

# SAFRAN'S CSR<sup>(1)</sup> STRATEGY: ENGAGE FOR THE FUTURE

Through its commitments and the related actions, Safran's CSR strategy – Engage for the Future – is a reflection of the Company's corporate identity and contributes to the Group's core purpose.

## A CSR approach co-constructed with all stakeholders

Safran's CSR strategy – Engage for the Future – sets out commitments addressing stakeholder expectations. It was developed from an update to the materiality matrix of non-financial challenges plotted in early 2020, along with input from working groups formed with Group employees.

- **Update to the materiality matrix** resulting from consultation with more than 70 external stakeholders (suppliers, customers, etc.) and 600 internal stakeholders. Nine challenges for Safran were pinpointed:
  - reduction of atmospheric emissions and the carbon impact linked to the use of products and services;

- innovation and eco-design of products and services;
- technological developments;
- customer satisfaction and trust;
- business ethics and the fight against corruption;
- skills development and talent retention;
- health and safety in the workplace;
- attractiveness of Safran and recruitment of talent;
- quality and safety of products and services.

- **Consultation with more than 160 Group employees**, across over 30 business lines in all of the geographic regions where Safran operates.

## "Engage for the Future", a new CSR strategy

"Engage for the Future" was developed in line with the Group's core purpose, as defined in 2020, and actively contributes to it through its objectives, commitments and actions. It is aligned with the UN Global Compact, of which Safran has been a signatory since 2014, and actively contributes to progress toward 12 of the 17 UN Sustainable Development Goals (SDGs) set out below.

### 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."



#### 1 Decarbonize aerospace

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



1. Make carbon neutral aircraft the R&T priority



2. Reduce CO<sub>2</sub> emissions throughout our value chain



3. Involve employees in the reduction of their carbon footprint



#### 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 jobs 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



#### 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 supply chain management and support suppliers



9. Respect the environment and natural resources



#### 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

(1) Corporate social responsibility.

## ECOSYSTEM

## Key objectives for 2025

To fulfill its ambitions and create value, Safran has set objectives for 2025 that will enable the Group to track progress annually for each pillar in the CSR roadmap. These objectives can also be found on page 51, in the overall table of key performance indicators, marked with the symbol .

PILLAR	2025 OBJECTIVE	2019	2020
Decarbonize aerospace	Scope 3 (product usage): 75% of 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%	75%
	Scopes 1 and 2: 30% reduction in CO <sub>2</sub> emissions vs. 2018	3% (623,619 t CO <sub>2</sub> eq.) <sup>(1)</sup>	-31% (414,988 t CO <sub>2</sub> eq.)
	100% of facilities to have achieved the five zero targets roadmap <sup>(2)</sup>	*	*
Be an exemplary employer	Maintain the number of training hours per employee per year <sup>(3)</sup>	26	13
	Frequency rate of lost-time work accidents below 2.5 <sup>(4)</sup>	3.2	2.0
	100% of employees worldwide to benefit from a minimum level of health cover (medical, optical and dental)	*	*
Embody responsible industry	22% of women among senior managers	12%	13%
	100% of senior managers and exposed and affected people trained in anti-corruption <sup>(5)</sup>	-	66%
	100% of senior managers and exposed and affected people trained in export control <sup>(6)</sup>	*	*
	80% of purchases made from suppliers that have signed the Safran's responsible purchasing charter <sup>(7)</sup>	-	40%
	100% of sites certified "Gold" to internal HSE standards	50%	60%
Affirm our commitment to citizenship	Increase the waste recovery ratio ( <i>objective to be calculated in 2021</i> )	68.3%	70.5%
	Increase the number of new PhD students in the company per year (> 65)	63 <sup>(8)</sup>	36
	At least one social or professional integration initiative run by each Safran site	*	*

\* Measured across the whole scope in 2021.

(1) 2019 emissions figures, which included estimated data for fourth-quarter 2019, were revised in 2020 to reflect the actual data.

(2) Zero non-recycled paper in 2021, zero machines or equipment running unnecessarily in 2022, zero single-use plastic cups or dishes in 2023, zero catering products from extracontinental geographic areas in 2024, and zero non-eco-friendly green spaces in 2025.

(3) Compared to 2019. Excluding employees on long-term absence.

(4) Number of accidents per million hours worked.

(5) Purchasing, HR, Sales, Legal, Finance, Audit & Internal Control, Compliance & Business Ethics, Risks and Communications Departments, with customers, suppliers and partners concerned.

(6) People exposed and affected in all Group departments.





(7) Or using an equivalent responsible purchasing charter.

(8) Average new PhD students over three years (2017-2019).

## Non-financial ratings

## A dedicated CSR governance

The CSR strategy is led by the Executive Committee and steered by the Executive Vice President, Corporate Human and Social Responsibility, who draws on the work of the CSR Department in defining the CSR strategy, its roadmap and its rollout. The department works with all Group companies and departments to ensure that the CSR strategy is in place across the whole of the Group and engages all employees on its Group-wide commitments. CSR challenges are presented to and monitored by the Board of Directors and the Executive Committee each year.

	2019	2020
 Rating reviewed every two years.	<b>55/100 Robust level</b> <ul style="list-style-type: none"> <li>1<sup>st</sup> company out of 20 in the aerospace and defense industry ranking in Europe</li> <li>1<sup>st</sup> out of 44 worldwide</li> </ul>	
 Rating from "F" to "A" (A being the highest).	<b>C (Awareness level)</b>	<b>A- (Leadership level)</b>
 The rating evaluates ESG risk level, with the lowest rating corresponding to the best non-financial performance.	<b>28.0 - Medium risk</b> <ul style="list-style-type: none"> <li>6<sup>th</sup> out of 82 in the aerospace and defense industry</li> </ul>	<b>24.9 - Medium risk</b> <ul style="list-style-type: none"> <li>4<sup>th</sup> out of 88 in the aerospace and defense industry</li> </ul>
 Rating from "CCC" to "AAA" (AAA being the highest).	<b>A rating</b>	<b>A rating</b>



## NON-FINANCIAL PERFORMANCE

<b>5.1 ORGANIZATION AND MANAGEMENT OF NON-FINANCIAL PERFORMANCE</b>	<b>252</b>		
5.1.1 CSR approach at the heart of Safran's strategy	253	5.5.1 An ethical commitment stemming from the Ethical Guidelines	287
5.1.2 A stronger CSR governance	256	5.5.2 Business ethics and prevention of corruption risk	288
5.1.3 An approach backed by internal and external reference frameworks	257	5.5.3 Complying with export control laws, and sanctions and embargoes	291
5.1.4 A CSR performance assessed by non-financial rating agencies	258	5.5.4 Complying with customs regulations	292
<b>5.2 SAFRAN'S KEY NON-FINANCIAL RISKS</b>	<b>259</b>	5.5.5 Trade compliance, export control, customs indicators	293
5.2.1 Summary of risks and associated indicators	259	5.5.6 Supporting the Group's business over time with a responsible tax policy	293
<b>5.3 CLIMATE STRATEGY: DECARBONIZE AEROSPACE</b>	<b>263</b>	5.5.7 Protecting personal data and privacy	294
5.3.1 Context: climate change and the aerospace industry	263	5.5.8 Cybersecurity	294
5.3.2 Taking climate change into account in Safran's governance	264	5.5.9 Responsible purchasing	295
5.3.3 Taking climate change into account in Safran's strategy	265	5.5.10 Environmental impacts	299
5.3.4 Risks relating to climate change	268	<b>5.6 CORPORATE SOCIAL RESPONSIBILITY: AFFIRM OUR COMMITMENT TO CITIZENSHIP</b>	<b>302</b>
5.3.5 Climate change indicators and targets	269	5.6.1 Spearhead innovation on protection for citizens	302
<b>5.4 HUMAN RESPONSIBILITY: BE AN EXEMPLARY EMPLOYER</b>	<b>271</b>	5.6.2 Develop partnerships on training and research	304
5.4.1 Human responsibility objectives	271	5.6.3 Facilitate professional and social integration	306
5.4.2 Talent development	272	<b>5.7 METHODOLOGICAL NOTE AND INDEPENDENT THIRD PARTY (ITP) REPORT</b>	<b>308</b>
5.4.3 Recruitment and employer brand	275	5.7.1 Methodology note on labor and HSE indicators	308
5.4.4 Compensation and giving employees a stake in company performance	276	5.7.2 Reporting scope	308
5.4.5 Social dialogue	278	5.7.3 Data collection	309
5.4.6 Diversity and inclusion	281	5.7.4 Details on certain indicators	309
5.4.7 Employee health and safety, and quality of life at work	284	5.7.5 Report by the independent third party on the consolidated non-financial information statement	311
<b>5.5 ETHICS, BUSINESS COMPLIANCE, RESPONSIBLE PURCHASING AND THE ENVIRONMENT: EMBODY RESPONSIBLE INDUSTRY</b>	<b>287</b>	<b>5.8 CROSS-REFERENCE TABLE FOR THE NON-FINANCIAL INFORMATION STATEMENT (NFIS)</b>	<b>315</b>

French government *ordonnance* (order) 2017-1180 of July 19, 2017 and decree no. 2017-1265 of August 9, 2017 transpose into national law the European directive of October 22, 2014 on the disclosure of non-financial information by companies, thereby modifying Articles L.225-102-1 and R.225-104 to R.225-105-2 of the French Commercial Code (*Code de commerce*). The non-financial information statement (NFIS) discloses “information on the way in which the company takes into account the social and environmental consequences of its activity” as well as “the effects of this activity as regards respect for human rights and the fight against corruption”.

Chapter 5 takes into account these modifications to French law, as well as law 2017-399 on the duty of care of parent companies and contracting companies and law 2016-1691 of December 9, 2016 relating to transparency, anti-corruption measures and modernization of the economy, known as Sapin II.

Safran is the parent company of the Group bearing the same name. Safran's tier-one subsidiaries are Safran Aero Boosters, Safran Aerosystems, Safran Aircraft Engines, Safran Cabin, Safran Electrical & Power, Safran Electronics & Defense, Safran Helicopter Engines, Safran Landing Systems, Safran Nacelles, Safran Seats, Safran Transmission Systems and Safran Passenger Solutions.

The Integrated Report, which can be found in the introduction to this Universal Registration Document, includes a presentation of Safran's corporate social responsibility (CSR) policy, CSR governance, stakeholder relations and business model, and describes how the United Nations' Sustainable Development Goals are integrated into its strategy.

Non-financial risks are described in section 5.2 of this Universal Registration Document. For more details on all risk factors, see chapter 4 of this Universal Registration Document on risks.

In 2020, the non-financial information statement (NFIS) meets the disclosure recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) (see section 5.3).

## 5.1 ORGANIZATION AND MANAGEMENT OF NON-FINANCIAL PERFORMANCE

In 2020, the Covid-19 epidemic triggered the most serious crisis that the global aerospace industry has ever experienced. Against that backdrop, Safran ensured the continuity of its production, maintenance and service activities (see the Foreword in chapter 2). Its CSR approach, part of the Group's strategy and *raison d'être* (corporate purpose), adapted to its culture and applied on its sites, is an asset for its value creation in the short, medium and long term. Wherever possible, the Group endeavored to limit the impact of the crisis on its employees and key stakeholders (suppliers, subcontractors, partners, customers, etc.). Drawing on its strengths and existing systems, Safran was able to:

- establish a crisis unit to manage the consequences of the Covid-19 pandemic (see sections 4.3.1.1 and 5.4.7.1);
- ensure the protection of its employees by implementing a health protocol aligned with its robust occupational health and safety policy (see section 5.4.7.1);
- capitalize on the skills of its employees, notably through the participative innovation scheme, and devote its industrial resources to the fight against Covid-19 (see section 5.6.1.1), by using 3D printing to manufacture parts for medical equipment (protective visors, respirators, etc.) or by adapting a diving mask (Easybreath by Decathlon) to offer hospitals an adaptable medical device;
- develop its digital training offering (see section 5.4.2.2);
- swiftly adapt its work organization. Major innovative agreements were signed, including the Activity Transformation Agreement (ATA) in France with labor unions to help weather the months of crisis while preserving skills and competitiveness. The ATA is based on economic levers such as wage moderation for employees, a cap on profit-sharing and savings schemes, deployment of a long-term furlough scheme, incentives for voluntary early retirement, and support for employees wishing to benefit from internal or external mobility (see section 5.4.5);
- preserve the supplier network by signing the charter of commitment on relations between customers and suppliers within the French aerospace industry, implementing a range of measures such as a unit to assist suppliers in their planning or in their restructuring where necessary, and using mediation as a means of resolving disputes amicably in order to maintain relationships of trust (see section 5.5.9.3);
- pursue research efforts to promote equipment and engines meeting global environmental challenges, such as future ultra-efficient engines compatible with fully sustainable fuels (see sections 5.3 and 5.5.10);
- support the commitment of its employees in all of its host countries through a wide range of solidarity initiatives and further support associations with which it already partners (see section 5.6).

Chapter 5 describes the specific human resources, social and environmental actions taken to reduce the impact of the crisis and as such ensure the Group's sustainability. Comments are provided to describe the impact of the crisis on the performance data monitored by the Group.

## 5.1.1 CSR approach at the heart of Safran's strategy

### A CSR strategy co-constructed with all stakeholders

Safran has developed its new 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 consultative processes: the production of the materiality matrix and the facilitation of employee working groups.

### Definition of the non-financial challenges through the materiality matrix

Safran responded to mounting expectations among its internal and external stakeholders as regards economic, environmental, human resources and social responsibilities by updating the materiality matrix of its non-financial challenges in early 2020. The purpose of the matrix is to present the main non-financial challenges to which the Group is exposed, by order of importance.

An in-depth analysis of the reference frameworks was carried out, including: the UN Sustainable Development Goals, non-financial reporting obligations and recommendations, international standards such as the SASB (Sustainability Accounting Standards Board) and the GRI (Global Reporting Initiative), and recent studies on the challenges facing the aerospace industry. This analysis resulted in the identification of 37 challenges.

These challenges were subsequently submitted to more than 600 senior managers from all Group companies at sites worldwide and the members of the Executive Committee, as well as 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.

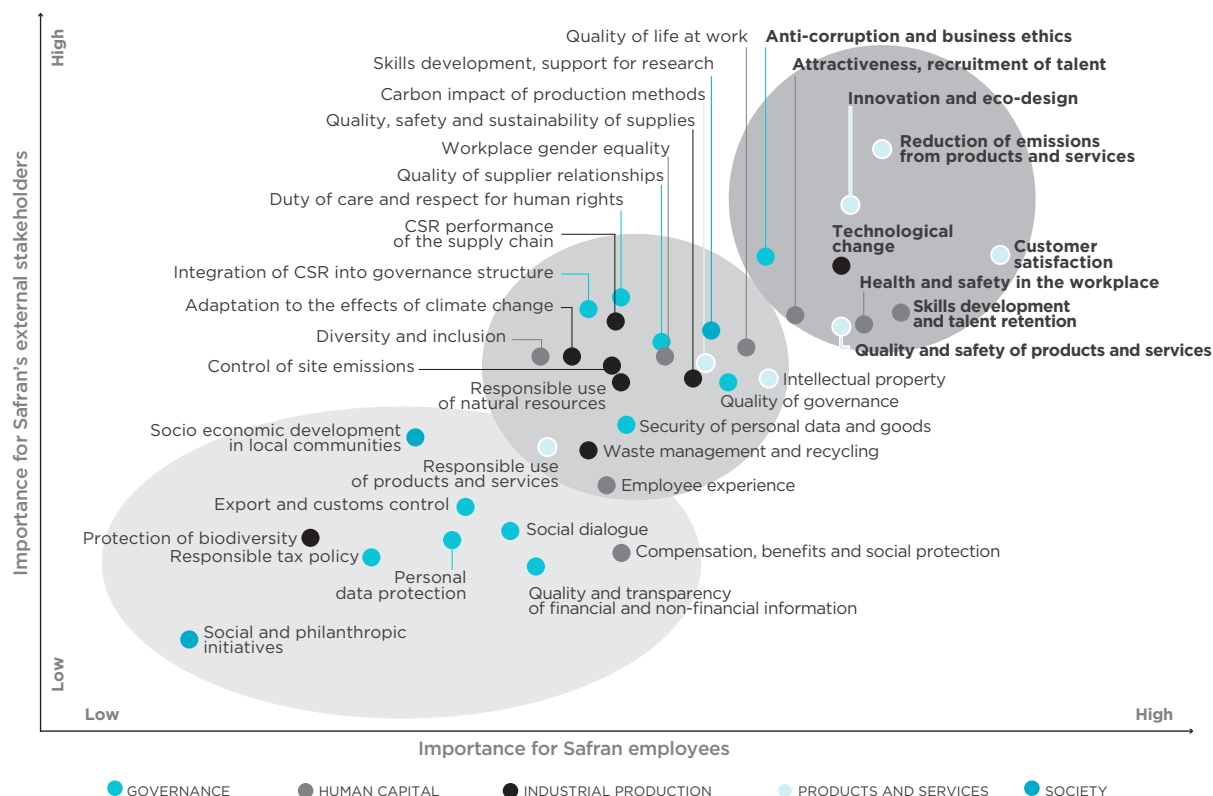
The matrix shows:

- on the X-axis, challenges classified according to their importance for internal participants (importance for Safran employees);
- on the Y-axis, challenges classified according to their importance for external participants (importance for external stakeholders);

It represents a snapshot of respondents' opinions and perceptions at a given time. The updated matrix represents an internal and external consensus on Safran's nine priority challenges and the change in respondents' expectations. 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:

- **customer satisfaction and trust;**
- **business ethics and the fight against corruption;**
- **reduction of atmospheric emissions and the carbon impact linked to the use of products and services;**
- **innovation and eco-design of products and services;**
- **technological developments;**
- **attractiveness of Safran and talent recruitment;**
- **skills development and talent retention;**
- **health and safety in the workplace;**
- **quality and safety of products and services.**

## MATERIALITY MATRIX OF NON-FINANCIAL CHALLENGES



## Enhanced consultation with employees via working groups

The completion of the materiality matrix gave way to an internal process designed to further explore the expectations, challenges and priorities for Safran, as voiced by its employees. Thirteen working groups were put together to address a variety of topics (innovation, low-carbon, communications, finance, human resources, younger generation, technology, etc.), and interviews were held with employee representative bodies. In total, 167 employees representing all of Safran's companies and its major geographic areas of operation were involved.

First, each participant completed a questionnaire. Once the responses had been compiled, one or two group work sessions were then conducted to look at the responses on each of the topics. Employees put forward countless ideas, questions and expectations on CSR related topics in connection with their daily work experience. The outcome of this work was then used to develop the content of the CSR policy, bringing it in line with the daily lives of Safran employees. The participants were truly motivated to have a voice on these issues, and the work of consolidating expectations showed that they converge regardless of their profession, location or company. The CSR strategy has been validated by the Executive Committee.

## "Engage for the future", a new CSR strategy

Early in 2021, Safran launched "Engage for the future", the new CSR strategy born as a result of this collective effort. In addition to incorporating the CSR challenges outlined during the construction phases described above, "Engage for the future" embodies the Safran *raison d'être* defined in 2020.

"Engage for the future" is also blended into the Group's three strategic assets:

- **sustainable technological innovation** in the aerospace, defense and space markets allowing Safran to maintain and strengthen its position as a world leader while taking its environmental, social and societal impacts into account;
- **operational excellence** positioning Safran as the benchmark supplier for its clients thanks to the quality standards of its products and services throughout the value chain, in dialogue with its employees, customers, partners and end customers;
- **responsible conduct** showing regard for internal and external stakeholders at all of Safran's sites. The Group aims to go beyond simple compliance with the law by being proactive in the face of social and environmental developments.

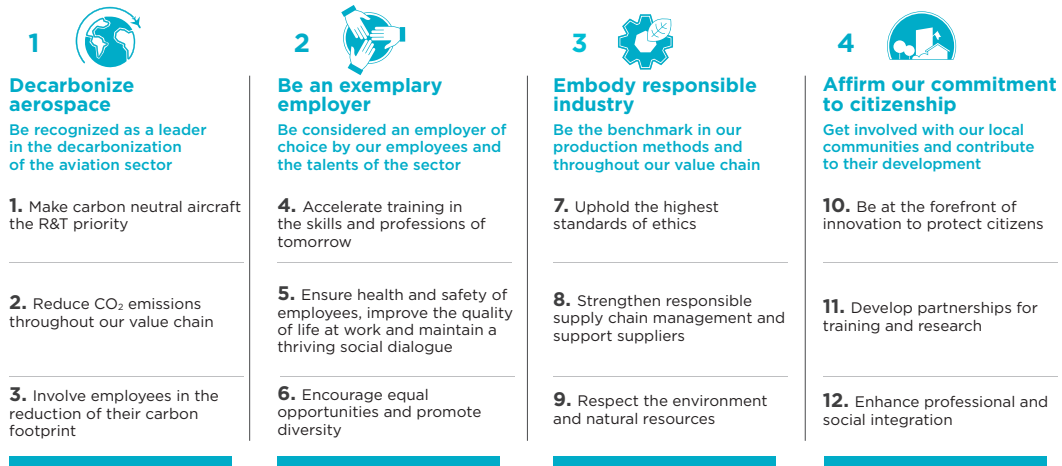
This makes the CSR strategy an integral part of Safran's culture, its *raison d'être* and its strategy. The strategy is aimed at creating shared value with the ecosystem and embracing a sustainable performance perspective.

## A CSR 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."



"Engage for the future" is Safran's CSR pledge, and applies in all Group countries and companies. It resonates with the UN Global Compact, of which Safran has been a signatory since 2014, and actively contributes to the UN's Sustainable Development Goals (SDG) (see section 5.1.3.1).

These commitments are backed up by objectives for 2025, referred to in this chapter as 2025 CSR objectives. For some of them, the 2025 targets and monitoring indicators will be determined in 2021.



## Key objectives for 2025

To fulfill its ambitions and create value, Safran has set objectives for 2025 that will enable the Group to track progress annually for each pillar in the CSR roadmap.

PILLAR	2025 OBJECTIVE	2019	2020
<b>Decarbonize aerospace</b>	Scope 3 (product usage): 75% of 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	<b>75%</b>	<b>75%</b>
		<b>+3%</b>	<b>-31%</b>
	Scopes 1 and 2: 30% reduction in CO <sub>2</sub> emissions by 2025 vs. 2018	(623,619 t CO <sub>2</sub> eq.) <sup>(1)</sup>	(414,988 t CO <sub>2</sub> eq.)
	100% of facilities to have achieved the five zero targets roadmap <sup>(2)</sup>	*	*
<b>Be an exemplary employer</b>	Maintain the number of training hours per employee per year <sup>(3)</sup>	<b>26</b>	<b>13</b>
	Frequency rate of lost-time work accidents below 2.5 <sup>(4)</sup>	<b>3.2</b>	<b>2</b>
	100% of employees worldwide to benefit from a minimum level of health cover (medical, optical and dental)	*	*
	22% of women among senior managers	<b>12%</b>	<b>13%</b>
<b>Embody responsible industry</b>	100% of senior managers and exposed and affected people trained in anti-corruption <sup>(5)</sup>	-	<b>66%</b>
	100% of senior managers and exposed and affected people trained in export control <sup>(6)</sup>	*	*
	80% of purchases made from suppliers that have signed Safran's responsible purchasing charter <sup>(7)</sup>	-	<b>40%</b>
	100% of sites certified "Gold" to internal HSE standards	<b>50%</b>	<b>60%</b>
	Increase the waste recovery ratio ( <i>target to be calculated in 2021</i> )	<b>68.3%</b>	<b>70.5%</b>
<b>Affirm our commitment to citizenship</b>	Increase the number of new PhD students in the company per year (> 65)	<b>63<sup>(8)</sup></b>	<b>36</b>
	At least one social or professional integration initiative run by each Safran site	*	*

\* Measured across the whole scope in 2021.

(1) 2019 emissions figures, which included estimated data for fourth-quarter 2019, were revised in 2020 to reflect the actual data.

(2) Zero non-recycled paper in 2021, zero machines or equipment running unnecessarily in 2022, zero single-use plastic cups or dishes in 2023, zero catering products from extracontinental geographic areas in 2024, zero non-eco-friendly green spaces in 2025.

(3) Compared to 2019. Excluding employees on long-term absence.

(4) Number of accidents per million hours worked.

(5) Purchasing, HR, Sales, Legal, Finance, Audit & Internal Control, Compliance & Business Ethics, Risks and Communications Departments, with customers, suppliers and partners concerned.

(6) People exposed and affected in all Group departments.

(7) Or using an equivalent responsible purchasing charter.

(8) Average new PhD students over three years (2017-2019).

### 5.1.2 A stronger CSR governance

In January 2021, the Group Human Resources Department (HRD) became the Group Human and Social Responsibility Department (HSRD). This change illustrates the Group's determination to strengthen its commitments and rally all employees around the new CSR policy.

The CSR strategy is led by the Executive Committee and steered by the Executive Vice President, Corporate Human and Social Responsibility, who draws on the work of the CSR Department in defining the CSR strategy, its roadmap and its rollout. The CSR Department works closely with all of the Group's companies and departments to ensure that the strategy is consistent and that everyone is involved. CSR issues are addressed, where appropriate, in committees reporting to the 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 6.3.4). They are also presented to the Executive Committee each year.

Safran plans to adapt its CSR governance starting in 2021. Experts from cross-functional Group departments and representatives of tier-one entities will be asked to work together on each of the pillars of the CSR policy (decarbonize aerospace, be an exemplary employer, embody responsible industry and affirm our commitment to citizenship). Consultations with external stakeholders are also planned. The CSR Department, in close collaboration with the Executive Committee, cross-functional departments and companies, is responsible for federating, coordinating and implementing the policy within this governance framework.



### 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 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. 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. It takes the form of the Non-financial Performance chapter of this Universal Registration Document, which is validated by the Board of Directors. Safran is classified as Advanced, the highest standard in terms of CSR performance.

Through its commitment to respect the 10 principles of the United Nations Global Compact and through its Ethical Guidelines, Safran highlights the obligation for its employees, suppliers and subcontractors to respect the principles of human rights, labor law, environmental protection and the fight against corruption.

Safran's CSR policy, commitments, targets and actions are aligned with the global effort to achieve the 17 Sustainable Development Goals for 2030 established by the United Nations (see the Integrated Report at the beginning of this Universal Registration Document).

#### 5.1.3.2 The Safran global CSR framework agreement

The internal reference documents concerning Safran's corporate social responsibility are as follows: the global framework agreement on CSR, the CSR policy (see section 5.1.1), the Ethical Guidelines (see section 5.5.1), the energy strategy (see section 5.3.3), the Code of Conduct for the detection and prevention of acts of corruption and the responsible lobbying guidelines (see section 5.5.2), and the Health, Safety and Environment policy (see section 5.4.7.1). They are applicable at all Safran sites, in all of the countries where Safran operates.

Among internal commitments concerning human resources, social and environmental responsibility, Safran signed a global five-year CSR framework agreement on "working conditions, CSR and sustainable development" with the IndustriALL Global Union and representatives of the metallurgy federations of the French CFE-CGC, CFDT, CGT and CGT-FO unions on October 18, 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 social responsibility policy, notably in compliance with the ILO (International Labour Organization) Conventions. It confirms Safran's pledge to prohibit any form of forced or

child labor. The Group also recognizes the legitimate role of employee representatives and trade unions in a dialogue aimed at maximizing the Company's social value. The deployment of Safran's culture of prevention is built around its Health, Safety, and Environment (HSE) standards, which cover 611 performance criteria for safety, working conditions, ergonomics and environmental protection. They are also aligned with international standards, such as those issued by the International Organization for Standardization (ISO);

- 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. The agreement bans any form of discrimination, with a particular emphasis on fostering gender equality in the workplace. In this way, all employees are offered the same career opportunities, supported as needed by training. The right of all employees to respect and recognition has been reaffirmed;
- 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/or 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. The agreement affirms a commitment to promoting "open and constructive social dialogue on a global scale, in order to continuously improve and develop best practices at all Safran facilities". It specifies that any change in working hours must be prepared and planned with employee representatives;
- support the implementation of Safran's policies, through its subsidiaries, suppliers and subcontractors, so as to take into account international challenges in line with the Sustainable Development Goals adopted by the United Nations in 2015;
- protect the environment through preserving natural resources, fighting global warming, reducing waste and reusing it, and prevent the risk of pollution in order to minimize the impact of the Group's activities on the environment;
- take into account the impact of the business on the local community, so that in each host country it focuses on hiring locally to fill available positions.

Addressing stakeholder relations, the framework agreement provides that fundamental rights will be upheld both by Group subsidiaries and in the selection and assessment of suppliers, subcontractors and service providers.

A global monitoring committee was set up in 2018 to oversee the agreement's implementation and compliance with its commitments. A guide has been developed to enable each Group entity to assess the agreement's nine commitments. By 2019, 93 Safran entities had conducted self-assessments and proposed action plans targeting such issues as professional equality between men and women, relations with suppliers, non-discrimination, the environment and the impact of operations on local communities.

### 5.1.3.3 Duty of care plan

The duty of care plan described below was prepared by Safran in response to French law 2017-399 of March 27, 2017 on the duty of care of parent companies and ordering companies. It concerns Group companies and their subsidiaries, addressed in the following paragraph, and Group suppliers, addressed in section 5.5.9.

The Safran duty of care plan was designed as a means of consolidating and intensifying its risk prevention and management processes (see chapter 4 on the risk management system). Internally, the Group complies with the law through the following provisions:

- **respect for human rights and fundamental freedoms**, enshrined in internal documents, the global framework agreement on CSR (see section 5.1.3.2), the Ethical Guidelines and the Code of Conduct for the detection and prevention of acts of corruption (see section 5.5.2). These documents stipulate that the internal rules relating to human rights and fundamental freedoms must comply, at the very least, with the standards of the countries in which Safran operates. When these expectations are less demanding than Safran's own standards, the Group applies its own requirements in terms of human rights, fundamental freedoms and Health, Safety and Environment. Among the human rights guaranteed are the prohibition of child labor and forced labor, respect for the principle of freedom of association and collective bargaining, prevention of the risk of discrimination, and promotion of decent employment and material working conditions.
- **the protection of personal data** (see section 4.3.2), whether it concerns Safran employees or third parties, is subject to a specific organization and a program designed to ensure compliance with the provisions of the European Union's new General Data Protection Regulation (GDPR), which came into force in May 2018, as detailed in section 5.5.7;
- **employee safety** (see section 4.3.2) is ensured through a dedicated organization, both internationally and in France. The workplace safety policy is reflected in the implementation of oversight, analysis, training and monitoring of employees and partners in sensitive geographies;

- **the management of health, safety and environmental risks** through the rollout of HSE policy standards, which serves to develop a culture of anticipation and prevention so as to control risks as part of a continuous improvement process (see sections 4.3.2, 5.4.7 and 5.5.10).
- Specific measures have been taken to round out the duty of care plan in order to **control risks in Safran's purchasing process**. Several measures have been implemented, including training for buyers, the application of CSR strategy principles in purchasing procedures since 2014, and skills development for all purchasing function stakeholders. All buyers must therefore complete responsible purchasing training. The responsible purchasing training indicator tracks the involvement of buyers in duty of care issues (see section 5.2.1). The implementation of these measures makes the purchasing process (see "One Safran", section 1.7) more robust by more thoroughly embedding CSR criteria into each phase:
  - **development of purchasing strategies by group**, supplier selection, supplier approval (including the mandatory signing of Safran's responsible purchasing charter), contracting and contract management, supplier monitoring and supplier performance measurement;
  - **creation of a communication kit specific to the duty of care** and its distribution among purchasers in order to improve their knowledge of the law and the existing system. Another communication kit on the duty of care, which is geared towards suppliers and allows buyers to raise awareness among their suppliers;
  - **the Buyer's Memo** distributed among the purchasing community makes it possible to indicate the mandatory training courses in a buyer's career path, including Responsible Purchasing.

### Whistleblowing system

An internally and externally accessible whistleblowing system is in place (see section 5.5.1).

## 5.1.4 A CSR performance assessed by non-financial rating agencies

In order to guarantee transparency and openness, particularly in respect of investors and shareholders, the Group regularly responds to requests bearing on its non-financial information.





Each year, non-financial rating agencies assess Safran's performance in terms of respect for the environment, social values, community engagement and corporate governance. Their assessments guide fund managers and investors looking for companies delivering an effective CSR performance.

In 2019 and 2020, Safran topped the Aerospace and Defense industry ranking of independent non-financial rating agency Vigeo-Eiris. Its score increased from 49/100 to 55/100 between 2017 and 2019-2020. The improvement in its score attests to the focus that Safran places on environmental, social and governance criteria (ESG) in its strategy. Safran accordingly features in the Euronext Vigeo Eurozone 120 index.

CDP-Climate Change (formerly the Carbon Disclosure Project) provides a comprehensive system for measuring and reporting environmental information that assesses both the performance and transparency of climate change strategies. Safran scored an A- in 2020, demonstrating its maturity in terms of management and leadership, and its progress compared with previous years: it obtained a C in both 2018 and 2019.

The rating awarded by international agency Sustainalytics improved between 2019 and 2020. Safran ranked fourth out of 88 companies in the aerospace and defense industry.

## CHANGE IN NON-FINANCIAL RATINGS

	2018	2019	2020
	<b>49/100 – Limited level</b> 14 <sup>th</sup> company in the aerospace and defense industry ranking	<b>55/100 – Robust level<sup>(1)</sup></b> 1 <sup>st</sup> company out of 20 in the aerospace and defense industry ranking in Europe 1 <sup>st</sup> out of 44 worldwide Inclusion in the Euronext Vigeo Eurozone 120 index	
Climate change 	<b>C (Awareness level)</b> Understanding of environmental challenges for the company	<b>C (Awareness level)</b> Understanding of environmental challenges for the company	<b>A- (Leadership level)<sup>(2)</sup></b> Best practices in environmental management
	-	<b>28.0 – Medium risk</b> 6 <sup>th</sup> out of 82 in the aerospace and defense industry	<b>24.9 – Medium risk<sup>(3)</sup></b> 4 <sup>th</sup> out of 88 in the aerospace and defense industry
	<b>BBB rating</b>	<b>A rating</b>	<b>A rating<sup>(4)</sup></b>

Rating scales:

(1) Rating out of 100 updated every two years.

(2) Rating from "F-" to "A" (A being the highest).

(3) ESG risk assessment, the highest score is 0, the lowest risk.

(4) Rating from "CCC" to "AAA" (AAA being the highest).

Safran is also rated by other international non-financial rating agencies, such as ISS ESG and SAM (Corporate Sustainability Assessment). Additionally, it responds to other surveys from major players in the field of socially responsible investment, such as the magazine *La Financière Responsable*. The Group is part of its *LFR Euro Développement Durable* and *LFR Inclusion Responsable* Funds. For the latter, Safran progressed from "Committed Company" to "Leader" in 2020.

In addition, some Safran sites have CSR certification, such as the Safran Electrical & Power site in Morocco, which, in 2020, renewed the CGEM (*Confédération générale des entreprises du Maroc*) CSR label obtained in 2017. In Mexico, the Safran Aircraft Engines and Safran Landing Systems sites were recognized as socially responsible companies for the second consecutive year by CEMEFI (*Centro Mexicano para la Filantropía*). 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 SAFRAN'S KEY NON-FINANCIAL RISKS

Chapter 4, "Risk factors" and chapter 5, "Non-financial performance" of this Universal Registration Document are linked, and respective cross-references are provided. While the analysis and treatment of the main risk factors are presented in chapter 4, chapter 5 is dedicated to the presentation of the main non-financial risks (see section 5.2), and the associated performance (see sections 5.3 to 5.6).

### 5.2.1 Summary of risks and associated indicators

The risks relating to Safran's corporate social responsibility are presented in the table below, and have been assessed based on the key risks identified in Safran's Enterprise Risk Management (ERM) (see chapter 4). The indicators presented serve to show the effectiveness of the policies implemented in response to these challenges.

All of the indicators mentioned below relate to a Group scope unless otherwise stated.

The impacts of the Covid-19 crisis are reflected in all of the 2020 indicators and the related change.

Risk	Policies	Indicators	2018	2019	2020	Year-on-year change
<b>RISKS RELATING TO CLIMATE CHANGE</b>						
For the definitions of Scopes 1, 2 and 3, see section 5.3.5, "Climate change indicators and targets".	Low-carbon project	Emissions in metric tons of CO <sub>2</sub> equivalent:				
<ul style="list-style-type: none"> <li>"Transition" risks stem from changes in the economic and regulatory environment linked to adaptation to climate change. The expectations of Safran's stakeholders cover production processes, as well as product design and final use. Potential impacts could include new financial taxes, loss of market share or loss of attractiveness for investors.</li> </ul>	Research and technology projects	<ul style="list-style-type: none"> <li>Scope 1</li> <li>Scope 2</li> <li>Scope 3</li> </ul>	219,790*	221,259*	146,655	-33.7%
			383,186*	402,360*	268,333	-33.3%
			52,721,000	47,980,000	24,195,000	-49.6%
Risks resulting from damage directly caused by weather and climate phenomena:						
<ul style="list-style-type: none"> <li>the risks induced by climate change, such as earthquakes, hurricanes, cyclones, strong winds and floods, could cause damage to the Group's sites and endanger the safety of employees. The exposure of Safran's sites and their value chain depends on their 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.</li> </ul>						
See section 4.3.1.5						
<b>RISKS RELATING TO SKILLS AND KNOW-HOW</b>						
Situations liable to cause a loss of skills and know-how in the medium term are as follows:	Medium-term plan	% of Group employees who have had one or more training courses	87% <sup>(2)</sup>	83%	67%	-19.3%
<ul style="list-style-type: none"> <li>accelerated change in business, stemming either from the general impact of the digital transformation or the Group's shift towards disruptive technologies and more electric products with a smaller carbon footprint, involving a lack of longer-term visibility on certain development activities;</li> <li>challenges of adapting load/capacity and matching skills to needs when the impacts of the adaptation measures introduced in response to the economic crisis caused by the Covid-19 pandemic, and in particular the Activity Transformation Agreement (ATA) in France, will have materialized, including the early departure of some experts;</li> <li>tension in the labor market in certain areas of expertise, intense competition between business sectors or turnover in certain geographic areas.</li> </ul>						
See section 4.3.4						

\* 2018 emissions figures were adjusted to take into account the change in scope following the integration of Zodiac Aerospace. 2019 emissions figures, which included estimated data for fourth-quarter 2019, were revised in 2020 to reflect the actual data.

Risk	Policies	Indicators	2018	2019	2020	Year-on-year change
<b>RISK OF INSUFFICIENT OR LOSS OF ATTRACTIVENESS</b>						
The risk of loss or lack of attractiveness for the Group covers:	Talent policy	Permanent departure replacement index	1.1	1.2	0.2	-83.3%
■ recruitment times for certain specific profiles (materials, special processes, electrical, power electronics) and new professions for Safran;	Compensation policy					
■ the high concentration of industrial companies in certain international basins, generating intense competition to attract skills and talents, if Safran is not distinguished enough;	Professional equality between men and women approach and action plan	% of women in external recruitment	36.10%	37.4%	34.6%	-7.7%
■ insufficient representation of women in the Company, especially in senior positions, generating a risk in terms of image, attractiveness and performance.		% of women in the workforce	28.5%	29.1%	27.7%	-4.8%
		% of women among senior managers	12%	12%	13%	+1%
See section 4.3.4						
<b>HEALTH, SAFETY AND ENVIRONMENT RISK</b>						
Risks relating to industrial activities:	HSE policy	Frequency rate of lost-time work accidents	2.9	3.2	2.0 <sup>(3)</sup>	-37.5%
■ risks inherent to industrial activities, such as fire, explosion or the discharge of liquids and gases;	HSE standards	Severity rate (SR)	0.07 <sup>(2)</sup>	0.07	0.08	+14.3%
■ risks relating to the management of chemicals on the production sites;	Duty of care plan	Reported accident frequency rate	22.7	18.8	11.3	-39.9%
■ exposure of employees to the risks inherent to industrial activities, such as the use of production equipment, load handling, shift work, working at heights, etc.		Pandemic plan				
Risks relating to new regulations:						
■ local and international health, safety and environmental protection regulations and standards applicable to Safran's activities are diverse, shifting and increasingly stringent. As such, non-compliance with regulations is a risk for the Group.						
See section 4.3.2						
Health risk associated with pandemics (see section 4.3.1.1)						
Certain risks have emerged as a consequence of the Covid-19 crisis:		Absenteeism rate	N/A	2.8%	2.7%	-3.9%
<b>RISK OF EMPLOYEE DISENGAGEMENT</b>						
This risk, linked to the consequences of the Covid-19 crisis, encompasses:						
■ detachment from the company after a long period on furlough;						
■ feeling of uselessness generated by furlough, leaving the employee with the impression of being non-essential;						
■ risk of resignation of employees in favor of industries less enduringly impacted by the health crisis;						
■ pressing questions from employees about potential new redundancy plans.						

Risk	Policies	Indicators	2018	2019	2020	Year-on-year change
<b>PSYCHOSOCIAL RISKS</b>						
This covers stress and ill-being in the workplace related to: <ul style="list-style-type: none"><li>■ the uncertain socio-economic environment;</li><li>■ changes in the organization of work (telework, furlough);</li><li>■ anxiety about the epidemic;</li><li>■ the impact on social relations and management methods.</li></ul>		% of employees who responded to the social climate survey in November 2020			>48%	
<b>CORRUPTION RISK</b>						
Corruption risk (see section 5.5.2) is assessed on the basis of scenarios involving: <ul style="list-style-type: none"><li>■ non-compliance with laws on anti-corruption and influence peddling: potential breaches related to the Group's international exposure, transactions with third parties (customers, suppliers, intermediaries) or transactions with public officials;</li><li>■ non-compliance with the Ethical Guidelines, the Code of Conduct for the detection and prevention of acts of corruption and the Safran trade compliance program.</li></ul>	Trade compliance program  Anti-fraud policy  Code of Ethics  Duty of care plan	People trained in trade compliance (anti-corruption) programs	4,600	4,900	5,616	+14.6%
<b>CYBERSECURITY RISK</b>						
As indicated in section 4.3.2, "Risks relating to Group operations" and described in section 5.5.8 below, cybersecurity is a shifting and widespread threat for Safran. It could take the form of either an intrusion into the Group's information systems or an attack on the integrity of its data.  Cybersecurity is also a performance criterion for the Group's products. Safran's policy provides an explicit and structured response to customer concerns and the requirements of regulatory authorities.	Cybersecurity policy	% of critical components with at least one intrusion test per year	50%	70%	70%	stable
		% of tier-one entities with an ISSM in place	100%	100%	100%	stable
<b>RISKS RELATING TO SUPPLIER RELATIONSHIPS</b>						
Safran purchased goods and services worth €8 billion in 2020, i.e., more than 48.5% of its adjusted revenue, from more than 16,000 suppliers. Controlling the full range of risks linked to supplier activities is a priority challenge. Suppliers must comply with Safran's Responsible Purchasing Charter, which imposes respect for human rights and compliance with HSE regulations. The risk of failure among Safran's strategic suppliers was heightened in 2020 due to the consequences of the Covid-19 crisis. See section 4.3.2.4.	Responsible purchasing charter  Duty of care plan  Group purchasing policy	% of buyers trained in responsible purchasing methods during their career	N/A	40.1%	43.5%	+8.5%



Risk	Policies	Indicators	2018	2019	2020	Year-on-year change
<b>PRODUCT SAFETY RISK</b>						
Aviation safety is one of Safran's priorities, which means supplying products that ensure optimum safety for its customers (see section 4.3.2). A robust and proven quality management system is in place (see section 1.7).	Aviation safety policy Quality policy					

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.

Scope 3: other emissions indirectly produced by Safran's activities and not accounted for in Scopes 1 and 2, but linked to the overall value chain (source: Ademe).

(1) Excluding employees on long-term absence.

(2) Excluding activities derived from the former Zodiac Aerospace.

(3) We recorded a drop in the LTAFR in 2020, with more than 190 lost-time incidents avoided. Particular attention will continue to be paid to the prevention of lost-time incidents in 2021.

## 5.3 CLIMATE STRATEGY: DECARBONIZE AEROSPACE

This section corresponds to the first pillar of the CSR strategy, "Decarbonize aerospace", devoted to the decisions and initiatives taken by Safran to reduce CO<sub>2</sub> emissions. Safran aims to be acknowledged as a leader in decarbonization in the aerospace industry. It has made carbon-neutral aircraft the priority of its research and technology (R&T) and is committed to reducing its CO<sub>2</sub> emissions across its entire value chain. This section meets the disclosure recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

This is a strategic challenge for Safran, which is making a major effort in terms of R&T (see section 1.4.5). 75% of its R&T expenditure is devoted to improving the environmental impact of air transport. As such, the Group benefits from European and French subsidies, which enabled it not to diminish its level of activity in decarbonization projects in 2020.

### 5.3.1 Context: climate change and the aerospace industry

Faced with climate change and the associated risks, the 2015 Paris Climate Agreement set the goal of capping the increase the Earth's average temperature at 2°C, or even 1.5°C, by the end of the century compared with preindustrial levels.

The aerospace industry has a role to play in achieving this goal. In 2019, civil aircraft in operation worldwide emitted 2.1%<sup>(1)</sup> of the CO<sub>2</sub> emissions attributable to human activities. If we add emissions from the production and delivery of fuel to aircraft, aircraft manufacturing and dismantling, and airport operations, aviation accounts for approximately 3% of total CO<sub>2</sub> emissions worldwide. Before the Covid-19 crisis, the industry expected traffic to grow by 3% to 4% per annum over the coming 30 years, measured in passenger kilometers. That would represent a near 3.5-fold increase in traffic between 2015 and 2050, bringing the amount of CO<sub>2</sub> emitted by aviation to a significant level. Reducing CO<sub>2</sub> emissions from aviation is therefore a priority. The Covid-19 pandemic, which caused a drop in air traffic, has not altered this challenge.

Through the Air Transport Action Group (ATAG), and in agreement with the International Civil Aerospace Organization (ICAO), the aerospace industry set a very ambitious objective in 2008: to halve CO<sub>2</sub> emissions by 2050 compared with 2005 levels. Seen against the expected growth in air traffic, that represents a 90% reduction in average emissions per passenger kilometer. All stakeholders in air transport (industry, airlines, air traffic control, airports, public authorities), including Safran, have committed through ATAG to meeting these commitments.

(1) Based on IEA, ICCT, ATAG data.



In addition to CO<sub>2</sub>, aircraft engines produce other emissions (contrails, nitrogen oxides), whose impact on global warming is currently being assessed by scientists. According to a recent publication<sup>(1)</sup>, the warming effect (radiative forcing<sup>(2)</sup>) attributable to all aviation emissions since 1940 represents 3.5% of the total radiative forcing attributable to human activities. This assessment is subject to significant uncertainties due to the complexity of the physical phenomena

involved. It is important for the understanding of these phenomena to progress to allow us to act and make the right technology choices<sup>(3)</sup>. Safran was one of the stakeholders behind the creation of the “aviation and climate” chair at the French Civil Aviation Research Council (*Conseil pour la recherche aéronautique civile* – CORAC), with the aim of reducing all potential emissions produced by aircraft engines that could have an impact on the climate.

### 5.3.2 Taking climate change into account in Safran’s governance

As an aircraft engine and equipment manufacturer, Safran has a central role to play in achieving the aerospace industry’s climate change targets. To affirm its commitment, Safran has a *raison d’être*, in which it cites climate change as one of its priority challenges (see section 5.1.1). The Group’s commitment is reflected in a cross-functional approach involving multiple departments. It is led at the highest level of the company, both by Executive Management and 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 (see section 6.3.3). In order to deal with the challenges of climate change as effectively as possible, the Board of Directors decided in early 2021 to task one of its independent Directors, who is a member of the Innovation and Technology Committee, with overseeing how the Board takes into account and monitors climate issues, designating him as “Director responsible for monitoring climate issues”. The Board also defined his responsibilities in this area (see section 6.2.3). The Board considered that this role should naturally go to the Chairman of the Innovation and Technology Committee. At the same time as the Director responsible for monitoring climate issues was appointed, the Innovation and Technology Committee was renamed the “Innovation, Technology & Climate Committee” and its roles and responsibilities were extended. This Committee is now responsible for reviewing, examining and issuing recommendations relating to Executive Management’s climate action plan (see section 6.3.4). The Board of Directors’ Internal Rules were amended to reflect these changes (see section 6.3.2).

The Innovation, Technology & Climate Committee and its Chairman accordingly have a particular role to play in climate change challenges, given the high level of interaction with the Group’s technology strategy. The Committee is tasked with analyzing, reviewing and sharing its expertise on Safran’s research and technology objectives and strategic choices, as well as the Group’s action plan on climate change, a very large part of which is designed to enable the Group to help decarbonize aerospace while meeting the growing needs of the world’s population. It assesses the Group’s performance in its main research and innovation roadmaps and climate

plan with a view to meeting its targets. The Committee reports its findings, including those relating to climate change issues, to the Board of Directors.

For the Group’s operational and executive organization, the challenge represented by climate change prompted Safran to tighten its governance on the issue in 2020 by establishing a Climate Challenge Steering Committee bringing together several members of Executive Committee and all of the Company’s departments involved in the various aspects of climate action, namely: Research and Technology, Strategy, Public Affairs, Finance, Operations, Corporate Social Responsibility and Communications. This Committee met three times in 2020. Its work focused primarily on the development of Safran’s strategy for the decarbonization of aerospace against the backdrop of the Covid-19 crisis, and on the development of sustainable aviation fuels. A cross-functional working group covering the relevant departments coordinates regular work on these issues between committee meetings.

Additionally, the operational committee established in 2019 to oversee the Group’s low-carbon project also continued its work in 2020, with a focus on reducing greenhouse gas emissions from Safran’s operations (Scopes 1, 2 and 3 upstream, see section 5.3.5). It is made up of several members of the Group’s Executive Committee and cross-functional units. It is jointly sponsored by the Executive Vice President, Industrial, Purchasing and Performance and the Executive Vice President, Corporate Human and Social Responsibility. It meets every two months. A project manager has been appointed in each tier-one entity. In addition, business line liaison officers have been identified for property or industrial issues, or for energy purchases.

At the beginning of 2021, Safran created a Climate Department, within its Strategy Department, tasked with leading the Group’s climate strategy in all its dimensions.

The work of these committees has resulted in proposals for measures to be submitted to Safran’s Executive Committee, which is the decision-making body on issues of major concern to the Group, such as the creation of an internal carbon price (see section 5.3.3.2).

(1) *The Contribution of Global Aviation to Anthropogenic Climate Forcing for 2000 to 2018*, David S. Lee et al., *Atmospheric Environment*, 2020.

(2) Radiative forcing is the difference between incoming solar irradiance (sunlight) absorbed by the Earth and energy radiated back to space, notably caused by the sharp increase in the concentration of greenhouse gases in the atmosphere. It is the basis for the greenhouse effect on planets. High-altitude aviation emissions are thought to have a significant impact on radiative forcing owing particularly to the effect of condensation trails which compound the impact of greenhouse gases.

(3) “There are significant scientific uncertainties remaining in quantifying aviation’s non-CO<sub>2</sub> impacts on climate. The non-CO<sub>2</sub> impacts arise from emissions of oxides of nitrogen (NO<sub>x</sub>), soot particles, oxidised sulphur species, and water vapor. These emissions result in changes in the chemical composition of the global atmosphere and cloudiness, perturbing the earth-atmosphere radiation budget. The net impact of aviation non-CO<sub>2</sub> emissions is a positive radiative forcing (warming), although there are a number of individual positive (warming) and negative (cooling) forcings arising from respective aviation non-CO<sub>2</sub> emissions, for which large uncertainties remain.”

### 5.3.3 Taking climate change into account in Safran's strategy

#### 5.3.3.1 Reference short- and medium-term climate scenarios taken into account

The Group's climate strategy focuses primarily on reducing the direct greenhouse gas emissions resulting from its energy consumption (Scopes 1 and 2), as well as its indirect emissions, which stem chiefly from the use of its products (Scope 3).

For Scopes 1 and 2 defined in the GHG Protocol<sup>(1)</sup>, Safran has used two emission reduction scenarios: the IEA's 2DS<sup>(2)</sup> scenario was used until 2020, but has been replaced by a trajectory compatible with a 1.5°C scenario since 2021.

As a base for its Scope 1 and 2 greenhouse gas emission reduction targets, the Group used the tools and guides published by the SBTi<sup>(3)</sup>, and above all the SDA<sup>(4)</sup>. The SBTi tools make it possible to construct emission reduction trajectories compatible with global warming scenarios extending to 2050. However, it was not deemed possible to predict and assess Safran's situation over such a long timeframe. The Group has therefore set interim targets for 2025, in line with its medium-term budget forecasts and applicable action plans.

Until 2020, the 2025 targets were based on the IEA 2DS scenario used by the SBTi.

At the beginning of 2021, Safran revised its targets with a view to maintaining a significant decarbonization effort, despite the impact of slower growth in business between now and 2025 due to the impact of the Covid-19 crisis on air transport. As such, Safran is now aiming to reduce its combined Scope 1 and 2 greenhouse gas emissions (representing approximately 416 kt CO<sub>2</sub>eq.) by 30% by 2025 compared with 2018. This more ambitious target (initial targets were to reduce Scope 1 emissions by 8% and Scope 2 by 18% by 2025 compared to 2018) was intended to be consistent with emissions reductions compatible with a 1.5°C scenario by the end of the century, as proposed by the SBTi methodology.

For Scope 3, Safran uses a sector scenario compatible with the Paris Agreement goal of a 2°C scenario. The Paris Climate Agreement does not provide a breakdown of greenhouse gas emissions reductions by sector, and therefore does not lay down an emissions trajectory for the aerospace sector. The SBTi has also not set a methodology for the aerospace industry to date.

Through the Air Transport Action Group (ATAG), and in agreement with the International Civil Aviation Organization (ICAO), the commercial aviation industry has set itself the target of reducing its CO<sub>2</sub> emissions by 50% in 2050 compared with 2005, a very ambitious target despite the Covid-19 crisis, since strong growth in air traffic is still anticipated during this period. This target, to which Safran is committed and which has been broken down into different possible trajectories<sup>(5)</sup>, is compatible with the global SDS climate scenario<sup>(6)</sup> published by the IEA at the end of 2020, and as such with the Paris Agreement. In a business-as-usual scenario for air traffic,

i.e. a growth prediction of approximately 4% per year by 2050, the aviation industry will need to reduce its CO<sub>2</sub> emissions by 90% per passenger kilometer compared with 2005.

#### 5.3.3.2 Safran's strategy to reduce Scope 1 and 2 emissions

To achieve these targets, in 2020 each tier-one entity undertook the actions identified in Safran's energy strategy, based on the following pillars:

- **the energy performance of new buildings** to reduce energy consumption at our sites: technical specifications have been drawn up to control the energy consumption of any new buildings at Safran sites, based on the standard envisaged for the next environmental building regulations. The site currently under construction at Le Haillan in France served as a pilot for the drafting of this guide. In its tertiary part, it will meet the most demanding current energy performance standards;
- **the reduction of energy consumption at existing sites:** an "Energy" standard, largely inspired by ISO 50001, has been implemented to optimize energy consumption. Investments are planned to modernize machines or means of heat production, or to improve building insulation. Research and development work is being carried out to improve certain key processes such as the production of carbon brakes that run on natural gas. Awareness-raising and training initiatives have been undertaken to get employees on board;
- **the switching of energy sources** by developing breakthrough solutions for heat generation at the sites, by conversions such as replacing gas boilers with biomass boilers;
- **the purchase of low-carbon energy**, as seen with the Group's industrial and tertiary sites in Querétaro and Chihuahua in Mexico. Both sites signed a solar power electricity contract in 2019. The sites based in England have been using wind power since October 2020. Feasibility studies are to be conducted in the United States and Poland in 2021;
- **on-site production and self-consumption<sup>(7)</sup>:** solar photovoltaic production facilities have been installed at the Gloucester (UK), Milmort (Belgium) and Sendayan (Malaysia) sites. Feasibility studies will be conducted with partners in 2021 to continue this installation, notably in the United States.

Approved and encouraged by Safran's Executive Committee, an Internal Carbon Price (ICP) has been set for investment projects to encourage arbitrage in favor of low-carbon initiatives (excluding R&T, where emissions reductions are already intrinsic to all projects). In doing so, the Group drew on the publications of the IEA (International Energy Agency), the IACE (Institute for Climate Economics) and the World Bank, as well as academic literature. The ICP is factored into the calculation of the return on investment; it is applicable to projects such as extensions or new buildings, and energy efficiency investments. In 2021, Safran will consider the opportunity of integrating Scope 3 upstream as part of its efforts to integrate Scope 3 into its purchasing, supplier selection and freight management processes.

(1) Greenhouse Gas Protocol.

(2) 2-degree scenario.

(3) Science-based Targets initiative. However, Safran's greenhouse gas emissions reduction targets have not been certified by SBTi.

(4) Sectoral Decarbonization Approach.

(5) Waypoint 2050 Report, ATAG, September 2020.

(6) IEA Sustainable Development Scenario, 2020. This scenario projects residual emissions of approximately 720 Mt CO<sub>2</sub>eq. in 2050, compared with 325 Mt CO<sub>2</sub>eq. under the sector target of halving emissions compared with 2005. It is compatible with a scenario of well below 2°C by the end of the century.

(7) Consumption of electricity produced at Safran sites for its own needs.

### The use of sustainable fuels for engine testing

In 2019 and 2020, Safran consumed 17.7<sup>(1)</sup> and 12.1 million liters of kerosene respectively for its internal operations, primarily for engine testing. This corresponds to Scope 1 and Scope 3 (combustion and upstream) greenhouse gas emissions of approximately 56 kt CO<sub>2</sub>eq. in 2019 and 37 kt CO<sub>2</sub>eq. in 2020.

As part of its strategy to reduce Scope 1 and 2 emissions, and in line with its strategic vision on aerospace emissions, Safran is committed to incorporating sustainable fuels in the aviation fuel used for the aircraft and helicopter engine approval tests conducted on its sites. The Group has set a target of 10% sustainable fuels for its engine approval tests by the end of 2021, and more than 35% by 2025. They will essentially be advanced biofuels, the only existing source to date, and will bring a 60% to 80% reduction in emissions compared with fossil fuels.

### 5.3.3.3 Safran's strategy to reduce Scope 3 emissions related to the use of its products

Emissions related to production methods (Scopes 1 and 2) represent only a small percentage of emissions in the life cycle of an aircraft. Emissions attributable to the operation of products – mainly those of aircraft in flight in other words – constitute the approximately 95% of the total Scope 1 to Scope 3 emissions. That is why Safran's strategic priority in terms of climate action is to contribute to the decarbonization of the aerospace industry by limiting the greenhouse gas emissions generated during the use phase of its products.

Safran's product strategy is perfectly consistent with the 50% reduction target set by ATAG and ICAO, and aims to move as close as possible to carbon neutrality for its own products by 2050. Safran considers that ATAG's goal of reducing net CO<sub>2</sub> emissions from global aviation by 50% by 2050 compared with 2005 is achievable, with:

- 40% of the effort coming from technology through the development of ultra-efficient aircraft;
- 10% to 20% from air and airport operations, particularly with more economical flight paths;
- 40% from the partial substitution of aviation fuel with sustainable fuels. Total substitution would make it possible to approach carbon neutrality.

The first and third sources directly concern Safran and are guiding the Group's strategy. Safran has accordingly adopted a technology roadmap based on the following three aims:

#### 1) Contribute to the development by 2030-2035 of new, ultra-efficient "low carbon" aircraft compatible with carbon neutrality.

The next generation of short- to medium-haul aircraft, scheduled for 2030-2035, will use ultra-optimized thermal propulsion. Future short- to medium-haul aircraft will have combustion engines able to run on fully sustainable fuels (so-called drop-in<sup>(2)</sup> fuels, such as advanced biofuels or synthetic fuels, or decarbonated hydrogen). Moving towards total decarbonization means prioritizing progress on the energy efficiency of such new aircraft, given the cost and availability of these fuels.

Accelerating the transition to carbon neutrality means "skipping a generation", i.e., aiming for a gain of at least 30% in consumption per passenger per kilometer for the new generation of aircraft compared with the current generation of short- to medium-haul aircraft (i.e., double the gain conventionally achieved in the design of a new aircraft). To contribute, Safran and General Electric (GE<sup>(3)</sup>) are working to create an engine that delivers a 20% improvement in fuel consumption compared with LEAP (which is 15% more efficient than CFM56, the previous generation engine). Airframers will have to work on architecture and design studies for breakthrough aircraft, incorporating new propulsion system concepts such as non-enclosed engines, like Safran's open rotor demonstrator.

The 2030-2035 low-carbon aircraft must have innovative aerodynamics, be considerably lighter, and have an enhanced energy chain. Safran, through its equipment, cabin interior and seats businesses, contributes to addressing all of these challenges. Reducing the weight of the cabin through the use of new materials and the optimization of the electric chain are examples of improvements.

#### 2) Enabling a massive increase in the use of sustainable fuels

Sustainable fuels cover several categories of fuels with significantly reduced or virtually zero CO<sub>2</sub> emissions over their life cycle: both advanced biofuels and synthetic fuels produced from decarbonated electricity<sup>(4)</sup>, which are drop-in fuels, and liquid hydrogen used directly in aircraft.

These different categories are complementary insofar as they mobilize distinct resources (sustainable biomass for advanced biofuels, decarbonated electricity for hydrogen and synthetic fuels), and will mature at different times: advanced biofuels are already mature and are poised to ramp up in the next decade, synthetic fuels are expected to emerge to complement them by 2030, and liquid hydrogen used in direct combustion is not expected to be available before 2035.

The massive rollout of all of these sustainable fuels is critical in all air transport decarbonization scenarios, since there is no single solution offering boundless resources that is applicable to all air transport uses. In particular, the incorporation of sustainable drop-in fuels is within reach in the short term (since the engines of aircraft in service are compatible with an incorporation rate of 50%), making it a ready means of decarbonizing current generations of aircraft and engines, as well as long-haul aircraft for which liquid hydrogen is not a suitable solution given its bulk.

Technologically, Safran is committed to lifting all technical barriers on engine and fuel systems to enable the incorporation of up to 100% sustainable drop-in fuels on the next generation of engines, and to broadening the spectrum of use on existing engines. Safran also supports the diversification of raw materials by participating in the certification of new biofuel production processes, and helps reduce pressure on raw materials by reducing engine consumption.

In addition, Safran supports the initiatives of other public and private players in favor of the development of sustainable fuels in view of the need to develop a regulatory framework on demand and public support for supply. At its 2020 Annual General Meeting, the Group made the following commitment: "Safran notably undertakes to support the launch by the States, and in particular the European Union, of investment plans and regulatory measures aiming to promote the availability and utilization of sustainable fuels for aviation. This will have to be done in a sustainable way, taking into consideration the situation of the aerospace industry and in particular of our customers after the end of the Covid-19 crisis."

(1) 2019 emissions figures, which included estimated data for fourth-quarter 2019, were revised in 2020 to reflect the actual data.

(2) Drop-in fuels can be blended with aviation fuel.

(3) Within CFM International, their 50-50 joint venture.

(4) So-called power-to-liquid fuels, synthesized from CO<sub>2</sub> and hydrogen by electrolysis using decarbonated electricity.

In this context, Safran supports the European Commission's ReFuelEU Aviation initiative, which aims to lay down a clear framework for the development of sustainable fuels, notably with the planned introduction of incorporation requirements. Incorporation targets will have to take into account the situation of the aerospace industry and, above all, of customers affected by the Covid-19 crisis. Sustainable fuels will have to meet exemplary sustainability criteria so as not to compete with food crops or result in deforestation. In France, Safran supports several projects submitted in response to the government's call for expressions of interest.

In addition to drop-in fuels, which are essential to decarbonize existing fleets and long-haul aircraft, Safran is heavily involved in work to define a future short-, medium- or smaller-haul aircraft equipped with turbojet engines powered by liquid hydrogen. The option of direct hydrogen combustion has greater environmental potential than other sustainable fuel pathways, as it does not emit CO<sub>2</sub> in flight. 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. All of the work carried out by Safran and its partners, notably in the Hyperion project backed by the French government as part of the aerospace support plan, should serve to define the architecture of the propulsion system for such aircraft, thereby holding out the prospect of a decision on the commercial development of a future hydrogen-powered aircraft by 2025.

### 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, the potential gain associated with 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 propulsion systems of future generations of aircraft will increasingly be electrified via hybridization. Hybridization of the propulsion system is an indispensable means of 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 these hybrid or all-electric architectures thanks to its expertise spanning the entire energy chain, and works with various aircraft manufacturers in the training aircraft, shuttle and VTOL<sup>(1)</sup> segments for logistics and passenger transport. In particular, Safran is part of the EcoPulse project with Daher and Airbus, which aims to develop a distributed hybrid-propulsion demonstrator, with a maiden flight slated for 2022. In 2020, the VoltAero hybrid aircraft demonstrator, developed by Cassio and powered by Safran's ENGINEUS™ electric engines, made a series of flights throughout France. Lastly, Bye Aerospace has selected Safran's ENGINEUS™ 100 electric engines to power its e-flyer electric aircraft, over 700 of which have already been ordered.

(1) Vertical Take-Off and Landing aircraft.

## Safran, a driving force in the development of the aerospace ecosystem

Safran is pursuing this strategy in collaboration with the entire global aerospace ecosystem, including the following notable bodies:

- the International Civil Aviation Organization (ICAO) and in particular its Committee for Aviation Environment Protection (CAEP), through the International Coordinating Council of Aerospace Associations (ICCAIA);
- the European Civil Aviation Conference (ECAC) and its groups of environmental experts;
- the Air Transport Action Group (ATAG);
- the Advisory Council for Aeronautics Research in Europe (ACARE);
- the International Aerospace Environmental Group (IAEG);
- the Aerospace and Defence Industries Association of Europe (ASD);
- the French Aeronautical and Space Industries Group (GIFAS).

### 5.3.4 Risks relating to climate change

Risks relating to climate change are considered and addressed by the Group's global risk management system, the Enterprise Risk Management (ERM), described in section 4.3.1.5.

The materiality of these risks is assessed in accordance with the impact, probability of occurrence and control dimensions defined by Safran's ERM. The system for controlling these risks is determined on the basis of the resources that can be mobilized to achieve the defined targets. For risks relating to climate change, the system is described in chapter 4 of this document.

#### “Physical” risks

These risks cover the various natural risks faced by Safran sites worldwide (see section 5.2.1). In view of its choice of location and ongoing streamlining initiatives, the Group is not very vulnerable to this type of risk.

#### “Transition” risks

These risks include the risks defined below, to which Safran and its sites are exposed:

- **More stringent regulations:** Safran is exposed to regulations governing certain energy-intensive manufacturing processes, taxation or restrictions on the use of certain fossil fuels or technologies, and the development of carbon markets and carbon taxes.

At the time of the preparation of the aerospace support plan, the French industry presented a coordinated roadmap for research and development into the technologies needed to decarbonize aviation, and in particular for a new short- to medium-haul aircraft to replace the A320 in 2035. This roadmap represents €9 billion in R&T spending over 10 years, and is backed by exceptional support from the French government in the amount of €1.5 billion over the first three years, as part of its aerospace support plan. Safran's strategic focuses in the area of decarbonization are broadly reflected in the new roadmap: the search for ultra-low energy consumption for all future platforms (short to medium haul, regional, helicopters), electric hybridization on regional aircraft and helicopters, and engines compatible with fully sustainable fuels. Since 2020, Safran has already become involved in a number of research projects in the fields of aircraft engines (successor to LEAP), the hybrid-electric demonstrator for a light helicopter (HELYBRID project), and the HYPERION project to assess the challenges of a hydrogen engine. The exceptional support from the French government will enable Safran to maintain its overall research and technology activity in the field of decarbonization in the coming years.

- **Emergence of disruptive technologies:** Safran's competitors could develop products offering better technical performance, that are more competitive or that come to market earlier, including products offering better environmental performance, especially in terms of fuel consumption.
- **Judicialization:** Safran could be impacted by a tightening of the legal and regulatory framework due to the importance of climate change and developments in the aerospace industry.
- **Market:** the Group also takes into account the risks of a decline in air traffic due to a deterioration in the economic, geopolitical, climate or health environment, or a change in the behavior of airline customers. In addition, the sector may face shortages or rising costs of certain raw materials.
- **Reputation:** Safran is attentive to the risks relating to stakeholder expectations concerning the climate.

Ambitious roadmaps have been developed and implemented to manage these transition risks (see section 5.2.1).



### 5.3.5 Climate change indicators and targets

#### A continuous improvement approach in climate reporting

2019 Universal Registration Document	2020 Universal Registration Document	2021 Universal Registration Document
<p>Scopes 1 and 2</p> <ul style="list-style-type: none"> <li>■ Emissions reporting</li> <li>■ Initial targets: 8% reduction on Scope 1 and 18% reduction on Scope 2 by 2025 compared with 2018</li> </ul> <p>Scope 3:</p> <ul style="list-style-type: none"> <li>■ Reporting of emissions related to business travel and waste treatment.</li> </ul>	<p>Scopes 1 and 2</p> <ul style="list-style-type: none"> <li>■ Revised targets: 30% reduction on Scopes 1 and 2 by 2025 compared with 2018</li> </ul> <p>Scope 3:</p> <ul style="list-style-type: none"> <li>■ Expansion of reporting to include emissions related to purchases of goods and services, freight and commuting, as well as direct emissions related to the use of products (within the scope of the propulsion system).</li> <li>■ Presentation of the climate section of the Universal Registration Document in line with the TCFD recommendations.</li> </ul>	<p>Full reporting of all material emission categories.</p>

Starting in 2020, Safran will implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

The TCFD is a working group of the G20 Financial Stability Board (FSB). Set up at COP21 in 2015, its aim is to improve companies' disclosure of financial indicators relating to their climate challenges. The TCFD's recommendations are built on four pillars: governance, strategy, risk management, and metrics and targets. On the fifth anniversary of the Paris

Climate Agreement, and jointly with other CAC40 companies, Safran undertook to support the TCFD recommendations and to adopt a continuous improvement process. Safran has therefore decided to align the climate section of this Universal Registration Document with these four areas.

For several years, Safran has been monitoring metrics directly related to climate change challenges. As recommended by TCFD, they are the subject of an annual performance report, as well as future targets going out to 2025.

**All of the indicators mentioned below relate to a Group scope unless otherwise stated.**

#### 2025 CSR objectives

75% of R&T investment focused on environmental efficiency

30% reduction in Scope 1 and 2 GHG emissions compared with 2018, in metric tons of CO<sub>2</sub> equivalent

100% of facilities to have achieved the five zero targets roadmap

- Zero non-recycled paper;
- Zero machines or equipment running unnecessarily;
- Zero single-use plastic cups or dishes;
- Zero catering products from extracontinental geographic areas;
- Zero non-eco-friendly green spaces.

#### Scope 1 and 2 greenhouse gas emissions<sup>(1)</sup>

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, ISO 14064-1-2016 and Ademe. More than 150 indicators are used to establish the Group's carbon footprint. Data from more than 200 sites with more than 50 employees operated by Safran are consolidated to produce the report.

To define its greenhouse gas emission reduction trajectory and targets, Safran carried out a feasibility study to determine whether targets could be met, taking into account all avenues known for reducing greenhouse gas emissions, together with their associated costs. The Group has decided to set targets for 2025, in line with its medium-term budget forecasts and the action plans that can be implemented. 2018 is the reference year chosen for the inclusion of the emissions of Zodiac Aerospace, acquired by Safran that year. These targets are applied to all of the Group's tier-one entities, covering 100% of Scope 1 and 2 emissions in the reporting scope.

(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.

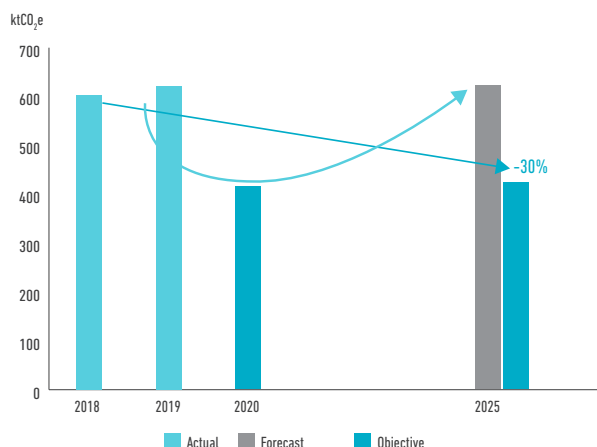
Until 2020, greenhouse gas emission reduction targets were as follows: 8% on Scope 1 and 18% on Scope 2 by 2025 compared with 2018.

In early 2021, due to the impact of the Covid-19 crisis, Safran revised these targets to take into account the slower growth in its business between now and 2025. As such, the Group now aims to reduce its Scope 1 and 2 greenhouse gas emissions by 30% by 2025 compared with 2018. This more ambitious target was set to be consistent with emissions reductions compatible with a 1.5°C scenario by the end of the century, based on the SBTi methodology.

In 2020, Safran reduced its Scope 1 and 2 emissions by 33.5% compared with 2019. This outcome chiefly reflects the drop in business in the wake of the Covid-19 crisis, even though initial emission reduction actions had been undertaken.

Safran estimates that 20% of the action program required to achieve the 2025 target in terms of greenhouse gas emissions reductions (production and self-consumption at industrial sites, streamlining of the industrial footprint, energy savings at plants, etc.) had been completed by the end of 2020. In view of the level of emissions achieved in 2020 and the target set for 2025, Safran's action plan should make it possible to offset the increase in Scope 1 and 2 emissions between 2020 and 2025 resulting from a potential return to previous levels of activity.

## CHANGE IN SCOPE 1 AND 2 EMISSIONS AND TARGETS



Scope 1 and 2 GHG emissions	2018*	2019*	2020***
Scope 1 direct emissions (t CO <sub>2</sub> eq.)	219,790	221,259	146,655
Scope 2 energy-related indirect emissions (t CO <sub>2</sub> eq.)**	383,186	402,360	268,333
Total Scope 1 and 2 emissions (t CO <sub>2</sub> eq.)	602,976	623,619	414,988
Change in Scope 1 and 2 emissions compared with 2018	-	+3.4%	-31.2%

\* The 2018 indicators were in relative terms (t CO<sub>2</sub>eq./employee). Revised in 2019, they are now set in absolute terms: t CO<sub>2</sub>eq. 2018 emissions figures were adjusted to take into account the change in scope following the integration of Zodiac Aerospace. 2019 emissions figures, which included estimated data for fourth-quarter 2019, were revised in 2020 to reflect the actual data.

\*\* These data do not take into account certificates guaranteeing the renewable origin of the electricity supply.

\*\*\* Scope 1 and 2 GHG emissions fell sharply due to the Covid-19 epidemic in 2020.

## Scope 3 greenhouse gas emissions<sup>(1)</sup>

Safran has begun a gradual approach to extend its Scope 3 emissions reporting. In early 2020, Safran reported its emissions related to business travel and waste treatment.

This year, Safran is supplementing its Scope 3 reporting by broadening the categories of reported emissions to include emissions related to purchases of goods and services by tier-one entities, emissions related to freight, emissions related to engine use and those resulting from commuting. Given the indirect nature of these emissions, the figures reported for emissions related to engine use are estimates that may change in the future. More specifically, for purchases of goods and services, in the absence of detailed data for 2020, it was assumed that the composition of the various channels was unchanged from 2019. An estimate was therefore made of the total volume of purchases in 2020.

The Group has also undertaken a process to assess its indirect emissions resulting from the use phase of its products. At this stage, an initial scope corresponding to emissions linked to the use of civil aircraft and helicopter engines manufactured by Safran, i.e., emissions directly linked to Safran products, has been set for the indicator below, and the corresponding emissions have been calculated for 2019 and 2020.

For this calculation, Safran used the following methodology, in accordance with the recommendations of the GHG Protocol:

- engines are intermediate products and not finished products, as they are not used independently of an aircraft. It is the use of the finished products comprising the aircraft (airplanes or helicopters) that generates greenhouse gases;
- in view of its diversified product portfolio, including engines, equipment and cabin interiors, and insofar as the Scope 3 emissions assessment will concern all such products, Safran has opted to adopt a physical allocation ratio, equal to the mass of its products over the mass 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<sup>(2)</sup>. The assumptions used for the calculation are presented in greater detail in section 5.7.4.

(1) Scope 3: other emissions indirectly produced by Safran's activities and which are not accounted for in Scopes 1 and 2, but which are linked to the overall value chain (source: Ademe).

(2) Technical Guidance Calculating Scope 3 Emissions - Supplement to the Corporate Value Chain (Scope 3) Accounting & Reporting Standard, GHG Protocol, p. 124.



Given the many uncertainties affecting the assumptions required for the calculation, the estimate of Scope 3 emissions related to product use is an initial assessment that may be improved in subsequent years.

The Group is also working to complete its assessment for the next Universal Registration Document, taking into account indirect emissions resulting from the use of its other products (mainly aircraft interior equipment and products), thus covering all of the Group's products, and defining related targets.

Scope 3 GHG emissions	2018	2019	2020
Emissions related to purchases of goods and services ( <i>t CO<sub>2</sub>eq.</i> )	5,527,000	5,678,000	3,256,000
Emissions related to freight ( <i>t CO<sub>2</sub>eq.</i> )	263,000	330,000	177,000
Emissions related to business travel ( <i>t CO<sub>2</sub>eq.</i> )	101,000	103,000	25,000
Emissions related to commuting ( <i>t CO<sub>2</sub>eq.</i> )	94,000	95,000	81,000
Emissions related to waste treatment ( <i>t CO<sub>2</sub>eq.</i> )	21,000	25,000	14,000
Emissions related to the product use phase ( <i>t CO<sub>2</sub>eq.</i> ) - engine scope	46,900,000	41,900,000	20,642,000
<b>TOTAL</b>	<b>52,906,000</b>	<b>48,131,000</b>	<b>24,195,000</b>

### Sites concerned by the European CO<sub>2</sub> quota trading system (EU ETS)

Of more than 150 sites in Europe, only 3 are affected by the EU ETS (European Union Emissions Trading System). They are the Gennevilliers, Villaroche and Villeurbanne sites.

To date, Safran has never had to buy CO<sub>2</sub> quotas on the market; its free allowances have always been sufficient. Moreover, 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 5.5.10.

## 5.4 HUMAN RESPONSIBILITY: BE AN EXEMPLARY EMPLOYER

This section corresponds to the second pillar of the CSR strategy, "Be an exemplary employer", which focuses on one of the Group's fundamental assets, its employees. Safran's aim is to be an exemplary employer, which it hopes to achieve through encouraging skills development for

everyone, throughout the world, notably via training in the jobs of tomorrow. Its determination is further embodied in work done to guarantee the health and safety of all, improve the quality of life at work, maintain lively and effective social dialogue, and promote diversity and equal opportunity.

### 5.4.1 Human responsibility objectives

The human resources community as a whole is driven by three major objectives.

The first is to develop the Group's human capital so as to support and improve its performance. The aerospace industry is on the cusp of a host of innovations and disruptive technologies. Safran is working to anticipate future skills needs across all of its businesses, while noting the aspirations of its employees and developing their talents.

The second objective is to guarantee each employee the working conditions that enable them to exercise their skills to the best of their ability, in a safe and healthy environment. The Covid-19 pandemic has further compounded the attention paid by all teams to preserving the health and safety of employees, whatever their role, in all of the Group's host countries. Social dialogue has also been intensified in order to allow work arrangements to be adapted swiftly.

The third and final objective is to promote equal opportunities, diversity and inclusion. Safran, an international group proud of its employees and their uniqueness, is committed to fighting all forms of discrimination and to promoting an inclusive corporate culture.

These three objectives are sources of collective performance, promoting creativity, vitality and innovation.

In 2020, the global HR community joined forces to address the health, labor, social and economic challenges stemming from the Covid-19 crisis. It is committed to working alongside employees to limit the impact of the crisis by promoting new work arrangements and facilitating the development of skills and the extension of digitization, while applying unparalleled health measures.

Against this unprecedented backdrop, the 1,500 members of Safran's HR community led a collective digital initiative dubbed HR Embark, which laid down priorities for the provision of sounder support for the Group's transformation by making employees central to its actions. The HR community has taken up the challenge of being "international, collaborative, inclusive and accountable".

Safran also supported the commitment of its employees in a number of solidarity and community initiatives (see section 5.6.1).

A mark of Safran's commitment to being an exemplary employer is the change of name of the Group Human Resources Department in January 2021. Its new name, the "Group Human

and Social Responsibility Department (HSRD)", reflects the depth of its determination to serve human development and have a positive impact in society as a whole.

The analysis of risks relating to human responsibility is summarized in section 4.3.4 and section 5.2.

## Indicators – Workforce

All of the indicators mentioned below relate to a Group scope unless otherwise stated.

	2018	2019	2020	
<b>TOTAL</b>	<b>92,639</b>	<b>95,443</b>	<b>78,892<sup>(1)</sup></b>	<b>100%</b>
Europe	55,475	55,866	52,115	66.1%
■ of which France	44,492	45,198	43,315 <sup>(2)</sup>	54.9%
Africa and Middle East	6,701	6,855	4,903	6.2%
Americas	25,601	27,585	18,469	23.4%
Asia and Oceania	4,862	5,137	3,405	4.3%
% of men employees	71.50%	70.9%	72.3%	
% of women employees	28.50%	29.1%	27.7%	
% of managerial-grade employees (Managers & Professionals)	36.10%	36.8%	40.4%	

(1) Safran's workforce decreased as a result of the economic crisis linked to Covid-19, with the United States, Poland, Mexico, Tunisia and Thailand being the countries the most affected in proportion to their total number of employees.

(2) The number of employees in France declined by 2,776 in 2020, but jobs were safeguarded through the signing of various agreements as part of the Activity Transformation Agreement (ATA) (see section 5.6.4.3).

## 5.4.2 Talent development

The Group has a dedicated department within the HSRD to ensure that talent development policies become an operational reality. The Talent Department contributes to Safran's performance through the development of its human capital, by anticipating the need for skills and expertise, and by identifying and preparing the senior managers and the human and technical leaders of tomorrow.

In its work, the Talents Department applies:

- a bottom-up approach to detecting people with high potential, from entities in the field to the governing bodies of Group companies;
- personalized career paths reflecting the aspirations of employees and drawing on the diversity of the Group's business lines and geographic regions;
- development tools and specific long-term paths.

To boost talent development, Safran launched the "Express your Talent" project in 2020. The aim is to support high-potential employees and give them practical and effective development tools. The project was built on the findings of surveys and workshops through which operational managers and high-potential employees had the opportunity to express their needs and aspirations.

Four initiatives were prepared and implemented in 2020:

- development of a feedback culture;
- implementation of a mentoring system for employees with potential;
- planning of an integration process for senior managers; and
- construction of a transparent and joint policy for the management of high-potential employees.

### 5.4.2.1 Building career paths and mobility

The Group has initiated a professional development policy for its employees, resulting in the implementation of performance reviews and professional development processes. The success of the process is measured annually. In 2020, 84% of employees used this process.

Varied career-path propositions are available to all employees, through career committees in operational entities and Group cross-functional committees. These reviews analyze and validate proposals for high-potential profiles, as well as standard mobility pathways and succession plans. It allows more than 3,000 people with potential and nearly 300 experts to enjoy specific monitoring.

Twenty business committees meet several times a year, bringing together HSRD and business line operational staff in a collaborative approach around the medium-term plan (MTP) and HR challenges resulting from changes in the business.

Mobility is highly encouraged and valued within Safran. The fluidity of resources and the ability of employees to develop help maintain their employability and are a core driver for the Group's transformation and agility. Over 1,400 people benefited from mobility or transfers in 2020. The Group also had 267 expatriates located in 38 countries during the year. A mobility charter has been in force across the Group since 2019.

The mobility policy spans several pillars at the international level:

- to develop a richer range of international and multi-company courses, allowing high-potential profiles, experts and managers, known as strategic resources, to have greater access to cross-mobility. Ensuring that succession plans reflect international ambitions and the crossover of experiences between subsidiaries will be key;
- to roll out mobility bodies by geographic area (employment areas) to increase the Group's attractiveness, develop Safran's high-potential profiles locally, obtain increased loyalty among international staff and in that way reduce the high levels turnover that can be seen in countries such as Mexico and Morocco;
- to intensify action plans targeting experts. For example, Mentoring and Tutoring programs have been in place as succession mechanisms since 2018, especially for those whose departure is expected within the timeframe of the medium-term plan. The Group ensures that 100% of the key skills of tomorrow are transferred to successors capable of acquiring and improving them. More than 300 people were repositioned (mobility and secondment) between Group companies under the Activity Transformation Agreement (ATA) in 2020.

To deal with the consequences of the Covid-19 crisis, the Group signed an Activity Transformation Agreement (ATA) with all the trade unions at Group level on July 8, 2020 (see sections 5.4.4 and 5.4.5.3). The ATA places greater emphasis on mobility in order to take into account the disparities between the Group segments that have been severely affected by the crisis and those that are continuing to develop and hire. Safran aims to foster and support mobility projects by making the necessary adjustments between workload and capacity. In particular, secondment opportunities or special leave are available under the ATA.

To this end, a central mobility coordination team has been set up, bringing together mobility officers from across all Safran subsidiaries for weekly meetings. The team identifies mobility needs and coordinates the correct application of mobility rules.

Dedicated, engaging communication events and initiatives were regularly conducted to help employees with their mobility plans, in particular to make them aware of the various opportunities available to them despite the crisis. Webinars were held to present the Group subsidiaries that were hiring, as were CV writing workshops open to all Safran employees. The Group's HR teams and managers organized on-site or remote "job dating", rounded out by "speed mobility" sessions.

In addition to mobility between related business lines, the Group is strengthening its HR policy aimed at allowing people to sidestep from a declining profession into a growing one. This could turn the Covid-19 crisis into an opportunity to discover a new profession of the future for employees wishing to expand their career horizons, thanks to a skills development program built upstream in conjunction with Safran University.

This proactive approach to mobility initiated in 2020 will continue to be rolled out in 2021 to address the major crisis now sweeping across the aerospace industry.

## 5.4.2.2 Skills and leadership development and training

### Skills development

Skills are managed through a process of forward-looking management of jobs and skills in line with a medium-term plan (MTP) built on industrial and financial forecasts. The MTP offers a five-year vision of the quantitative and qualitative skills that each Group department, unit and company will have to acquire in each business line worldwide.

These forecasts are consolidated at Group level in order to build a comprehensive vision of changes in professions and skills and blend it into HR support plans. This vision is built around a job description repository divided into four sections, 35 business lines and a little more than 160 benchmark jobs, which serves as an interpretive and analytical framework.

In a context of major digital transformation, skills and careers are in the throes of a profound shift on three levels:

- multiple critical digital skills: digital continuity, predictive maintenance, software, artificial intelligence, additive manufacturing, cybersecurity, data for new services, architecture, industrial engineering, industrial data processing, etc.;
- organizational and managerial adaptations requiring considerable support: collaborative management and an autonomous multi-business team, development of multi-machining and multi-skills, internationalization of managerial practices;
- Safran's legacy skills (mechanics, avionics, materials), which continue to represent a considerable source of differentiation, and which are gradually integrating skills in data mining. Other existing skills will also need to be reinforced as the ecological transition takes hold: electrical, power electronics, energy management, systems, airworthiness, new fuels.

In terms of innovation in the aerospace value chain, Safran is positioned as an architect of global solutions, products and services, generating new needs for strategic resources, both expert and managerial. Preparing and supporting these changes is a major challenge for the Human Resources function as a whole.

Since 2020, Safran has been taking part in the digital process launched by the French Ministries for Digital Affairs and Industry with a view to developing practical joint projects between major groups that stand to benefit the French economy as a whole, and help bring its digital transformation to a new level.

### Leadership development

Safran shares a unique set of leadership skills across all of its sites and for all of its employees. It is made up of behavioral skills falling into five groups: mobilizing around a shared vision, winning as a team, managing by example, daring to innovate and empowering employees. Each skill is itself broken down into five observable behaviors and adapted to the different levels of responsibility.

The digital tools made available by the Group include an individual evaluation of everyone's leadership, allowing for both a self-assessment, and assessment of peers, colleagues and management. Safran University integrates this leadership benchmark into all of its managerial training and encourages the implementation of individual and collective progress plans. All of the companies' initiatives in this area, such as the Team Dynamics coaching methodology and the Leadership Awareness initiative are supported and shared.

In 2020, when furlough schemes were established in France and telework was stepped up, the HSRD teams and Safran's management quickly grasped the importance of facilitating and preserving social ties despite the context. A pragmatic and practical awareness kit entitled "Links and Commitments" was created. It answers the questions that employees and managers were asking themselves and offers turnkey solutions for managers and teams that still contribute today to:

- supporting the transition until the resumption of work on site or the winding down of furlough schemes in the short to medium term;
- helping managers get their teams back on board;
- giving meaning and motivation to work for all and recreating the normal sense of unity within teams;
- helping prevent psychosocial risks.

### Training

Safran University is extending its catalog of training offers in line with the MTP to serve the Group's strategy. Companies can define their own training plan in accordance with the guidelines and their own specific needs.

Safran University acts as a key vector for onboarding new hires, transforming the organization and instilling leadership across the Group by:

- welcoming new hires and bringing together Group employees from different companies, countries and generations in a place that inspires pride and a sense of belonging in the Safran community. Safran University holds annual Safran Discovery Days dedicated to new hires. In 2020, only one session could be organized on the Safran Campus, due to the health situation;
- deploying Safran University teams in Safran's major host countries (United States, United Kingdom, China and Morocco) in 2020, with the aim of stepping up the global training offer delivered in some 10 countries, in French, English or the local language;
- selecting 50 Safran University programs representing the Group's culture to be rolled out as a priority in Safran's major host regions in 2020. Held in classrooms or remotely in e-learning, MOOC or other formats, the programs cover a variety of business lines and cross-functional skill sets, some of which – like "White Belt", "Leadership Model" and "One Safran Awareness" – must be attended by employees on every site, while others are mandatory only for employees in a given business line

- creating interactive, mutually supportive networks of executives who hone their transformative capabilities and acquire and transmit the Group's values and culture.

- in recent years, over 700 of the Group's high-potential managers have benefited from the Management Development Program (MDP), and 260 executives from the Executives training program. These programs include academic input, group work presented to senior management and Executive Committee members, and a learning expedition,
- over the past three years, 160 high-potential young people have been supported very early in their careers to help fast track their advancement within the Group.

Safran University contributes to knowledge transfer by providing managers, HR and experts with skills transfer tools, such as tutoring on business skills and mentoring on behavioral skills for experts and managers in conjunction with the Talent Department.

Safran University is also a major asset in preserving the employability of all employees by supporting career changes and reorientation to facilitate the development of skills in new professions (data scientists, metallurgy qualification certificate autonomous production unit technicians, Industry of the Future learning expedition, etc.), and by offering comprehensive retraining programs for jobs subject to a shortage of potential candidates, such as those related to software, operational safety, control systems and electronic card programming.

Since 2019, teaching has been focused more closely on the employee, with adapted learning methods resulting from technological and neuroeducational advances. In many courses, Group expertise is transferred through the intermediary of an internal expert or trainer. Digital-based training, using videos, virtual communities and online course materials, is also being developed to expand access to Group skills and bring courses to a wider audience. For instance, an English language learning platform came online in early 2018, to enable any employee to practice his or her English anywhere and anytime, 24/7, from a workstation, tablet or phone.

Each Executive Committee member regularly spends a day on the Campus meeting trainees and discussing Group-related topics and news with them, as do all companies' HR teams.

The Covid-19 crisis has imposed unprecedented transformations and adaptations. The University, together with several Group companies, has therefore launched the "Learn on furlough" project, which enables those employees on furlough schemes who wish to do so to train and develop their skills on a variety of subjects.

In 2020, Safran University also offered employees a new range of training courses, most of which in digital format, enabling 77% of hours to be delivered remotely. To support its rollout, the university has trained 150 trainers in the art of designing and delivering virtual classroom training.

## ■ KEY TRAINING FIGURES FOR 2020:

Internationally:

- 13 hours dedicated to training per employee on average;
- 67% of employees have taken at least one training course:
  - 965,655 hours, 13% of which distance learning (e-learning, MOOCs and virtual classes) and 26% provided by Safran University;
- overall budget: €66,752,377.

France:

- 430,998 hours:
  - represents an investment of 2.73% of the payroll in France.

2025 CSR objective: maintain the number of training hours per employee and per year compared with 2019.

### 5.4.3 Recruitment and employer brand

The main challenge in recruitment is to develop a global Safran employer brand consistent with the Group's host locations despite the fact that the needs of labor markets differ and recruitment needs are specific (see section 5.4.3). Safran uses targeted communication promoting a differentiating proposition for our future employees: the promise of varied professional paths and with high technological content, for a safer and more environmentally friendly aerospace industry.

Since 2015, Safran has been pursuing an active policy of developing its employer brand to attract the best talent. Increasing the number of women in its teams is one of the challenges facing the Group (see section 5.4.6.2).

Thanks to the policy, Safran hired 3,332 new employees in 2020 and maintained or improved its place in the rankings:

- Forbes: world's best aerospace and defense employer;
- Capital: #2 ranking maintained in the "Aerospace, Rail and Marine" category, #8 overall in the best employer ranking in France (#4 in 2019);
- Universum: #4 company preferred by students from engineering schools in France (a gain of 15 places in seven years);
- *Le Figaro Cadremploi*: ranking as the #5 benchmark employer for students and graduates from engineering schools in France maintained.

Despite departures internationally, Safran is continuing its efforts to maintain its appeal.

Numerous communication initiatives are run on social networks and recruitment sites to promote awareness of the Group's jobs of the future. For example, Safran had 587,000 LinkedIn followers at the end of 2020, up from 390,000 at the start of 2018. Safran also has an Employee Advocacy program to encourage employees to voice their opinions on social media.

Virtual events for students were held from the start of the 2020 academic year, including forums, round tables, talks, simulated interviews and CV coaching by experienced recruiters. The Group's Talents page generates 50% of the traffic on the Safran website, and the "Talent News" publication is regularly sent to more than 190,000 potential candidates.

The many partnerships signed with target engineering schools and universities (including 19 partnerships in France) are managed dynamically, with the support of an active network of Safran employee ambassadors to these institutions (265 in 2020). All of the partnerships were renewed in 2020. Trainees, apprentices, PhD students and young people on international corporate volunteer programs from these partner schools are encouraged and followed particularly closely. The ambassadors participate in the design of the educational content of their schools, and organize or participate in numerous events between the Group and their partner school. The Group plans to strengthen its attractiveness in new digital skills, thanks to new partnerships with schools and specialized masters programs, as well as via a communication campaign with recruitment targets and new digital ambassadors.

Integrating young people is a central theme. Before the Covid-19 crisis, the Group welcomed on average more than 6,000 interns and work-study students, PhD students and young people on international corporate volunteer programs in Europe each year in all of its business lines, helping them gain access to employment. In 2020, the welcome of more than 5,000 young people was maintained.

Through its European framework agreement to support young people transitioning from school to work, Safran has reaffirmed its commitment to ensuring that work-study students and interns each account for 5% of Safran's workforce in Europe. Interns, work-study trainees, PhD students and young people on international corporate volunteer programs made up 9.9% of the Group's Europe-based workforce in 2020. Every year, this commitment enables a large number of employees to mentor a young trainee in their company.

Safran is a partner of the Global Apprenticeship Network (GAN). In this way, it acts in support of employment for young people by encouraging the development of learning and by participating in local initiatives such as the national work-study day in France.



In France, the Group continued its efforts in 2020 to develop the attractiveness of Safran and its businesses, through a series of specific steps:

- the academic and business worlds were brought closer together with the CGenial Foundation through two operations: “Technicians and engineers in the classroom” and “Professors in business” (see section 5.6.3.2). Many local initiatives are run with middle and high schools. Although activities had to be discontinued for part of 2020, 27 Safran instructors worked with more than 1,200 students in middle and high schools;
- the ongoing agreement between Safran and the French Ministry of Education and Youth for the professional integration of young people. For example, 350 final-year middle school students were welcomed in various Group companies in France;
- Safran was the second-largest employer of CIFRE (industrial training-through-research agreements) doctoral students in 2020, and the largest between 2018 and 2020;
- Safran was named “Best in class 2020” by *Engagement Jeunes* in three areas: Environment & Working Conditions, Image & Motivation & Pride. The distinction reflects the very positive evaluations by young people welcomed into Group companies. *Engagement Jeunes* is a community platform where socially committed companies share their work-study trainees, interns, VIEs and PhD students with their ecosystem and the job market;
- two challenges bringing together 850 students were organized: the Safran Challenge and the Safran Electronics & Defense Black-Out Challenge in 2019, with the second edition kicking off in October 2020.

## Indicators – Training, hirings and separations

All of the indicators mentioned below relate to a Group scope unless otherwise stated.

	2018	2019	2020
<b>TRAINING</b>			
Average number of hours of training per employee <sup>(1)</sup>	26 <sup>(2)</sup>	26	13
% of employees having completed at least one training course <sup>(1)</sup>	87% <sup>(2)</sup>	83%	67%
<b>WORKFORCE BY AGE GROUP</b>			
% of people aged under 30 in the workforce	20%	19% <sup>(3)</sup>	14%
% of people aged 30 to 39 in the workforce	29%	30% <sup>(3)</sup>	31%
% of people aged 40 to 49 in the workforce	23%	24% <sup>(3)</sup>	26%
% of people aged over 50 in the workforce	28%	28% <sup>(3)</sup>	29%
Average age	40 years	41 years	42 years
<b>HIRINGS AND SEPARATIONS</b>			
Total new hires – world	13,050	14,880	3,332
% of men new hires	63.9%	62.6%	65.4%
% of women new hires	36.1%	37.4%	34.6% <sup>(4)</sup>
Number of definitive departures	12,022	12,461	19,845
Of which retirements	1,276	1,280	1,481
Of which resignations and other voluntary departures	6,658	6,947	4,946
Of which dismissals and other involuntary departures <sup>(5)</sup>	4,088	4,234	13,418
Permanent departure replacement index	1.1	1.2	0.17
Number of mobilities (between companies) and transfers (within companies)	1,384	2,025	1,418
Absenteeism rate	2.61% <sup>(1)</sup>	2.84%	2.73%

(1) Excluding employees on long-term absence.

(2) Excluding Safran Aerosystems, Safran Passenger Solutions, Safran Cabin and Safran Seats.

(3) Excluding Safran Cabin.

(4) In 2020, there was a decline in the proportion of women non-managerial-grade (Non Managers & Professionals) hires, particularly in North America, South America and the Middle East due to production shutdowns and site closures, but an increase in the proportion of women managerial-grade (Managers & Professionals) hires: 30.5% in 2020, compared with 29% in 2019.

(5) Other involuntary departures: end of fixed-term contracts, large-scale workforce reduction measures due to the Covid-19 pandemic, end of trial periods, negotiated terminations and deaths.

### 5.4.4 Compensation and giving employees a stake in company performance

The compensation policy is based on the following fundamental principles:

- maintain employees’ purchasing power by ensuring that they keep within the local standards of Safran’s various employment areas and by supporting mobility and promotions to encourage risk-taking and initiative;
- build compensation partly on the basis of employees’ individual performance, but also on the collective performance of their company and the Group;
- offer the most differentiating and attractive benefits possible compared with competing employers.

Gender pay ratios are presented in section 6.6.2.5.

## Compensation trends

### Internationally

Increases in compensation internationally were in line with local market trends: overall increases in the Group's main host countries averaged 2.5% in the United States, 5% in Mexico, 1.5% in the United Kingdom, 3.5% in Morocco and 5.5% in China.

### France

In 2020, average annual compensation increased by between 2.00% and 2.40% of payroll, depending on the company. The 2020 pay round included across-the-board and individual pay rises for below managerial-grade employees, and individual pay rises for management-grade employees.

As part of the Activity Transformation Agreement (ATA) (see section 5.4.5.3) signed on July 8, 2020 between Safran's management and the trade unions at Group level, measures have been taken until December 2021, such as encouraging voluntary early retirement, capping optional employee profit-sharing for 2020 and 2021, suspending the Company top-up contribution to invested employee savings in 2021, and suspending supplementary retirement contributions for engineers and managerial-grade employees (*cadres*) in 2021.

The French law of September 5, 2018 on the freedom to choose one's professional future and its implementing decree of January 8, 2019 create an obligation for companies in France to measure five indicators in terms of equal pay between men and women (see section 5.4.6.2).

### Statutory employee profit-sharing

Internationally, profit-sharing systems (profit-sharing, bonuses) allow employees to share in their companies' results. In France, statutory and optional profit-sharing schemes are used to allow employees to benefit comprehensively and fully from the Group's economic and financial results.

In France, statutory profit-sharing is paid under the terms of the Group agreement signed on June 30, 2005, whereby every employee, regardless of his or her company's earnings for the year, is paid an identical percentage of his or her annual salary out of the aggregate non-discretionary profit-sharing reserves set aside by Group companies in France.

On May 29, 2019, the Group profit-sharing agreement was extended to the companies of the former Zodiac Aerospace scope.

### Optional employee profit-sharing

All French entities have optional employee profit-sharing plans based primarily on economic performance, but also on other operating performance indicators. Under the Activity Transformation Agreement (ATA) (see section 5.4.5.3), optional employee profit-sharing has been capped for 2020 and 2021.

### Employee savings plans

When Safran was created in 2005, employee share ownership was broadened to the global Safran community with a Group-wide agreement signed in 2006 that set up an international Group employee savings plan (PEGI). It provides employer financial support to employees of foreign subsidiaries

who wish to contribute to a savings plan based on Safran shares (Company contribution of up to €2,000 per year per employee). More than 18,800 employees in Group companies in Belgium, Canada, Germany, Mexico, Morocco, the United Kingdom and the United States have access to this plan.

Group employees in France benefit from a comprehensive employee savings plan system that allows them to save money with the help of their company: Safran's Group employee savings plan (PEG), introduced by a Group agreement in 2006, offers a medium-term savings solution via a range of five corporate mutual funds with different management strategies. The Group employee savings plan encourages employee share ownership in particular, by allocating up to €2,000 per year and per employee in Company contributions to an FCPE invested in Safran shares. This contribution is among the highest of CAC 40 companies.

The Safran collective retirement savings plan (PERCO), which dated back to the 2012 Group agreement, was transformed into a collective PER (PERCOL) plan in 2020. It enables employees to build up savings for retirement through seven FCPE mutual funds with different management styles. In 2020, a matching employer contribution of up to €900 per employee per year was once again offered, while a bonus contribution of up to €1,700 is planned for employees in their last two years of service ahead of retirement. Under the Activity Transformation Agreement (ATA) (see section 5.4.5.3), the Company top-up contribution to invested employee savings has been suspended for 2021.

The former Zodiac Aerospace scope has been gradually brought under these agreements since January 2020 for the French operations. Group employees located in France have been eligible for the Group employee savings plan and the PERCO/PER retirement plans since January 2020.

## Employee share ownership

Safran boasts one of the highest proportions of current and former employees participating in share ownership plans of all CAC 40 companies. Together, they held 7.25% of the Company's outstanding shares at December 31, 2020. Safran was awarded the "Grand Prix de l'Indice Euronext-FAS IAS" on February 4, 2021, a prize awarded by the French Federation of Associations of Employee Shareholders and Former Employees (FAS), in recognition of its policy of actively promoting employee share ownership, and the success of the Safran Sharing 2020 plan.

Employee shareholding is based on:

- long-term schemes such as the PEG in France and the PEGI internationally;
- the implementation of one-off operations since the Group's creation, such as the allocation of 100 free shares in 2009 in Europe, the leveraged employee shareholding offer in 2012 and the classic employee shareholding offer with a matching contribution in 2014.

In 2020, a new employee shareholding plan – Safran Sharing 2020 – reserved for all eligible employees based in France and 15 other countries was launched, covering 91% of the Group's workforce. The overall take-up rate was 38%, rising to 64% in France. Under the leveraged offer, participants could acquire Safran shares at preferential conditions via the PEG or the PEGI. The invested capital is guaranteed and investors will benefit from a gain in the event of an increase in the Safran share price during the five-year lock-up period (see section 7.3.7.2).



## Employee protection and personal risk insurance

### Internationally

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.

In addition, an audit was performed in the international subsidiaries in 2018 to ensure that each unit provided sufficient healthcare and other insurance coverage for Group employees.

2025 CSR objective: 100% of employees worldwide to benefit from a minimum level of health cover (medical, optical and dental).

### France

A single mandatory personal risk insurance plan was set up for Group employees in 2009, covering short- and long-term disability, death and healthcare and offering generous benefits for employees and their dependents. Including dependents, more than 113,200 people were covered by the healthcare plan in 2020, as well as nearly 22,600 retirees. Since 2016, it has been in compliance with the "responsible contracts" decree of November 18, 2014, designed to bring healthcare costs under control, and has been more than 50% funded by Safran.

Since 2015, all Group employees have been enrolled in a single insurance plan covering accidental death and disability on the job, which is fully funded by Safran.

Since November 1, 2018, Group employees and retirees have been able to access a range of caregiver support services. Available by phone or online, the services are intended to support Safran employees and retired employees faced with the loss of autonomy of a loved one.

Lastly, on September 18, 2019, a rider to the Group agreement extended Safran's health and personal insurance plans to employees of former Zodiac Aerospace companies, and improved the level of overall guarantees, notably with the introduction of an optional supplementary benefit to better cover excess fees and hospitalization costs as of January 1, 2020.

In addition, Group employees and retirees benefited from a new "MyDoctors" service, a completely free online teleconsultation service, in 2020.

## Indicators - Compensation

All of the indicators mentioned below relate to a Group scope unless otherwise stated.

(in € millions)	2018	2019	2020
Statutory employee profit-sharing <sup>(1)(3)</sup>	170	218	103
Optional employee profit-sharing <sup>(2)(3)</sup>	172	178	15
Matching contributions (World scope) <sup>(3)</sup>	66	87	33
Amount paid as PERCO, PEG and PEGI matching contributions for all Group employees			
Employee savings	417	458	538
Total amount paid in respect of statutory and optional profit-sharing (France scope) and related contributions (World scope) (including the corporate social contribution)			

(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 2020). 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 Group Activity Transformation Agreement (ATA) signed on July 8, 2020, the amount of optional profit-sharing for 2020 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 7) of companies included in the scope of consolidation, as defined in section 3.1, Note 37.

### 5.4.5 Social dialogue

Since its creation, Safran has seen social dialogue as an integral part of its corporate culture. In 2006, management and all of the trade unions at Group level signed an agreement on the development of social dialogue in which the parties reaffirmed the importance of union action in balancing and regulating labor relations within the Group.

In addition, ESG rating agency Vigeo-Eiris gave the quality of social dialogue at Safran a very positive evaluation in 2019 and 2020, assigning it a score of 79/100.

Lastly, on a daily basis, the HSRD and the employees and trade union representatives cooperate widely on subjects of common interest, at various levels.

2020 saw considerable intensification of social dialogue due to the health and economic crisis, which required businesses to adapt very quickly, with adaptation measures devised with trade union and employee representatives.

### 5.4.5.1 Worldwide

At Group level, the framework agreement on corporate social responsibility (see section 5.1.3.2) applies to all Safran employees worldwide. Under this agreement, the Group and its subsidiaries guarantee the proper representation of employees and respect for union rights in accordance with international standards (notably the ILO conventions) and local laws.

Comprehensive multi-year collective bargaining agreements are in force in the subsidiaries in the United States, Canada, Mexico and the Czech Republic, and cover company life very broadly. Outside France, in other countries such as Germany, agreements signed with the employee representative bodies relate to more specific subjects and cover varying periods.

Across the Group, local company agreements of this nature now cover nearly 80% of employees. In addition, sector agreements exist in many countries, concerning Safran employees in France, Germany, Belgium, the Netherlands, Brazil, etc. Lastly, new employee representative bodies were elected in 2020 in certain subsidiaries (Switzerland, Morocco) that did not previously have them.

In 2020, HR affairs were dominated by the aim of ensuring employee protection against the backdrop of a global pandemic, with employee representatives closely involved in the rollout and communication of the necessary health measures.

The Group also took care to intensify social dialogue and increase the accessibility of local management for employee representatives, to ensure that they were kept closely and fully informed and were regularly consulted in accordance with legal provisions and internal agreements.

All employees, including those teleworking and on furlough<sup>(1)</sup>, were kept regularly informed locally using appropriate means including digital media (online talks, social networks, etc.).

Numerous agreements covering the implementation of furlough arrangements, reduced working hours and telework were signed in subsidiaries in France, Germany, Poland, the Czech Republic, Spain, Belgium, the United Kingdom, Morocco, Tunisia and China.

Against the backdrop of a significant decline in business, Safran had to implement headcount reduction measures in consultation with employee representatives, internal trade unions or regional trade union managements (Tunisia), and in liaison with the authorities.

The Group adopted support measures for employees affected by these departure plans:

- assistance with professional repositioning (finding a new job and skills training in particular) was offered in the United Kingdom, Poland and Morocco. The activation of the HR networks of companies in the relevant region or country served to identify job opportunities passed on to affected employees;

- in some countries, Safran encouraged employees made redundant to take part in training programs designed to raise skills levels in preparation for the recovery of the aerospace industry (the IMA's "New Opportunities" program in Morocco), or to retrain for jobs in sectors growing locally;
- in many countries, re-employment priorities have been planned.

### 5.4.5.2 In Europe

At Group level, social dialogue mainly revolves around the European Works Council (EWC) and the application of two agreements covering all European Union countries and Switzerland.

#### The European Works Council

The European Works Council has 21 full members representing Belgium, the Czech Republic, Finland, France, Germany, the Netherlands, Spain, Poland and the United Kingdom. It is designed to represent the Group's 52,115 employees in the European Union.

Given the many European labor issues on the table, the European Works Council was again the scene of intense discussions in 2020. Several plenary meetings of the EWC were held (six in total), together with some 20 meetings between the HSRD and the EWC office, and close communication was established with the EWC Secretariat as necessary throughout the crisis.

The main topics discussed at these meetings were the pandemic at Safran sites, social measures and support for employees during the health crisis, the situation of companies and their outlook, reorganizations, Group strategy, prevention of psychosocial risks, and Brexit and its impact on Safran.

#### European collective agreements

Two agreements, one relating to the professional integration of young people and the other for skills development and professional careers, provide a common framework for all of the Group's employees in Europe. Deployed through local action plans in each host country,

The two agreements are helping to drive Safran's performance by underpinning its ability to grow and renew itself, in particular by bringing young people into the workforce and encouraging mobility as an opportunity for skills development.

Currently in force in the subsidiaries in Belgium, Germany, the United Kingdom, Poland, Spain and the Czech Republic, nearly a hundred specific collective bargaining agreements have been concluded, for fixed or indefinite periods, covering a variety of topics such as work organization, vacations, optional employee profit-sharing, social dialogue, skills management, working conditions and furlough schemes.

(1) Furlough: a system whereby employers can access government support to cover part of the wages of employees who are experiencing an unforeseeable drop in their activity. Used until September 30, 2020. Long-term furlough: a system designed to support companies that continue to be affected by a sustained decline in their business during the recovery phase. Introduced via the agreement updating the Activity Transformation Agreement (ATA), concluded for a fixed term from September 28, 2020 to September 30, 2022.

In 2020, negotiations took place between Safran's management and the European section of IndustriALL<sup>(1)</sup> to strengthen the European framework agreement on skills development and securing career paths. The aim of these exchanges was to improve support for companies in the development and transformation of their jobs and skills, while respecting local cultures and contexts. Moreover, the crisis stemming from the Covid-19 pandemic has tended to increase the pace of digital transformation. The effects of this phenomenon on skills and jobs are studied and taken into account in these negotiations, together with measures geared towards preparing employees, in order to actively contribute to employability.

In Belgium, Safran Aero Boosters signed an agreement with all the trade unions present in the company, safeguarding jobs in 2021 and 2022 in readiness for the recovery. It provides for measures bearing on wage restraint, long-term furlough, unpaid leave, temporary external mobility in the form of employee assignments in research and technology centers partnering with the Walloon Region's Technological Innovation Plan, as well as measures in favor of internal mobility or on the reinforcement of training and knowledge transfer, or early retirement. A commitment has been made not to lay off any employees for economic reasons during the term of the agreement.

In 2020, the adaptation measures deployed in response to the crisis were subject to consultation with local employee representatives and laid down in agreements signed in subsidiaries in Germany, Belgium, Poland, the Czech Republic, Spain and the United Kingdom.

### 5.4.5.3 France

#### At Group level

As a shared foundation for labor policy, collective agreements attest to the Group's commitment to its employees and, in particular, to the success of the entire organization.

In all, nearly 15 Group-wide agreements are now in effect, on such issues as employee savings plans, death and disability insurance, intergenerational relations, disabilities, training, human resources planning and development, the prevention of workplace stress, and the development of social dialogue.

Against the backdrop of the economic and health crisis in 2020, the Group's management and trade union coordinators met regularly, signing three major agreements on social support from the Group in France.

The Group's first agreement, signed on April 15, 2020, was particularly innovative. It paved the way for the creation of a Group solidarity fund to ensure fairness and foster solidarity among employees. In practical terms, the fund guarantees additional compensation for any furloughed employees suffering a loss of pay through the deduction of one day's leave from the pay of other furloughed employees receiving their full net wage, as well as through voluntary donations of days of leave.

#### The 2020 Activity Transformation Agreement (ATA)

On July 8, 2020, management and trade unions signed a Group Activity Transformation Agreement (ATA). Running until December 31, 2021 and renewable if necessary, the ATA aims to preserve jobs and skills. It provides for a series of temporary measures including:

- wage restraint, with the postponement of mandatory annual negotiations until 2022;
- the capping of optional employee profit-sharing for 2020 and 2021, the suspension of the Company top-up contribution to invested employee savings in 2021 and the suspension of supplementary retirement contributions for engineers and managerial-grade employees (*cadres*) in 2021;
- age-based measures aimed at facilitating voluntary early retirement for eligible employees, such as retirement termination benefits, purchases of additional quarterly pension contributions, individual retirement interviews or additional contributions to the senior time savings account;
- stronger measures to foster internal and external mobility.

In return, Safran has undertaken to not lay off any employees for economic reasons through the implementation of employment protection plans. Thanks to the ATA, 10,000 jobs in France were safeguarded<sup>(2)</sup>. Additionally, the French Strategic Advisory Board for Civil Aviation Research (CORAC) scheme made it possible to keep a further 1,000 people in their jobs.

Based on the observation as regards the underactivity resulting from the overstaffing crisis in France, the contribution and effort resulting from the ATA can be broken down as follows:

- people on furlough under French government measures (Safran cannot benefit from any equivalent measures internationally);
- target departures through incentives for voluntary early retirement;
- people kept in their jobs thanks to the CORAC aerospace support scheme (civil aviation studies and research);
- people kept in their jobs as a result of wage restraint measures.

The agreement also includes a "return to good fortune" clause whereby some of the measures may be eased in the event of an improvement in the Group's economic and financial situation.

As an extension of the Activity Transformation Agreement (ATA), an agreement relating to long-term furlough was signed unanimously by the trade unions on September 28, 2022.

From April 1 to December 31, 2020, the furlough and long-term furlough rates covered 23% of the theoretical hours (excluding absences) of employees in France.

Several agreements on top of these three major Group agreements were also negotiated and signed (transformation of the Safran PERCO into a PERCOL in accordance with the Pacte Act), as were a number of amendments (personal insurance and retirement in particular: regulatory developments, update to the scope of the agreements, changes in the guarantees, etc.).

(1) IndustriALL is a global association of unions in the metal, chemical, energy, mining, textile and related industries.

(2) Source: Safran.

Lastly, the Group Works Council frequently holds ordinary and extraordinary meetings. Made up of 30 members, it acts as a forum for information, discussion and dialogue between employee representatives and senior management, with a special focus on sharing viewpoints on major strategic objectives and labor relations issues.

In addition to the signing of these agreements and the holding of regular meetings with employee representatives in 2020, two new directors representing employee shareholders were appointed to Safran's Board of Directors. One was elected by employee shareholders and the other was appointed by the supervisory boards of mutual funds whose investments primarily comprise shares.

## 5.4.6 Diversity and inclusion

### 5.4.6.1 An inclusive working environment

Diversity is at the heart of Safran's identity: Safran employees come from more than 25 countries, representing more than 110 nationalities and covering a multitude of professions. Diversity and inclusiveness are great sources of creativity, innovation and collective performance for the Group.

Safran has a committed diversity and inclusion policy, promoting equal opportunity and the fight against all forms of discrimination. Aligned with the principles of the United Nations Global Compact, the sixth of which is to contribute to the elimination of all discrimination in respect of employment, the Group does not tolerate any form of discrimination on the basis of gender, disability, family situation, age, sexual orientation, religious beliefs, trade union activity, or ethnic, social or cultural origins, either internally or in contacts with customers, suppliers, business partners or other external service providers. All employees are made aware of stereotypes and non-discrimination. Safran aims for every employee to be able to find his or her place and feel valued in an inclusive working environment. Safran has been a signatory of the Diversity Charter since 2010, and is committed to integrating its principles throughout the company in its management, decision-making and HR processes.

"Companies, whose role is not confined to the economy, must be models of solidarity for everyone. Their sustainability depends in large part on their ability to allow everyone to make their uniqueness a factor of individual and collective performance. At Safran, the diversity of profiles is an asset, a

2025 CSR objective: 22% of women among senior managers.

Other 2025 objectives for gender equality in the workplace are for women to make up 41% of new recruits and for there to be at least four women on each of Safran's tier-one entity management committees.

These objectives are monitored annually by the Board of Directors and the Executive Committee.

Safran builds its commitment and actions on three ambitions:

- bring about lasting change in corporate culture, in favor of greater inclusion and gender balance in the workplace;
- strengthen Safran's attractiveness among women externally (see section 5.4.3);

### Within the subsidiaries

The active Group-level social dialogue process also leaves space for each subsidiary to pursue its own robust negotiations, in line with its economic and business environment. In 2020, the Group's companies quickly adapted in response to the health crisis stemming from the Covid-19 pandemic by adopting telework on a large scale wherever possible.

driver of innovation and performance," said Ross McInnes, Chairman of the Board of Directors, in 2020 ahead of the 10<sup>th</sup> edition of the *Dialogues de l'Inclusion et de la RSE*, a day of events organized by the French government on the themes of inclusion and CSR in society, with a European dimension (<https://officiel-inclusion.fr/speaker/ross-mcinnnes/>).

### 5.4.6.2 Professional equality between men and women

Gender equality in the workplace is a core concern for the Group, broadening visions to ensure that Safran is able to respond to the challenges in store. At Safran, we strive constantly to make our corporate culture more inclusive and attractive for women, improve the gender balance in all positions, and take action to deconstruct gender bias in broader society.

In 2020, women accounted for 27.7% of the workforce, 34.6% of new hires, 24.8% of managerial-grade staff and 13% of senior managers. In all, 23% of management committees within tier-one entities and the Group Executive Committee have three or more female members. Constant work is carried out to improve the identification of women with potential (28% of high-potential profiles in 2020) and increase the proportion of women in senior manager succession plans (21% in 2020). The proportion of women across all management training programs is also constantly increasing, and the Group supports women in their careers through the Women@Safran network and mentoring programs.

- increase the number of female managers.

At December 31, 2020, 42.86% of Safran's Board of Directors were women (see section 6.2.4.2). The Executive Committee comprises the Chief Executive Officer, other Safran executives and the heads of the Group's main operating companies. This membership structure provides for a balanced representation across the Group's businesses and cross-business support functions. Women account for 11% of the Executive Committee, in light of certain particularities related to the Group's history and the low proportion of women attending the engineering schools that it targets.

### Safran acting in favor of gender balance and equality within its ecosystem

The issue of professional equality between men and women is also addressed in terms of broader society. Safran and its employees are taking steps to combat stereotypes and encourage women to enter the technical professions at an early age. Safran has been a member of women's mentoring association *Elles Bougent* (Women on the Move) since 2005, and is continuing its partnership in a national and international network. The Group had more than 330 women sponsors and women and men mentors in 2020, and promotes the place of women in the aerospace industry among middle and high school students, as well as those in further education (see section 5.6.3.2). This internal network of sponsors and mentors organizes a range of events including forums, workshops and Safran site visits around the world during Girls On The Move week to show young women that technical professions are not just for men. Through the work of Safran sponsors and mentors, and the networks of ambassadors participating in forums at engineering schools, speaking at events including the IAWA Conference and sponsoring chairs such as the "Women and Science" chair at the Sorbonne, Safran employees help promote engineering sciences and professions outside the company, thereby helping to expand the field of possibilities for young women.

### Gender Equality European & International Standards (GEEIS)

Safran continued its international professional equality labeling process through external audits in 2020, with the aim of maintaining the label for the seven Group entities concerned, in four countries. This label, obtained for the 2018-2021 period, highlights the Group's ongoing commitment to gender equality. All policies, processes, managerial practices, actions and the corporate culture as relating to professional equality are reviewed during these audits. The GEEIS label was born at the initiative of Arborus and international companies, under the patronage of the European Social and Economic Committee. The aim is to have efficient management tools to support the gender equality policy. The label contributes to the emergence of a European and international culture in terms of gender equality and promotes company practices.

Since its award, an international working group and a steering committee comprising Group senior managers<sup>(1)</sup> have helped strengthen the gender equality policy and share good HR and managerial practices internally.

### Gender equality index in France

The French legal index relating to the pay gap between men and women places Safran among the top performers. The Group's overall score has increased from 87/100 at March 1, 2019 to 89/100 at March 1, 2020 and 2021. The aim of human resources is to ensure a policy of fair pay in the various geographic areas where Safran operates.

### Committed employees at all sites worldwide

A range of initiatives are being developed and offered to women in the Group. For instance, the Women@Safran network 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 and Singapore. Programs combating all types of discrimination have been run 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 and the development of girls and young women in the technical and scientific sectors.

### 5.4.6.3 Integrating and retaining employees with disabilities

For more than ten years now, Safran has been running a proactive policy on the inclusion of people with disabilities. It covers four points: keeping employees with disabilities on the payroll, hiring people with disabilities, working with sheltered workshops and disabled-staffed companies, and ensuring a disability-friendly workplace (to the Afnor standard). In 2019, Safran signed the Manifesto proposed by the French government to commit to practical measures to ensure better inclusion of people with disabilities in the company.

The key objective of the agreement signed for the 2018-2022 period in France is to achieve an employment rate of 6% of people with disabilities.

A network of liaison officers in companies in France is developing job retention measures such as suitable arrangements for anyone experiencing health problems so that they can continue to work, including work-study students and interns. The correspondents play a pivotal role, first by supporting employees and second by raising awareness among managers and within teams.

A large number of awareness-building events are carried out throughout the year, such as workshops on breaking down stereotypes and awareness-raising initiatives on different disabilities. Initiatives to help young people with disabilities are also conducted through Safran's foundations, thanks to several partners among non-profits. For example, among the initiatives carried out in 2020, the French Safran Aircraft Engines, Safran Electronics & Defense and Safran Nacelles sites introduced the use of inclusive masks for the deaf and hearing impaired.

The last objective of Safran's disability policy is to increase the integration of disability into all of the Company's processes. In 2020, more than 17 entities were committed to the AFNOR "disability-friendly workplace" standard.

In view of the differences in legal frameworks between countries, Safran's data have not been consolidated worldwide. However, entities outside France are carrying out awareness-raising initiatives. The main actions are practical, such as workstation modifications, often with the help of ergonomists. Partnerships with associations also allow people with disabilities to familiarize themselves with the world of work for a few weeks or months through services.

(1) Senior managers: 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.



#### 5.4.6.4 Balance between generations

##### Social and professional integration of young people

Through the European agreement for the professional integration of young people (see section 5.4.3), Safran also takes action for the social and professional integration of young people in difficult situations or from lower-income neighborhoods. Safran participates in numerous guidance and training initiatives by taking action to promote technical professions, in schools or universities alike, or by inviting young people to its sites, in partnership with non-profits (see section 5.6.3). The Group offers orientation, training or employment opportunities to young people in difficulty, thereby helping fight exclusion in the most disadvantaged areas.

In 2020, Safran kept up its efforts despite the economic crisis by welcoming more than 5,000 work-study students, interns, PhD students and young people on international corporate volunteer programs. 51.6% of graduate positions in Europe were filled by young people trained within the Group<sup>(1)</sup> (see section 5.4.3). As a member of the PAQTE plan (from the French acronym for pact with neighborhoods for all businesses), Safran aims to maintain its efforts to take in young people excluded from employment. PAQTE is a support program designed to achieve greater economic inclusiveness. It has four pillars: awareness-raising, training, recruiting and purchasing.

In France, Safran is also 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, and where success grows from social bonds and civic engagement. The Group has been contributing to *Article 1* as a sponsor for more than 10 years. Group employees have also been working as mentors, supporting young people during their studies and as they enter the workforce. More broadly, the Group has elected to position its charitable work in favor of the social and professional integration of young people, particularly through its two Foundations, one for social integration and the other for music (see section 5.6.3).

##### Seniors

To maintain a balance between generations, the Group is committed, especially in France, to promoting the recruitment of seniors and helping them stay in work.

These commitments are illustrated by two objectives for France. The target of recruiting 4% of people over the age of 50 per year was exceeded in 2020, with a rate of 8.8%. The target of having 15% of employees aged 55 and over within the French workforce was also exceeded, with a total of 20.9% in 2020.

End-of-career arrangements such as telework, modified scheduling and assisted part-time schedules are implemented, as are support measures adapted to certain professional or personal situations.

In 2020, age-based measures aimed at facilitating voluntary early retirement for eligible employees were adopted under the Group Activity Transformation Agreement (ATA) (see section 5.4.4).

#### 5.4.6.5 Indicators – Diversity

All of the indicators mentioned below relate to a Group scope unless otherwise stated.

	2018	2019	2020
<b>INTEGRATION OF YOUNG PEOPLE ON TRAINING</b>			
Number of interns – Europe	2,914	2,728	1,652
Number of work-study participants – Europe	3,210	3,493	3,224
Number of student researchers – Europe	234	260	254
Number of young people on international corporate volunteer programs in Europe	115	138	80
<b>DIVERSITY AND EQUAL OPPORTUNITIES</b>			
% of women employees	28.5%	29.1%	27.7%
% of women hires	31.1%	37.4%	34.6%
% of women managerial-grade employees (Managers & Professionals) among total managerial-grade employees (Managers & Professionals)	24.30%	25.2%	24.8%
% of women among senior managers <sup>(1)</sup>	12%	12%	13%
% of women on Safran's Executive Committee	6%	6%	11%
% of women on the Company's Board of Directors (see section 6.2.4.2)	46.7%	38.5%	42.86% <sup>(2)</sup>
Number of disabled people(France agreement scope)	1,892	1,929	2,155
Internal and external employment rate of people with disabilities (France agreement scope, including all Safran entities) <sup>(3)</sup>	N/A	N/A	5.37%
Overall employment rate (direct and indirect) of employees with disabilities (France agreement scope excluding Safran Aerosystems, Safran Passenger Solutions, Safran Cabin and Safran Seats)	5.1%	5.1%	N/A <sup>(3)</sup>

(1) Senior managers: 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 (GGG) method.

(2) Excluding Directors representing employees and Directors representing employee shareholders as provided for under French law (see section 6.2.4.2).

(3) Following the reform of the employment obligation for disabled people under French law 2018-771 of September 5, 2018 on the freedom to choose one's professional future, the overall employment rate is no longer calculated. It has been replaced by the internal and external employment rate. As the calculation methods have been modified, change in the two rates between 2019 and 2020 is not comparable. As no official data had been received from the social security authorities at the time of writing, this rate was calculated based on internal data and may therefore change upon receipt of official data.

(1) Corresponding to former interns, work-study students, PhD students and young people who have completed an international corporate volunteer program at Safran.

## 5.4.7 Employee health and safety, and quality of life at work

### 5.4.7.1 HSE challenges, policy and standards

#### Challenges

Safran's biggest challenge is to ensure the protection of the health and safety of Group employees. 2020 was marked by the management of the Covid-19 health crisis. In January 2020, a Group monitoring unit, led by the Group Risk and Insurance Department, was set up to manage the consequences of the Covid-19 pandemic. The Group's coordinating physician and the Health, Safety and Environment (HSE) Department worked to provide coordination and assistance to employees based in China. In February 2020, the monitoring unit was upgraded to the level of a Group crisis unit. Safran quickly drew up a Group health protocol to ensure business continuity while protecting its employees. Occupational physicians and nurses, HSE coordinators from tier-one entities and the site HSE network assisted in its drafting. An e-learning module was created in three languages to provide training for employees when resuming work on site. It was supplemented by on-site visits by multidisciplinary HSE teams. As of December 31, 2020, more than 20,000 employees had taken the module via the "360 learning" internal training platform. At sites not connected to this platform, 80% of employees have undertaken e-learning via local networks.

The HSE objectives and roadmap initially laid down for 2020 were reviewed and adapted to the Group's health and economic situation in June 2020. In the new context, the digitization of training, the prevention of situations presenting psychosocial risks and the development of ergonomic skills more than ever rank as the Group's key health and safety challenges.

The rollout of the HSE standard in companies that joined Safran in 2018 continued in 2020 and will continue again in 2021. Noteworthy initiatives include the migration to shared IT tools that will ultimately simplify practices and make health and safety management more effective.

Section 5.4.7.1 describes the policy and reference framework related not only to health and safety but also to the environment, the three themes being combined within the same documents. Section 5.4.7.2 describes health, safety and ergonomics initiatives. In addition, initiatives related to the consideration of environmental impacts are set out in section 5.5.10.

#### Policy

Safran is committed to promoting a culture of prevention to control health and safety risks for the benefit of its employees, supplier partners, customers and any other stakeholder in its activities, in a spirit of transparency and sincerity. As a result, health and safety risks have already been included in Safran's HSE standards, as required by France's duty of care law.

It renewed its commitment in 2019, with all members of the Safran Executive Committee signing the health, safety and environment policy applicable to all sites.

The policy objectives combine to embody a comprehensive approach to continuous improvement of the health, safety and environment management system aimed at:

- preserving the health and safety of the men and women of the Group;
- reducing environmental impact by designing products and services that are more efficient throughout their life cycle (see sections 5.3.3.3 and 5.5.10);
- reducing production-related greenhouse gas emissions, notably by reducing energy consumption (see section 5.3.3);
- guaranteeing the compliance of facilities all over the world;
- preventing and reducing pollution potentially generated by activities (see section 5.5.10).

All actors of the Group, company chairmen, managers and employees agree to respect and implement the Group's HSE policy, by:

- complying with legal and other applicable requirements, including the Safran HSE standard;
- playing a part in prevention procedures and ensuring the active contribution of all stakeholders in each entity;
- ensuring that progress plans are effective and that the HSE function is involved in all industrial projects.

To ensure this commitment, operational directors undergo specific two-day training in day-to-day HSE management. Approximately 100 hundred managers attended this training in 2020. A distance version was prepared at the end of 2020 and tested with a site in the United States, for implementation in 2021.

#### Overall and operational HSE guidelines

Every day, Safran strives to achieve excellence in its workplace health and safety practices. The rollout of the Health, Safety and Environment (HSE) policy is based on an internal organization and standards. The comprehensive HSE Guidelines serve to structure risk management and improve the operational HSE performance. Their management involves close collaboration with the HSE coordinators of tier-one entities, site prevention officers, occupational health services, ergonomists and a decentralized expert network. The cluster coordinators, combining several local entities, promote local synergies within the framework of the system.

The Safran guidelines include the HSE manual covering ISO 14001 and ISO 45001, as well as standards specifying Safran's specific operational requirements by theme. A maturity matrix is used to assess the performance (maturity level) of each standard and to set measurable improvement targets. The Safran HSE Guidelines have been validated by an external body, which certified their compliance with the ISO 14001 and ISO 45001 standards.

The 29 standards of the HSE guidelines lay down the HSE requirements applicable to the various issues, broken down into five categories:

- three prerequisite standards: regulatory management, documentation management, environment/permits;
- five leadership standards: commitment and leadership, risk and impact analysis, planned general inspections, surveys and studies, change management;
- three engagement standards applicable to all stakeholders: employee engagement, training and awareness, on-site service providers;



- seventeen good practice standards: work at height, lock-out tag-out procedures, confined spaces, explosive atmospheres, off-site work, chemical risks, physical risks, health and working conditions, asbestos, ergonomics, environment-soil and legacy pollution, environmental aspects, emergency management, fire, energy, road risk, etc.;
- an ecodesign standard company process.

In 2020, these standards were simplified to 611 requirements (compared with 943 in 2019).

Today, these guidelines are being applied in every Group unit. Every year, compliance with the Guideline standards is audited to measure operating performance, as indicated by the level of maturity demonstrated by the facilities. Internal HSE auditors, whose qualifications are verified by the HSE Department and an external certification body, conduct reviews of the Group's facilities in accordance with the schedule presented at the beginning of the year. Audit reports are reviewed by the Group Certification Committee, chaired by the Head of the Group HSE Department. A representative of an external certification body sits on the Committee. The certificate issued by this committee specifies the overall level of maturity achieved for each site on all Safran HSE standards. Based on maturity, the certification may be bronze (level 1 compliance for all standards), silver (level 2 compliance for all standards) or gold (level 3 compliance for all standards). In 2020, due to the Covid-19 crisis, it was only possible to perform 20 of the 142 audits planned. This indicator is therefore used to measure the sites' HSE maturity. The objective is for 100% of sites to have achieved Gold-level classification by 2025.

#### 5.4.7.2 Actions related to employee health and safety

##### Health & Psychosocial Risk (PSR) prevention

In parallel with the health protection protocol common to all sites and keen to ensure the well-being of its employees, Safran, opened an Attention and Support Service for employees in France and overseas in April 2020. The system offers employees access to a remote consultation with a psychologist if they feel it is needed. This provision is currently in place until the end of 2021, but may be extended if necessary.

In September 2020, all companies ran a survey on the experience of work during the health crisis. The questionnaire was available in eight languages and gave everyone the chance to express themselves. More than 39,000 employees, or over 48% of the workforce, responded. Their feedback was invaluable and helpful in addressing the issues encountered during the pandemic, depending on the country, company and site. It gave the entities a better grasp of the consequences on employee's daily professional lives, allowing them to gauge the impact of organizational methods and working conditions during the crisis, and also to assess the impact of communication methods. The results were analyzed (at the Group level and for each company) by statisticians from the Center for Research on Work Experience, Age, and Populations (CREAPT). The survey highlighted the high level of employee confidence in the health protection measures applied at all sites, as well as the quality of communication within the Group during periods of lockdown.

It is part of the Group's work dating back over 15 years aimed at preventing psychosocial risks and promoting quality of life in the workplace. Favorable psychosocial factors and risk factors have been identified, and targeted action plans suited to situations requiring treatment will be implemented in 2021.

Programs and tools have been rolled out at all of the Group's sites through the health and working conditions standard. This standard consists of three parts:

- primary prevention is based on a psychosocial risk assessment program described in the Group's agreements on workplace stress and moral or sexual harassment. It is supported by standards set in the Safran HSE Guidelines;
- secondary prevention is based on regularly providing employees with information and publications on psychosocial risks, with an emphasis on raising awareness about such risks, detecting and supporting people in difficulty, preventing harassment and violence in the workplace, and avoiding addiction and other at-risk behavior. A selection of training courses is also available in the Safran University catalog.
- tertiary prevention is provided by company health services. Since 2018, the Group has also set up PSR monitoring units at sites in France. These multidisciplinary units, which are bound by professional secrecy, aim to deal with situations of discomfort at work, either individually or in small groups, with the agreement of the employees concerned. Occupational health services can also call on specialized providers who can act quickly if necessary.

Since 2018, Safran has begun rolling out the EVREST occupational health developments and relationships observatory at all sites in France and Morocco. In 2020, more than 130 sites circulated the questionnaire. EVREST allows the Group to collect data on employees' experience and health over time, which can then be used to identify areas for improvement. Indicators such as workload, recognition, quality of working relationships, psychological and physical health are regularly shared. Work will be carried out in 2021 to define harmonized indicators across the Group.

##### Ergonomics: putting people at the heart of production systems

The Ergonomics pillar contributes to the engineering of work situations within the Group. It contributes to building health and safety at work and improving the performance of production systems.

In 2020, the rollout of the Group "Ergonomics" standard continued on all sites. Among other benefits, it reduces the risks associated with poor posture, carrying heavy loads and repetitiveness, an essential step towards preventing occupational illnesses, particularly lower back pain and musculoskeletal disorders (MSD). The standard includes training for all stakeholders, tools and an organizational structures. The training offered ranges from awareness-raising among management teams (70 people in 2020) to an introduction into engineering professions (43 people in 2020). Safran relies on the PRAP (Prevention of Risks Related to Physical Activity) program of the INRS (French national institute for research and safety) to train people to assess ergonomics-related risks (164 people in 2020).

These shared skills and assessments allow us to target improvement initiatives for implementation. They also facilitate the integration of ergonomics into design projects for future means of production. This is one of the challenges of the Group's Factory of the Future, aimed at improving working conditions and performance. This can be seen in the introduction of new technologies such as collaborative robotics, which offers fresh prospects for improving work situations. At the Gennevilliers site, a collaborative robot has been designed to assist in cutting edge sanding operations. The operator guides the robot on a first sanding cycle that is adapted to the work to be carried out on the part. The robot then carries out 80% of the sanding work autonomously. Here too, the operator is focused on supervision and finishing operations. It is much more efficient because it can perform certain tasks simultaneously, without the same vulnerability to repetitiveness and vibration.

In terms of organization, the Group Ergonomics standard relies on a dynamic international network. In total, since 2013, more than 2,000 employees have been trained in PRAP ergonomics assessment within the Group. These assessments are processed by more than 200 ergonomics officers and over 1,000 ergonomics representatives in the industrial engineering professions. In addition, the Group now has more than 15 full-time ergonomists dedicated to analyzing and improving workstations. This network has already produced more than 400 best practices that increase the improvement pace of workstations. Each year an "Ergonomics" Award is presented for the Group's best practice.

### Site security and protection

A network of Health, Safety & Environment prevention officers operates throughout the Group. Each part of the network is managed centrally by geographic area: America, Europe and Asia. Several one-day meetings are organized with all HSE actors each year. Monthly meetings also allow the exchange of good practices and feedback within this network. Regional clusters have been established to provide support directly on the sites. They are managed by an HSE prevention officer from the cluster.

Safran has taken an active stand in attenuating road risks, issuing a road risk prevention charter in 2016. In March 2018, it joined France's national appeal for safer roads and signed the seven road safety commitments that the Ministry of the Interior recommended for business travel. A road risk standard has also been added to the HSE Guidelines. Since 2019, 100% of the Group's facilities self-assess their compliance with the new standard. Action plans have been implemented with a view to reaching level 3 maturity in 2025.

Lastly, the Group continued to improve the protection of its sites against fire risks. A committee meets every three months to study expansion, renovation and similar projects. The fire expert from the Group HSE Department attends the meetings, which bring together other cross-cutting functions. State-of-the-art practices can therefore be factored in as far upstream as possible. In addition, the HSE Department performs a review every six months with a fire prevention and protection firm, insurers and the Group Risk and Insurance Department. Meetings provide a forum for discussion on past and future developments.

### 5.4.7.3 Health and safety objectives and indicators

All of the indicators mentioned below relate to a Group scope unless otherwise stated.

	2018	2019	2020
Percentage of Gold-level sites (indicative of maturity in terms of compliance with the 29 standards)	30%	50%	60% <sup>(1)</sup>
Reported accident frequency rate <sup>(2)</sup>	22.7	18.8	11.3
Frequency rate of lost-time work accidents	2.9	3.2	2.0
Severity rate of work-related accidents (SR) <sup>(3)</sup>	0.07 <sup>(4)</sup>	0.07	0.08
Fatal work-related accidents	1	3	0
Number of occupational illnesses (France)	87	52	47
Number of occupational illnesses (United States and Mexico)	N/A	36	22
Level of fire protection	6.8	6.8	6.8

(1) 80 sites concerned by the ranking in 2020. Over 200 sites will be concerned in 2025.

(2) Reported accident frequency rate: accidents with and without lost time and first aid.

(3) Number of accidents per million hours worked.

(4) Excluding activities derived from the former Zodiac Aerospace.

#### 2025 CSR objectives:

- 100% of sites certified "Gold" to internal HSE standards.
- Frequency rate of lost-time work accidents below 2.5.

### Safety

Managers' appraisals take into account an HSE-related objective, in particular in parts of the business sensitive to work safety (production, tests, etc.).

### Occupational illnesses

The number of occupational illnesses is monitored by each Group entity in accordance with the country's national legislation. As the Group's activities require manual and

precise operations, the main occupational diseases are related to certain movements and work postures, notably affecting the upper limbs. Improvements are made each year following ergonomic assessments of workstations aimed at reducing the need for harmful operations for employees. Assessments are carried out by people who have received ergonomics training in what is known as actor PRAP (prevention of risks related to physical activity), or by Ergonomics correspondents.

In France, the number of occupational diseases fell from 52 in 2019 to 47 in 2020. Of the number reported, 80% of cases were attributable to musculoskeletal disorders, in line with the nationwide statistics for France. Cases of occupational illness are also tracked in the rest of the global organization. A Group procedure published in 2020 standardizes the Group's reporting of occupational illnesses and takes into account the specific characteristics of each country, particularly the United States, Mexico and the United Kingdom.

### Fire protection

An indicator relating to the level of protection of sites against fire is monitored following visits by an international firm specializing in fire prevention and protection. This contributes to the Group's fire risk mapping. For all of the facilities mapped in that way, protection against fire risks was rated "Good", with a score of 6.8/10. The score is based on several criteria such as the installation of sprinklers, documentary and operational management, and the building construction. The criteria are then weighted to give an overall score from 0 to 10, 10 being the best. In 2020, the criteria of the rating schedule were revised to allow sites to manage fire prevention more precisely. The new schedule will be implemented in 2021.

## 5.5 ETHICS, BUSINESS COMPLIANCE, RESPONSIBLE PURCHASING AND THE ENVIRONMENT: EMBODY RESPONSIBLE INDUSTRY

This section corresponds to the third pillar of the CSR strategy, "Embody responsible industry". Safran is committed to being an industry benchmark in its production methods throughout its value chain. The Group manages its corruption risks and applies the necessary care with regard to its suppliers' corporate responsibility issues. It is committed to exemplary ethics, strengthening responsible supply chain practices, supporting its suppliers, and respecting the environment and natural resources.

For Safran, industrial responsibility also means placing great importance on product and service safety, and implementing its quality management system (see details of the Safety Management System [SMS] in section 1.7 and the Enterprise Risk Management [ERM] system in section 4.3.2.1). This demanding approach underlies all of Safran's actions and decisions, and contributes to customer satisfaction. Aviation safety considerations are factored into the product and engine design phase. The network of SMS leaders helps instill a "safety culture" among employees, which in turn improves practices and ensures compliance with applicable regulations.

### 5.5.1 An ethical commitment stemming from the Ethical Guidelines

Safran strives to comply with the commitments set out in its Ethical Guidelines that embody the seven corporate values shared by all employees.

#### The Ethical Guidelines

Safran builds on its Ethical Guidelines<sup>(1)</sup> to assert its identity and express its determination to unite everyone within the Group around these shared values. The Ethical Guidelines formalize shared principles and standards, so that every employee can apply them in all circumstances. The Guidelines are not intended to replace or revise the laws and regulations in force, but to provide employees with points of reference and guidance in conducting their business activities. In particular, they concern:

- adherence to the fundamental principles (the Safran *raison d'être*, respect for laws and regulations, duty of care, respect for individual freedoms and human rights);
- adoption of proper business practices;
- promotion of honest and stringent management of information;
- protection of the environment;
- provision of an attentive ear for stakeholders.

Its values and Ethical Guidelines enable Safran to consolidate the trust placed in it by all of its stakeholders.

#### 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 Group's 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 Group Deputy Chief Executive Officer and Chief Financial Officer, the Senior EVP International and Public Affairs, the EVP Corporate Human and Social Responsibility, the Chief Legal Advisor, the Group Compliance Officer (Director of the Trade Compliance Department), the Group Chief Security and Fraud Officer, the Head of Audit and Internal Control and the Head of Group Internal Control.

The Group has Ethical Guidelines, 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, an internal control framework, procedures and processes, and a fraud prevention, awareness, detection and assessment program.

(1) Available on [www.safran-group.com](http://www.safran-group.com).

Moreover, a system is in place to ensure the reporting of information concerning behavior or situations contrary to Safran's Code of Conduct, and fraud or attempted fraud identified in Group companies. In response, appropriate remedial action is taken by the companies, the operating departments concerned and, as necessary, by the Group Audit and Internal Control Department and the Group Security Department. The fraud officer is tasked, among other things, with defining internal investigative procedures and, when applicable, conducting the investigations. He reports to the Compliance, Ethics and Anti-Fraud Committee, which met twice in 2020.

## Whistleblowing system

Employees who suspect that a practice or incident may be illegal or in violation of the Group's rules of business 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 Human Resources Manager, the Legal Department, the Finance Department, the Quality Department, the Audit and Internal Control Department or the Compliance, Ethics and Anti-Fraud Committee, etc.

In 2019, the Group reinforced its whistleblowing system by providing its employees, its external or occasional employees, its customers and its suppliers with a secure and multilingual email address: [safran@alertethic.com](mailto:safran@alertethic.com). This email address is managed by an external and independent third-party reporting and collection agency. The system protects whistleblowers and preserves the confidentiality of data. Whistleblowers can

use this address to file, anonymously or openly, any good faith report of a breach of the principles enshrined in the Group's Code of Ethics. Among other aspects, the whistleblowing system meets the legal requirements on the duty of care and the Sapin II law.

The issues that may be reported via the email address [safran@alertethique.com](mailto:safran@alertethique.com) are:

- any fraud or attempted fraud;
- any conduct or situation contrary to Safran's Code of Conduct as regards 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.

In 2020, Safran received 32 reports through this system (17 from external and 15 from internal whistleblowers):

- after their initial characterization, 17 reports were qualified as beyond scope and closed;
- nine reports concerned HR matters (allegations of inappropriate behavior or non-compliance with Safran's rules and values): six resulted in action and three were closed without further action;
- six reports concerned alleged fraudulent behavior: one resulted in action, two were closed without further action and three are still under investigation.

## 5.5.2 Business ethics and prevention of corruption risk

Ethics is a cardinal value at Safran, shared by all employees. It is embodied in particular in the program for the prevention and detection of corruption risks based on a "zero tolerance" policy towards any practice contrary to the fight against corruption, influence peddling, facilitating payments<sup>(1)</sup>, embezzlement, undue advantage, misappropriation of public funds, or favoritism. The generic term "corruption" is hereafter used to refer to these dishonest and immoral violations of the Group's standards, which are prohibited by Safran. These matters are also monitored by the Audit and Risk Committee of the Board of Directors.

Safran was the first CAC 40 company to be "anti-corruption" certified by the French Agency for the Diffusion of Technological Information (ADIT), in 2012. This certification, renewed in April 2017 until March 2020, attests to the robustness of Safran's anti-corruption program, the requirements of which align with those of the most rigorous international standards: US Foreign Corrupt Practices Act, UK Bribery Act, OECD Convention, France's Sapin II Act, the tenth principle of the United Nations Global Compact, and ISO 37001. The renewal of the certification scheduled for 2020 had to be postponed until 2021 due to the health crisis. Safran ensures that its activities are conducted in accordance 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 of Business Ethical Conduct (IFBEC), combining the major international aerospace and defense companies.

## Zero tolerance of corruption

The importance of ethical values in shaping Safran's policies and operations has been clearly and continuously articulated by Safran's Chief Executive Officer, who has expressed this special commitment in his introductory message to trade compliance courses: ***"Our strength, our pride, is to show zero tolerance for any violation of our business integrity. By practicing impeccable business ethics, we will remain faithful to our values and drive continued success for our Group. I firmly believe that we must lead by example in this area."***

## A robust trade compliance program

Safran's trade compliance program 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, the fight against corruption and the modernization of economic life, known as "Sapin II". It seeks to instill a Group-wide culture of honesty, as laid out in Safran's Ethics Guidelines, and to see that every employee embraces the imperative of demonstrating exemplary conduct in this regard.

(1) *Facilitating payments: unofficial payments of moderate sums made to expedite or ensure the smooth progress of straightforward procedures or necessary services to which the payer is entitled, whether in accordance with the law or another founding principle.*



The trade compliance program 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.

It is supervised within a dedicated organization: the Trade Compliance Department, headed by Safran's Group Compliance Officer and reporting to the Senior EVP International and Public Affairs, who in turn reports to the Chief Executive Officer.

The program thus addresses two main concerns: (i) promoting responsible behavior among employees and management, and (ii) protecting Group assets through risk management. It is based on the following eight pillars:

- setting the example at the highest level: "Tone at the Top";
- dedicated corruption risk mapping;
- a Group Code of Conduct;
- a dedicated organization;
- appropriate procedures;
- an information and training program;
- a procedure control and monitoring system;
- an internal alert system.

Part of numerous international initiatives, Safran is at the forefront of the fight against corruption. In addition, the Group is deeply involved in a wide range of collective, industry or thematic initiatives dedicated to strengthening and sharing best business integrity practices. A member of the Compliance, Ethics and Anti-Fraud Committee, the Group Compliance Officer steers the entire process of preventing the risk of corruption, conducting exchanges and promoting good practices with businesses, national and international authorities and civil society. It participates in and contributes to the initiatives of national and international professional bodies:

- the *Groupe des Industries Françaises Aéronautiques et Spatiales (GIFAS)*, of which Safran chairs the ethics and corporate responsibility committee;
- the AeroSpace and Defence Industries Association of Europe (ASD);
- the International Forum of Business Ethical Conduct (IFBEC);
- the MEDEF, of which Safran chairs the international ethics committee;
- the Business and Industry Advisory Committee (BIAC) to the OECD, of which Safran co-chairs the anti-corruption task force;
- the B20 Integrity & Compliance task force;
- the European Business Ethics Network (EBEN), of which Safran is a director.

## Setting the example at the highest level: "Tone at the Top"

The Board of Directors, the Chairman, the Chief Executive Officer and all members of the Executive Committee have emphasized the need for their behavior and that of their employees to be exemplary. 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 is reflected in a representation letter on integrity and the fight against corruption, signed every year by all of the chief executives of the Group's tier-one entities, as well as ArianeGroup and Roxel, which make a commitment on behalf of their company and ensure that the letter is also signed by their subsidiaries.

Twice a year, the Group Compliance Officer reviews trade compliance issues in a presentation to the Executive Committee. Trade compliance in the tier-one entities is also periodically reviewed with their chairmen and with ArianeGroup.

## Dedicated corruption risk mapping

Safran's compliance program is informed by a corruption risk map, integrated into the Group's risk map (see section 4.1.1). This takes into account changes in the scope of the companies and their specific corruption-related issues and risks (see section 4.3.1.3), with a focus on:

- market trends in the Group's host countries;
- applicable changes in legislation and standards;
- each company's situation, based on the maturity of its corruption risk prevention program, the results of internal and external audits performed during the year, and the completed or ongoing improvements in its procedures and organization.

Twice a year, all of the tier-one entities update their corruption risk maps. Ultimately, the rollout of these maps is intended to cover all operational departments of tier-one entities and all tier-two entities. The maps are then analyzed by the Audit and Risk Committee, which reports to the Board of Directors. Corruption risk mapping is the primary tool for mutually defining pathways to improvement, resource requirements and the training plan.

## A Code of Conduct for the detection and prevention of acts of corruption

In compliance with the Sapin II Act, the Code of Conduct reaffirms the engagement of the Group and its management in a corruption prevention and detection process. The Code of Conduct makes reference to the Safran leadership model and the ethical guidelines. It defines and illustrates the types of behavior that are prohibited because they could be construed as corruption, based on the risks identified in the risk mapping exercise.

The Code of Conduct, finalized in 2018, has been incorporated into companies' internal rules, after consultation with employee representatives, or into procedural guidelines for companies located outside France. It is therefore applicable to all employees.

## A dedicated organization

The Group Compliance Officer was assisted by a network of 27 Trade Compliance Officers (TCOs) in 2020, appointed in all companies that are independent from a trade compliance perspective. Delegated by their Chairman or Chief Executive Officer, the TCOs are responsible for guaranteeing that their company's business transactions fully comply with Group anti-corruption procedures. They report to the Group Compliance Officer, who provides them with all of the support and useful information they need to perform their duties.

TCOs work with a network of 215 Trade Compliance Managers or Correspondents (TCMs or TCCs) who ensure that the measures taken by the TCOs are applied in each of their company's subsidiaries or divisions. They also lead training courses, after being accredited as trainers by the Group Compliance Officer. The number of TCCs and TCMs increased from 199 in 2019 to 215 in 2020 due to the ongoing integration of the former Zodiac Aerospace operations.

TCOs and TCMs/TCCs are expected to ensure that people at risk or concerned in their sales, marketing, legal, financial, human resources or purchasing organizations regularly receive information and appropriate training. They meet regularly to share their knowledge, discuss best practices and help to improve the trade compliance program and its procedures.

They also conduct trade compliance reviews in their units to ensure compliance with the procedures. Lastly, they report any failure to follow procedures to the Group Compliance Officer as soon as it is detected.

## Appropriate procedures

These procedures precisely describe the roles of employees and the rules that they are expected to follow while performing their duties. They are regularly updated and improved, and are widely distributed among managers and employees. The Group's external partners are also informed about these procedures:

- **the international trade compliance procedure** specifies strict rules for the centralized, independent control and management of contractual relations with business partners, as well as partners involved in offset agreements or in acquisitions, disposals or the creation of joint ventures by Group companies (such as consultants, service providers, distributors or other partners in investment transactions). It was amended in 2016 and updated in 2018 to reflect the latest changes in legislation (particularly "Sapin II") and best practices. It describes the tight controls governing the selection and approval of business partners, the assessment of their ethical performance, their monitoring and their compensation. Internal and external due diligence is systematically performed for every business partner. The procedure also covers the approval, management and monitoring of lobbyists, who must also comply with Safran's responsible lobbying guidelines, which were updated in 2017;
- **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. A specific version of the procedure applies to all employees based in the 12 countries where Safran has an office or a representative company, and where national law sets a limit on the amount of gifts and invitations that may be granted or received by public officials. In addition, a compliance audit of projects supported by sponsorship has been in place since 2015.

### As concerns purchasing:

- an ethics clause is included in Safran's general purchasing conditions;
- the written opinion of the Trade Compliance Officer is required for the use of advice or intellectual services outside France in order to assess the need to validate the partner in accordance with the international trade compliance procedure described above;
- the Group's responsible purchasing charter, updated in 2020, incorporates the terms of the IFBEC Supplier Model Code of Conduct<sup>(1)</sup> (see section 5.5.9.3).

## An information and training program

Regular and appropriate information is distributed to all members of the 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, specific country regulation reviews and a dedicated intranet. In 2020, 99 such documents were distributed.

A communication campaign on integrity in business transactions rolled out in late 2015 with the slogan "Adopt the Compliance Attitude" continued apace in 2020, helping to raise employee awareness of how to respond appropriately in different situations at risk.

An on-site trade compliance training course was developed for Group companies worldwide. In 2020, the health crisis limited face-to-face training and turned the focus to online training tools such as Massive Online Open Courses (MOOC). As such, all Group employees directly or indirectly exposed to corruption risk were enrolled in the dedicated corruption risk prevention module. In 2020, 4,207 people completed the online training course.

Preventing and detecting corruption was a topic incorporated into several Safran University training programs, aimed specifically at staff involved in sales, marketing, purchasing, human resources, financial resources and programs. More than 26,600 people concerned by these issues have attended dedicated training courses since 2010, including more than 5,600 in 2020.

2025 CSR objective: 100% of senior managers and exposed and affected people<sup>(2)</sup> trained in anti-corruption.

The management committees of Safran subsidiaries are also briefed annually. 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 program is led by the Group's Trade Compliance team, as well as by the companies' Trade Compliance Officers, who have been accredited internally as trainers.

<sup>(1)</sup> Available on [www.safran-group.com](http://www.safran-group.com).

<sup>(2)</sup> Exposed and affected employees in the Purchasing, Human Resources and Labor Relations, Legal, Finance, Audit and Internal Control, Trade Compliance, Risks and Insurance and Communications Departments, as well as affected employees among customers, suppliers and partners.



## A procedure control and monitoring system

In 2020, 73 trade compliance reviews were conducted by the Group Compliance Officer on all of Safran's tier-one and tier-two entities. In 2019, anti-corruption certification audits, using guidelines based on the corruption risk prevention requirements resulting from Sapin II, the FCPA and ISO 37001, were successfully carried out at Safran Electrical & Power and Safran Transmission Systems.

In addition, 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. The internal control system also includes control points relating to ethics, trade compliance and export control in its reference framework; these points are subject to an annual evaluation process.

In 2020, the French Anti-corruption Agency (AFA) audited the corruption risk prevention program operated by Safran SA and all the subsidiaries and companies under its control. The work took place between December 20, 2019 and October 2, 2020. The purpose of this audit, comprising 163 questions, was to verify the existence, quality and effectiveness of the eight measures aimed at preventing and detecting acts of corruption or influence peddling in France or other countries, in accordance with Article 17-II of the Sapin II law. A specific questionnaire was sent to tier-one entities. An in-depth audit was conducted between January and September 2020 at Safran SA, four tier-one entities (Safran Aircraft Engines, Safran Cabin, Safran Electronics & Defense and Safran Helicopter Engines) and 12 tier-two entities located in Europe, the United States, Brazil, Russia, China, Mexico, Morocco and South Korea.

### 5.5.3 Complying with export control laws, and sanctions and embargoes

Group companies buy and sell components, equipment and technologies that can be used for civil, military or so-called dual-use (civil and military) applications. Risks relating to the export control process have been included in legal and regulatory risks (see section 4.3.1.3). To manage them, Safran has implemented procedures to ensure strict compliance with export control regulations and laws in all Group companies, with specific adjustments for Safran subsidiaries in the United States.

In France, this robust system has enabled Safran Electronics & Defense and Safran Aircraft Engines to obtain certification issued by the French Directorate General of Weapons Procurement (DGA) following application of the French law transposing the European Directive on transfers of defense-related products within the EU. In 2020, Safran Electronics & Defense and Safran Aircraft Engines both had this certification.

Safran's export control compliance standard is structured around nine areas:

- **establishment of the export control organization:** overseen by the Senior Executive Vice President, International and Public Affairs, the Group Export Control Department is supported by a global network of 439 experts and correspondents. Their job is to ensure that the compliance standard is consistently applied across the Group's global business base, which is subject to more than 22 regulatory frameworks. A Group Export Control Committee generally meets quarterly. However, the health crisis has prevented its meetings since March 2020: two remote plenary meetings were held in 2020, and five working groups are underway in restricted format on subjects of interest to all Group companies. Safran participates in a variety of working groups with public

authorities and trade associations, such as the French Aeronautical and Space Industries Group (GIFAS), the AeroSpace and Defence Industries Association of Europe (ASD), 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;

- **identification of export restrictions on products:** Safran ensures the compliance of all operations of Group companies with the countries and companies subject to sanctions or embargoes, in collaboration with the Group Finance Department;
- **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 initiatives are organized by the Group companies and departments concerned and by Safran University, both face-to-face and in MOOC format. In 2020, the health crisis resulted in a reduction in face-to-face training (2,378 people were trained or took part in awareness-raising), offset by an increase in distance training, with more than 1,430 people taking the MOOC. In addition, 136 information memos were distributed in 2020. A dedicated export control intranet is also available to all Safran personnel worldwide, including a directory of the correspondents within the export control network;

2025 CSR objective: 100% of senior managers and exposed and affected people<sup>(1)</sup> trained in export control.

(1) People exposed and affected in all Group departments.

- **monitoring of improvement action plans by the Group Export Control Department** and maturity reviews every two years of the control program of the relevant Group companies and departments, with the help of an external service provider. These reviews allow the risk map to be updated twice a year;
- **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. To date, none of the cases closed by authorities have been subject to penalties;
- **the application of the compliance standard by each company:** each tier-one entity is responsible for ensuring the rollout and effectiveness of the control program in its own subsidiaries.

Safran has operations in more than 30 countries, and must therefore take into account changes in the global geopolitical environment, which may result in export restrictions to countries, legal entities or individuals. As such, specific

measures have been implemented to verify the compliance of operations and financial transactions with sensitive countries and recipients. Safran provides all of its employees with a tool to assess 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 control 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.

2020 saw major changes in the international regulatory environment, including the adoption of a new export control law in China, as well as the imposition of numerous restrictive measures, mainly in the United States against China, Russia and Venezuela. Safran analyzes all changes to determine their impact on the operations of its companies so as to ensure its compliance with new obligations, and scrupulously adheres to all restrictive measures applicable to its operations and financial transactions, particularly those imposed by the United States.

## 5.5.4 Complying with customs regulations

Safran complies with all applicable customs legislation by deploying suitable, effective systems to ensure seamless compliance in all of its international business transactions.

The Group Customs Department is actively partnering with the French customs administration and now liaises with the French Customs Directorate's Key Accounts Office, which provides dedicated expertise and ensures that the Group's customs transactions are consistently and quickly expedited.

In 2020, the Group Customs Department and the subsidiaries' customs officers focused on further updating their procedures and authorizations so as to comply with the new requirements of the regulatory directives implemented in 2019 and thereby benefit as soon as possible from easier administrative procedures and lower customs duties. In addition, planning for the impact of Brexit is described in section 4.3.1.1 of this Universal Registration Document.

To ensure compliance with applicable customs legislation and the seamlessness of international operations, the Group compliance standard is structured around 11 areas:

- **a customs organization;**
  - the Group Customs Department, created in 2016 as part of the Group Department of International and Public Affairs, supported by a worldwide network of internal experts with Empowered Officials appointed from within the management committees in each Group company,
  - a Customs Officer in each company, tasked by the chief executive with assisting the Empowered Officials,
  - a Group Customs Committee, primarily comprising the Group Compliance Officer, the Group Customs Officer and the tier-one entity customs officers,
  - a Group Customs Committee, primarily comprising the Group Compliance Officer, the Group Customs Officer and the tier-one entity customs officers, meets quarterly. However, the health crisis disrupted these meetings in 2020: one plenary meeting was held face-to-face and two others took place remotely. This Committee is responsible for enhancing the maturity of the Group's compliance with national and international laws and regulations, with appropriate, actionable practices, and implementing continuous improvement plans<sup>(1)</sup>;

- **operating procedures:** customs authorizations, tariff classification, customs procedures, origin, value, guarantees, proof of export, etc.;
- **recording, storage and archiving;**
- **outsourcing customs declarations;**
- **monitoring and auditing the compliance program;**
- **information, awareness-raising and training for the people concerned in Group companies:** in 2020, training was limited or even postponed because of the health crisis. The Group Customs Department accordingly carried out 56 regulatory monitoring measures (meetings, investigations, communications), some of which were essential to meet the requirements of the new post-Brexit SmartBorder customs system, and 442 people were trained or made aware. Awareness-raising modules in MOOC format are planned to round out the existing system in 2021;
- **subsidiary reporting procedure to the Group Customs Department;**
- **managing cases of non-compliance;**
- **certification as an Authorized Economic Operator (AEO)** or equivalent issued by internationally recognized customs administrations. Safran Electrical & Power, Safran Aero Boosters and Zodiac Aero Electric each obtained their AEO certification in 2019;
- **relations with customs authorities;**
- **application of the compliance program,** based notably on biannual assessments of the maturity of customs compliance processes for tier-one entities, carried out by an external service provider. The assessments also help to identify potential difficulties and risks, so as to provide operational support as needed. Using the information gathered, the Group Customs Department updates the risk map twice a year and can draw up improvement plans.

The Group Customs Department participates in a large number of working groups, including those conducted as part of the customs commissions of GIFAS, the French Federation of Electrical, Electronic and Communication Industries (FIEEC), French employers' federation MEDEF and the AeroSpace and Defence Industries Association of Europe (ASD). Their primary focus is the pan-European application of the Union Customs Code and its new regulations impacting the dematerialization of trade, customs clearance and self-assessment by 2025.

(1) Customs regulations on origin are complex. Although based on a standard framework issued by the World Customs Organization, they may differ in some countries, which may in turn trigger disputes. The aim of securing this data has led some subsidiaries to undertake work to define rules, processes and algorithms, and to integrate ERP data (Safran Helicopter Engines conducted a model program in 2020, presented at the last Group Customs Committee meeting).

### 5.5.5 Trade compliance, export control, customs indicators

All of the indicators mentioned below relate to a Group scope unless otherwise stated.

	2018	2019	2020
<b>TRADE COMPLIANCE</b>			
Tier-one entities that have issued a representation letter on integrity and the fight against corruption	100%	100%	100%
Tier-one entities that have completed and submitted a dedicated anti-corruption risk map to the Group Compliance Officer	100%	100%	100%
Number of Trade Compliance Managers and Officers in Group companies	169	227	242
Number of on-site compliance training courses for employees concerned	148	216	121
Number of people trained	> 4,600	> 4,900	> 5,600 <sup>(1)</sup>
Number of trade compliance reviews	40	40	73
Number of tier-one entities that have been certified or are in the process of renewal of anti-corruption certification by ADIT	9	9	9
<b>EXPORT CONTROL</b>			
Number of Export Control experts and correspondents in tier-one entities and ArianeGroup and Roxel in tier-two entities	427	434	439
Number of people having received training and awareness-raising	> 4,400	> 11,600	> 3,800 <sup>(2)</sup>
Number of information memos issued to the employees concerned	83	130	136
<b>CUSTOMS</b>			
Number of information memos issued to the employees concerned	107	48	56
Number of people trained	1,429	1,470	442
Number of companies certified as Authorized Economic Operator (OEA) or equivalent certifications	11	15	20 <sup>(3)</sup>

(1) More than 26,500 since 2010.

(2) More than 47,000 since 2010.

(3) 20 companies have OEA or equivalent certifications: 9 tier-one entities and 11 tier-two entities.

### 5.5.6 Supporting the Group's business over time with a responsible tax policy

Safran undertakes to comply with all applicable laws, rules and regulations with regard to tax compliance and the fight against tax evasion in all jurisdictions where the Group operates. It has therefore established a Group-wide tax policy and created a tax team dedicated to Group operations. Safran fully and openly cooperates with tax authorities and discloses all the information they need to perform their reviews. It works with tax authorities proactively and professionally, requesting prior clarifications and explanations whenever necessary. In the event of disagreement on a given tax issue, the Group strives, to the greatest possible extent, to build consensus and find a solution.

For example, Safran has deployed an internal organization capable of timely country-by-country reporting (CBCR), in line with action 13 of the Base Erosion and Profit Shift (BEPS) plan. Furthermore, on March 14, 2019, Safran signed a tax partnership agreement with the French State, based above all on transparency in the exchange of information with the French tax authorities. This personalized support offer set up by the French Minister for the Budget aims to establish a long-term working relationship between Safran and a dedicated correspondent designated within the French tax authorities. The principles of this cooperation are as follows:

- transparency and clarity in the exchange of information;
- availability and speed;
- pragmatism and consideration of the constraints of each party.

The aim is to confirm the tax treatment of issues and/or risks contemporaneously. Within this framework, all questions relating to the taxes managed and collected by the Directorate General of Public Finance (DGFIP) can be addressed. The administration undertakes to give a written opinion in the form of a ruling on the tax issues raised between the administration and Safran. Opinions are to be issued at the earliest possible date and at most within three months depending on the Company's deadlines and the complexity of the issues raised. Rulings issued within the framework of the fiscal partnership are binding on the DGFIP.

Safran believes that its industrial and commercial business must be supported over the long term by a fair and sustainable corporate tax policy. Safran's tax policy is public and can be accessed on the [safran-group.com](http://safran-group.com) website, in the media section, under tax policy.

## 5.5.7 Protecting personal data and privacy

Safran has a Group policy for the protection of personal data, as well as an internal framework. The policy covers the protection of personal data within the framework of the international organization for the protection of personal data, the management of the exercise of the rights of data subjects, the management of personal data breaches, the management of the register of processing activities including the management of Privacy Impact Assessments, the management of controls implemented by the Data Protection Officers (DPO) and the management of transfers of data outside the European Union.

Safran's personal data protection organization comprises a Group Data Protection Officer (DPO), DPOs in tier-one entities, country correspondents and local correspondents for the Group's major sites. The country correspondents, a role created in 2020, are tasked with providing expertise and standardized personal data protection compliance in countries where personal data protection legislation has undergone major change recently, or where Safran has significant operations, such as India, Brazil, Morocco and China.

The company DPOs and the country correspondents circulate the internal policy and procedures widely, thereby raising awareness of the importance of personal data protection among all actors within the Group.

The Group is continuing to develop its compliance system with a view to continuous improvement:

- continued efforts to develop the knowledge of Group employees through enrollment campaigns for e-learning

modules on the five key principles of personal data processing (purpose, proportionality of data, retention periods, security and confidentiality, and rights of data subjects), specific training by field (HR, IT, communications, legal, etc.) and open-house awareness sessions on current issues at the sites;

- strengthening of control points with the creation of each internal IT project and from the design phase of customer products to ensure privacy by design and by default;
- implementation of the Group application for analyzing personal data processing projects and keeping of the register of processing activities subject to regulations requiring such a register to be kept within all subsidiaries;
- performance of personal data protection audits by DPOs;
- establishment of an annual representation letter signed by the chairmen of the tier-one entities.

In addition, since 2018 Safran has been working with the European data protection authorities to develop its Binding Corporate Rules Controller (BCR Controller), created in 2010. BCRs serve to manage the transfer of personal data between the Group's international subsidiaries.

As such, Safran is implementing a number of initiatives to ensure compliance with various European and international personal data protection regulations through a concerted effort by corporate departments and subsidiaries to target activities and processes involving the processing of personal data.

## 5.5.8 Cybersecurity

As stated in section 4.3.2.7, "Data confidentiality risks", cybersecurity is a shifting and widespread a threat for Safran. It could take the form of either an intrusion into the Group's information systems or an attack on the integrity of its data. A cyberattack, should one occur, could result in IT service disruptions. More broadly, it could affect the Group's business continuity. It could also directly or indirectly damage Safran's image.

As part of the actions undertaken by Safran, its information systems security policy (ISSP), which sets out organizational, technical and governance guidelines, has been redefined. This policy notably meets requirements set out in French regulations on the protection of intangible assets. In addition, 100% of tier-one entities have an Information Systems Security Officer (ISSO). Moreover, to respond to emerging threats, Safran continually invests as needed in information system protection, incident detection and event response, and security warnings and alerts, and in regular reviews of their effectiveness. In 2020, 70% of components identified as critical underwent at least one penetration test. Since January 14, 2021, a new Digital and Information Systems Department, represented on the Executive Committee, has been in charge of these issues. One of its tasks, other than stepping up the Group's digital transformation, is to strengthen the Group's cybersecurity.

Cybersecurity is also a performance criterion for the Group's products. Safran's Chief Executive Officer has signed a policy aimed at strengthening existing systems and measures to protect the smart products and services provided by the Group: "Safran strengthens product cybersecurity policy", available at [safran-group.com](https://safran-group.com). It provides an explicit and structured response to customer concerns and the requirements of regulatory authorities. This policy, which is directly applicable in all Group companies and sites, is implemented through two major systems:

- enhanced coordination of three chains: physical security, information systems cybersecurity and product cybersecurity;
- appointment of a Product Security Officer in all tier-one entities working in a network and tasked with implementing the cyber product policy through concerted and practical actions such as:
  - the integration of the "cybersecurity" parameter throughout the product life cycle, from design to withdrawal from service,
  - the strengthening of training plans and raising employee awareness.

## 5.5.9 Responsible purchasing

### 5.5.9.1 Group purchasing policy

Safran's purchasing policy is designed to meet its objectives of excellence and competitive performance, in seamless alignment with both its manufacturing strategy and its CSR commitment.

Both the policy and the Group's purchasing procedures apply to all suppliers and subcontractors. The policy awards business to suppliers that are capable of meeting the Group's standards, its competitiveness criteria and the demands of the aerospace, defense and space markets. Suppliers must be prepared to work with Safran over the long term in a fair, mutually beneficial relationship.

Safran's purchasing policy accordingly aims to work with a base of efficient, reliable suppliers that strictly comply with the domestic and international laws and regulations applicable to them. They are subject to compliance with international trade rules (including those relating to export controls), as well as environmental, health and safety, ethical and social obligations.

Suppliers must:

- meet Safran's present and future performance requirements (cost, quality, leadtime and innovation);
- enable Safran to provide its customers with innovative, value-creating solutions;
- guarantee that Safran's CSR commitments will be cascaded down through the whole supplier chain.

To this end, Safran must:

- involve its suppliers in product development, enabling them to put forward their innovations and contribute their expertise and thereby effectively meet the expectations of the Group and its customers;
- promote shared methods, management standards and metrics across all Group companies so as to improve Safran's supplier performance management and at the same time ensure good supplier relations;
- provide support to key Safran suppliers, helping them fortify their industrial organization and, by extension, their performance on Safran programs.

In 2020, the implementation of the Group's purchasing policy was marked by:

- the continued rollout of the Group's purchasing policy and procedures in the four new companies: Safran Cabin, Safran Seats, Safran Aerosystems and Safran Passenger Solutions;
- the continued rollout of a supply-chain duty of care plan on corruption prevention, human rights, HSE requirements, as described above, and CSR challenges with suppliers;
- the updating of the Safran responsible purchasing charter to take regulatory developments into account;
- the inclusion of a new procedure GRP-0087 in the Safran requirements applicable to external service providers;
- the release of new general purchasing conditions to take the dematerialization of supplier invoices and the provisions of the GDPR into account.

### 5.5.9.2 Purchasing governance

Safran's purchasing organization comprises three entities:

- **a centralized Group Purchasing Department** integrated into the Industrial, Purchasing and Performance Department represented on the Executive Committee. It defines the Group purchasing strategy for product and material families and the establishment of contracts for these materials for Group companies. It applies the purchasing policy in accordance with the specificities of Safran's various markets. It guarantees constant cooperation between companies, seamless coordination among all Group players in contact with suppliers and the involvement of purchasing teams across the product life cycle. It is also responsible for defining, improving and ensuring respect of the purchasing process and its procedures;
- **a centralized Safran Purchasing shared services center** integrated into the Industrial, Purchasing and Performance Department, represented on the Executive Committee. It is responsible for non-production purchases on behalf of Group companies;
- **a purchasing department in each company**, in charge of bill of materials (BOM) procurement.

These entities are the main vectors of Safran's commitments to subcontractors and suppliers.

Safran purchased goods and services worth €8 billion in 2020 (representing 48.5% of adjusted Group revenue) from over 16,000 suppliers, breaking down into three main groups:

- materials purchases;
- product-related purchases;
- non-product related purchases.

In deploying its purchasing governance, Safran relies on:

- **a shared Group-wide procurement process**, supported by maturity assessment applications used to devise and deploy continuous improvement plans designed to enhance proficiency in best practices;
- **internal improvement plans** reflecting assessments from Safran's various suppliers;
- **a training system** accessible to each buyer to guarantee within the Group the implementation of professional and responsible purchasing practices including e-learning and classroom training programs dedicated to integrating CSR issues into the purchasing process;
- **a process to map, prioritize and manage risks** (including the risks identified in the duty of care plan), with monthly reviews of both the map and the related action plans;
- **an annual internal control audit of the purchasing cycle** in all companies, with 33 internal control points covering the purchasing process. Each company is audited (15 control points per company) to establish the purchasing compliance rate by company, and action plans are implemented if necessary;
- **the Procure to Pay (P2P) approach** for the hourly payment of suppliers and subcontractors.



### 5.5.9.3 A commitment to responsible purchasing

#### A responsible purchasing policy

The responsible purchasing policy draws on the ten responsible purchasing practices listed in the responsible supplier relations charter (available on the [economie.gouv.fr](https://www.economie.gouv.fr/mediateur-des-entreprises/charte-relations-fournisseurs-responsables) website under *Médiateur des Entreprises* > Charte Relations Fournisseurs Responsables responsables <https://www.economie.gouv.fr/mediateur-des-entreprises/charte-relations-fournisseurs-responsables>), [French only], to which Safran has been a signatory since 2010. The charter aims to develop a balanced relationship of trust between suppliers and customers in the knowledge and respect of their respective rights and duties. The Group has accordingly appointed an internal mediator to whom suppliers can refer matters, with the aim of avoiding or resolving any potential conflicts as quickly as possible. The Safran mediator also takes action within the framework of initiatives led by the GIFAS aerospace and space mediator.

In 2014, the Group was awarded the “Responsible Supplier Relationships Label” by the French Business Mediation and the National Purchasing Council. This label recognizes companies that are committed to building lasting collaborative relationships. The procedures and mechanisms implemented to fight corruption and improve payment terms were praised for their rigor. On December 4, 2020, Safran received the new “Responsible Purchasing and Supplier Relationships Label”. The “Responsible Purchasing and Supplier Relationships Label” reference system is compatible with the responsible purchasing guidelines of ISO 20400: 2017 Sustainable Procurement. Safran’s responsible purchasing maturity level, with respect to ISO 20400, is assessed as “mature” (level 3 out of 4, the fourth level being the “leading” level).

In June 2020, under the government stimulus plan for the aerospace industry, Safran signed a charter of commitments on customer-supplier relationships within the aerospace sector: the Group informed the French supply chain of its decision to intensify its responsible purchasing approach. Safran has also reaffirmed the use of mediation, which has always been a tool for Safran (amicable dispute resolution).

Safran also works with the French Ministry of the Armed Forces through a bilateral convention known as *Pacte Défense PME*, whose purpose is to facilitate access for SMEs to defense markets and to establish balanced partnerships. An annual review is conducted with the various players in the French Directorate General of Weapons Procurement (DGA).

#### Support for suppliers in the crisis

The frequency of the quarterly meeting with the DGA’s Industrial Affairs and Economic Intelligence Service has been increased to a minimum of bi-monthly to address the most critical SMEs for DGA and Safran, as well as opportunities for both industrial and government support.

To deal with the Covid-19 crisis and its repercussions on the aerospace industry, Safran has set up a unit to monitor and support its strategic suppliers, with the following objectives:

- identify the suppliers most at risk, with potential impact on its businesses;
- establish a dialogue with those suppliers in order to understand the impact of the current crisis for them and their ability to sustain their business;
- examine together with the suppliers the measures to be implemented within Safran, as well as the impact of the support and tools provided by the French government and local authorities to overcome the crisis. Where necessary, and if it can be justified insofar as traditional resources are insufficient, action can be taken to direct them towards longer-term and structural solutions, such as receiving backing from other industrial players or investment funds.

This approach is carried out in coordination with the public bodies that can offer aid as well as with other OEMs (Airbus, Dassault, Thales) within the framework of GIFAS when the supplier is shared, and can, where necessary, result in proposals for consolidation with the Ace Aéro Partenaires Fund.

#### Industry-specific relief fund

In 2020, Safran made a €58 million subscription to the “Ace Aéro Partenaires” fund established as part of the French relief plan for the aerospace industry, thereby continuing the investments undertaken by the Aerofund I, Aerofund II and Aerofund III funds since 2004. In contributing to the financing of SMEs, 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.

#### Strengthening of ties with suppliers

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. Note that 42% of Safran’s purchasing volume was sourced from French-based suppliers in 2020, with French SMEs and intermediate-sized enterprises representing 83% of this volume. Safran participates in *Destination ETI* and the *Pacte PME* barometer on the quality of supplier relationships.

As before, the aim is still to establish a lasting and comprehensive partnership relationship between the SMEs supported and large accounts, but also to support the growth and competitiveness of the member SMEs through advice, workshops and feedback. For example, nearly 80 people representing 68 SMEs and industrial groups participated in the *Pacte PME Innovathon*, and 30 SMEs benefited from the “accelerator”). Safran’s purchasing strategy also involves a collaborative innovation approach with its suppliers via the “Management and Operation of Collaborative Innovation” program, which goes by its French acronym, MaGIC.



Safran is a member of the steering committee of the "Industrial Performance 1 and 2" and "Industry of the Future" programs (national programs to improve the performance of the aerospace supply chain) of the French Aeronautical and Space Industries Group (GIFAS). The aim of these programs is to increase operational performance in terms of quality and on-time delivery in the supply chain, to improve the customer/supplier relationship, to strengthen the competitiveness of companies while improving working conditions, and to develop jobs in the sector and take them up the value chain. The assessment of phase 2 of the Industrial Performance program (2017-2020), which ended in March 2020, shows a reduction of more than 30% in non-performance. As a reminder, phase 1 (2014-2016) helped drive a reduction of some 50% in non-performance events flagged for quality and the supply chain in the participating companies. In the "Industrial Performance" programs, 256 Safran suppliers benefited from phase 1 of the program (2014-2017), and 186 new Safran suppliers were able to launch performance improvement plans, allowing half of them to take a further step on the road to industrial excellence.

Safran is involved in the development of a GIFAS "Industry of the Future" program aimed at strengthening the competitiveness of the sector by introducing new 4.0 technologies and supporting the sector's transformation. By 2020, the program will have 20 active groups comprising five to six SMEs, including five groups sponsored by Safran. A total of 108 companies are participating, including 60 Safran suppliers. Ultimately, 60 groups are to embark on the construction of their digital roadmap, with support for its initial implementation.

Safran is a founding member of Space, an association created in 2007, and plays an active role in its operations by contributing its proven methodologies each year and assisting in the implementation of new tools for SMEs by hosting round tables and theme-based webinars. Space seeks to improve the performance of French SMEs by leading individual supplier development projects and offering a panel of 31 training courses developed specifically for aerospace SMEs. Against the backdrop of the Covid-19 crisis, Space has adapted its support to SMEs to facilitate their recovery plan.

### Special attention to the protected sector

Lastly, the Group pays special attention to sheltered workshops and disabled-staffed companies. Where possible, purchasers are required to call upon disabled-staffed companies and organizations and services providing assistance through work. Under the terms of the disability agreement, a Safran representative participates in the biannual commissions monitoring the agreement to discuss achievements and prospects in this area. In France, the useful amount (total cost of labor) spent with sheltered workshops and disabled-staffed companies exceeded €6.86 million in 2020. Mapping has identified possible areas of collaboration with sheltered workshops for non-product related purchases and thereby to develop partnerships either directly or by co-contracting with disabled-staffed companies and organizations and services providing assistance through work.

### 5.5.9.4 Rollout of the duty of care plan for suppliers and subcontractors

Safran's implementation of the duty of care (French law of 2017) is more fully described in section 5.1.3.3. This section addresses the duty of care as regards health and safety and environmental risks concerning the Group's business with its suppliers and subcontractors. In the duty of care plan for its supplier scope, Safran has taken a broader approach, addressing the requirements ushered in by the Sapin II law through measures concerning the risks of corruption and influence peddling.

Safran's monitoring of the duty of care and the Sapin II law is the subject of an annual progress presentation and follow-up by the Executive Committee.

### Identification of risks

#### Health and safety of people and the environment

Using the methodology applied to the activities of subsidiaries and suppliers, as presented in chapter 4, HSE risks have been identified, analyzed and prioritized. Accordingly:

- nine types of supplier risk have been identified among the 29 HSE standards applicable to Safran sites: Toxicological, Aqueous releases, Gaseous releases, Fire, Explosion, Radiation, Waste, Accidents, and Regulatory;
- supplier businesses have been broken down into 26 activities;
- each "activity/type of risk" pair is assessed in terms of its impact from 1 (low) to 5 (critical);
- the eight most critical activities, namely those with an impact equal to 5 on at least one count, have been identified. They are waste removal, chemical product development, surface treatments with baths, paint application, additive manufacturing, thermal spraying, buildings and public works, and radiation control.

#### Human rights and fundamental freedoms

Suppliers are rated on the basis of the risks in terms of respect for human rights in the countries where they operate, from lowest to highest. Suppliers identified as "at risk" are those located in the countries with the greatest exposure.

In the event of doubt as to the integrity of suppliers, the case is examined by the Trade Compliance Department.

#### Corruption

The identification of suppliers at risk is based on the Transparency International map (used by the Safran Trade Compliance Department, see: [https://www.transparency.org/news/feature/corruption\\_perceptions\\_index\\_2016](https://www.transparency.org/news/feature/corruption_perceptions_index_2016)), which shows suppliers' geographical position: only suppliers located in countries with a score below or equal to 30 are taken into account.

## Regular evaluation procedures for subcontractors

### Suppliers affected by HSE challenges

An initial 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 has opted not to classify suppliers belonging to a group known to have an HSE policy as “at-risk”. Safran has selected impact 5 (critical) suppliers, as defined in the purchasing risk map. Among them:

- 286 suppliers whose activities are subject in whole or in part to the REACH regulation (particularly for chromium 6) are considered “at risk” and therefore prioritized (priority 1 for suppliers in Europe and priority 2 for those outside Europe). Among these 286 most critical suppliers:
  - 172 are in compliance with HSE expectations through self-declaration,
  - eight are being monitored with action plans,
  - responses from other suppliers are being reviewed or pending receipt;
- 1,400 suppliers have a lower priority; of these, 243 are in compliance with HSE expectations and four have action plans. Responses from others are pending or being reviewed.

### Suppliers affected by the protection of human rights

Ninety-one suppliers out of the total panel of suppliers of all Safran subsidiaries (excluding intra-group companies belonging to an international group with a publicly disclosed CSR policy), located in countries in the areas most exposed to human rights risks were identified.

These 91 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. The approach is shared with the Group International and Public Affairs Department. The supplier base is regularly reviewed

using the Visual Compliance solution to verify suppliers’ compliance with international sanctions and embargoes, and with respect to fraud and corruption. Forty-one suppliers are monitored by Safran and are subject to specific action plans following analysis of HSE and human rights questionnaires deemed unsatisfactory.

## Prevention and mitigation initiatives

### The responsible purchasing charter

First, the responsible purchasing charter is submitted to suppliers for their approval. The purpose of the Safran GRF-0164 responsible purchasing charter is to obtain suppliers’ commitment and contribution in respect of the Group’s CSR requirements. It demonstrates Safran’s determination to permanently embed CSR criteria into the selection process, with the same importance as cost, quality, service, innovation and risk management. In February 2020, the responsible purchasing charter dating from 2016 was revised. The charter is available on the Group’s supplier portal in French and English<sup>(1)</sup>. Its nine key principles 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<sub>2</sub>, energy, chemicals, waste);
- involvement of suppliers and partners in the implementation of the CSR strategy.

Safran’s responsible purchasing charter incorporates the terms of the IFBEC Supplier Model Code of Conduct.

In March 2020, a signature campaign was launched with suppliers breaking down as follows: 4,537 for non-production purchases and 2,347 for production purchases.

2025 CSR objective: 80% of purchases made from suppliers that have signed the responsible purchasing charter<sup>(2)</sup>.

### Taking CSR and geopolitical issues related to the extraction of minerals and rare earths into account

As a purchaser of processed materials (bars for machining, sheet metal for boiler making, forging billets, etc.), Safran does not directly purchase raw materials such as minerals and rare earths. However, Safran is subject to a duty of care throughout its supply chain, and in respect of the human and environmental consequences that the extraction of these materials may entail. In 2020, through the AeroSpace and Defence Industries Association of Europe (ASD), Safran took part in the European Raw Materials Alliance (ERMA) working group, whose inaugural meeting was held in November 2020.

### Conflict minerals

Safran complies with applicable laws and regulations regarding the supply of ores (such as tin, tungsten, tantalum and gold) from conflict zones, in particular the American regulations resulting from the Dodd-Frank Act, and already applies the European regulations due to come into force in 2021. To that end, Safran identifies suppliers liable to use such minerals and requires them, through a campaign conducted every three years (most recently in 2018), to undertake to comply with applicable laws and regulations, and to establish an internal policy enabling them to ensure that the minerals contained in the products they manufacture are not used to finance, directly or indirectly, armed groups whose activities are contrary to human rights. A specific clause is included in contracts signed with suppliers providing materials or equipment that may use minerals. Safran’s suppliers must also, as may be required by law, exercise due diligence in choosing the source and traceability of minerals, inform Safran of the origin of the minerals used, and in turn impose the same conditions on their own suppliers. Lastly, Safran fills out the Conflict Mineral Reporting Template (CMRT) each year for its main customers in the United States.

(1) <https://www.safran-group.com/suppliers/working-safran/Travailler%20avec%20Safran>.

(2) Or using an equivalent responsible purchasing charter.

### Safran's research work to reduce the use of certain minerals and rare earths

For new metallic materials designed to withstand turbine temperatures or lighten structures, CSR issues concerning hazardous substances are now taken into account from the upstream phases. This work is facilitated by the implementation of new digital metallurgy methods at Safran Tech. The new calculation methods consist of predicting the characteristics of a material based on its chemical composition. The aim is to reduce the proportion of certain undesirable elements without degrading the characteristics of the material. The chemical elements concerned include cobalt and rare earths.

### System for tracking the measures taken and assessing their effectiveness

#### Performance indicators and targeted management of actions

These actions apply, in whole or in part, to all suppliers obtaining an insufficient score on the HSE questionnaire or whose responses to the human rights questionnaire reveal areas of non-compliance.

The duty of care plan covers the following steps:

- additional information from other stakeholders where necessary, and requests for explanations from the supplier;
- specific analysis with the supplier;
- corrective action plans to reduce risks, under the supervision of the lead buyer of a Safran company, with monthly follow-up;
- bimonthly reviews with the Purchasing Departments to oversee the deployment plan, track action plans and make adjustments where necessary, potentially resulting in action to raise the supplier's awareness or even in the termination of the business relationship;
- a decision by the Group Purchasing Committee, which may decide to terminate the relationship if the non-compliance is not remedied quickly.

#### Whistleblowing system

Suppliers and subcontractors have access to the whistleblowing system (see section 5.5.1).

## 5.5.10 Environmental impacts

In its determination to lead by example in its production methods and throughout its value chain, Safran pays particular attention to the environmental impact of its operations and products. In addition to taking into account its impact on climate change (see section 5.3), Safran strives to preserve the environment and natural resources. The Occupational Health, Safety and Environment policy is described in section 5.4.7.1.

### Taking environmental impacts into account in the product life cycle, starting with design

Through the HSE Guidelines (see section 5.4.7.1), Safran asks each of its tier-one entities to set up an organization dedicated to eco-design: skills, training, design rules, control process, etc. This internal eco-design standard guides companies in reducing the environmental footprint of their products during the main stages of their life cycle. An integral part of the HSE standard, it is also characterized by requirements classified by maturity level – bronze, silver and gold – and is audited over a three-year cycle. In addition to this standard, Safran is systematically designing environmental stewardship into its new programs and technological building blocks. The new Arrano and Aneto engines are examples of innovation and achievement in the helicopter market. In addition to enhanced performance, they have a smaller environmental footprint, delivering 10% to 15% better fuel economy, generating less noise (ACARE 2020 compliant) and using more environmentally-friendly materials and manufacturing processes.

As well as addressing climate-related challenges, Safran promotes eco-design so that environmental impacts are reduced from the product design phase and throughout the life cycle.

With a view to ensuring continuous improvement, the objectives of eco-design are to:

- limit impacts on the environment and human health, notably by restricting the use of dangerous chemical substances;
- proactively address changing legislation and customer/stakeholder expectations by anticipating, among other things, obsolescence of chemicals or processes;
- keep ahead of the applicable International Civil Aviation Organization (ICAO) standards;
- stimulate technological innovation;
- foster synergies within the Group;
- stand out from the competition and strengthen the Group's brand image.

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 5.3.3.2).

## Restricting the use of substances hazardous to health and the environment

Preventing the risks relating to the use of hazardous chemicals is an issue addressed by a number of internal stakeholders in the Group. The objective is to reduce risks at source when qualifying materials and processes, and to control them when using chemicals on industrial sites.

Rules for the choice and use of chemicals are defined through an internal process. In this way, Safran is drawing up a list of substances that are banned or whose replacement is to be prioritized. This list is taken into account when choosing the materials and processes to be used, both for the design of new programs or technological building-blocks and for existing programs. In addition, before being approved for use in a production facility, each new chemical is analyzed in depth by a panel of stakeholders.

Since early 2020, the Group has been implementing a responsible chemicals management approach. In the spirit of regulations applicable to chemical products, in particular the REACH regulation (European regulation on chemical substances), it aims to gain an understanding of the challenges related to chemical risks as a whole, throughout the life cycle of equipment and via a multidisciplinary organization. The approach has three components: anticipate, substitute, and control. It involves several Group departments and various business networks within tier-one entities. As such, the HSE Department provides strategic monitoring of substances to enable each tier-one entity to anticipate possible obsolescence and draw up a response strategy. Based on the needs expressed by the various entities, substitution work is coordinated for the technical aspects by the Group's Materials and Processes Department, before being brought into industrial-scale production within each tier-one entity. The "Purchasing" function is at the forefront to associate the Group's suppliers and subcontractors in all work. Lastly, the "Programs" function has a key role in determining a strategy that will be shared with customers.

The HSE Department coordinates the responsible management of chemical products via a focal point in each tier-one entity. Substances committee meetings are organized quarterly at Group level to ensure overall progress and set strategic guidelines. This committee brings together the Industrial, Purchasing and Performance, Programs, Materials and Processes, Product Environment and HSE Departments.

Lastly, the use of chemicals at facilities is a daily concern for the production teams and the HSE risk prevention officers. Although programs deployed in the equipment cycle upstream can attenuate workstation hazards, residual risks remain and must be managed. One of the 29 standards of the HSE standard is dedicated to chemical risks. "Chemical risk" correspondents are specifically trained on the industrial sites. The Group's HSE Department is tasked with overseeing the performance of scientific and technical studies and issuing recommendations for the control of chemical risks.

Safran is actively involved in the management of chemical substances and the associated regulations with French and European associations representing the aerospace profession, such as the French Aeronautical and Space Industries Group (GIFAS), the AeroSpace and Defence Industries Association of Europe (ASD) and the International Aerospace Environment Group (IAEG) aimed at finding solutions for the management and substitution of hazardous substances.

## Reducing noise pollution

Aircraft noise standards have been becoming increasingly stringent for decades. They primarily reflect environmental and quality of life concerns: aircraft noise is bad for residents, ground staff and passengers. To anticipate the objectives set by ACARE (65% reduction in perceived noise by 2050 compared with 2000) and the standards issued by ICAO, Group companies are working together to reduce noise emissions from their equipment.

At Safran, dedicated teams play a central role in the main aeroacoustic programs. They are developing research partnerships with aircraft manufacturers, helicopter manufacturers and the largest French and European laboratories, notably ONERA and DLR4.

The main source of noise pollution during takeoff is the propulsion system, which is the focus of a great part of research efforts. In engines, the increase in the dilution rate (ratio between the flow of hot air and the flow of cold air) obtained by widening the diameter of the ducted fan has greatly contributed to progress achieved over the last 40 years by reducing the gas ejection speed and as such noise. On LEAP, CFM International successfully met the technological challenge posed by the increase in the engine diameter and its integration into the aircraft. Safran's efforts also focus on reducing the noise emitted by the engine and nacelle modules. This involves optimizing the shape of the blades, using modeling based on the physics of noise-generating mechanisms. The nacelles also offer increased performance by trapping the residual engine noise at the source. The A320 nacelles have honeycomb composite skins that absorb some of the noise. New technologies currently in the research phase will further improve their efficiency by producing a counter-noise from miniaturized speakers to neutralize the motors' sound waves. Ultimately, it is estimated that the acoustic footprint of aircraft on the ground has been reduced by 75% in four decades. Between the most optimized versions of CFM56 engines certified in the early 2000s and the LEAP engine, an average improvement of 12 decibels over the ICAO standard has been achieved.

In the landing and approach phases, the noise reduction achieved on the latest-generation engines is such that efforts are now being turned to the noise of the aircraft itself, which was previously masked by engine noise. Landing gear makes a significant contribution to overall noise during this phase of flight. The solutions proposed by Safran Landing Systems' aerodynamicists cover landing gear design and the addition of fairings, while taking size, weight, flight safety and maintenance constraints into account. Safran Landing Systems is fitting Boeing's ecoDemonstrator2020 with a system that reduces the noise footprint of landing gear by approximately 20%.

## Reducing the use of natural resources

In a long-cycle industry like aerospace, marked by extreme technical complexity and uncompromising safety standards, technological progress can mobilize many players and take decades to come to fruition. Safran pays particular attention to the issue of non-renewable natural resources. The Group therefore places great importance on the reparability 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.

Advocating a structured and consummate sustainability model, Safran even offers the reuse of used parts through a circular economy approach. 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.

In this way, the solutions offered by Safran help reduce the use of non-renewable natural resources. Due to its long life cycles, the high technicality of the products and the high added value of its services, Safran applies a responsible management approach in its operations.

## Product recycling

Safran has partnered with two other leading players (Airbus and Suez) to create Tarmac Aerosave. Created in 2007 and based in Tarbes (Hautes-Pyrénées), Tarmac Aerosave today ranks as the European benchmark for storage and the world benchmark for the recycling of military and civil aircraft manufactured by Airbus, Boeing, ATR, Bombardier and Embraer. Safran has been involved since the very beginning of this project, which is at the heart of its environmental responsibility approach. A site for storing aircraft and equipment, Tarmac Aerosave offers the largest aircraft dismantling capacity in Europe. The company, which already operated in France (on two sites) and Spain (on one site), opened a fourth site in France in 2020. Since 2007, 250 aircraft and 140 engines have been dismantled and recycled, with a recovery rate of more than 92% of total aircraft weight. For example, 75% of Airbus A340s recycled worldwide have been recycled by Tarmac Aerosave.

## Waste reduction and treatment

Safran is also committed to reducing and treating waste from its production sites in order to reduce its impact on resources and the environment. 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 addition, water from industrial processes that could represent a risk is discharged into surface water via continuously monitored treatment facilities or treated off-site by a service provider. Several French facilities are subject to national legislation and additional local regulations concerning the discharge of hazardous substances into water. 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. The Group HSE Department supervises environmental conditions for each facility's site, buildings, activities, soil and groundwater, and participates in the due diligence process for asset disposals and acquisitions.

Since 2016, the Group has operated two Safran Landing Systems facilities, in Molsheim and Bidos, 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, reporting or registration 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, in late 2015 and late 2018 financial warranties were offered to local authorities to ensure that the facilities classified as Seveso or ICPE (installation classified for protection of the environment) sites are secured and decontaminated in the event of decommissioning. The facilities concerned are subject to additional local regulations relating to the financial warranties.

The Group is committed to ensuring that all of its projects comply with prevailing environmental legislation. In applying for operating permits, studies are performed as needed to determine the impact of its activities on local biodiversity. No environmental accidents with a significant impact on the environment were recorded in the Group in 2020.

2025 CSR objective: increase the waste recovery ratio compared to 2019.

2025 CSR objective: 100% of facilities to have achieved the five zero targets roadmap (see section 5.3.5).



## Indicators – Environment

Energy	2018*	2019*	2020
Electricity (MWh)	1,304,597	1,352,946	997,647
Natural gas and liquefied petroleum gas – LPG (MWh PCS)	868,910	920,851	603,924
Aviation fuel (in liters)	17,305,991	18,345,252	12,146,639
Heating/steam and cooling networks (MWh)	53,491	51,055	44,824
Fuel oil (in liters)	865,466	621,596	510,173

Waste – Water	2018	2019	2020
Total waste generated (in metric tons)	96,267	95,243	57,794
Total waste recovered and reused (in metric tons)	72,187	65,006	40,723
% of waste recovered and reused	75.0	68.3	70.5
Water (cu.m.)	3,722,234	4,582,612	2,521,900

\* The 2018 and 2019 figures were revised in 2020 using the same emissions factors database as in 2020.

## 5.6 CORPORATE SOCIAL RESPONSIBILITY: AFFIRM OUR COMMITMENT TO CITIZENSHIP

This section corresponds to the fourth pillar of the CSR strategy, “Affirm our commitment to citizenship”, and deals with the impacts Safran’s decisions and businesses, and its development and commitments have on society. It 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 facilitate the professional and social integration of young people.

### 5.6.1 Spearhead innovation on protection for citizens

#### 5.6.1.1 Initiatives to combat the Covid-19 pandemic

From the outset of the Covid-19 epidemic, employee initiatives aimed at contributing to the fight against the epidemic were supported and guided within a working group known as “Safran Anti-Covid”.

The Safran Anti-Covid group worked to design and produce a range of equipment certified for the fight against the pandemic:

- in many of Safran’s host countries, employees used 3D printing to manufacture a variety of medical equipment or spare parts to meet urgent equipment needs in hospitals, laboratories and other medical institutions. For example, in March 2020, Safran drafted an instruction manual for the manufacture of visors using 3D printing, and circulated it throughout the Group. Employees throughout the world joined forces to manufacture hundreds of visors each week, and several thousand visors were distributed to local medical personnel in the areas where Safran operates. 3D printing was also used to manufacture so-called contactless parts, to protect employees from contact contamination from certain surfaces. Thousands of parts were manufactured and made available to staff;
- in France, a number of engineers from Group companies took action to adapt Easybreath, the Decathlon snorkeling mask. Drawing on a variety of skills, the mask was transformed into a surprisingly versatile medical device that could be used at different stages of patient care, from outpatient to intensive care. The design was completed in

two weeks, and the project received invaluable assistance from the French Army Biomedical Research Institute (IRBA) for initial guidance and development tests. Work to prepare industrial-scale production was carried out with engineering group Segula Technologies. The French National Agency for Health and Medicines granted provisional marketing authorization in record time (10 days) so that hospitalized patients could have access to the Safran kit. The device was rolled out in some public and private hospitals, and digital parameters for 3D printing can be downloaded from the Safran website;

- in Mexico, Safran teams worked to produce a device to protect doctors during patient intubation and extubation, in the form of polycarbonate aerosol boxes (or aerosol shields). More than 150 aerosol boxes were delivered to the local Ministry of Health to supply hospitals treating Covid-19 patients;
- in Mexico, employees also partnered with other local players to manufacture 1,000 certified respirators for local hospitals;
- in France, the Mistral combat mask developed by Safran was validated with the help of the IRBA to protect caregivers while enabling them to cope with increases in heart rate, such as when carrying patients or equipment, thanks to a ventilation system. A dozen military hospitals adopted this protective device for medical personnel in contact with patients;
- at several sites, employees embraced textile production to make several thousand barrier masks and gowns for various local health and safety institutions (hospitals, emergency medical services, etc.), as well as Safran employees;

- several Safran companies joined forces and partnered with Schneider Electric in France to develop a reusable high-protection mask known as R-Safe. It represents an innovation in respiratory protection: its replaceable filter blocks particles 30 times smaller than a conventional mask, while reducing the impact on the environment (replaceable filter, bio-sourced, reusable elements, and local production);
- in France, as part of its call for “anti-Covid” proposals, France’s Directorate General of Weapons Procurement (DGA) selected and financed a prototype of the technology for the Safe Air intrapreneurship project. Delivered in January 2021, the prototype measures the filtering capacities of used masks and filter cartridges, thereby helping reduce the viral load in enclosed spaces.

Many Safran sites, particularly at the local level, made commitments in addition to these initiatives to help combat the pandemic and its economic and social consequences. Accordingly:

- several sites raised funds to financially support institutions in the purchase of medical equipment. In Poland, for instance, Safran Transmission Systems provided financial support to the hospital in Łańcut as part of a campaign to enlist the help of local contractors. In March 2020, several companies came together in China to purchase protective clothing, glasses and gloves for local medical institutions; donations totaling roughly 100,000 yuan were made through the Hubei Youth Development Foundation;
- in many countries, Safran also made direct in-kind donations of protective and pandemic equipment to governments, hospitals and schools. In Tunisia, for example, Safran Aerosystems donated gowns, visors and personal protective equipment to various hospitals, schools and the Ministry of Health. In Switzerland, Safran Colibry donated several hundred masks to the staff of local retirement homes;
- in the United Kingdom, Safran Seats employees volunteered to help set up rooms ready to accommodate Covid-19 patients, in addition to donating a wide range of personal protective equipment;
- Safran worked to support people left vulnerable by the pandemic. In France, employees were able to access “*Tous mobilisés contre la Covid-19*” (All mobilized against Covid-19), a platform launched alongside MicroDON, to work with a number of charities. In China, Safran Landing Systems provided financial assistance to vulnerable people in Suzhou, thanks to employee and company donations. The same site also set up a financial support system for employees in difficulty;
- in France, Safran Electrical & Power employees created the “*Industrie Solidaire*” platform, bringing together French industrial companies and hospitals to provide a more effective response to the need for medical equipment.

In addition to the initiatives mentioned above, Safran set up an international working group dubbed “O Covid” in June 2020, with the aim of anticipating and preparing for prospective demands from airlines following the pandemic. Work is underway on future cabin layouts, and seating and air quality initiatives designed to remove the risk of contamination during flights.

### 5.6.1.2 Employees involved in other support initiatives

Safran is involved in a variety of support initiatives at the local level, particularly in the health sector. They are often initiated by Safran employees, and differ from one site to another. Noteworthy examples in 2020 include:

- in Mexico, Safran Aerosystems employees launched a campaign to collect plastic bottle caps, which were then donated to *Banco de Tapitas*, a charity, to support children suffering from cancer. The caps are transformed and reused to make various medical, educational or entertainment equipment for the children;
- at Safran Electrical & Power in Mexico, employees organized a fundraising campaign to coincide with the Telethon. In 2020, they raised more than 21,200 Mexican pesos to donate to the Foundation;
- in Singapore, Safran is part of the Adopt a Wish initiative, which enables retirement home residents to make a wish list. Safran employees are involved in the purchases and preparations needed to make some of those wishes come true;
- in South Africa, Safran Electronics & Defense donated materials and equipment no longer in use to a local charity to help train unemployed people and facilitate their return to the workforce;
- Safran Aerosystems’ sites in Tunisia are committed to collecting and donating packed lunches to local families in need. Similar initiatives are being coordinated at Safran Seats in the United Kingdom and at Safran Electrical & Power in France and Mexico, in partnership with food banks to which employees donate food;
- in the United Kingdom, Safran Seats actively supports prostate and breast cancer associations Breast Cancer Now and Prostate Cancer UK: more than £12,500 was raised and donated this year. In addition, employees take part in numerous operations organized by charities (running races, awareness raising), although several had to be suspended due to the pandemic in 2020;
- in France, Safran SA partnered with *La Cravate Solidaire* to collect men’s and women’s clothing for people to wear to job interviews. A total of 475 kilos of clothing were collected at the three sites that took part in the operation, making it possible to “dress” 142 vulnerable people (according to the association’s estimates). The recipients all also benefited from the advice of an image coach and job interview preparation from professional recruiters;
- in France, Safran Aircraft Engines supports *L’Étoile de Martin*, an association committed to supporting research into childhood cancer. €56,000 was donated in 2020 after the Group’s collaborative innovation process: the greater the number of employees taking part in the innovation process and putting forward ideas, the greater the amount donated to the association.

### 5.6.1.3 Building a “safer world” through our defense business

Faced with growing instability in the global environment, Safran offers high-tech products, services and solutions to protect national and individual interests.

Its *raison d'être* commits Safran to help build a “safer world”. Protecting national sovereignty, people and their economic interests 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.

Safran contributes to the independence of its sovereign customers through its mastery of very high-level technologies and its broad industrial footprint in France, which together help guarantee the long-term viability and security of its resources and skills.

#### High technology as a foundation of sovereignty

Safran places its know-how, technologies and industrial resources at the service of the sovereignty of France, Europe and other allied countries, and offers optimal capabilities to Observe, Decide, Guide, Dissuade and Act on land, at sea and in the air, as well as in space.

Safran develops and produces engine systems and equipment for military aircraft (combat aircraft, transport aircraft, helicopters), surveillance systems (drones), optronics, inertial navigation and critical software, and keeps them operational. Safran guarantees independent access to space via ArianeGroup, with launch vehicles and services. The Group participates in a large number of missions with its equipment for satellites, space vehicles and spacecraft. Its optical systems, telemetry solutions and ground stations facilitate space exploration and help keep it under surveillance.

In 2020, this role was reflected practically in:

- the supply of new optronic surveillance pods for French Navy and Special Forces helicopters;
- the selection of new-generation observation binoculars by several NATO countries;
- the supply of satellite network surveillance services to the French Space Command.

Since 2018, Safran has also been involved in preparatory work for future European defense capabilities through eight major projects (in the Preliminary Actions for Defense Research and European Defense Industrial Development Programme). They include maritime surveillance capabilities using drones and “see-and-avoid” functions for entering air traffic, highly integrated and cyber-secure electronic solutions (EXCEED project), high-integrity (GEODE project) or vision-assisted satellite navigation functions, robotic vehicles for distance and remotely operated intervention (I-MUGS) to reduce the exposure of military personnel. These preparatory projects are aligned with the European Defense Fund (EDF), a European funding program designed to prepare common defense capabilities for greater European autonomy. These technologies call in particular on artificial intelligence and new vibrating inertial sensors (HRG and MEMS) associated with sensor fusion techniques.

#### Civil-military duality, a source of technological and industrial independence

The safety, availability and performance requirements of systems and equipment deployed in the civil and military sectors are similar, although uses and frequency of use differ. The duality of its markets allows Safran to offer its customers high-performance solutions built on technological, technical and industrial synergies.

For all Safran customers, the combination of the excellence acquired in both markets, the pooling of R&T efforts and investments, the implementation of a single quality process, and a policy of developing multi-purpose technological building blocks are differentiating factors guaranteeing competitiveness, and economic and strategic independence.

This independence comes at the cost of considerable investment, to which governments contribute. Access to export markets, subject to the receipt of authorizations, is necessary to maintain a viable defense industry and the perpetuation of expertise, and in turn to guarantee sovereignty. In this area, Safran complies strictly with export control laws and embargoes imposed by the governments in whose territories the Group operates, as well as international bodies.

A powerful example of this strategy in 2020 was the inauguration at Safran Electronics & Defense's French site in Poitiers – a center of excellence in defense optronics – of very high-performance space optics manufacturing capabilities to produce the mirrors of the future to be fitted on the world's largest telescope (European Extremely Large Telescope), currently under construction by the European Southern Observatory (ESO).

## 5.6.2 Develop partnerships on training and research

### 5.6.2.1 Scientific partnerships

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 stakes for the Group. They are governed by framework agreements with ONERA, CNRS, CEA Tech and École Polytechnique de Montréal in Canada. Safran is closely involved in competitiveness clusters (ASTech, Aerospace Valley, etc.) and in the creation of three technological research institutes formed under France's PIA Investments for the Future Program. Long-term partnerships such as these, together with the coordination of thematic networks bringing

together several laboratories, such as the INCA (Advanced Combustion Initiative) network, serve to advance knowledge and innovation, and above all to promote a more efficient aerospace industry while at the same time reducing its environmental impact. In this way, Safran contributes to the dynamics of a broader ecosystem around scientific knowledge and innovation.

As a major contracting company within these partnerships, Safran provides the visibility needed by its ecosystem (manufacturers, SMEs, start-ups, laboratories, etc.) on the sector's challenges and outlook. This transparency in turn supports the roadmaps of other players in the aerospace, defense and space industry, and vice versa.

2025 CSR objective: increase the number of new PhD students joining the Group each year. The annual average between 2017 and 2019 was 63, with the number of new PhD students in 2020 totaling 36. The 2025 objective is to welcome more than 65 PhD students.

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 CIFRE (industrial training-through-research agreements) doctoral students in France between 2018 and 2020. A large number of Safran employees are involved in higher education institutions each year, teaching classes or participating in educational program guidance bodies, including 265 "ambassador" employees (see section 5.4.3.). This role in broader society helps bring young people into the workforce in high-tech professions, and teaching work serves to federate the academic community around concerted scientific objectives, complementing bilateral mechanisms and chairs.

### 5.6.2.2 Creator and actor in host regions

Safran contributes to the development of its host regions. In France, for instance, it is part of the COMMUTE (Collaborative Mobility Management for Urban Traffic and Emission reduction) project in Greater Toulouse. Born of a partnership between Toulouse Métropole, Toulouse-Blagnac Airport, Afnor and other locally based companies, the COMMUTE project aims to analyze and prepare the traffic and mobility management systems of tomorrow, in the metropolitan area's airport and aerospace zones. With a budget of €5.2 million (80% of which in the form of European Union subsidies), the project aims to build a shared vision of urban mobility on the scale of the airport zone. It revolves around four goals: reduce the impact of private cars through carpooling, increase the use of public transportation, promote the use of bicycles and micro-mobility, and limit movements.

#### 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. In the event of changes in its activity, Safran undertakes to inform the local and national authorities beforehand and to cooperate with them in order to better account for local interests". Safran also favors local partners and subcontractors so as to minimize product imports.

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 600 employees and a CFM Training Center to help employees upgrade their skills. A joint venture has been created between Safran Helicopter Engines and Indian company HAL, which provides support to national and international operators using helicopter engines, primarily the Indian air force and army.
- 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.
- 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 partnering with several universities, including the National Autonomous University of Mexico (UNAM) 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. In 2019, Safran Cabin also set up partnerships with universities and language schools in the São Paulo region to promote training for its employees.
- In China, the CFM International training center has trained more than 10,000 trainees. It is CFM's third-largest training center worldwide.
- In Poland, the CEKSO 2 training plan marks Safran's contribution, alongside other Aviation Valley companies, to the establishment of training standards to adapt educational programs to the needs of the aviation industry. Safran employees are involved in these training courses.
- In Canada, Safran works with an aerospace association to identify the key skills of a future industry and to influence academic programs.
- In France, Safran has been working since 2016 with the MetaFensch research and development platform and several metallurgy groups, including Eramet and Vallourec, with the aim of developing the French titanium sector of the future.

### Launch of CampusFab training courses – preparation for the Factory of the Future

CampusFab, in which Safran is a partner, opened in 2019. Its aim is to provide 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 Bondoufle, 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 PIA Investments for the Future Program.

CampusFab has acquired 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 offers access to a centrally located digital room, where data and processes are controlled and analyzed. It also features an additive manufacturing center, a model machining line producing aerospace quality/automotive capability parts, an assembly line, a maintenance hub for the production facilities and a space for activities and professional meetings.

CampusFab is designed to provide 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 will be offered to people on combined work-study programs. From their initial training, they will be ready for Industry 4.0 developments.

CampusFab is an essential component of support for the digital transformation of the Group's operations. It involves Safran University working alongside business experts to develop training programs focused on the Factory of the Future to meet the skills development needs of Group employees, through qualifying training programs such as the metallurgy qualification certificate for autonomous production unit technicians.

In 2020, CampusFab welcomed apprentices from various Group companies for training on machining technician courses, as well as temporary workers for retraining after completing their assignments.

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.

## 5.6.3 Facilitate professional and social integration

### 5.6.3.1 Safran foundations, a commitment to young people

For more than 15 years, Safran has been assisting people in their professional and social integration, through two corporate foundations.

#### The Safran Foundation for Integration

The Safran Foundation for Integration provides support for young people with disabilities and disadvantaged young people. Central to its actions are professional integration projects carried out by non-profits that are conscious of the difficulties faced by very disadvantaged or marginalized young people, or the specific characteristics of young people with disabilities, in order to help them find mainstream jobs. Substantial work is also devoted to social integration projects, because an individual integration project can only truly succeed if all the difficulties encountered are taken into account. The Foundation sees housing, culture and sport as key areas of action among the young people it assists. They are also often effective gateways to reintegration.

In view of the substantial impact of the health crisis on support projects in the spring of 2020, the Foundation had to adapt its activities, extending its assistance to its partners' recurring operating budgets. Thirty-two non-profits were assisted out of 141 applications received, bringing the number of partners supported since 2005 to nearly 290. A total of nearly €575,000 was distributed in 2020. This year, 25% of the projects supported were proposed by Group employees throughout France.

The Foundation also continued its long-term projects in 2020:

- Alongside the start-up OMNI, it has become co-owner of patents for an electric urban mobility kit that can adapt any type of wheelchair to any type of commercially available electric scooter, in connection with the SHIFT project supported by the Foundation for many years.
- The commitment to the AlphaOmega foundation, initiated in 2017 with a total endowment of €1 million, continues. This project has allowed the Safran Foundation for Integration to move into the field of venture philanthropy. It now aims to use this innovative approach inspired by the methods of venture capital to support seven associations carefully chosen for their ability to obtain in-depth results in the field of education in France. They all displayed responsiveness and ingenuity by continuing and expanding their work during the months of lockdown.

#### The Safran Foundation for Music

Safran's involvement as a patron of the arts also takes the form of support for young talent destined to emerge as the great figures of classical music in the future, through the Safran Foundation for Music. For more than 15 years, the Safran Foundation for Music has been scouting and supporting these budding artists, in work applauded by professionals in the music community. It has provided several generations of virtuosos with assistance adapted to changes in the music scene, through scholarships, funding for debut recordings and support for the purchase of instruments. Its action also extends to the stage, which is essential for these young people: the Foundation has partnered, often on a long-term basis, with several associations or institutions working to give these young musicians access to the public.



2020 weakened the musical scene to a significant extent, but the Foundation kept up its work with young people, to help them continue their studies or take their first professional steps wherever possible. A total of €133,000 was devoted to these different projects in 2020. Twelve applicants were selected from among 60 submissions, bringing to more than 140 the number of young artists assisted by the Foundation. The structures supported by the Foundation have all done remarkable work with these young people. The Foundation has chosen to continue its support to each of them, and to open this circle to La Scala Paris, with which it organized this year's competition for young soloists at master's level, won by pianist Virgile Roche.

Lastly, 2020 was synonymous with sustainability and transmission: a new partnership was established with association *Talent & Violon'celles* with a view to having a viola made by a French violin maker. The instrument will be loaned to Paul Zientara, winner of the 2019 Foundation Prize, and then passed on to another young talent in a few years.

### 5.6.3.2 Education-focused patronage projects

In 2020, corporate philanthropy at the head office focused on continuity with the projects funded in 2019. At the local level, Safran sites continued to carry out a wide range of initiatives, particularly in connection with the world of education and geared toward social and professional integration. These initiatives concern sites all over the world, and sometimes take a long-term approach. The initiatives carried out in 2020 included:

- In France, "*Chouette, on lit!*". Launched by a priority education middle school in Les Andelys (France), the initiative involves starting the first period after lunch each day with 15 minutes of silent, individual reading and is now a permanent fixture thanks to Safran's donation, which enabled 334 books to be purchased and a fund for dyslexic students to be created.
- In France, the "*Art en immersion*" educational and cultural program created by the Fondation Culturespaces aims to promote access to cultural education and artistic activities for disadvantaged children aged 5 to 11. It was designed around immersive digital exhibitions offered by the three largest digital art centers in France, in Paris, Les Baux-de-Provence and Bordeaux. Safran produced 330 educational kits, which were distributed among 286 organizations, including 171 priority school classes. Nearly 5,000 children have been enrolled in the program and educational workshops.
- Thanks to a donation from Safran, *Ándale para oír, padres de niños Sordos*, a Mexican non-profit located in Querétaro, has enabled 60 deaf children to make progress in learning to write in Spanish. The purchase of iPads made it easier to connect with students and families during the pandemic. The workshops were held remotely, and the educational program allowed the youngest participants to create a calendar printed in 500 copies, while the teenagers produced a magazine with a print run of 2,000 copies. All of the students were able to express themselves in Spanish, putting down their ideas in writing and communicating on the topics of interest to them. The program will give them real encouragement to persevere and gain autonomy over the coming years.
- In the United States, Safran Seats donated US\$5,000 to the Gainesville Independent School Education Foundation (GISDEF) to support local schools in purchasing school equipment and organizing educational activities for classes.

2025 CSR objective: at least one social or professional integration initiative run by each Safran site each year.

### Safran employees' actions in favor of education

In addition to financial donations, some Safran companies around the world run local initiatives to promote the social and professional integration of young people, notably through education.

For example, Safran Seats sites in the United Kingdom welcomed students to their premises for discovery days. Several activities were organized, including job presentations, discussions between Safran female employees and girl middle school students, and visits to production workshops. Numerous institutions were able to participate in the system, from primary to higher education. This type of initiative gives young people a better idea of what careers in aerospace actually look like, allowing them to better envision their future. Similar initiatives take place in Mexico at Safran Landing System and Safran Aircraft Engines, in Brazil at Safran Helicopter Engines and in France at Safran Aircraft Engines in Gennevilliers.

Safran also provides long-term support to a number of associations:

### CGénial, a foundation to link education and industry

Since 2017, Safran has been a partner of the CGénial Foundation, whose aim is to develop young people's appetite for science and technology, and introduce them to related professions. By visiting schools to talk about their jobs through the "Technicians and engineers in the classroom"

program, Safran employees help bring the worlds of business and education closer together, raising awareness among middle and high school students.

As part of the "Professors in business" program, Safran companies welcomed a number of teachers and managers from the French national education system to their sites in France in 2019 and 2020. Being immersed in the heart of the business, learning more about certain professions and discussing future developments with Safran employees better equips these people to advise and guide their students.

In 2020, more than 85 new Safran employees volunteered to take part in the two programs, either in person or virtually. A total of more than 160 Safran technicians and engineers take part in the two programs, making them the largest community within the foundation.

### Elles Bougent

Safran is continuing the partnership initiated in 2005 with women's mentoring association *Elles Bougent* (Women on the Move), in a national and international network. The Group has more than 330 *Elles Bougent* sponsors in its ranks. They promote the place of women in the aerospace industry among schoolgirls, high school students and university students. Through a wide range of initiatives, including forums, workshops and visits at Safran sites around the world during Girls On The Move week, this network of mentors and sponsors shows young women that technical professions are not just for men.

## 5.7 METHODOLOGICAL NOTE AND INDEPENDENT THIRD PARTY (ITP) REPORT

### 5.7.1 Methodology note on labor and HSE indicators

The labor and HSE indicators in this chapter have been defined by experts from the Group's support functions and businesses. As part of its continuous improvement process, Safran has introduced a set of labor and HSE indicators aligned with legal obligations that have proven effective in tracking changes in the Group and its operations.

The indicators and reporting period presented herein cover the 2020 calendar year, from January 1 to December 31, unless otherwise indicated in the text or below.

Safran has elected to have the entire report reviewed by one of its Statutory Auditors, EY & Associés, in accordance with prevailing legislation.

The nature and scope of the work of the Statutory Auditors, and their conclusions, are presented in the report of the independent third party in section 5.7.5.

### 5.7.2 Reporting scope

#### Labor indicators

The scope of labor reporting covers Safran and all of its more than 50% directly or indirectly controlled subsidiaries, excluding joint ventures, unless otherwise indicated below.

The labor indicators at December 31, 2020 cover all of the subsidiaries in the scope of reporting, regardless of their business activities.

Indicators on employees with disabilities and the percentage of full-time employees pertain only to France. Indicators on work-study programs and internships pertain to Europe.

Environment reporting covers all facilities with more than 50 employees, whereas Health and Safety reporting applies to those with upwards of 100. 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.

Companies and facilities newly consolidated during the year must report their HSE data through the Group's Score system within 24 months, according to a schedule set with Safran's HSE Department.

#### HSE indicators

The Health and Safety reporting scope covers Safran and some of its direct or indirect subsidiaries that are more than 50% owned (see chapter 3, Note 37) and in which the HSE prevention policies and processes are in place. For the Environment, the scope covers subsidiaries whose operations are overseen by Safran or in which Safran has a stake of at least 50%. Adjustments may be made to the scope of each indicator in line with its relevance for the facility and the facility's ability to report data.

#### Changes in scope of reporting

The scope of reporting may change due to acquisitions, the creation of new businesses, disposals, liquidations or changes in the ownership stake in subsidiaries. The following rules were defined for the labor and HSE indicators:

- acquisitions/increases in the ownership stake in subsidiaries: data from the acquired or newly consolidated entity (more than 50% interest only) are included in the scope of reporting at the date on which control is acquired;
- disposals/liquidations/decreases in the ownership stake in subsidiaries: data from the sold, liquidated or deconsolidated entity (50% interest or less) are excluded from the scope of reporting at the date of disposal, liquidation or loss of control.

The time it takes to introduce reporting systems in start-ups and acquisitions may cause a delay in their contribution to consolidated reporting.

### 5.7.3 Data collection

Labor and HSE indicators are based on several data collection systems, each of which is managed by a specific department.

#### Labor indicators

Global labor indicators are reported on a quarterly basis, while reporting for France is monthly.

Employee data for the international scope are collected in each of the subsidiaries directly controlled by Safran (tier-one entities), which in turn are responsible for collecting employee data from their more than 50%-controlled subsidiaries. Employee data are collected using a standard template.

On the France scope, a BIHR reporting tool receives input at the end of each month from the ZEPHIR information system and the payroll systems. This solution covers the entire French scope with the exception of Airfoils Advanced Solutions, a Safran Aircraft Engines subsidiary with 72 employees.

After checking for consistency, the Group Human and Social Responsibility Department consolidates employee data for the French and international companies.

#### HSE indicators

Safety indicators are reported on a monthly basis, while health and environmental indicators are reported on a quarterly or annual basis. Disclosed data correspond to the data available at year-end 2020.

At every facility, data are entered by appointed representatives into a dedicated Group data collection application. They are consolidated by the Group HSE Department.

### 5.7.4 Details on certain indicators

The definitions of the labor indicators presented below are specified in the template used by contributors and in its instructions for use.

The definitions and calculation methods of HSE indicators are provided in the reporting system used by representatives. The main assumptions are presented below by category of indicator.

#### Reference headcount

Headcount is stated as of December 31, 2020. 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, research students, international corporate volunteer programs and interns. Employees are counted in terms of individuals.

The data on the employee age pyramid cover close to 99% of Safran's headcount, as some subsidiaries qualify this information as confidential and/or discriminatory.

#### 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.

#### New hires

External hiring refers to the recruitment of employees from outside the Group, excluding acquisitions, on fixed-term or permanent contracts. Only the reference headcount is taken into account in this indicator.

#### Permanent departures

Permanent departures concern the departure from the Group of members of the reference headcount for the following reasons:

- retirements;
- resignations;
- dismissal;
- other voluntary departures (e.g. end of trial period at the employee's initiative, abandonment of position);
- other involuntary departures (e.g., negotiated termination, death, end of probationary period at the employer's initiative).

#### Permanent departure replacement index

The permanent departure replacement index is determined by dividing the number of new hires by the number of separations.

#### Job mobility

The total number of job mobilities includes employees on permanent and fixed-term contracts. 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.

## Worldwide absenteeism

Absenteeism corresponds to the total number of paid or unpaid hours lost to illness, occupational accidents or work-related travel accidents, strikes and unjustified absences divided by the theoretical number of hours worked and multiplied by 100. The rate is based on all employees on payroll, excluding people on long-term leave, specific contracts and expatriates/seconded workers.

Long-term leave is defined as:

- contract suspensions;
- employees on sick leave for more than six consecutive months.

## Employees with disabilities in France

In France, this indicator includes employees on payroll in 2020 who were certified as disabled as defined by Article L.5212-13 of the French Labor Code (*Code du travail*) and Articles 394 and 395 of the French Code of Military Pensions (*Code des pensions militaires*). It does not cover persons working under work-study contracts, CIFRE and research internships or seasonal employment contracts.

Employment rate of people with disabilities:

Since 2020, French law no. 2018-771 of September 5, 2018 on the freedom to choose one's professional future has changed the basis for calculating the employment rate of people with disabilities.

This rate is now determined by dividing the number of employees that are beneficiaries of the requirement to employ people with disabilities ("BOETH") by the total number of employees of the company subject to the obligation.

The number of BOETH beneficiaries is determined pro rata to the time spent by the employees in the company over the year under all contracts with no exceptions, multiplied by 1.5 for employees aged over 50.

The total number of employees subject to the obligation is also determined as a yearly average, pro rata to the time spent in the company over the year. It includes all employees except temporary or seconded staff, trainees on work-study programs, apprentices and employees under professional training or subsidized contracts.

## 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 in 2020 on the European scope.

## Training

The indicator on training hours covers all types of training worldwide. Training courses of fewer than four hours and on-the-job training have been included since 2014. Other supporting documents may also be used outside France, such as invoices, evaluation sheets, quality certificates, etc.

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.

## 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 1 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.

## CO<sub>2</sub> emissions

Emissions are classified as Scope 1, 2 and 3 using the methodologies defined in Article 75 of the Grenelle II Act. Emissions from refrigerants are reported for the 2020 calendar year.

## Calculating CO<sub>2</sub> emissions

Scope 1: inclusion of emissions from butane, propane, natural gas, home heating oil, diesel fuel, heavy fuel oil, kerosene for portable and stationary engines, and refrigerants.

Scope 2: inclusion of emissions from purchased electricity, steam, heat and cold.

The emission factor for electricity only takes combustion into account.

Scope 2 emissions do not take into account the purchase of renewable electricity with guarantee of origin. The 2018 and 2019 Scope 1 and 2 figures were revised in the 2020 NFIS using the same emissions factors database as in 2020.

Scope 3: 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 92% of Safran employees for long trips, and nearly 50% of the workforce for trips by taxi or private car. As such, all modes of transportation (plane, train, private car, taxi) as well as accommodation are taken into account. Emissions are then averaged for each kilometer traveled depending on the mode of transportation selected. Accommodation is also subject to an average estimate for each night spent in a hotel.

Emissions related to commuting to and from work were estimated taking into account the distance traveled morning and evening by 83.8% of the Group's employees in 2020. The calculation is performed by estimating the modes of transportation used, which are assigned a CO<sub>2</sub> emission rate per kilometer for each mode: private vehicle (100% thermal); public transport (bus, train, tram, metro), bicycle, walking.

The scope selected mainly covers internal and downstream freight. The calculation method used is that of monetary emission factors, which allow CO<sub>2</sub> emissions to be associated with the amounts committed according to the mode of transportation (road, air, rail).

The emissions induced by Safran's purchases of goods and services have been estimated using monetary emission factors that associate CO<sub>2</sub> emissions with the value of purchases made for the different types of goods or services purchased. The scope is limited to tier-one entities and excludes energy purchases (gas, electricity, aviation fuel) and freight purchases.

Safran has followed the methodology recommended by the GHG Protocol for emissions related to product use:

- the precise reporting scope covers Safran Aircraft Engines' civil engines and Safran Helicopter Engines' engines, including engines for which Safran cooperates with other companies in joint programs, for which emissions attributable to the engines have been allocated in line with Safran's share of the program (e.g., 50% for CFM programs);
- for engines constituting intermediate products, emissions were calculated from the emissions of the aircraft on which they are installed, which are assigned a ratio. Based on the examples given in the GHG Protocol, Safran has chosen the option of a mass ratio, equal to the weight of the engines divided by the weight of the aircraft. This is the most meaningful ratio for all of the Group's products (engines, equipment, interiors);
- 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 (2020 average load factor provided by IATA, open source fleet flight data). These assumptions may be updated in the coming years depending on developments in the aerospace industry, or if a sector-specific methodology is defined;
- at this stage, in the absence of regulations or a sufficiently consensual scenario, Safran has not assumed the significant development of sustainable fuels.

## Waste

Waste corresponds to the total of all hazardous and non-hazardous waste.

Categories of waste are defined according to local legislation.

## 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.

## Energy

In 2018: data relating to natural gas and liquefied petroleum gas are indicated in kWh LHV (lower heating value) or kWh HHV (higher heating value), depending on the business activity and location.

In 2019: data relating to natural gas and liquefied petroleum gas are all indicated in kWh HHV (higher heating value).

## 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 consolidated non-financial information statement

Year ended December 31, 2020

*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 an independent third party, certified by COFRAC under number 3-1681 (whose scope is available at [www.cofrac.fr](http://www.cofrac.fr)) and member of the network of one of the Statutory Auditors of Safran (hereinafter the "entity"), we hereby report to you on the consolidated non-financial information statement for the year ended December 31, 2020 (hereinafter the "Statement"), included in the management report pursuant to the provisions of Articles R.225-105 and R.225-105-1 of the French Commercial Code (*Code de commerce*).

## Responsibility of the entity

Pursuant to legal and regulatory requirements, the Board of Directors is responsible for preparing the Statement, which must include 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 said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are presented in the Statement and are available on request from the entity's head office.

## Independence and quality control

Our independence is defined by the provisions of Article L.822-11-3 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 regarding compliance with the ethical requirements, French professional standards and applicable legal and regulatory requirements.



## 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 consistency of the Statement with the provisions of Article R.225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with Article R.225-105 I, 3 and II of the French Commercial Code, i.e., the outcome of the policies, including key performance indicators, and the measures implemented in light of the principal risks (hereinafter the "Information").

It is also our responsibility to provide, at the request of the entity and outside the scope of our certification, reasonable assurance as to whether the information selected by the entity and identified by the symbol \* in Appendix 1 (hereinafter the "Information Selected") was prepared, in all material respects, in accordance with the Guidelines.

However, it is not our responsibility to comment on the entity's compliance with other applicable legal and regulatory provisions, in particular the French duty of care law and anti-corruption and tax evasion legislation, or the consistency of products and services with the applicable regulations.

### 1) Nature and scope of our work

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, as well as with ISAE 3000<sup>(1)</sup>:

- we obtained an understanding of all the consolidated entities' activities and the description of the main 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;
- 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 the information subject to the provisions of Article L.225-102-1 of the French Commercial Code under the conditions set out for the companies referred to in Article L.22-10-36 of the French Commercial Code 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,
- 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, equality, responsible procurement, anti-corruption, the prevention of tax evasion and personal data protection), 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 Helicopter Engines, Safran Electronics & Defense, Safran Electrical & Power, Safran Nacelles, Safran Aerosystems, Safran Cabin, Safran Transmission Systems, Safran Landing Systems and Safran Seats;
- 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, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities as listed above and covers between 16% and 22% of the consolidated data selected for these tests (16% of employees and 22% of CO<sub>2</sub> emissions);
- we assessed the overall consistency of the Statement based on our knowledge of all the entities included in the scope of consolidation.

We believe that the work carried out, based on our professional judgment, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

## Means and resources

Our work was carried out by a team of six people between November 2020 and March 2021 and took a total of 24 weeks.

We conducted interviews with around 10 people responsible for preparing the Statement, representing Executive Management and the Innovation, Risk Management, Compliance, Human Resources, Health, Safety and Environment, and Purchasing departments.

(1) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

## Conclusion

Based on our work, nothing has come to our attention that causes us to believe that the consolidated non-financial information statement is not in accordance with the applicable regulatory provisions and that the Information, taken as a whole, is not presented fairly and in accordance with the Guidelines.

## Comments

Without qualifying our conclusion and in accordance with Article A.225-3 of the French Commercial Code, we have the following comment: the calculation of greenhouse gas emissions linked to the use of products covers the scope of aircraft engines and helicopter turbines, the use of which directly generates such emissions. An extension in the scope of this calculation to include all products whose use indirectly generates such emissions is currently under development, with details to be published in 2022 in the 2021 Universal Registration Document.

Paris-La Défense, March 25, 2021

Independent Third Party

EY & Associés

Jean-François Bélorgey  
Partner

Christophe Schmeitsky  
Partner, Sustainable Development

## 2) Reasonable assurance report on the Information Selected

### Nature and scope of our work

Regarding the Information Selected by the entity and identified by the \* symbol in Appendix 1, we conducted similar but more in-depth (especially regarding the scope of the tests) work as described above in paragraph 1 for the key performance indicators and for the other quantitative results that we considered to be most important.

The sample selected represents 35% of the selected headcount.

We consider that this work allows us to express a reasonable assurance opinion on the Information Selected.

### Conclusion

In our opinion, the Information Selected by the entity was prepared, in all material respects, in accordance with the Guidelines.

## Appendix 1: Information considered to be the most important

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 definitive departures* Number of mobilities and transfers* Permanent departure replacement index* Absenteeism rate* Average number of training hours per employee Percentage of Group employees to have completed at least one training course Number of training hours per subject Percentage of women new hires – world* Percentage of female engineers and managers as a proportion of total engineers and managers* Percentage of women among senior managers* Average number of women per management committee* Employment rate of people with disabilities* Frequency and severity rate of lost-time work accidents Number of occupational diseases	Attractiveness and talent retention Health and safety and its application in the workplace Training Equal opportunities (men/women, anti-discrimination, employment of people with disabilities)
Environmental information	
Quantitative information (including key performance indicators)	Qualitative information (measures and outcomes)
Emissions linked to leaks of refrigerants: t CO <sub>2</sub> eq. CO <sub>2</sub> emissions, Scopes 1 and 2: t CO <sub>2</sub> eq. CO <sub>2</sub> emissions, Scope 3: t CO <sub>2</sub> eq. ■ use of engines 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 Waste recovery and reuse: % Total waste: metric tons Total waste recovered and reused: metric tons Waste recovery/reuse ratio: %	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)
Social information	
Quantitative information (including key performance indicators)	Qualitative information (actions and outcomes)
Percentage of CSR-trained buyers: % Number of employees trained under trade compliance, customs and export control programs and having undergone awareness-raising sessions Number of trade compliance reviews Number of representation letters of tier-one entities regarding ethics and anti-corruption Number of export control and customs declarations issued	Sub-contracting and suppliers (labor and environmental challenges) Measures taken to fight against corruption and tax evasion

## 5.8 CROSS-REFERENCE TABLE FOR THE NON-FINANCIAL INFORMATION STATEMENT (NFIS)

Themes	Chapter	Pages
<b>ITEMS COMPRISING THE NFIS</b>		
Business model	Integrated Report	22 and 23
Main non-financial risks	5.2	259
Reasonable diligence policies and procedures	5.3 - 5.6	263 - 306
Publication of key performance indicators	Integrated Report	15
<b>MANDATORY TOPICS CITED IN ARTICLE L.225-102-1</b>		
Labor-related consequences of the business	5.4	271
Environmental consequences of the business	5.3 and 5.5.10	263 and 299
Respect for human rights	5.1.3.3; 5.5.1; 5.5.2 and 5.5.9	258, 287, 288, 295
Fight against corruption	5.5.2	288
Fight against tax evasion	5.5.6	293
Consequences of the Company's business and the use of the goods and services it produces on climate change	5.3	263
Social commitments in favor of the circular economy	5.5.10	299
Collective bargaining agreements in place within the Group and their impacts on economic performance and working conditions of employees	5.4.5	278
Measures to combat discrimination and promote diversity	5.4.6	281
Social commitments in favor of the fight against food waste <sup>(1)</sup>	N/A	N/A
Measures taken in favor of people with disabilities	5.4.6.3	282
Social commitments in favor of the fight against food insecurity <sup>(1)</sup>	N/A	N/A
Social commitments in favor of respect for animal welfare <sup>(1)</sup>	N/A	N/A
Social commitments in favor of a responsible, fair and sustainable food system <sup>(1)</sup>	N/A	N/A
Social commitments in favor of sustainable development	5.6	263 and 302

(1) These topics were excluded from the scope of the analysis because they were considered to be too far removed from Safran's business.