protocol entered into between theFrench State, ArianeGroup Holding (AGH) and CNES, in the presence of Safran

Nature, purpose, terms and conditions

The CNES (French National Space Studies Center), the French State and AGH, in the presence of Airbus Group and Safran, signed the Arianespace Framework Protocol, which relates to the buying back by AGH of Arianespace shares and Ariane brand names held by CNES and establishes the principal terms and conditions of the sale to AGH of Arianespace shares held by CNES, as well as the parties' declarations and commitments. In its capacity as a shareholder of AGH, Safran undertakes to ensure that AGH fully complies with said agreement.

The protocol provided for a new operating framework for European launchers.

The signature of the protocol was authorized by the Board of Directors on December 17, 2015. It was signed on February 8, 2016 and approved by the Annual General Meeting of May 19, 2016. It subsequently entered into force on June 30, 2016.

With a pool of banks including BNP Paribas

Person concerned

Monique Cohen, a Director of Safran and BNP Paribas.

Agreement of October 29, 2015 with BNP Paribas and a pool of banks relating to a credit facility

Nature, purpose, terms and conditions

The agreement was authorized by the Board of Directors on October 29, 2015 and signed on December 4, 2015.

The facility amounts to €2,520 million and has a five-year term with two successive one-year extension options. It was granted by a pool of 15 banks, including BNP Paribas, whose proportion of the facility is the same as that of the other banks that are parties to the agreement. Both one-year extension options have been exercised, extending the term to December 2022.

The revolving credit facility was put in place to ensure that the Group would have sufficient liquidity over the medium term and to enable it to cover its general financing requirements. By refinancing and replacing two existing facilities with shorter terms than the new facility, the Group was able to take advantage of favorable market interest rates.

It was approved by shareholders at the May 19, 2016 Annual General Meeting. It was terminated on May 4, 2022.

In respect of 2022, an expense of €64,575 was recorded in Safran's financial statements corresponding to BNP Paribas' share of the no-use fee (split between lenders based on their respective commitments).

Paris-La Défense, March 24, 2023

The Statutory Auditors

MAZARS	ERNST & YOUNG et Autres
Jérôme de Pastors	Philippe Berteaux

8.3.2 Statutory Auditors' reports on the proposed authorizations presented to the Annual General Meeting of May 25, 2023

8.3.2.1 Statutory Auditors' report on the issue, with or without pre-emptive subscription rights, of ordinary shares and/or securities carrying rights to shares

Ordinary and Extraordinary Shareholders' Meeting of May 25, 2023

Nineteenth, twentieth, twenty-first and twenty-second resolutions

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of Safran and in compliance with Articles L.228-92 and L.225-135 *et seq.* of the French Commercial Code (*Code de commerce*), as well as Article L.22-10-52, we hereby report on the proposed delegation to the Board of Directors of various issues of ordinary shares and/or securities carrying rights to shares, which is submitted for your approval.

The Board of Directors proposes that, on the basis of its report, it be authorized, with the ability to sub-delegate, for a period of 26 months from the date of this Meeting, to decide on the following issues and set the final conditions thereof, and proposes, as the case may be, to cancel your pre-emptive subscription rights:

- issue, with pre-emptive subscription rights, of (i) ordinary shares of the Company, (ii) securities carrying immediate or deferred rights (either with or without consideration) to new or existing ordinary shares of the Company, or (iii) securities carrying immediate or deferred rights (either with or without consideration) to new or existing ordinary shares of a company in which the Company holds over half of the capital, directly or indirectly (nineteenth resolution);

- issue, without pre-emptive subscription rights, by way of a public offer other than offers governed by Article L.411-2, 1° of the French Monetary and Financial Code (*Code monétaire et financier*), of (i) ordinary shares of the Company, (ii) securities carrying immediate or deferred rights (either with or without consideration) to new or existing ordinary shares of the Company, or (iii) securities carrying immediate or deferred rights (either with or without consideration) to new or existing ordinary shares of a company in which the Company holds over half of the capital, directly or indirectly (twentieth resolution);
- issue of ordinary shares or securities carrying immediate or deferred rights to shares of the Company, in the event of a public exchange offer initiated by the Company (twenty-first resolution);
- issue, without pre-emptive subscription rights, through an offer governed by Article L.411-2, 1° of the French Monetary and Financial Code, and within the limit of 20% of the Company's share capital per year, of (i) ordinary shares of the Company, (ii) securities carrying immediate or deferred rights (either with or without consideration) to new or existing ordinary shares of the Company, or (iii) securities carrying immediate or deferred rights (either with or without consideration) to new or existing ordinary shares of a company in which the Company holds over half of the capital, directly or indirectly (twenty-second resolution).

The maximum aggregate nominal amount of any capital increases that may be carried out immediately or in the future may not, according to the nineteenth resolution, exceed €20 million under the nineteenth to twenty-second and twenty-fifth resolutions, it being specified that the nominal amount of any capital increases that may be carried out may not, according to the twentieth resolution, individually and cumulatively exceed €8 million under the twentieth to twenty-second resolutions.

The nominal amount of any debt securities that may be issued may not, according to the nineteenth resolution, individually and cumulatively exceed €2 billion under the nineteenth to twenty-second resolutions.

These ceilings take into account the additional number of shares to be created within the scope of the implementation of the delegations sought in the nineteenth, twentieth, twenty-first and twenty-second resolutions, in accordance with the conditions provided for in Article L.225-135-1 of the French Commercial Code, if you adopt the twenty-third resolution.

It is the responsibility of the Board of Directors to prepare a report in accordance with Articles R.225-113 *et seq.* of the French Commercial Code. Our role is to report on the fairness of the financial information taken from the financial statements, on the proposed cancellation of pre-emptive subscription rights and on certain other disclosures relating to the issues, contained in this report.

We performed the procedures that we deemed necessary in accordance with the professional guidance issued by the French national auditing body (*Compagnie nationale des commissaires aux comptes*) for this type of engagement. These procedures consisted in verifying the information provided in the Board of Directors' report relating to these operations and the methods used to determine the issue price of the capital securities to be issued.

Subject to a subsequent examination of the conditions for the proposed issues, we have no matters to report as to the methods used to determine the issue price of the capital securities to be issued, as provided in the Board of Directors' report in respect of the twentieth and twenty-second resolutions.

Furthermore, as this report does not specify the conditions for determining the issue price for the capital securities to be issued within the scope of the implementation of the nineteenth and twenty-first resolutions, we cannot report on the choice of inputs used to determine the issue price.

As the final conditions of the capital increase have not yet been determined, we cannot report on the final conditions and, consequently, on the proposed cancellation of pre-emptive subscription rights proposed in the twentieth and twenty-second resolutions.

In accordance with Article R.225-116 of the French Commercial Code, we will issue a supplementary report if and when your Board of Directors uses the delegations in the event of issues of securities that are capital securities giving access to other capital securities or carry rights to the allocation of debt securities, in the event of issues of securities giving access to capital securities to be issued, and in the event of issues of ordinary shares with cancellation of pre-emptive subscription rights.

Paris-La Défense, March 24, 2023

The Statutory Auditors

MAZARS	ERNST & YOUNG et Autres
Jérôme de Pastors	Philippe Berteaux

8.3.2.2 Statutory Auditors' report on the issue of ordinary shares and/or securities carrying rights to shares reserved for employees who are members of Group employee savings plans

Ordinary and Extraordinary Shareholders' Meeting of May 25, 2023

Twenty-fifth resolution

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of Safran and in compliance with Articles L.228-92 and L.225-135 *et seq.* of the French Commercial Code (*Code de commerce*), we hereby report on the proposed delegation of authority to the Board of Directors to decide on the issue of ordinary shares or securities with immediate or deferred rights to ordinary shares of the Company, without pre-emptive subscription rights, reserved for employees of the Company and of any French or foreign companies related to the Company within the meaning of Article L.225-180 of the French Commercial Code, who are members of the Group employee savings plan or any company employee savings plan in place within the Group, which is submitted for your approval.

The maximum nominal amount of any capital increases carried out pursuant to this authorization may not represent more than 1% of the Company's capital at the date of the Board of Directors' decision to carry out the issue, it being specified that the nominal amount of any capital increases carried out pursuant to this authorization will be included in the blanket ceiling for capital increases set in the nineteenth resolution of this Meeting.

This operation is submitted for your approval in accordance with Articles L.225-129-6 of the French Commercial Code and L.3332-18 *et seq.* of the French Labor Code (*Code du travail*).

The Board of Directors proposes that, on the basis of its report, it be authorized, for a period of 26 months from the date of this Meeting, to decide to carry out an issue, and proposes to cancel your pre-emptive subscription rights to the securities to be issued.

If necessary, the Board of Directors will determine the final conditions of this operation.

It is the responsibility of the Board of Directors to prepare a report in accordance with Articles R.225-113 *et seq.* of the French Commercial Code. Our role is to report on the fairness of the financial information taken from the financial statements, on the proposed cancellation of pre-emptive subscription rights and on certain other disclosures relating to the issue, contained in this report.

We performed the procedures that we deemed necessary in accordance with the professional guidance issued by the French national auditing body (*Compagnie nationale des commissaires aux comptes*) for this type of engagement. These procedures consisted in verifying the information provided in the Board of Directors' report relating to this operation and the methods used to determine the issue price of the capital securities to be issued.

Subject to a subsequent examination of the conditions for the proposed issue, we have no matters to report as to the methods used to determine the issue price of the capital securities to be issued, as provided in the Board of Directors' report.

As the final conditions of the issue have not yet been determined, we cannot report on the final conditions and, consequently, on the proposed cancellation of pre-emptive subscription rights.

In accordance with Article R.225-116 of the French Commercial Code, we will issue a supplementary report if and when the Board of Directors uses the delegation in the event of issues of ordinary shares or securities that are capital securities giving access to other capital securities, and in the event of issues of securities giving access to capital securities to be issued.

Courbevoie and Paris-La Défense, March 24, 2023

The Statutory Auditors

MAZARS	ERNST & YOUNG et Autres
Jérôme de Pastors	Philippe Berteaux

8.3.2.3 Statutory Auditors' report on the share capital reduction

Ordinary and Extraordinary Shareholders' Meeting of May 25, 2023

Twenty-sixth resolution

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of Safran and in compliance with the provisions of Article L.22-10-62 of the French Commercial Code (*Code de commerce*) applicable to share capital reductions by cancellation of repurchased shares, we hereby report on our assessment of the reasons for and the terms and conditions of the proposed capital reduction.

The Board of Directors proposes that it be granted full powers, for a period of 24 months from the date of this Meeting, to cancel the shares purchased under the Company's share buyback program, pursuant to an authorization granted within the framework of the above-mentioned article, up to a maximum of 10% of the share capital per 24-month period.

We performed the procedures that we deemed necessary in accordance with the professional guidance issued by the French national auditing body (*Compagnie nationale des commissaires aux comptes*) for this type of engagement. These procedures consisted in verifying that the reasons for and the terms and conditions of the proposed capital reduction, which is not considered to affect shareholders, comply with the applicable legal provisions.

We have no matters to report on the reasons for and the terms and conditions of the proposed capital reduction.

Courbevoie and Paris-La Défense, March 24, 2023

The Statutory Auditors

MAZARS	ERNST & YOUNG et Autres
Jérôme de Pastors	Philippe Berteaux

8.3.2.4 Statutory Auditors' report on the authorization to grant existing or new shares, free of consideration, with performance conditions

Ordinary and Extraordinary Shareholders' Meeting of May 25, 2023

Twenty-seventh resolution

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of Safran and in compliance with Article L.225-197-1 of the French Commercial Code (*Code de commerce*), we hereby report on the proposed authorization to grant existing or new shares of the Company, with performance conditions, which is submitted for your approval. The total number of existing or new shares granted under this authorization may not exceed (i) 0.4% of the Company's share capital at the date of the Board of Directors' decision to grant the shares, or (ii) two-thirds of this percentage in any given fiscal year. In addition, for each performance share grant, the maximum number of performance shares granted to each of the Company's corporate officers would be set at 5% of the total number of shares making up the grant (representing a sub-ceiling of 0.01% of the Company's share capital per corporate officer and fiscal year).

The Board of Directors may grant shares, free of consideration, to:

- employees or certain categories of employees of the Company and/or of related companies or groups within the meaning of Article L.225-197-2 of the French Commercial Code; and
- corporate officers of the Company and/or of related companies or groups within the meaning of Article L.225-197-2 of the French Commercial Code (except for the Chairman of the Company's Board of Directors when the duties of Chairman of the Board and Chief Executive Officer are separated), provided said corporate officers are eligible for such grants under the applicable law.

The Board of Directors proposes that, on the basis of its report, it be authorized, for a period of 26 months from the date of this Meeting, to grant existing or new shares, free of consideration.

It is the responsibility of the Board of Directors to prepare a report on the proposed operation. It is our responsibility to report to you on the information provided to you on the proposed operation.

We performed the procedures that we deemed necessary in accordance with the professional guidance issued by the French national auditing body (*Compagnie nationale des commissaires aux comptes*) for this type of engagement. These procedures consisted mainly in verifying that the proposed methods described in the Board of Directors' report comply with the legal provisions governing such operations.

We have no matters to report as to the information provided in the Board of Directors' report relating to the proposed authorization to grant existing or new shares, free of consideration.

Courbevoie and Paris-La Défense, March 24, 2023

The Statutory Auditors

MAZARS	ERNST & YOUNG et Autres
Jérôme de Pastors	Philippe Berteaux

8.3.2.5 Statutory Auditors' report on the authorization to grant existing or new shares, free of consideration, without performance conditions

Ordinary and Extraordinary Shareholders' Meeting of May 25, 2023

Twenty-eighth resolution

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of Safran and in compliance with Article L.225-197-1 of the French Commercial Code (*Code de commerce*), we hereby report on the proposed authorization to grant existing or new shares of the Company, free of consideration, which is submitted for your approval. The total number of existing or new shares granted under this authorization may not exceed 0.3% of the Company's share capital at the date of the Board of Directors' decision to grant the shares.

The Board of Directors may grant shares, free of consideration, to employees of the Company and/or of related companies or groups within the meaning of Article L.225-197-2 of the French Commercial Code, it being specified that the Chief Executive Officer and the Chairman of the Company will be excluded from any grants made under this authorization.

The Board of Directors proposes that, on the basis of its report, it be authorized, for a period of 26 months from the date of this Meeting, to grant existing or new shares, free of consideration.

It is the responsibility of the Board of Directors to prepare a report on the proposed operation. It is our responsibility to report to you on the information provided to you on the proposed operation.

We performed the procedures that we deemed necessary in accordance with the professional guidance issued by the French national auditing body (*Compagnie nationale des commissaires aux comptes*) for this type of engagement. These procedures consisted mainly in verifying that the proposed methods described in the Board of Directors' report comply with the legal provisions governing such operations.

We have no matters to report as to the information provided in the Board of Directors' report relating to the proposed authorization to grant existing or new shares, free of consideration.

Courbevoie and Paris-La Défense, March 24, 2023

The Statutory Auditors

MAZARS	ERNST & YOUNG et Autres
Jérôme de Pastors	Philippe Berteaux

9 Additional information

Corsair International A330neo cabin equipped with the Z400 Economy seat

9 Additional information

FOREWORD

PERSONS RESPONSIBLE

Person responsible for the Universal Registration Document

Olivier Andriès

Chief Executive Officer

PERSON RESPONSIBLE FOR THE FINANCIAL INFORMATION

Pascal Bantegnie

Group Chief Financial Officer

STATUTORY AUDITORS

Statutory Auditors

Mazars

Tour Exaltis

61, rue Henri-Regnault

92075 Paris La Défense

Ernst & Young et Autres

Tour First

1, place des Saisons

92037 Paris La Défense

The terms of office of the Statutory Auditors will expire at the close of the Annual General Meeting held to approve the financial statements for the year ending December 31, 2027.

9.1 PERSONS RESPONSIBLE

9.1.1 Person responsible for the Universal Registration Document

Olivier Andriès

Chief Executive Officer of Safran

9.1.2 Declaration by the person responsible for the Universal Registration Document

"I hereby declare that the information contained in this Universal Registration Document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

I further declare that to the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the Company and the undertakings in the consolidation taken as a whole, and that the management report (the cross-reference table for which is shown in chapter 10 of this Universal Registration Document) includes a fair review of the development of the business, the results of operations and the financial position of the Company and of all the undertakings in the consolidation taken as a whole, and also describes the main risks and uncertainties to which they are exposed."

Paris, March 31, 2023

Chief Executive Officer,

Olivier Andriès

9.1.3 Person responsible for the financial information

Pascal Bantegnie

Group Chief Financial Officer

Tel.: +33 (0)1 40 60 81 24

Email: pascal.bantegnie@safrangroup.com

9.2 STATUTORY AUDITORS

For the period covered by the historical financial information, Safran's Statutory Auditors are as follows:

Statutory Auditors

Mazars	Ernst & Young et Autres
Represented by:	Represented by:
Jérôme de Pastors	**Philippe Berteaux**
61, rue Henri-Regnault – 92075 Paris La Défense	1, place des Saisons – 92037 Paris La Défense
Start date of first term of office: May 25, 2022 ■ Appointed by the Ordinary and Extraordinary Shareholders' Meeting of May 25, 2022 for a term of six years (2022 to 2027) ■ Expiration of term of office: close of the Annual General Meeting held to approve the financial statements for the year ending December 31, 2027	Start date of first term of office: May 25, 2022 ■ Appointed by the Ordinary and Extraordinary Shareholders' Meeting of May 25, 2022 for a term of six years (2022 to 2027) ■ Expiration of term of office: close of the Annual General Meeting held to approve the financial statements for the year ending December 31, 2027

Mazars and Ernst & Young are members of the Versailles regional auditing body (*Compagnie régionale des commissaires aux comptes de Versailles*).

New terms of office and non-renewal

The terms of office of Gilles Rainaut and Auditex as alternate auditors expired at the close of the Annual General Meeting of May 25, 2022 and were not renewed.

9.3 HISTORICAL FINANCIAL INFORMATION

In accordance with Article 19 of Regulation (EU) 2017/1129 of the European Parliament and of the Council, the following information is incorporated by reference in this Universal Registration Document:

For 2021

The information required in the management report is presented in section 9.5.3, the consolidated and parent company financial statements are presented in sections 3.1 and 3.3 and the corresponding Statutory Auditors' reports are presented in sections 3.2 and 3.4 of the 2021 Universal Registration Document, which was filed with the French financial markets authority (*Autorité des marchés financiers* – AMF) on March 31, 2022 under number D.22-0217.

For 2020

The information required in the management report is presented in section 9.5.3, the consolidated and parent company financial statements are presented in sections 3.1 and 3.3 and the corresponding Statutory Auditors' reports are presented in sections 3.2 and 3.4 of the 2020 Universal Registration Document, which was filed with the AMF on March 31, 2021 under number D.21-0238.

List of regulatory information published over the last 12 months

The list of regulatory information published by the Group from January 1, 2022 to the date of filing of this Universal Registration Document on March 31, 2023 is available on the Group's corporate website at https://www.safran-group.com/finance/regulated-information.

Date of latest financial information

December 31, 2022.

9.4 DOCUMENTS ON DISPLAY

Availability of documents and information concerning the Company

Safran's legal documents that must be made available to shareholders, in accordance with the applicable regulations, may be consulted at the registered office located at 2, boulevard du Général-Martial-Valin, 75015 Paris.

Safran provides its shareholders with a wide range of tools for the frequent communication of transparent and accessible information on the Group, its businesses and its results. The Group website (www.safran-group.com) contains information for the public, such as presentations to analysts, financial press releases, and Registration Documents (last five years).

Contact

Financial Communications Department

Analysts and institutional investors	Individual shareholders
■ Tel.: +33 (0)1 40 60 80 80	■ Toll-free number (mainland France only): 0 800 17 17 17 Monday to Friday, 9 a.m. to 5 p.m.
■ E-mail: investor.relation@safrangroup.com	■ E-mail: actionnaire.individuel@safrangroup.com

Safran

2, boulevard du Général-Martial-Valin – 75724 Paris Cedex 15 – France

All financial information pertaining to Safran is available on the Group's website at www.safran-group.com, in the Finance section.

10 Appendices

Vulcain rocket engine chamber valve

10 Appendices

10.1 CROSS-REFERENCE TABLES

10.1.1 Cross-reference table for the Non-Financial Information Statement

Themes	Chapter	Pages
ITEMS COMPRISING THE NFIS		
Business model	Integrated Report	18/19
Main non-financial risks	5.2	262
Reasonable diligence policies and procedures	5.3 - 5.6	267 to 318
Publication of key performance indicators	Integrated Report	46/47
MANDATORY TOPICS CITED IN ARTICLE L.225-102-1		
Labor-related consequences of the business	5.4	283
Environmental consequences of the business	5.3 and 5.5.3	265/305
Respect for human rights	5.1.3	261
Fight against corruption	5.5.1	297
Fight against tax evasion	5.5.1.5	302
Consequences of the Company's business and the use of the goods and services it produces on climate change	5.3	267
Social commitments in favor of the circular economy	5.5.3	305
Collective bargaining agreements in place within the Group and their impacts on economic performance and working conditions of employees	5.4.2.2	291
Measures to combat discrimination and promote diversity	5.4.3	293
Social commitments in favor of the fight against food waste[(1)]	N/A	N/A
Measures taken in favor of people with disabilities	5.4.3.3	295
Social commitments in favor of the fight against food insecurity[(1)]	N/A	N/A
Social commitments in favor of respect for animal welfare[(1)]	N/A	N/A
Social commitments in favor of a responsible, fair and sustainable food system[(1)]	N/A	N/A
Social commitments in favor of sustainable development	5.6	314 to 318

(1) *These topics were excluded from the scope of the analysis because they were considered to be too far removed from Safran's business.*

10.1.2 Cross-reference table for the corporate governance report prepared in accordance with Article L.225-37 of the French Commercial Code

The table below lists the references to the sections of this Universal Registration Document in which information is provided on the topics required in the corporate governance report.

Topics required in the corporate governance report	Section(s) of the 2022 Universal Registration Document
Framework Corporate Governance Code	6.1 and 6.4
Structure of Executive Management	6.1.1
Powers and responsibilities of the Chief Executive Officer and restrictions on these powers and responsibilities	6.1.3 and 6.1.4.2
Membership structure of the Board of Directors	6.2
Offices and positions held by Safran's Directors	6.2.2
Organization and operating procedures of the Board of Directors and the Board Committees	6.3
Board annual assessment	6.3.7
Diversity policy	6.2.4.2 and 5.4.3.2
Compensation policies for the corporate officers and related resolutions presented at the Annual General Meeting	6.6.1 to 6.6.2 and 8.2.1.7
Compensation and benefits of corporate officers	6.6.3 and 6.6.4
Related-party agreements	7.1.4 and 8.3
Procedure for assessing related-party agreements concerning routine operations	6.2.5
Commitments given by the Company to its corporate officers	6.6.3
Terms and conditions of shareholders' participation in General Meetings and any restrictions on such participation	7.1.2.2
Share ownership	7.3
Authorizations currently in force granted to the Board of Directors	8.2.5
Items with a potential impact in the event of a public offering	7.1.2.2, 7.1.4.2 and 7.1.2.6
Report on the compensation of corporate officers	6.6

The table below sets out the references to the sections of this Universal Registration Document corresponding to the components of the compensation of corporate officers referred to in sub-section I of Article L.22-10-9 of the French Commercial Code, as presented in the corporate governance report, and which will be submitted for shareholder approval in the 14th resolution of the May 25, 2023 Annual General Meeting (see section 8.2.1.6 of this Universal Registration Document).

Sub-section I of Article L.22-10-9 of the French Commercial Code	Topics required in the corporate governance report	Section(s) of the 2021 Universal Registration Document
1	Annual compensation and benefits	6.6.3 to 6.6.5
2	Relative proportions of fixed compensation and annual variable compensation	6.6.3.2 and 6.6.3.3
3	Use of the possibility of requesting the restitution of variable compensation	N/A
4	Commitments given by the Company corresponding to compensation components, indemnities or benefits payable or potentially payable on account of the commencement, termination or change of duties or subsequent thereto	6.6.3
5	Total compensation paid or allocated by an entity included in the Company's scope of consolidation	N/A
6	For the Chairman and the Chief Executive Officer, the ratios between each of their levels of compensation and the average and median compensation of the Company's employees (on a full-time equivalent basis) other than the corporate officers	6.6.3.4
7	Year-on-year changes in compensation, the Company's performance, the average compensation of the Company's employees (on a full-time equivalent basis) other than its executives, and the ratios referred to in point 6, during at least the past five years, all presented aggregately and in a way that enables meaningful comparisons	6.6.3.4
8	Explanation of how compensation packages comply with the applicable compensation policy, including how they contribute to the Company's long-term performance, and how the performance criteria have been applied	6.6.3 and 6.6.4
9	Explanation of how the general vote on compensation taken at the last Annual General Meeting has been taken into account	N/A (resolutions approved at the May 25, 2022 Annual General Meeting)
10	Any differences compared with the procedure for implementing the compensation policy or any exemptions (applied in accordance with the second paragraph of sub-section III of Article L.22-10-8 of the French Commercial Code)	N/A
11	Suspension and restitution of Directors' compensation due to non-compliance with the legislation concerning gender balance on the Board of Directors (in application of Article L.225-45, paragraph 2, and Article L.22-10-14 of the French Commercial Code)	N/A

10.1.3 Share Registration Document cross-reference table

This Universal Registration Document includes the information to be included in universal registration documents as set out in Annexes 1 and 2 of Delegated Regulation (EU) 2019/980.

The following table presents the cross-references between the two documents.

	EU Regulation 2019/980 Annex 1 headings	Section(s)	Pages
1	**Persons responsible, third party information, experts' reports and competent authority approval**		
1.1	Name and positions of the persons responsible	9.1.1	509
1.2	Declaration by the persons responsible	9.1.2	509
1.3	Statement or report attributed to a person as an expert	N/A	N/A
1.4	Information sourced from a third party	3.2, 3.4, 5.7.5, 8.3	198/227/323/498
1.5	Competent authority approval (AMF)	See AMF insert	3
2	**Statutory Auditors**		
2.1	Names and addresses of the issuer's auditors	9.2	510
2.2	Change in auditors, where applicable	9.2	510
3	**Risk factors**		
3.1	Description of the material risks specific to the issuer	4.3 and 5.2	238/262
4	**Information about the issuer**		
4.1	Legal and commercial name of the issuer	7.1.1	437
4.2	Place of registration of the issuer, its registration number and legal entity identifier (LEI)	7.1.1	437
4.3	Date of incorporation and the length of life of the issuer	7.1.1	437
4.4	Domicile and legal form of the issuer, legislation under which the issuer operates, its country of incorporation, address and telephone number of its registered office and website	7.1.1 and 7.4.5	437/455
5	**Business overview**		
5.1	Principal activities		
5.1.1	Nature of the issuer's operations and its principal activities	1.1.2 and 1.1.4	54/77
5.1.2	New products	Integrated Report – A comprehensive offering, 1.2, 1.4.1 and 2.1.3	4/54/78/98
5.2	Principal markets	Integrated Report – Main markets, 1.2, 2.1.3 and 3.1 Note 6	12/54/98/147
5.3	Important events in the development of the issuer's business	2.1.3	98
5.4	Strategy and objectives	Integrated Report – Strategy and business model	18/19
5.5	Extent to which the issuer is dependent on patents or licenses, industrial, commercial or financial contracts or new manufacturing processes	4.3.2.5, 4.3.2.6 and 4.3.3.1	246/247/248
5.6	Competitive position	1.3	77
5.7	Investments		
5.7.1	Material investments made	1.1.1, 1.4.5, 1.5.1, 1.5.2 and 1.6	50/84/86/87
5.7.2	Material investments that are in progress or for which firm commitments have already been made	1.4.5 and 1.5.2	84/86
5.7.3	Information relating to the joint ventures and undertakings in which the issuer holds a proportion of the capital	1.1.3 and 3.1 Note 40	52/194
5.7.4	Environmental issues	Integrated Report – Safran's climate strategy, 4.3.1.6, 5.3 and 5.5.3	21 to 23/243/244/267/305 to 308
6	**Organizational structure**		
6.1	Brief description of the Group	1.1.2, 1.1.3 and 1.1.4	51/52/53
6.2	List of significant subsidiaries	1.1.3, 1.1.4, 3.1 Note 40 and 3.3 Note 3.1	52/53/194/212/216
7	**Operating and financial review**		
7.1	Financial position		
7.1.1	Development and performance of the issuer's business	2.1 and 2.2	92/116
7.1.2	Future development and activities in the field of research and development	1.4	77

	EU Regulation 2019/980 Annex 1 headings	Section(s)	Pages
7.2	Operating results		
7.2.1	Significant factors materially affecting the issuer's income from operations	2.1	92
7.2.2	Explanation of material changes in net sales or revenue	2.1	92
8	**Capital resources**		
8.1	Issuer's capital resources	3.1 Note 24 and 3.3 Note 3.7	168/217
8.2	Source and amounts of cash flows	3.1 (including the statement of cash flows)	124 to 128
8.3	Borrowing requirements and the funding structure of the issuer	3.1 Note 27 and 3.3 Note 3.9	176/219
8.4	Restrictions on the use of capital resources	N/A	
8.5	Information regarding the anticipated sources of funds	2.2.3, 2.1.4, 3.1 Note 22 and 3.1 Note 28	117/115/ 166/176 to 179
9	**Regulatory environment**		
9.1	Description of the regulatory environment	4.3	238
10	**Trend information**		
10.1	The most significant trends in production, sales and inventory, and costs and selling prices since the end of the last financial year and any significant change in the financial performance of the Group since the end of the last financial period to the date of the Universal Registration Document	2.1.6	115
10.2	Information on any known trends, uncertainties, demands, commitments, or events that are reasonably likely to have a material effect on the issuer's prospects for at least the current financial year	2.1.4, 2.1.5 and 2.1.6	115
11	**Profit forecasts or estimates**	**2.1.4**	**115**
12	**Administrative, management and supervisory bodies and senior management**		
12.1	Information relating to the members of the Board of Directors	6.1 and 6.2	330/336
12.2	Administrative and management bodies conflicts of interest	6.2.5	368
13	**Compensation and benefits**		
13.1	Compensation paid and benefits in kind	6.6.3	409
13.2	Amounts set aside or accrued to provide pension, retirement or similar benefits	6.6.3	409
14	**Board practices**		
14.1	Date of expiration of the current terms of office	6.2.6.4	375
14.2	Members of the administrative or management bodies' service contracts with the issuer or any of its subsidiaries	6.2.5	368
14.3	Information about Board committees	6.3.6	381
14.4	Statement of compliance with the applicable corporate governance regime	6.4	390
14.5	Potential material impacts on the corporate governance – Future changes in board membership structure	6.1.1 and 6.2.6.3	330/372 to 374
15	**Employees**		
15.1	Number and breakdown of employees	5.4.1	283 to 289
15.2	Shareholdings and stock options	6.6.3.3, 6.6.4.2, 6.6.5.1 and 7.3.7.3	416 to 424/453
15.3	Arrangements for involving the employees in the capital of the issuer	5.4.1.7, 5.4.2.2 and 7.3.7	286 to 289/291 to 293/453
16	**Major shareholders**		
16.1	Major shareholders	7.3.1 and 7.3.3	448/450
16.2	Breakdown of voting rights	7.3.1 and 7.3.3	448/450
16.3	Controlling shareholder	7.3.5	452
16.4	Change in control	7.3.6	452
17	**Related-party transactions**		
17.1	Details of related-party transactions	7.1.4	441

	EU Regulation 2019/980 Annex 1 headings	Section(s)	Pages
18	**Financial information concerning the issuer's assets and liabilities, financial position and profits and losses**		
18.1	Historical financial information		
18.1.1	Audited historical financial information covering the latest three financial years and the audit report in respect of each year	3.1, 3.3 and 9.3	124/203
18.1.2	Change of accounting reference date	N/A	
18.1.3	Accounting standards	3.1 Note 3	133
18.1.4	Change of accounting framework	N/A	
18.1.5	Balance sheet, income statement, statement of changes in equity, cash flow statement, accounting policies and explanatory notes	3.1	124
18.1.6	Consolidated financial statements	3.1	124
18.1.7	Age of financial information	9.3	510
18.2	Interim and other financial information		
18.2.1	Quarterly, half-yearly or interim financial information	N/A	
18.3	Auditing of historical annual financial information	9.3	510
18.3.1	Independent auditing of historical annual financial information	N/A	
18.3.2	Indication of other information in this Universal Registration Document that has been audited by the auditors	3.2, 3.4, 5.7.5 and 8.3	198/227/ 323/498 to 505
18.3.3	Indication of the source of information appearing in the Universal Registration Document that is not extracted from the issuer's audited financial statements and statement that the information is not audited	N/A	
18.4	Pro forma financial information		
18.4.1	Pro forma financial information and report	N/A	
18.5	Dividend policy		
18.5.1	Description of the issuer's policy	2.3.3	119
18.5.2	Amount of dividend	2.3.3 and 8.2.1.2	119/463
18.6	Legal and arbitration proceedings		
18.6.1	Information on any governmental, legal or arbitration proceedings which may have, or have had in the recent past, significant effects on the issuer and/or the Group's financial position or profitability	3.1 Note 37 and 3.3 Note 5.2	192/225
18.7	Significant change in the issuer's financial position		
18.7.1	Description of any significant change in the financial position of the Group which has occurred since the end of the last financial period	2.1.6 and 3.1 Note 39	115/193
19	**Additional information**		
19.1	Share capital	3.1 Note 24, 3.3 Note 3.7 and 7.2.1	168/217/ 444
19.1.1	Amount of issued capital	7.2.1	444
19.1.2	Securities not representing capital	3.1 Note 24, 3.3 Note 3.7 and 7.2.3.1	168/219/ 444
19.1.3	Shares held by the issuer	3.1 Note 23, 3.3 Note 3.7 and 7.2.3.1	166/217/ 444
19.1.4	Amount of any convertible securities, exchangeable securities or securities with warrants	3.1 Note 24, 3.3 Note 3.9 and 7.2.3.2	168/219/ 444
19.1.5	Information about the terms of any acquisition rights and/or obligations over authorized but unissued capital or any undertaking to increase the capital	N/A	
19.1.6	Information about any capital of any member of the Group which is under option or agreed conditionally or unconditionally to be put under option	N/A	
19.1.7	History of share capital	7.2.4	445
19.2	Bylaws	7.1.1 and 7.1.2	440
19.2.1	Corporate purpose	7.1.1	437
19.2.2	Rights, preferences and restrictions attached to shares	7.1.2.2 and 7.1.2.3	439 to 440
19.2.3	Change in control	7.1.2.6	441
20	**Material contracts**		
20.1	Summary of each material contract	7.1.4	441
21	**Documents available**		
21.1	Documents made available to the public	7.4 and 9.4	454/511

10.1.4 Annual Financial Report cross-reference table

This Universal Registration Document includes the information contained in the Annual Financial Report mentioned in paragraph I of Article L.451-1-2 of the French Monetary and Financial Code (*Code monétaire et financier*) and Article 222-3 of the AMF's General Regulations.

The following table presents the cross-references between the two documents.

Annual Financial Report headings	Section(s)	Pages
Declaration by the person responsible	9.1.2	509
Board of Directors' management report	See cross-reference table, 10.1.5	519/520
Financial statements and reports	3	124
Parent company financial statements	3.3	203
Consolidated financial statements	3.1	124
Board of Directors' corporate governance report	See cross-reference table, 10.1.2	515
Statutory Auditors' report on the Board of Directors' corporate governance report	3.4	227
Legal and arbitration proceedings	3.1 Note 37	192
Significant change in the issuer's financial or trading position	3.1	124
Statutory Auditors' reports	3.2, 3.4 and 8.3	198/227/498
Audit fees	3.1 Note 38	193

10.1.5 Board of Directors' management report cross-reference table

This Universal Registration Document includes the information contained in the Board of Directors' management report provided for by Articles L.225-100, L.225-100-1, L.225-102 and L.225-102-1 of the French Commercial Code (Code de commerce).

The table below lists the references to excerpts of the Universal Registration Document corresponding to the various sections of the management report as approved by the Board of Directors.

	Board of Directors' management report headings	Section(s)	Pages
1	**Group activities in 2022**	**Integrated Report – Safran at a glance and 2.1**	
1.1	Summary of key figures by business (adjusted data)	Integrated Report – Safran at a glance and 2.1.3	1/98
2	**Human resources**		
2.1	Headcount	5.4.1	283
2.2	Human resources policy	5.4.1	283
2.3	Labor relations	5.4.2.2	291 to 293
2.4	Statutory and optional profit-sharing schemes	5.4.1.7	286/289
2.5	Group employee savings plan and international Group employee savings plan	5.4.1.7	286/289
2.6	Importance of sub-contracting	5.5.3	305 to 308
2.7	Group ethics and values	5.5.1 and 5.5.2	297/303
3	**Non-financial information statement and duty of care plan**		
3.1	Non-financial information statement	See cross-reference table, 10.1.1	514
3.2	Duty of care plan	5.1.3.3	261
4	**Research and development**		
4.1	Major technological focuses	1.4.1	78
4.2	Technical and scientific partnerships	1.4.2 and 5.6.2.1	81/315
4.3	Innovation and intellectual property	1.4.3	82
5	**Operating and financial position**		
5.1	Consolidated income statement	2.2 and 3.1	116/124
5.2	Consolidated balance sheet	2.2 and 3.1	116/124
5.3	Research and development expenditure	3.1 Note 13	158
5.4	Information concerning supplier payment periods	2.3.3	119
5.5	Parent company financial statements	2.3, 3.1 and 3.3	118/124/203
5.6	Non-deductible expenses	2.3.3	119
5.7	Proposed appropriation of profit	2.3.3 and 8.2.1.2	119/463

	Board of Directors' management report headings	Section(s)	Pages
6	**Risk factors**		
6.1	Identified risk factors	4.3 and 5.2	238/262
6.2	General risk management policy	4.1	233
6.3	Insurance	4.4	251
6.4	Health, Safety and Environment	4.3.1, 5.4.2 and 5.5.3	238/289/305
7	**Investments**	**7.1.3.2**	**441**
8	**Share capital and share ownership**		
8.1	Breakdown of share capital and voting rights	7.3.1, 3.1 Note 24 and 3.3 Note 3.7	448/168/217
8.2	Shareholder agreements	7.3.5	452
8.3	Agreement with the French State	7.1.4.2	442
8.4	Undertaking to hold securities	7.3.5 and 7.3.6	452
8.5	Stock options	6.6.5.1 and 7.3.7.3	424/453
8.6	Free share grants	3.1 Note 24, 6.6.3, 6.6.5.2 and 7.3.7.1	168/409 to 421/453
8.7	Share buyback programs	7.2.7 and 8.2.1.8	446 to 448/476
8.8	Safran share	7.5	455
9	**Corporate officers**		
9.1	Terms of office and duties	6.2.2	340 to 359
9.2	Compensation and benefits	6.6.3	409 to 422
9.3	Transactions in the Company's shares	6.5.3	392
10	**Outlook for 2023 and significant subsequent events**	**2.1.6**	**115**
11	**Principal provisions of the bylaws**	**7.1.2**	**437 to 441**
Appendix 1	List of subsidiaries and investments	3.1 Note 40	194
Appendix 2	Five-year financial summary of the Company	2.3.3	119
Appendix 3	Authorizations granted by the AGM to the Board of Directors with respect to share capital increases	8.2.5	495/496
Appendix 4	Dividends paid over the past three years	2.3.3 and 8.2.1.2	119/463

10.1.6 Corporate social responsibility cross-reference table

This Universal Registration Document includes the human resources, environmental and social information contained in the Board of Directors' management report in accordance with Article R.225-105-1 of the French Commercial Code.

The following table presents the cross-references between the two documents.

	Headings from Article R.225-105 of the French Commercial Code	Section(s)	Pages
1	**Human resources information**		
1.1	Employment		
1.1.1	Total headcount and breakdown of employees by gender, age and region	5.4	283 to 296
1.1.2	New hires and departures	5.4	283 to 296
1.1.3	Compensation and changes in compensation	5.4	283 to 296
1.2	Working hours		
1.2.1	Organization of working hours	5.4	283 to 296
1.2.2	Absenteeism	5.4	283 to 296
1.3	Labor relations		
1.3.1	Employer/employee relations, in particular procedures for informing, consulting and negotiating with employees	5.4	283 to 296
1.3.2	Collective bargaining agreements	5.4	283 to 296
1.4	Health and safety		
1.4.1	Occupational health and safety conditions	5.4	283 to 296
1.4.2	Agreements signed with trade unions and employee representatives concerning occupational health and safety	5.4	283 to 296
1.4.3	Occupational accidents, in particular frequency and severity, and occupational illnesses	5.4	283 to 296
1.5	Training		
1.5.1	Training policies	5.4	283 to 296
1.5.2	Total number of training hours	5.4	283 to 296
1.6	Equal opportunity		
1.6.1	Measures taken to promote professional equality between men and women	5.4	283 to 296
1.6.2	Measures taken to integrate and maintain employees with disabilities	5.4	283 to 296
1.6.3	Policy concerning the fight against discrimination	5.4	283 to 296
1.7	Promotion of and compliance with the core conventions of the International Labour Organization as regards:		
1.7.1	The respect for the freedom of association and the right to collective bargaining	5.4	283 to 296
1.7.2	The elimination of discrimination in respect of employment and occupation	5.4	283 to 296
1.7.3	The abolition of forced and compulsory labor	5.4	283 to 296
1.7.4	The effective abolition of child labor	5.4	283 to 296
2	**Environmental information**		
2.1	General environmental policy		
2.1.1	Organization of steps taken by the Company to address environmental issues and, where applicable, environmental assessment and certification procedures	5.3 and 5.5.3	267 to 282/305 to 308
2.1.2	Initiatives taken to train and raise awareness among employees on environmental protection	5.3 and 5.5.3	267 to 282/305 to 308
2.1.3	Resources assigned to the prevention of environmental risks and pollution	5.3 and 5.5.3	267 to 282/305 to 308
2.1.4	Amount of provisions set aside for environmental risks, provided that this information is not likely to cause serious prejudice to the Company in the context of ongoing proceedings	N/A	
2.2	Pollution		
2.2.1	Measures taken to prevent, reduce and rectify emissions into air, water and soil that have a significant environmental impact	5.3 and 5.5.3	267 to 282/305 to 308
2.2.2	Steps taken to address noise pollution and any other form of pollution relating to a specific activity	5.3 and 5.5.3	267 to 282/305 to 308
2.3	Circular economy		
	Waste reduction and management		
2.3.1	Measures taken to reduce, recycle and eliminate waste	5.3 and 5.5.3	267 to 282/305 to 308
2.3.2	Initiatives to fight against food waste	N/A	

	Headings from Article R.225-105 of the French Commercial Code	Section(s)	Pages
	Sustainable use of resources		
2.3.3	Water consumption and water supply in accordance with local regulations	5.3 and 5.5.3	267 to 282/305 to 308
2.3.4	Consumption of natural resources and measures taken to promote more efficient use	5.3 and 5.5.3	267 to 282/305 to 308
2.3.5	Energy consumption and measures taken to improve energy efficiency and use of renewable energy	5.3 and 5.5.3	267 to 282/305 to 308
2.3.6	Land use	5.3 and 5.5.3	267 to 282/305 to 308
2.4	Climate change		
2.4.1	The major sources of greenhouse gas generated by the Company's business, primarily through the use of products and services that it produces	5.3 and 5.5.3	267 to 282/305 to 308
2.4.2	Adapting to climate change	5.3 and 5.5.3	267 to 282/305 to 308
2.5	Protection of biodiversity		
2.5.1	Measures taken to protect and develop biodiversity	5.3 and 5.5.3	267 to 282/305 to 308
3	**Information on social commitments to promote sustainable development**		
3.1	Community, economic and social impact of the Company's activities on:		
3.1.1	Employment and regional development	5.6	314 to 318
3.1.2	Local community	5.6	314 to 318
3.2	Relationships with people and organizations who benefit from the Company's activities, in particular integration associations, educational institutions, environmental protection associations, consumer and local residents' associations		
3.2.1	Status of dialogue with these people and organizations	5.6	314 to 318
3.2.2	Partnership and corporate sponsorship programs	5.6	314 to 318
3.3	Sub-contractors and suppliers		
3.3.1	Integration of social and environmental issues in purchasing policies	5.6	314 to 318
3.3.2	Scale of outsourcing and measures taken to raise awareness among suppliers and sub-contractors with respect to corporate social responsibility	5.6	314 to 318
3.4	Fair practices		
3.4.1	Measures taken to fight against corruption	5.6	314 to 318
3.4.2	Measures taken to promote consumer health and safety	N/A	
3.5	Other action taken, pursuant to paragraph 3, to promote human rights	5.6	314 to 318
3.5.1	Report by the independent third party on the consolidated human resources, environmental and social information included in the management report	5.6	314 to 318

10.2 GLOSSARY

The glossary definitions have been drawn from the following sources:

- Vernimmen;
- Safran.

10.2.1 Financial terms

Accounting policies

The consolidated financial statements are prepared in accordance with international financial reporting standards, the principles of which are described in section 3.1, Note 3 and section 3.1, Note 4.a of this Universal Registration Document.

Bonds convertible and/or exchangeable for new and/ or existing shares (OCEANE)

OCEANE bonds in France are convertible bonds that offer bondholders either newly issued shares or existing shares held in a portfolio, for example as a result of a share buyback. In practice, OCEANE bonds are rarely redeemed in existing shares as this results in the recognition of a capital gain or loss.

Conflict of interest

A conflict of interest occurs when an employee has certain controlling power over the assets and/or the running of the company and/or is privy to certain confidential information about the company, or when such employee is in a situation where exercising such power and/or using such confidential information may be beneficial or detrimental to their own personal interests and/or the interests of someone related to them.

Corporate governance

Corporate governance is the system of rules, practices and processes by which a company is directed and controlled.

Corporate governance essentially involves balancing the interests of a company's many stakeholders, depending on a company's objectives.

Key stakeholders are shareholders who elect either the Board of Directors, which then grants a mandate to the management, or the Supervisory Board, which appoints members of the Management Board under various conditions specific to the legal status of the company concerned.

Other stakeholders include employees, suppliers, customers, banks and other lenders, the local community, the environment and third parties – in the broadest sense of the term – that may have dealings with the company on account of its businesses, behavior or achievements.

Corporate mutual funds

Corporate mutual funds, or *fonds commun de placement* (FCP), are a type of UCITS (undertakings for the collective investment in transferable securities).

Mutual funds have a specific legal status. A mutual fund is a collective of transferable securities which issues units (shares). It has no legal personality. Each shareholder has a co-ownership right to the fund's assets in proportion to the number of shares it holds in the fund.

Besides conventional mutual funds (money market, bond or share funds), commonly used by retail banks, certain "specific" mutual funds are associated with a greater degree of risk and are designed for well-informed investors (with the exception of corporate mutual funds [FCPE], which represent a sub-category in themselves).

Depreciation/amortization

Depreciation/amortization is a means of recording an asset's decrease in value over time for accounting purposes.

Dilution

Dilution is the effect of a financial transaction carried out by a company (capital increase or reduction, acquisition, etc.) or of an instrument (convertible bond, stock warrant, stock option, etc.) that will result in a decrease either in the control held by existing shareholders, or in the company's profitability or other significant input. In contrast, accretion increases one or more of these inputs.

Direct and indirect active corruption

The act of a person holding a specific public or private office soliciting or proffering or accepting or giving a gift, offer or promise to carry out, obstruct or abstain from carrying out an act pertaining directly or indirectly to his or her office.

Dividend

A dividend is a payment made by a company to its shareholders. Shareholders are paid dividends without being required to provide any consideration in return, and remain owners of their shares. The opposite situation is termed a share buyback. The shareholders themselves can decide, at shareholders' meetings, whether or not they consider the company is able to pay dividends without harming its operations.

Due diligence

Collecting and analyzing information and documents to assess the risk level of third parties, in compliance with applicable regulations, in particular those relating to personal data protection.

EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization)

EBITDA is the sum of recurring operating income plus net recurring and non-recurring depreciation, amortization and provisions.

Embezzlement

The act of a person holding public authority or discharging a public service mission receiving, requesting or ordering the collection of a sum which he or she knows is not due or which exceeds the amount that is due in respect of duties, contributions, taxes or public levies.

Environmental, Social and Governance (ESG)

ESG is an international acronym used by the financial community to refer to Environmental, Social and Governance criteria, for purposes such as conducting an ESG analysis. Investment decisions will take account of an ESG analysis to assess fulfillment of a company's responsibility with regard to its stakeholders and the environment.

Equity

In accounting, capital, very similar to equity, represents the funds (liabilities) that belong to a company's shareholders, as opposed to debt owed to suppliers or banks for example. Capital is made up of share capital, reserves and retained earnings (profits not distributed as dividends), and profit for the fiscal year.

Equity is a slightly broader definition than capital, as it includes capital + issues of non-voting loan stock + contingent advances + rights of concession grantors. For most companies, equity and capital are virtually the same.

This notion is sometimes extended to "quasi equity", which includes stable sources of funds not qualifying as capital, such as current accounts with shareholders, non-voting loan stock and convertible bonds.

Facilitating payments

These payments are used to facilitate or expedite routine procedures or administrative formalities normally carried out by public officers (customs officers, agents responsible for issuing licenses, police officers, etc.). They include all payments unduly made in exchange for a standard task (for example, the issuing of authorizations, licenses or visas, or the processing of administrative or customs applications). Although such practices are tolerated in some countries, facilitating payments are considered a type of corruption in most countries and are as such strictly prohibited.

Foreign Corrupt Practices Act (FCPA)

The Foreign Corrupt Practices Act is a 1977 United States federal law prohibiting companies and their individual officers from influencing foreign officials with any personal payments or rewards. As this law has international ramifications, it is said to be of near-universal jurisdiction. The Act concerns any corrupt practices committed by a US or foreign company or individual, either physically based in the United States or simply listed on a stock market in the United States, or participating in any capacity whatsoever on a financial market regulated in the United States. The Act is notably enforced by the Office of Foreign Assets Control.

Forward rate agreement (FRA)

A forward rate agreement (FRA) is a derivative product used on monetary markets, traded over the counter between two counterparties, the purpose of which is to lock in a future interest rate on a specified principal amount at the date of the FRA for a stated period of time. The interest rate is calculated and published by a third party and will only be known at a future date.

Free cash flow

Free cash flow represents cash flow from operating activities less any disbursements relating to acquisitions of property, plant and equipment and intangible assets.

Goodwill

Goodwill is the cost to purchase a business minus the fair value of the identifiable assets and liabilities obtained in the purchase. Goodwill is shown as a specific intangible asset. Under IFRS, goodwill is tested for impairment each year, which may result in the recognition of an impairment loss. However, in some cases, goodwill may be allocated to the acquirer's consolidated equity, in which case it is no longer included as a separate caption.

Influence peddling

The act of a person holding public authority or discharging a public service mission or holding a publicly elected office directly or indirectly requesting or accepting, without right and at any time, offers, promises, donations, gifts or advantages of any kind, in order (i) to carry out or abstain from carrying out an act relating to his or her duties, mission or office, or facilitated by his or her duties, mission or office, or (ii) to take advantage of his or her real or perceived influence with a view to obtaining from any public body or authority any distinction, employment, contract or any other favorable decision.

Institutional investor

Institutional investors are savings organizations whose obligations and/or assets are governed by laws and regulations. The return on their investments allow them to service their obligations in the medium or long term.

The singularity of institutional investors lies in the fact that they cannot directly access the capital they invest; they act on behalf of rights holders with which they have signed an agreement. Consequently, the management of any such assets is highly regulated and institutionalized.

Institutional investors are therefore different from (financial or non-financial) companies, which may hold on a proprietary basis various financial assets for short- or long-term investment.

The assets managed by institutional investors generally represent significant sums of money (in the billions of euros).

Interest rate swaps

An interest rate swap involves an exchange of interest rates (but not capital) between two parties. It is particularly suited to managing a company's long-term interest rate risk. The swap market has seen fast-paced growth in recent years. Banks now play a decisive role in the swap market. Corporate cash managers appreciate the flexibility of a swap, which allows them to choose the term, the benchmark floating rate and notional amount of the instrument. A swap between a bank and a company can be settled at any time by calculating the present value of the fixed interest payments at the market interest rate compared to the initial notional amount. Swaps are also frequently used to manage interest rate risk on floating- or fixed-rate assets.

Knock-out barrier

Turbo warrants have two main features: an exercise price and a knock-out barrier.

- The exercise – or strike – price is used to determine the value of the turbo warrant.
- The knock-out barrier, as its name suggests, represents the level at which the warrant expires and can be hit at any time while the underlying instrument is traded. When the underlying instrument hits the barrier, the warrant expires ahead of term and can no longer be traded.

Minimum coupon

A coupon payment is the interest regularly paid to bondholders. Coupons may be paid at fairly long intervals or are sometimes capitalized and only paid once on the bond maturity date (zero-coupon bond).

Net debt

Net debt is the difference between financial debt and cash, cash equivalents and short-term investments.

Non-voting loan stock

Non-voting loan stock represents a marketable security that confers neither voting nor ownership rights. In this sense, non-voting loan stock resembles an investment certificate.

Non-voting loan stock offers individuals or investors who are not partners/shareholders the opportunity to invest an unlimited amount in a company for potentially attractive returns.

Non-voting loan stock is particularly well suited for financing a company's organic or acquisition-led growth and is treated as equity.

Profit attributable to owners of the parent (attributable profit)

Profit attributable to owners of the parent (attributable profit) corresponds to consolidated profit less non-controlling interests in the profit of fully consolidated companies. Attributable profit can exceed aggregate profit when fully consolidated subsidiaries with non-controlling interests report losses.

Public tender/exchange offer

In finance, a public tender offer is an operation launched by a company, financial group or other private institution in the form of a proposal made to the public to purchase, exchange or sell certain shares in a company in accordance with specific procedures that are regulated and controlled by stock market authorities, notably in terms of financial information to be published (in France by the AMF or in the United States by the SEC).

Public tender offers can take the form of a cash tender offer (*offre publique d'achat*, or OPA), an exchange offer (*offre publique d'échange*, or OPE) in which shares are offered as consideration instead of cash, an offer in cash and in shares (*offre publique mixte*), and an alternative offer (*offre publique alternative*) in cash or in shares.

Rating agency

A credit rating agency is a company that assigns credit ratings which rate the ability of a debtor – a company or public authority – to pay back a debt

Recurring operating income

In order to better reflect recurring economic performance, the recurring operating income subtotal excludes income and expenses that are largely unpredictable because of their unusual, infrequent and/or material nature such as: impairment losses/reversals, capital gains/losses on disposals of operations, gains on remeasuring previously held equity interests in entities in which the Group has acquired a controlling interest, and other unusual and/or material non-operating items.

Shared services center (SSC)

A shared services center is a center that provides operational services for several companies, sites or entities within a given group.

By delegating repetitive, low added-value operational tasks to an SSC, corporate departments can focus on tasks with higher added value.

A shared services center can include services relating to an entity's different internal departments, or may be dedicated to a specific function (finance, human resources, purchasing, legal, aftermarket services, etc.).

Treasury shares

Shares held by the company, either directly or through a person acting on its behalf, are treasury shares.

UK Bribery Act (UKBA)

The UK Bribery Act 2010 establishes company liability for corrupt acts committed by persons acting on behalf of the company. It is described as the strictest corporate anti-corruption legislation in the world – going beyond the already extremely tough US equivalent, the 1977 Foreign Corrupt Practices Act in several respects. The UKBA was part of a major global step to reinforce the fight against corruption, and legislation is likely to be further stepped up under the impetus of the OECD.

The UKBA was adopted by the Parliament of the United Kingdom on April 8, 2010 and came into force on July 1, 2011. This UK law repeals and replaces previous provisions by the four crimes of:

- bribery;
- being bribed;
- the bribery of foreign public officials; and
- the failure of a commercial organization to prevent bribery on its behalf.

This last crime brought in a new liability offense for companies, focusing on prevention rather than just repression. As a result, legal entities are required to put in place internal rules and procedures to prevent corruption ("adequate procedures"). In France, this is taken up by Article 8 of Act no. 2016-1691 of December 9, 2016 ("Sapin II") relating to transparency, anti-corruption measures and modernization of the economy. Guidance on adequate procedures was published by the UK Ministry of Justice on March 30, 2011.

Like the FCPA in the United States, the UKBA contains certain provisions with near-universal jurisdiction, allowing for the prosecution of an individual or company with links to the United Kingdom, regardless of where the crime occurred.

10.2.2 Technical terms

Additive manufacturing

ASTM International defines additive manufacturing as the use of computer-aided design to build objects layer by layer, as opposed to traditional manufacturing, which involves cutting, drilling or grinding away unwanted excess from a solid piece of material. Additive manufacturing is the industry term for what is more commonly known to as 3D printing.

AEW&C (Airborne Early Warning & Control) system

An airborne early warning and control system is an airborne radar picket system designed to detect aircraft, ships and vehicles at long ranges and perform command and control of the battlespace in an air engagement by directing fighter and attack aircraft strikes. AEW&C aircraft are used for air, sea and ground surveillance operations in a complex environment.

Afterburner (or reheat)

An afterburner, or reheat, is a system used in military supersonic aircraft to provide a temporary boost in thrust. Afterburning involves injecting and igniting additional fuel downstream of the turbine. The additional thrust is especially useful during take-off on short runways such as those on aircraft carriers, and in combat situations

Air Transport Action Group

Coalition of aerospace industry experts working to examine sustainability issues and develop solutions for overcoming the industry's capacity problems. Its mission is to determine an industry-wide stance on current topics and provide constructive expert insight at the industry-government interface.

Attitude control

An attitude control system is an important spacecraft component (on an artificial satellite, space probe, space station or manned spacecraft). Its purpose is to control the attitude (meaning the orientation in space) of the spacecraft and its instruments and solar panels consistent with mission specifications. An attitude control system comprises sensors (to determine the spacecraft's position), actuators (to reorient the vehicle) and software. Various technologies may be used. The attitude control system is a platform component on an artificial satellite.

Auxiliary power unit (APU)

In aeronautics, an auxiliary power unit (usually in the form of a turbogenerator) generates energy onboard an aircraft to power onboard systems (electrical power, pneumatic and hydraulic pressure, air conditioning) on the ground when the main engines are not running, thereby saving on fuel. APUs may or may not be used in flight. They are generally located at the rear of an aircraft, in the tail cone, and powered by jet fuel from the aircraft's tanks. Depending on the type of aircraft, APUs generate pneumatic, hydraulic or electrical power for starting the aircraft's engines.

Biofuels

Liquid fuels of agricultural origin, obtained from vegetable or animal organic matter. They are developed for powering certain vehicles, either as a direct replacement for traditional fuel or mixed with traditional fuel, depending on the engine.

Bypass ratio

In turbofan engines, the bypass ratio is the ratio between the mass flow rate of the bypass stream to the mass flow rate entering the core. For example, in a turbofan engine, the mass flow entering the core is the flow that contains the gas resulting from combustion of the air/fuel mix, which takes place in what is known as the engine "core". The mass flow of the bypass stream is non-combusted flow that does not go through the engine core.

Ceramic matrix materials

Ceramic matrix materials are robust and lightweight, made of ceramic fibers embedded in a ceramic matrix. Matrix and fibers can be in any ceramic material, including carbon.

Cobotics (collaborative robotics)

Cobotics is the term given to work performed jointly by humans and robots, i.e., a direct or remotely controlled interaction between humans and robots in pursuit of a common goal.

Cobotics is at the interface between human cognition (behavior, decisions, robustness and error management), biomechanics (modeling of the behavior and dynamics of movement) and robotics (use of instruments to produce reliable and/or repetitive mechanical behavior for industrial, military, agricultural, healthcare, collaborative purposes, etc.).

Composite fan blade

Most turbofan engines have a fan located in front of the low-pressure compressor. This has large blades with varying angles of incidence from the root to the tip. The composite fan blade is a particularly sophisticated component, featuring a titanium leading edge bonded onto the 3D woven composite body. A crucial design point here concerns accurate prediction, by calculation, of the mechanical behavior of the fan blades.

Eco-design

Eco-design involves allowing for environmental considerations in product design, to quantitatively and/or qualitatively reduce the negative impacts of a product or service on the environment, without compromising its qualities or performance. Eco-design might typically mean using robust, recyclable materials, and applying a far-reaching waste recovery approach.

Fan casing

A casing is an enclosure that protects a mechanical system. It is usually sealed, containing the lubricant needed for the system to operate, or simply affording protection against the outside environment. It may be fitted with a filling and drainage aperture for cooling fins, an external lubricating system and a venting system.

FELIN integrated equipment suite

This combat system offers expanded capabilities in five areas: communication, observation, accuracy, protection, and soldier mobility and support. It also ensures enhanced compatibility with weapon systems, equipment, vehicles and aircraft.

Full Authority Digital Engine Control (FADEC)

FADEC is a cockpit interface for operating a turbojet, turboprop or turbo engine. It may also be found on certain piston-engine light aircraft, often with compression ignition.

It takes the form of a digital control system based on a computer with two symmetrical, full authority, full redundancy channels. Sensors and actuator electrics are duplicated (one for each channel). Only the hydraulic subsystems (pumps, servovalves, pressure generators) are not duplicated (non-redundant).

A FADEC system performs the following functions:

- flow regulation (fuel input and acceleration/deceleration control);
- automatic start-up;
- transmission of engine parameters to cockpit instruments;
- thrust control and oversight of operation within set limits;
- reverse thrust control.

Future Combat Air System (FCAS)

The Future Combat Air System refers to a joint European program to develop a new sixth-generation combat air system by 2040 with a wide array of interconnected and interoperable elements such as drones, and based largely on artificial intelligence. The Future Combat Air System combines New Generation Fighter (NGF) aircraft, drones, future cruise missiles and drone swarms. It will connect with aircraft, satellites, NATO systems and land and sea combat systems.

Health monitoring

Health monitoring refers to a program for maintaining an aircraft fleet in proper working order while affording operational savings. It is an essential program for helicopter operators, providing valuable foresight on turbine failure risks, thereby reducing the number of unnecessary inspections, limiting major repairs, and reducing the cost of unplanned servicing. The health monitoring system uses an automated device to perform vibration measurements and Fast Fourier Transform (FFT) calculations. It is integrated in the FADEC suite (see definition) to determine the degree of wear in many different parts and schedule replacement accordingly.

Helicopter frame

A helicopter frame comprises the body and undercarriage unit (landing gear).

In-Flight Entertainment (IFE) system

In-flight entertainment refers to the entertainment available to aircraft passengers during a flight.

Launcher

In cosmonautics, a launcher is a rocket used for placing a payload in orbit around the earth or into interplanetary space. The payload might be an artificial satellite placed into low earth orbit or geostationary orbit, or a space probe that leaves the earth's gravitational field to explore the solar system.

Leading edge

The leading edge is the front-most edge of an airfoil section (aircraft wing, propeller, etc.), i.e., which penetrates the air. Along the leading edge, there is what is known as the stagnation point, about which the flow splits into two parts, passing along either side of the airfoil. This location of the stagnation point along the airfoil varies with the angle of incidence.

From a geometrical point of view, the leading edge is the portion of the airfoil profile which has the least radius of curvature. Independently of the flow, it defines the chord and the ensuing geometric properties such as chord length, camber and thickness.

On airfoil profiles intended for subsonic speeds, the leading edge has a wide radius (usually 1.5% of the chord). Supersonic airfoil sections have a much sharper angle of attack (a shorter radius)

Mass density

The mass energy density of a product, for example of a fuel, represents the energy stored in a given mass of that product. The ratio can be used to compare the energy content of different fuels, in relation to the same mass.

Materiality matrix

Mapping to identify and rank Safran's CSR challenges, based on their importance for Group employees and for external stakeholders.

Modular air-to-ground weapon (AASM)

The AASM is a new-generation weapon that comprises a guidance kit and a range-extension kit to transform a bomb body into a precision air-to-ground weapon.

It is currently in service on Rafale fighters belonging to the French armed forces. This all-weather, jam-resistant weapon features a long-range (60 km at high altitudes) INS/GPS/laser system. It allows simultaneous, high-precision, multi-target mobile or fixed air-to-ground strikes.

Nacelle

Nacelles are housings that hold the engines on a multi-engine aircraft. On medium- and long-haul aircraft, nacelles usually include the thrust reverser that brakes the aircraft on landing. A nacelle may be fixed either on the wing or on the fuselage, by means of a mast.

Non-destructive testing (NDT)

Non-destructive testing refers to a range of methods for examining the soundness of a material, component or system without causing damage, during production, use or maintenance.

Nozzle

A nozzle ("propelling nozzle" in cosmonautics) is a pipe of varying cross-section placed at the rear of an engine producing hot combustion gases. It converts the heat energy of these gases into kinetic energy.

Optronics (and optronic sights)

As the name suggests, optronics (or optoelectronics) stands at the intersection of electronics and optics. Optronics systems usually comprise an optical sensor, an image processing system, and a display or storage system.

Organic matrix composites

A composite material (or composite) is a combination of constituent materials of different properties, usually in the form of a framework held in a matrix. The framework, or reinforcement (usually in the form of fibers), provides mechanical stability, and is surrounded and supported by a binding agent known as a matrix.

Good mechanical stability and low density make composites a highly useful material in air transport (civil and military) and aerospace applications.

Power electronics

Power electronics refers to a branch of electrical engineering concerned with converting electrical energy from one form to another, by means of converters.

This includes the design, production and maintenance of:

- high-power electrical components;
- structures, control systems and applications of power converters.

Power transmission systems

A power transmission system refers to a mechanical device that harnesses a portion of the engine's energy in order to power essential systems on the aircraft, such as hydraulics and electrics, and on the engine itself (oil, fuel and electricity).

Predictive maintenance

Predictive maintenance involves the scheduling of maintenance interventions before failures occur, by examining the condition of a system with respect to predefined threshold values.

According to French standard NF EN 13306 X 60-319, predictive maintenance is a condition-based maintenance performed on the basis of extrapolations from the analysis of significant deterioration parameters.

The principle is to determine any manifest visible or non-visible signs of deterioration. The challenge is knowing how to recognize these signs. To detect deterioration (physical, chemical, behavioral, electrical, etc.), special equipment is used to measure signs such as untoward changes in temperature, vibration, pressure, dimension, position, noise, etc.

Primary and secondary electric distribution systems

The primary distribution system concentrates the energy produced by all of the aircraft's available sources of power and makes it available for all electrical loads, using network reconfiguration intelligence.

The secondary distribution system provides power to equipment such as interior/exterior lighting and cabin ventilation, which the airframer wishes to be switchable at different flight stages.

Primary mirror

In astronomy, the primary mirror is the main light-gathering surface (the objective) of a reflecting telescope. Light gathered by the primary mirror is directed towards a focal point typically past the location of the secondary mirror. The diameter of a telescope is measured as the diameter of the primary mirror.

Propfan

A propfan, also known as an open rotor engine, is a type of aircraft engine in which the fan is mounted directly on the power turbine outside the nacelle. This has the advantage of increasing the bypass ratio and thereby reducing fuel consumption.

Quick-Response Quality Control (QRQC)

QRQC is a fast problem-solving management method that emphasizes constant vigilance and immediate response.

Retrofit

Retrofit operations involve replacing old or obsolete components by more recent components, without modifying the function thereof. At Safran, the term is used for Aircraft Interiors. Retrofit includes replacing cabin parts, such as seats or galleys, whose life cycle has come to an end or which are worn out and need to be replaced.

Reverse thrust

In aeronautics, reverse thrust refers to the temporary diversion of some or all of a propeller or jet engine's thrust so that it is directed forward rather than backward, thus decelerating the aircraft to shorten the landing distance.

Ring laser gyroscope

A ring laser gyroscope is a rotation sensor that uses the Sagnac effect to measure the shifting interference pattern of a beam split into two halves, as the two halves move around the ring in opposite directions. With their three gyroscopes, the inertial navigation systems found on certain ships, aircraft, satellites and submarines can measure the angular velocity of a mobile object in all three dimensions. Because of its greater accuracy, the ring laser gyroscope has replaced the mechanical gyroscopes used previously.

Rotating combustion chamber

A combustion chamber is an enclosure capable of withstanding the sudden and extreme changes in pressure and temperature caused by the deliberate combustion of specific chemicals. It is designed to transform the energy produced by this combustion into work, or force, prior to discharge of the exhaust gases.

Shaft horsepower (shp)

Shaft horsepower is the power delivered to a propeller or turbine shaft. The term is used to quantify the power of helicopter engines.

Short Take-off and Landing (STOL) aircraft

A short take-off and landing (STOL) aircraft is a fixed-wing aircraft capable of using short runways (usually less than 200 meters) to take off and land.

Stationary plasma thruster

A stationary plasma thruster, or Hall-effect thruster (HET), is a type of plasma thruster (generally ring-shaped) in which the propellant is accelerated by an electric field. It is known as a Hall-effect thruster because it traps electrons in a magnetic field for use in ionizing the propellant. These ions are then accelerated to produce thrust. The thruster falls within the category of electric propulsion for space systems.

Supply chain

Supply chain refers to the management of all resources, means, methods, tools and techniques aimed at managing, in the most efficient way possible, the overall supply and delivery chain of a product or service to the end-customer. At Safran, the supply chain is structured around a unique approach entitled “One Safran”, which is aimed at developing Group-wide take-up of a common corporate management system and performance indicators and deploying operational excellence, in order to ensure product quality and reliability. The initiative involves building on best practices and extending them throughout the Group.

Sustainable Development Goals (SDGs)

Established by the UN, the SDGs set 17 priorities through 169 goals for socially fair, environmentally secure, economically prosperous, inclusive and predictable development by 2030.

Turbine

The turbine, a device that converts fluid flow into rotary motion, is a major aviation component. Turbine engines are used for powering helicopters and providing electrical energy onboard commercial aircraft. The Djinn helicopter made direct use of air compressed by a turbine to power its rotor, instead of using mechanical conversion.

Turbofan

A turbofan is a type of jet engine that reduces fuel consumption and increases thrust performance by taking in more air than is needed by the turbine. The additional air flow bypasses the turbine.

Vertical take-off and landing (VTOL) aircraft

A vertical take-off and landing (VTOL) aircraft is a fixed-wing aircraft that does not need the runway space usually required for take-off and landing. VTOL aircraft are sometimes known as hybrid or convertible aircraft, especially in the case of tiltrotor planes. The VTOL category does not extend to air balloons, airships or helicopters.

CONTACT

FINANCIAL COMMUNICATIONS DEPARTMENT

Analysts and institutional investors	Individual shareholders
▪ Tel.: +33 (0)1 40 60 80 80	▪ Toll-free number (mainland France only): 0 800 17 17 17 Monday to Friday, 9 a.m. to 5 p.m.
▪ E-mail: investor.relation@safrangroup.com	▪ E-mail: actionnaire.individuel@safran.fr

SAFRAN

2, boulevard du Général-Martial-Valin75724 Paris Cedex 15 – France

All financial information pertaining to Safran is available on the Group’s website at www.safran-group.com, in the Finance section.

Design & production: côtécorp.

Tel.: +33 (0)1 55 32 29 74

POWERED
BY TRUST

Safran
2, boulevard du Général Martial-Valin – 75724 Paris Cedex 15 – France
Tel.: +33 (0)1 40 60 80 80
www.safran-group.com

SAFRAN