

**2021 UNIVERSAL
REGISTRATION
DOCUMENT**

**Including the Annual
Financial Report and
the Integrated Report**



4.3.3 Risks relating to the Group's strategic development

4.3.3.1 Risks relating to technological developments and the decarbonization of aeronautics

Safran designs, develops and manufactures products and services renowned for their advanced technological innovations. The Group is thereby exposed to the risk of competitors developing products that offer a better technical performance, are more competitive or are marketed earlier than those it develops. In particular, Safran has to contend with the risk inherent in its choice of certain emerging cutting-edge technologies to develop a low-carbon aviation sector. If these choices subsequently prove to be unsuitable, this could affect Safran's activities or financial position.

The actions taken by the Group to limit the impact of such risks are outlined in section 1.4, "Research and development expenditure". The Group draws on the complementary scientific and technical expertise provided by its partners, suppliers and subcontractors (see sections 1.4.2, 4.3.2.5 and 4.3.2.6). The Group has also created Safran Corporate Ventures (see section 1.4.4), an investment vehicle for start-ups aimed at supporting the upstream development of innovative, high-potential technologies and capturing benefits for the applications used by the Group.

Safran has set up a pooled research unit focusing on upstream, cross-functional technologies within Safran Tech, the Group's research and technology center. Safran Tech is home to nearly 500 scientists and technologists working in research sites and hubs, including the facilities at Safran Composites, Safran Ceramics and Safran Campus Additive Manufacturing. Almost a hundred specialists in organic and ceramic matrix composites, organic chemistry and additive manufacturing work in these two facilities. Moreover, the Gennevilliers plant experiments in forging and casting to give Safran a cutting edge in the technologies involved in machining aircraft engine parts.

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

More generally speaking, and to affirm its commitment to the decarbonization of the aviation industry over and above the transition challenges set out in section 4.3.1.6, and as described in section 5.3, Safran is involved in drafting environmental standards and contributing to the work of institutions like the International Civil Aviation Organization (ICAO) via the Air Transport Action Group (ATAG), the International Aerospace Environmental Group (IAEG), the European Civil Aviation Conference (ECAC), the Aerospace & Defense Industries Association of Europe (ASD) and the French Aeronautical and Space Industries Group (GIFAS). Safran is proactively helping to achieve carbon neutrality in the sector by 2050 and has deployed a technological roadmap designed to cut the emissions generated by its products (Scope 3).

Some issues may seem to contradict each other, such as the forecasts for sustained global growth in air traffic in the medium and long term, and media pressure on the aviation sector caused by climate change and advocating degrowth. In response, the aviation industry has committed to targeting carbon neutrality by 2050, and Safran is a keen stakeholder in this global effort. This transition will require a common strategy supported by the entire sector, along with coherent public policies on a global scale and action on many different levels.

Safran believes that carbon neutrality can be achieved by 2050 by combining several levers:

- technological innovation and aircraft renewal (between 35% and 40% of the overall effort, of which 20% from an ultra-efficient engine);
- introduction of new fuels (about 50%); and
- the rest by optimizing aviation operations and infrastructures and offsetting residual emissions.

Consequently, the Group is working hard to reduce the environmental footprint of all its facilities in order to provide its customers with innovative and competitive solutions for low-carbon aviation by:

- developing ultra-optimized thermal propulsion systems for the next generation of short- and medium-haul aircraft;
- working on new forms of electric and hybrid propulsion systems for small aircraft;
- optimizing non-propulsive energy (electric control systems, e-taxiing, etc.);
- developing new engine architectures and lightweight design technologies for aircraft systems and cabin interiors, and optimizing the integrated aircraft energy chain, especially through electrification, new designs and lighter materials; and
- exploring all avenues with a view to introducing sustainable fuels, i.e., biofuels, synthetic hydrocarbons or liquid hydrogen.

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

4.3.3.2 Risks relating to digitalization

Safran's digital transformation provides a catalyst for improving performance and the quality of products designed, manufactured and maintained thanks to digital continuity, better control of risks related to human factors, and identification of new avenues for improvement with access to new data. Risks associated with insufficient or poorly managed digitalization could expose the Group to a possible loss of competitiveness right across its engineering, production and service activities. A team of nearly 150 digitalization experts and facilitators has been put together at both central and tier-one entity level. This makes it possible to organize the transformation roadmap, deploy it throughout the organization and identify all of the projects that need to be carried out in the field.

Data confidentiality

Data owned by the Group are critical in terms of technological innovation, as well as strategy and key assets. Safran therefore needs to have reasonable assurance that its intangible assets (data, knowledge and expertise in particular) are adequately protected. Faced with risks of negligence, malicious intent, unlawful attempts to gain access to confidential data and threats to the security of its systems, prevention and protection measures are deployed on an ongoing basis to guarantee system and data integrity and ensure the Group's business continuity.

Safran is also exposed to the risk of inadequately protected personal data. As a B to B (Business to Business) player, this risk essentially concerns the personal data of the Group's employees. A comprehensive system has been deployed to ensure compliance with Regulation (EU) 2016/679 of April 27, 2016 (known as the General Data Protection Regulation) and any other applicable legislation or regulations in this area. The Group continually reviews and updates its internal guidelines and deploys regular awareness-raising and training initiatives for those employees in charge of activities that involve the processing of personal data.

Cyber threats

Safran is exposed to the risk of breaches of security in relation to its industrial premises or data processing systems. These cyber threats are becoming more numerous and more sophisticated, especially in the context of the Russo-Ukrainian conflict. They could lead to disruptions in services, causing, for example, the loss of connection on internal and external network exchange platforms and the unavailability of the Group's information systems, or breaches in the confidentiality or integrity of data hosted by or transiting through its information systems (loss, destruction, theft and corruption). Such events could result in recovery and reconstruction costs, additional costs, including legal defense costs, operating losses and penalties and even medium-term loss of confidence of major customers and possible loss of business.

In order to limit the impact of this risk, Safran has defined an information system security policy which sets down a series of organizational, technical and governance guiding principles. The policy is available for consultation on the Group's website (<https://www.safran-group.com/news/safran-strengthens-product-cybersecurity-policy-2020-12-04>). It notably meets requirements set out in French regulations on the protection of

intangible assets contained in information systems. Under the policy, awareness-raising and training initiatives for all Group employees are organized on a regular basis. At least one cyber attack simulation exercise is carried out at Group level each year, involving all tier-one entities and Safran SA. In response to this growing and evolving threat, Safran continues to improve its cyber governance and expertise and is stepping up its investment in information system protection, incident detection and event and security warning response, and in regular reviews of their effectiveness, notably by performing targeted audits.

Since February 15, 2022, around 50 Safran employees have joined Cyber Campus, a cybersecurity center of excellence located in Puteaux near Paris, to work on determining a defense plan against cyber threats alongside major national and international experts in the field.

4.3.3.3 Human resources risks

The Group's different activities harness a wide range of employee expertise and skills across many different sectors. As a result, Safran is exposed to the risk of failing to find the appropriate skills at the right time and in the right place that it needs to deploy its strategy and complete its development projects or its programs effectively due to increasing recruitment difficulties in certain critical areas or high turnover of personnel. This risk is exacerbated by the aftermath of, and recovery from, the Covid-19 pandemic, which has had a very severe impact on the aerospace industry and tarnished its attractiveness.

To limit this risk, the Group continually strives to rescale, acquire, retain, redeploy, bolster and renew the skills that it needs or will need in the future. In addition to the workforce readjustment measures required to deal with the economic crisis, Safran also has to contend with a high attrition rate caused by the very high portion of employees expected to retire over the coming years, and with the rapid changes occurring in the Group's businesses. Consequently, it is developing partnership strategies with top graduate schools and scientific universities to recruit employees for its current core and future businesses. The Group also actively promotes the Safran employer brand together with the attractiveness of its career opportunities. A proactive approach to taking on young employees is being deployed despite the crisis, underpinned by a policy to promote professional equality, diversity and inclusion sponsored by the Executive Committee. Managerial practices and work organization (especially teleworking) have been adapted to meet the expectations of younger generations. In addition, professional and geographic mobility programs, talent identification systems and the creation of talent pools, succession planning for key posts and skills, training, monitoring and career development, together with the transmission of the Group's know-how and values to new hires, are all being used to manage these risks. The Group has strengthened and concentrated oversight of these actions comprising a global competitiveness plan into a single "Skills and Training" division. Safran also continues to offer employee bonus, profit-sharing and equity and savings incentive schemes that foster employee buy-in and loyalty, although some of these programs have had to be temporarily adapted to contend with the current economic situation. These measures, which are described above in section 4.3.1.6, are detailed in sections 5.4 and 5.6 below.

4.3.3.4 Acquisition and restructuring risks

As part of its growth strategy and disciplined approach, Safran may conduct targeted acquisitions of businesses or companies, merge and/or set up companies, enter into strategic arrangements, or divest select non-core businesses. The Group has devised procedures and controls to limit the risks inherent in such transactions. Processes exist to ensure that these transactions meet the Group's strict financial criteria

(debt, return on capital employed, etc.). These operations may have a negative impact on the Group's business, expected earnings or image should Safran fail to achieve the target objectives, notably to integrate the businesses acquired, achieve the business plans and unlock the expected synergies, or maintain good trade or labor relations within the acquired entities following changes in management or control. Strict oversight processes for these transactions, especially new acquisitions, have been developed.

4.4 INSURANCE

The Risk and Insurance Department identifies the accident risks to which the Group's businesses are exposed and puts in place the appropriate insurance policies. This does not include personal risk insurance or credit insurance.

The key accident risks are covered by worldwide multi-risk policies spanning several years where applicable, negotiated with leading insurance companies that reflect the Group's current exposure. They include:

- a "property damage and business interruption" policy providing coverage for damage to industrial installations (buildings, machines, inventories, etc.). The maximum payout under the policy is €400 million, or up to €1.2 billion for certain individual sites, excluding market-imposed sub-limits for certain risks such as flooding, earthquakes and natural disasters;

- "product third-party liability" policies covering the Group in the event that it is held liable for damages to third parties as a result of an accident attributable to a delivered product no longer owned or controlled by a Group entity:

- aviation products:
 - the policies provide coverage totaling USD 2.5 billion per annum that can be used during the year for aviation products. Coverage for helicopter products is capped at USD 1 billion, while coverage for terrorism totals USD 1 billion,
- "land" products (excluding aviation businesses):
 - the policies provide coverage of €200 million per annum that can be used during the year.

Other specific types of insurance have also been taken out to round out the Group's insurance arsenal.

The Group's captive reinsurance company participates in the operational risk coverage scheme within the framework of "civil aviation liability" and "property damage and business interruption" insurance policies.

Local insurance programs are subscribed across the globe either to cover specific risks or in response to local legal or regulatory insurance requirements.



5

NON-FINANCIAL PERFORMANCE

5 NON-FINANCIAL PERFORMANCE

| | | | |
|--|------------|---|------------|
| 5.1 ORGANIZATION AND MANAGEMENT OF NON-FINANCIAL PERFORMANCE | 252 | 5.5 ETHICS, RESPONSIBLE PURCHASING AND THE ENVIRONMENT: EMBODY RESPONSIBLE INDUSTRY | 286 |
| 5.1.1 “Engage for the Future”, a CSR approach at the heart of Safran’s strategy | 252 | 5.5.1 Uphold the highest standards of ethics | 287 |
| 5.1.2 A stronger CSR governance | 256 | 5.5.2 Strengthen responsible practices throughout the supply chain, and support our suppliers | 292 |
| 5.1.3 An approach backed by internal and external reference frameworks | 256 | 5.5.3 Respect the environment and natural resources | 295 |
| 5.1.4 A CSR performance assessed by non-financial rating agencies | 258 | | |
| 5.2 MAIN NON-FINANCIAL RISKS AND SUMMARY OF NON-FINANCIAL PERFORMANCE | 259 | 5.6 CORPORATE SOCIAL RESPONSIBILITY: AFFIRM OUR COMMITMENT TO CITIZENSHIP | 298 |
| 5.3 CLIMATE: DECARBONIZE AERONAUTICS | 263 | 5.6.1 Be at the forefront of innovation to protect citizens | 299 |
| 5.3.1 Background and challenges | 263 | 5.6.2 Develop partnerships on training and research | 300 |
| 5.3.2 Climate commitment and governance | 263 | 5.6.3 Enhance professional and social integration | 301 |
| 5.3.3 Policy and strategies | 264 | | |
| 5.3.4 Employee mobilization, eco-citizenship and “zero” targets | 273 | 5.7 METHODOLOGICAL NOTE AND REPORT OF THE INDEPENDENT THIRD PARTY (ITP) | 303 |
| 5.4 HUMAN RESPONSIBILITY: BE AN EXEMPLARY EMPLOYER | 274 | 5.7.1 Methodology note on labor, HSE and climate indicators | 303 |
| 5.4.1 Accelerate training in the skills and professions of tomorrow | 275 | 5.7.2 Reporting scope | 303 |
| 5.4.2 Ensure health and safety of employees, improve the quality of life at work and maintain a thriving social dialogue | 279 | 5.7.3 Data collection | 303 |
| 5.4.3 Encourage equal opportunities and promote diversity | 283 | 5.7.4 Details on certain indicators | 304 |
| | | 5.7.5 Report by the independent third party on the verification of the consolidated non-financial information statement | 307 |
| | | 5.8 CROSS-REFERENCE TABLE FOR THE NON-FINANCIAL INFORMATION STATEMENT (NFIS) | 311 |

In this chapter, Safran presents its non-financial information statement (NFIS), outlining the policies, commitments, achievements and results of its corporate social responsibility (CSR) approach. Safran takes into account the labor, social and environmental consequences of its activity, as well as the effects of that activity as regards respect for human rights and the fight against corruption. The Integrated Report, which can be found in the introduction to this Universal Registration Document, includes a presentation of Safran's stakeholder relations and business model.

Chapter 5 takes into account the following French legislative requirements:

- government *ordonnance* (order) 2017-1180 of July 19, 2017 and decree no. 2017-1265 of August 9, 2017 transposing into national law the European directive of October 22, 2014 on the disclosure of non-financial information by companies;
- law no. 2017-399 on the duty of care of parent companies and contracting companies;
- law no. 2016-1691 of December 9, 2016 on transparency, anti-corruption measures and modernization of the economy ("Sapin II").

This chapter is an integral part of the management report. It is verified by an independent third-party, whose report is presented in section 5.7.5.

5.1 ORGANIZATION AND MANAGEMENT OF NON-FINANCIAL PERFORMANCE

5.1.1 "Engage for the Future", a CSR approach at the heart of Safran's strategy

5.1.1.1 A CSR strategy co-constructed with all stakeholders

Safran has developed its CSR strategy in consultation with all of its stakeholders (suppliers, customers, shareholders, employees, employee representative bodies, etc.). Expectations and challenges in terms of corporate social responsibility were compiled during two 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 its corporate social responsibility by updating the materiality matrix of its non-financial challenges in early 2020. This matrix presents the Group's main non-financial challenges, by order of importance.

The materiality matrix update was based on the Group's risk map, recent studies on the challenges facing the aerospace industry and an in-depth analysis of reference frameworks: the UN Sustainable Development Goals (SDGs), non-financial reporting obligations and recommendations, and international standards such as the Sustainability Accounting Standards Board (SASB) and the Global Reporting Initiative (GRI). Further to this analysis, 37 challenges were identified.

These challenges were subsequently submitted to more than 600 senior managers from all Group companies at sites worldwide, to members of the Group's Executive Committee, and to a panel of 70 external stakeholders from each major category (business community, financial community, public partners and civil society). The consultation comprised 25 interviews and an online survey.

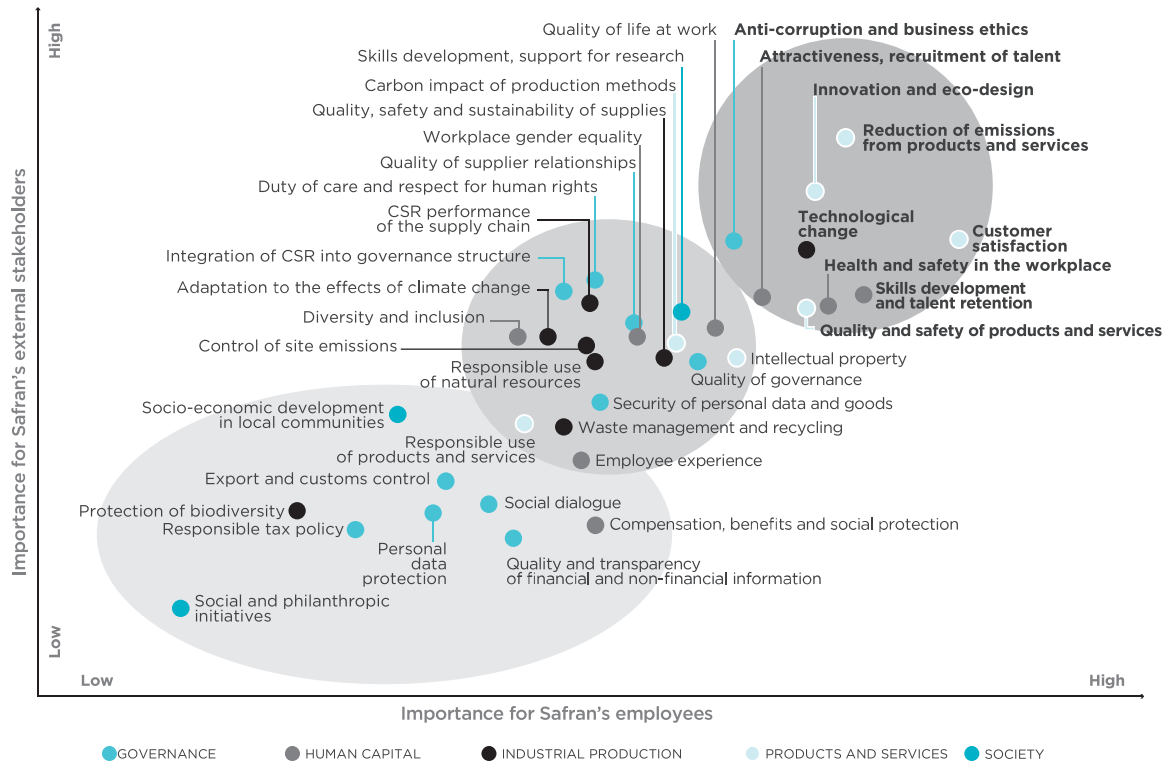
The matrix shows:

- on the X-axis, challenges classified according to their importance for 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:

- **quality and safety of products and services** (see section 5.5.1.1);
- **customer satisfaction and trust**;
- **business ethics and the fight against corruption** (see section 5.5.1.3);
- **reduction of atmospheric emissions and the carbon impact linked to the use of products and services** (see section 5.3);
- **innovation and eco-design of products and services** (see section 5.5.3.1);
- **technological developments** (see section 5.3);
- **attractiveness of Safran and talent recruitment** (see section 5.4.1.3);
- **skills development and talent retention** (see section 5.4.1.3);
- **health and safety in the workplace** (see section 5.4.2.1).

MATERIALITY MATRIX OF NON-FINANCIAL CHALLENGES



5.1.1.2 “Engage for the Future”, Safran’s CSR strategy

Early in 2021, Safran launched “Engage for the Future”, the 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 core purpose (*raison d’être*) defined in 2020.

“Engage for the Future” supports the Group’s global strategy and aims to ensure sustainable growth. By associating profitability with responsibility, the strategy drives short-, medium- and long-term value creation, and consequently the Group’s performance.

“Engage for the future”, a strategy built on 4 pillars, with 12 key commitments

CORE PURPOSE

“Thanks to the commitment of our employees, proven innovation and operational excellence, Safran designs, builds and supports high-tech solutions to contribute to a safer, more sustainable world, where air transport is more environmentally friendly, comfortable and accessible.

We also apply our skills to develop solutions that meet strategic needs, such as defense and access to space.”



DECARBONIZE AERONAUTICS

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



Make carbon
neutral aircraft the
R&T priority



Reduce CO₂
emissions
throughout our
value chain



Involve employees
in the reduction of
their carbon
footprint



BE AN EXEMPLARY EMPLOYER

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



Accelerate training
in the skills and
professions of
tomorrow



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



Encourage equal
opportunities and
promote diversity



EMBODY RESPONSIBLE INDUSTRY

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



Uphold the highest
standards of ethics



Strengthen
responsible supply
chain management
and support
suppliers



Respect the
environment and
natural resources



AFFIRM OUR COMMITMENT TO CITIZENSHIP

Get involved with our local
communities and
contribute to their
development



Be at the forefront
of innovation to
protect citizens



Develop
partnerships for
training and
research



Enhance
professional and
social integration



5.1.1.3 Key objectives

To fulfill its ambitions and create value, Safran has set objectives that will enable the Group to track progress annually for each pillar in the “Engage for the Future” CSR roadmap. All the objectives are set for 2025, except for the objective of reducing Scope 1 and 2 greenhouse gas emissions by 50%, which is set for 2030, and the objective related to Scope 3 product use emissions, which is set for 2035.

| Pillar | Objectives | 2020 | 2021 |
|---|---|--|--|
| Decarbonize aeronautics | 2025 OBJECTIVES | | |
| | #1 Keep 75% of R&T investment focused on environmental efficiency (<i>Scope 3 - product use</i>) | 75% | 75% |
| | 2035 OBJECTIVES | | |
| | #2 Reduce greenhouse gas emissions from product use (Scope 3), based on passenger kilometers, by 42.5% by 2035 compared with 2018 (<i>in g CO₂eq./passenger kilometer</i>) | 9.1 | 7.1 |
| | 2025-2030 OBJECTIVES | | |
| | #3 Reduce greenhouse gas emissions (Scopes 1 and 2) by 30% by 2025 and 50% by 2030 ⁽¹⁾ compared with 2018 (<i>in t CO₂eq.</i>) | -29.1% (398,694 t CO ₂ eq.) | -29.3% (397,568 t CO ₂ eq.) |
| Be an exemplary employer | 2025 OBJECTIVES | | |
| | #4 100% of facilities to have achieved the five zero targets roadmap (<i>zero non-recycled paper in 2021, zero machines or equipment running unnecessarily in 2022, zero single-use plastic cups or dishes in 2023, zero foodservice offers without local and seasonal products in 2024, and zero non-eco-friendly green spaces in 2025</i>) | (*) | 100%⁽²⁾ |
| | #5 Maintain the average number of training hours per employee compared with 2019 (26 hours) ⁽³⁾ | 13 | 21 |
| | #6 Frequency rate of lost-time work accidents equal to 2 ⁽⁴⁾ | 2 | 2.1 |
| | #7 100% of employees worldwide to benefit from a minimum level of health coverage (<i>medical, optical and dental</i>) | (*) | 79% |
| Embody responsible industry | #8 22% of women among senior managers | 13% | 15.1% |
| | #9 100% of senior managers and exposed and affected people trained in anti-corruption ⁽⁵⁾ | 66% | 89% |
| | #10 100% of senior managers and exposed and affected people trained in export control ⁽⁶⁾ | (*) | (*)(7) |
| | #11 80% of purchases made from suppliers that have signed Safran's responsible purchasing guidelines ⁽⁸⁾ | 40.% | 32.4%⁽⁹⁾ |
| | #12 100% of industrial facilities classified as “Gold” based on Safran's HSE standards | 60% | 33%⁽¹⁰⁾ |
| | #13 Increase the waste recovery ratio compared with 2019 (68.3%) | 70.2%⁽¹¹⁾ | 71.1% |
| Affirm our commitment to citizenship | #14 Increase the number of new PhD students compared with 2019 (63) | 36 | 47 |
| | #15 100% of facilities with more than 100 employees to run at least one social or professional integration initiative | (*) | 45.3% |

* Data not available.

(1) Change in Scope 1 and 2 emissions compared with 2018, market-based method (see section 5.3.3.2).

(2) At December 31, 2021, supply contracts for white and/or colored paper in France and Belgium include recycled paper only.

(3) 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.

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

(7) Indicator cannot be calculated as the scope has not been defined.

(8) Or using equivalent responsible purchasing guidelines.

(9) Decline attributable first to the fact that signatures to the charter have only been taken into account since March 2020 (date of the update incorporating new laws and regulations), and second to the extension of the scope to include maintenance, repair and overhaul (MRO) suppliers.

(10) The percentage of sites classified as “Gold” (level of maturity required by Safran's HSE standards) has decreased with the inclusion of the former Zodiac Aerospace sites in the objective.

(11) 2020 emissions figures, which included estimated data for fourth-quarter 2020, were revised in 2021 to reflect the actual data.

5.1.2 A stronger CSR governance

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

The CSR strategy is led by the Group's 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, in close collaboration with the Group's Executive Committee, cross-functional departments and companies, is responsible for federating, coordinating and implementing the CSR strategy by ensuring its consistent and that everyone is involved.

The CSR roadmap is presented annually to the Group's Executive Committee and to the Board of Directors. CSR issues are addressed, where appropriate, in committees reporting to the Group's Executive Committee (Compliance, Ethics and Anti-Fraud Committee) or the Board of Directors (Audit and Risk Committee, Appointments and Compensation Committee, and Innovation, Technology & Climate Committee) (see section 6.3.6.3).

In 2021, a new network of CSR coordinators from Safran SA and each of its tier-one entities⁽¹⁾ helped to deploy the CSR strategy. Alongside representatives from Group departments, the coordinators participated in regular meetings of committees working on each pillar of the CSR strategy.

5.1.3 An approach backed by internal and external reference frameworks

5.1.3.1 United Nations Global Compact and Sustainable Development Goals

Safran became a signatory to the United Nations Global Compact in 2014. The Global Compact comprises ten principles relating to respect for human rights, international labor standards, the environment and the fight against corruption. Safran has willingly undertaken to adhere to and promote these universal principles in its practices. The Group's Chief Executive Officer assumes direct responsibility for this commitment.

Safran certifies the effective implementation of these principles by posting a Communication on Progress (CoP) on the United Nations Global Compact website each year. Safran is classified as Advanced in the CoP reporting framework, the highest standard in terms of CSR performance.

Safran's CSR policy, commitments, objectives and actions are aligned with the global effort to achieve the 17 Sustainable Development Goals (SDGs) for 2030 established by the United Nations (see the plan on page 12 of the Integrated Report at the beginning of this Universal Registration Document).

5.1.3.2 Key Safran CSR documents

The key internal documents concerning Safran's corporate social responsibility are as follows:

- the global CSR framework agreement (see below);
- the CSR strategy (see section 5.1.1.2);
- the Ethical Guidelines (see section 5.5.1.2);
- the climate strategy (see section 5.3.3);
- the code of conduct for the detection and prevention of acts of corruption and the responsible lobbying charter (see section 5.5.1.3);
- the health, safety and environmental policy (see section 5.4.2.1);
- the Group's responsible purchasing policy (see section 5.5.2.1).

They are applicable at all Safran sites, in all of the countries where Safran operates.

5.1.3.3 Safran's global CSR framework agreement

Among internal commitments concerning its labor, social and environmental responsibilities, 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 corporate social responsibility policy, notably in compliance with the International Labour Organization (ILO) Conventions;
- continue to deploy the Group's human resources policies, which nurture talent and skills, support quality of worklife and well-being, promote diversity and ensure equal opportunity;
- enhance recognition of Safran by both customers and suppliers for its outstanding compliance with business ethics. Safran is committed to fighting against all forms of corruption and regularly sharpens employee awareness through appropriate communication resources and/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;
- ensure that fundamental rights are upheld by Group subsidiaries, as well as in the selection and assessment of suppliers, subcontractors and service providers;
- protect the environment through preserving natural resources, fighting global warming, reducing and reusing waste, and preventing the risk of pollution in order to minimize the impact of the Group's activities on the environment;
- take into account the impact on the local community, so that available positions are filled locally in every host country, to the extent possible.

(1) See the operational organization chart in sections 1.1.2 and 1.1.3.

5.1.3.4 Duty of care plan

The duty of care plan described below was prepared by Safran in response to French law no. 2017-399 of March 27, 2017 on the duty of care of parent companies and contracting companies. It concerns Group companies and their subsidiaries, addressed in the following paragraph, and Group suppliers, addressed in section 5.5.2.

Safran's 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 CSR framework agreement (see section 5.1.3.3), the Ethical Guidelines and the code of conduct for the detection and prevention of acts of corruption (see section 5.5.1.3). 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 the 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;
- **personal data protection**, through a dedicated governance and organization (see section 5.5.1.6);
- **employee safety** (see section 4.3.2.7), through a dedicated organization in all of Safran's host countries. The workplace safety policy is notably reflected in the implementation of a country watch, 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 4.3.1.6, 5.2, 5.4.2 and 5.5.3);
- other specific measures, 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 the "Responsible Purchasing" training. The responsible purchasing training indicator tracks the involvement of buyers in duty of care issues (see section 5.5.2.6). 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 guidelines), contracting and contract management, supplier monitoring and supplier performance measurement,
 - **creation of a specific communication kit on the duty of care** and its distribution among purchasers in order to improve their knowledge of the law and the existing system, together with another communication kit on the duty of care, which is geared towards suppliers and is designed to allow buyers to raise awareness among their suppliers,
 - **the Buyer's Memo** distributed among the purchasing community, indicating the mandatory training courses to be completed by all buyers during their career, including the "Responsible Purchasing" course,





Whistleblowing system

An internally and externally accessible whistleblowing system has been set up (see section 5.5.1.2). The email address for the system is safran@alertethic.com.

5.1.4 A CSR performance assessed by non-financial rating agencies

Assessments by non-financial rating agencies of respect for the environment, social values, community engagement and corporate governance attest to the Group's CSR performance. These assessments guide fund managers and investors looking for companies delivering an effective CSR performance.

CHANGE IN NON-FINANCIAL RATINGS

| | 2019 | 2020 | 2021 |
|--|---|--|---|
|  | 55/100 – Robust level Aerospace and defense industry ranking: 1 st company out of 20 in Europe 1 st company out of 44 worldwide Inclusion in the Euronext Vigeo Eurozone 120 index | | 62/100 – Advanced level⁽¹⁾ Aerospace and defense industry ranking: 1 st company out of 19 in Europe 1 st company out of 47 worldwide Inclusion in the Euronext Vigeo Europe 120 and Euronext Vigeo Eurozone 120 indices |
| Climate change | C – Awareness level Understanding of environmental challenges for the company | A – Leadership level Best practices in environmental management | B – Management level⁽²⁾ |
|  | | | |
|  | 28.0 – Medium risk 6 th company out of 82 in the aerospace and defense industry | 24.9 – Medium risk 4 th company out of 88 in the aerospace and defense industry | 22.9 – Medium risk⁽³⁾ 2 nd company out of 91 in the aerospace and defense industry |
|  | A rating | A rating | BBB rating⁽⁴⁾ |

Rating scales and explanatory notes:

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

(2) Rating from "D" to "A" ("A" being the highest). The downgrade is partly due to ongoing deployment at Safran.

(3) ESG risk assessment, with the highest score being 0, i.e., the lowest risk.

(4) The downgrade is mainly related to:

– the adoption, at the 2021 Annual General Meeting, of the resolutions relating to the re-appointment of Sophie Zurquiyah as a Director and the appointment of Fabienne Lecorvaisier as a new independent Director with less than 90% of the votes cast (87% and 89% respectively);

– the inclusion of an emphasis of matter in the Statutory Auditors' report on the consolidated financial statements for the year ended December 31, 2020. The purpose of the emphasis of matter was simply to draw the readers' attention to the "Impacts of the Covid-19 pandemic" note to the consolidated financial statements and did not change the Statutory Auditors' opinion.

As part of its regular dialogue with MSCI, Safran has indicated that it does not agree with the two positions taken by the latter, which in no way reflect a lesser performance by the two directors or a lesser performance by Safran in managing the Covid-19 pandemic.

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

Safran also responds to other surveys from major players in 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 has renewed the CGEM (*Confédération générale des entreprises du Maroc*) CSR label obtained in 2017 for 2020-2022. In Mexico, the Safran Aircraft Engines and Safran Landing Systems sites were recognized as socially responsible companies for the third consecutive year by CEMEFI (Mexican Center for Philanthropy). These two CSR labels are aligned with ISO 26000 and attest to the commitment to CSR actions and their effective rollout in labeled companies.

5.2 MAIN NON-FINANCIAL RISKS AND SUMMARY OF NON-FINANCIAL PERFORMANCE

Chapter 4, “Risk factors” and chapter 5, “Non-financial performance” of this Universal Registration Document are linked, and cross-references are provided. Chapter 4 presents an analysis of the main risk factors and describes how they are addressed by Safran, while chapter 5 is dedicated to the main non-financial risks (listed in the table below) and the associated performance (see sections 5.3 to 5.6). They have been assessed based on the key risks identified in Safran’s Enterprise Risk Management (ERM) set-up, which is

described in chapter 4. The indicators presented show the effectiveness of the policies implemented to manage the risks.

All of the indicators mentioned below relate to a Group scope unless otherwise stated. The impacts of the Covid-19 crisis are reflected in all of the 2020 and 2021 indicators and the related change.

● RISKS RELATING TO CLIMATE CHANGE

Climate change presents a twofold challenge for Safran in terms of:

1. the impact on the Group’s activities, in most regions of the world;
2. the impact of the Group’s activities on climate change. Safran contributes to greenhouse gas emissions directly, through its industrial activities and purchases, and indirectly, through customers’ use of Group products, particularly in the aerospace industry.

Safran has identified two types of risk:

- physical risks resulting from damage directly caused by weather and climate events such as hurricanes, cyclones, high winds and floods, which could cause damage to the Group’s facilities and endanger the safety of its employees. The exposure of Safran’s sites and their value chains to these risks 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;
- transition risks stemming from changes in the economic and social approach to combating climate change. They could include new taxes, regulatory measures to reduce the use of air transport, loss of market share or loss of attractiveness of the industry for investors or of Safran if more competitive products for decarbonization are developed by competitors.

See section 4.3.1.6.

The challenges associated with climate change may also present opportunities for the Group, in particular through the development of new innovative products to improve aircraft energy efficiency, and the improvement of Safran’s industrial processes to reduce energy consumption and costs.

| Policies and procedures | Indicators | 2018 | 2019 | 2020 | 2021 | Year-on-year change |
|---|---|------------------------|------------------------|------------------------|------------------------|---------------------|
| Policy and action plan to combat climate change (see section 5.3) | Emissions in metric tons of CO ₂ equivalent: | | | | | |
| | ■ Scope 1 ⁽¹⁾ | 219,790 | 221,259 | 149,077 ⁽²⁾ | 175,814 | +17.9% |
| | ■ Scope 2 (location based) ⁽³⁾ | 383,186 | 402,360 | 277,640 ⁽²⁾ | 238,854 | -14% |
| | ■ Scope 2 (market based) ⁽³⁾ | 342,216 ⁽⁴⁾ | 376,694 ⁽⁴⁾ | 249,617 ⁽⁴⁾ | 221,754 ⁽⁴⁾ | -11.2% |
| | ■ Scope 3 ⁽⁵⁾ : | | | | | |
| | ● product use | 123,400,000 | 122,600,000 | 68,500,000 | 59,200,000 | -15.9% |
| | ● purchases of goods and services | 4,961,000 | 5,380,000 | 3,146,000 | 2,735,000 | -13.1% |
| | ● freight | 264,700 | 309,100 | 172,100 | 183,200 | +6.4% |
| | ● business travel | 68,450 | 73,750 | 21,150 | 16,100 | -23.9% |
| | ● employee commuting | 130,900 | 134,200 | 112,600 | 108,000 | -4.1% |

(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 recharging at Safran sites.

(2) 2020 emissions figures, which included estimated data for fourth-quarter 2020, were revised in 2021 to reflect the actual data.

(3) Scope 2: indirect emissions linked to the consumption of energy, electrical power or heating/cooling at Safran sites. The location-based method corresponds to CO₂ emissions calculated based on the average emission factors for the electricity networks in Safran's host countries. The market-based method corresponds to CO₂ emissions calculated based on the emissions factors for the contracts with Safran's energy suppliers.

(4) In 2022, Safran will report its Scope 2 greenhouse gas emissions using the market-based method for the first time, taking into account the market-based emissions factors for 2018 and 2021. The emissions factors for 2019 and 2020 have been estimated based on 2018 levels.

(5) Scope 3: other indirect emissions from Safran's operations, upstream (purchases of goods and services, business travel and employee commuting) or downstream (freight and use of products sold). Only the categories that are material for the Group are disclosed.

● RISKS RELATING TO SKILLS AND KNOW-HOW

The risk of loss of skills and know-how may be related to:

- accelerated change in business, stemming from digital transformation or the emergence of disruptive technologies, such as more electric products with a smaller carbon footprint;
- challenges of adapting load/capacity and matching skills to needs, which was especially the case in 2020 and 2021 when there were many departures, including of some employees with significant experience and expertise;
- tension in the labor market in certain areas of expertise, intense competition between business sectors or turnover in certain geographic areas.

Risks relating to human resources are described in section 4.3.3.3.

| Policies and procedures | Indicators | 2019 | 2020 | 2021 | Year-on-year change |
|---|--|------|------|------|---------------------|
| Skills policy (see section 5.4.1.1) | % of Group employees who have taken one or more training courses | 83% | 67% | 82% | +23% |
| Safran University transformation plan (see section 5.4.1.5) | Average number of hours of training per employee | 26 | 13 | 21 | +60% |

● RISKS RELATING TO LOSS OR LACK OF ATTRACTIVENESS

The risk of loss or lack of attractiveness for the Group covers:

- recruitment times for certain specific profiles (materials, special processes, electrical, power electronics, etc.) and new professions for Safran;
- the high concentration of industrial companies in certain international basins, generating intense competition to attract skills and talents, if Safran is not distinguished enough;
- insufficient representation of women in the Company, especially in senior positions, generating a risk in terms of image, attractiveness and performance.

See section 4.3.3.3.

| Policies and procedures | Indicators | 2019 | 2020 | 2021 | Year-on-year change |
|--|---------------------------------------|-------|-------|-------|---------------------|
| Recruitment policy (see section 5.4.1.3) | Permanent departure replacement index | 1,2 | 0,2 | 0,82 | +310% |
| Approach and action plan for professional equality between men and women (see section 5.4.3.2) | % of women: | | | | |
| | ■ in external recruitment | 37,4% | 34,6% | 31,3% | -9,7% |
| | ■ in the workforce | 29,1% | 27,7% | 27,9% | -4,8% |
| | ■ among senior managers | 12% | 13% | 15,1% | +16,2% |

● RISKS RELATING TO HEALTH, SAFETY AND THE ENVIRONMENT (HSE)

Risks relating to industrial activities:

- risks inherent to activities such as major industrial and environmental accidents;
- health and safety risks relating to activities;
- public health risks.

Risks relating to new regulations:

- diverse, shifting and increasingly stringent local and international HSE regulations and standards that are applicable to Safran's activities. Non-compliance with regulations is a risk for the Group.

HSE risks, including the health risk associated with pandemics, are described in section 4.3.2.7.

| Policies and procedures | Indicators/key documents | 2019 | 2020 | 2021 | Year-on-year change |
|---------------------------------------|---|------|---------------------|--------------------|---------------------|
| HSE policy (see section 5.4.2.1) | Frequency rate of lost-time work accidents | 3,2 | 2,0 ⁽¹⁾ | 2,1 ⁽¹⁾ | +5% |
| HSE standards (see section 5.4.2.1) | Severity rate | 0,07 | 0,08 | 0,08 | +0% |
| | Reported accident frequency rate | 18,8 | 11,3 ⁽¹⁾ | 9,6 ⁽¹⁾ | -15% |
| Pandemic plan (see section 5.4.2.1.4) | Health protocol adapted to the local impact of the epidemic | | | | |

(1) The decline in the frequency rate of lost-time work accidents and in the reported accident frequency rate in 2020 was attributable to a combination of factors. It was observed from the first two months of 2020 (before the Covid-19 crisis), with a 20% decline in accidents compared with 2019. It is the result of major ongoing efforts to prevent HSE risks across all Group companies.

The pandemic has had two notable effects:

- the first, which is qualitative and based on observations in the field, leads to the conclusion that employees have been more vigilant about health and safety since the crisis. Routines were disrupted and employees were prompted to pay greater attention to themselves and to others;
- the second, which is quantitative, is the result of the impact of teleworking, as the home work environment is less conducive to accidents.

The downward trend was confirmed in 2021.

● PSYCHOSOCIAL RISKS

Psychosocial risks, heightened by the consequences of the Covid-19 crisis, include stress and unhappiness at work related to:

- the uncertain socio-economic environment;
- changes in the organization of work (telework, furlough, etc.);
- anxiety about the pandemic;
- the impact on social relations and management methods.

| Policies and procedures | Indicators | 2019 | 2020 | 2021 | Year-on-year change |
|--------------------------------|------------------|------|------|-------|---------------------|
| HSRD pillars (see section 5.4) | Absenteeism rate | 2,8% | 2,7% | 2,84% | +5,2% |

● CORRUPTION RISKS

As a global company, Safran must scrupulously comply with all anti-corruption laws and regulations, including any extraterritorial effects.

Corruption risks cover a wide spectrum of exposure, from direct and indirect active corruption to passive corruption.

| Policies and procedures | Indicators | 2019 | 2020 | 2021 | Year-on-year change |
|--|--|-------|-------|-------|---------------------|
| Trade compliance program (see section 5.5.1) | People trained in trade compliance (anti-corruption) programs (on-site and distance) | 4,900 | 5,616 | 4,716 | -16% |
| Ethical Guidelines (see section 5.5.1.2) | | | | | |

● RISKS RELATING TO SUPPLIER RELATIONSHIPS

Safran purchased goods and services worth €8 billion in 2021 (representing 52.7% of adjusted Group revenue) from more than 15,500 suppliers. Controlling the full range of risks linked to supplier activities is a priority challenge. Suppliers must comply with Safran's responsible purchasing guidelines, which impose respect for human rights and compliance with HSE regulations. The risk of failure among Safran's strategic suppliers was heightened in 2021 due to the Covid-19 crisis.

See section 4.3.2.6.

| Policies and procedures | Indicators | 2019 | 2020 | 2021 | Year-on-year change |
|--|---|-------|-------|-------|---------------------|
| Safran's responsible purchasing guidelines (see section 5.5.2) | % of buyers trained in responsible purchasing methods during their career | 40,1% | 43,5% | 49,8% | +14,5% |
| Duty of care plan (see section 5.5.2.6) | | | | | |
| Group responsible purchasing policy (see section 5.5.2.1) | % of purchases made from suppliers that have signed the responsible purchasing guidelines | N/A | N/A | 32,4% | N/A |

● RISKS RELATING TO PRODUCT SAFETY

To control the risk of aircraft accidents involving Safran's goods and services (see section 4.3.2.2), aviation safety and quality policies (see sections 1.7 and 5.5.1.1) and a robust and proven quality management system (see section 1.7) are in place.

5.3 CLIMATE: DECARBONIZE AERONAUTICS

ENGAGE FOR THE FUTURE



DECARBONIZE AERONAUTICS

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



Make carbon neutral aircraft the R&T priority



Reduce CO₂ emissions throughout our value chain



Involve employees in the reduction of their carbon footprint

Safran aims to lead the way in the decarbonization of the aviation industry. It has made low-carbon aircraft the priority of its research and technology (R&T) and is committed to reducing its CO₂ emissions across its entire value chain. All employees are committed to reducing the Group's carbon footprint.

5.3.1 Background and challenges

To combat climate change and the associated risks, the 2015 Paris Climate Agreement set the goal of capping the increase in the Earth's average temperature at 2°C, or even 1.5°C, by the end of the century compared with pre-industrial levels. Safran is fully committed to that objective, and accordingly assesses its strategy, risks and opportunities under a range of climate scenarios⁽¹⁾.

In 2019, civil aircraft in operation worldwide emitted 2.5%⁽²⁾ of global CO₂ emissions. Growth prospects for air traffic over the coming decades, which remain considerable despite the health crisis stemming from the Covid-19 pandemic, highlight the need to reduce CO₂ emissions from aviation. In addition to CO₂, aircraft engines produce other emissions (contrails, nitrogen oxides) that could have a further impact on global warming. The assessment of that impact is subject to significant uncertainties due to the complexity of the physical phenomena involved. For these reasons, in accordance with the GHG Protocol and SBTi requirements, Safran does not calculate or issue any figures on this subject.

The decarbonization of air transport is Safran's main climate challenge: emissions from the use of our products fitted on aircraft account for more than 95% of the Group's total carbon footprint.

In addition to the risks presented in sections 5.2 and 4.3.3.1, the challenges associated with climate change also present opportunities for Safran's business model:

- primarily, a business development opportunity for latest-generation products contributing in the short term to the reduction of emissions in the aviation sector and an opportunity to develop new innovative products capable of significantly reducing the energy consumption and emissions of future aircraft;
- on a secondary basis, an opportunity to strengthen the operational performance of the Group's industrial activities by investing to reduce energy consumption and greenhouse gas emissions.

5.3.2 Climate commitment and governance

As an engine and equipment manufacturer operating in the aerospace sector, Safran has made the decarbonization of aviation central to its purpose. It is one of the two key pillars of the Group's strategy. To affirm its commitment, Safran has a corporate purpose, in which it cites climate change as one of its priority challenges. The Group's commitment is supported at the highest level of the company:

- an **Innovation, Technology & Climate Committee** within the Board of Directors reviews, appraises and issues opinions on both the strategy proposed by the Executive Management and the action plan and indicators associated with climate issues (see section 6.3.6.3). The committee is chaired by an independent director tasked specifically with monitoring climate issues, who spoke at the 2021 Annual General Meeting to present Safran's strategic focuses in this area;

(1) The International Energy Agency's Sustainable Development Scenario (warming well below 2°C) and Net Zero Scenario (warming of 1.5°C).

(2) Based on 2020 International Council on Clean Transportation data, and taking into account global CO₂ emissions generated by change in land use.

- a **Climate Challenge Steering Committee**, chaired by the Chief Executive Officer, brings together several members of the Group's Executive Committee, as well as all of the company's departments involved in climate action (Research and Technology, Strategy, Public Affairs, Finance, Financial Communications, Operations, Corporate Social Responsibility and Communications) to define the Group's focuses and, in particular, to endorse objectives and roadmaps for each type of CO₂ emissions. This Committee met four times in 2021;
- the Group's overall climate strategy is led by the Climate Department, which was created in early 2021;
- progress on the action plan is reviewed quarterly by the Group Executive Committee;
- the operational management of these actions involves various bodies, calling on low-carbon project managers at Safran SA and its tier-one entities, as well as representatives in the business departments (purchasing, supply chain, energy management officers in the general resources departments, etc.).

5.3.3 Policy and strategies

5.3.3.1 Policy and objectives in the fight against climate change

Through its HSE policy, which includes its commitments in the fight against climate change, Safran is committed to the following objectives:

- reducing greenhouse gas emissions from its production activities, notably by reducing its energy consumption and promoting the use of renewable energy, and from its supply chain by involving its suppliers in a process of progress;
- reducing its environmental impact by designing products and services that are more efficient throughout their life cycle, supporting the aviation sector's transition in line with the objectives of the Paris Climate Agreement;
- encouraging its employees to implement this policy.

As part of this policy, Safran has set the following objectives for reducing its climate impact:

- emissions from its operations (Scopes 1 and 2): reductions of 30% by 2025 and 50% by 2030 compared with 2018, in line with a global warming trajectory of 1.5°C;
- emissions related to employee travel (Scope 3 business travel and commuting): reduction of 50% by 2030 compared with 2018, in line with a global warming trajectory of 1.5°C;

- emissions from the purchase of goods and services: mobilizing its 400 main suppliers on meeting the commitments under the Paris Agreement to keep global warming to below 2°C and preferably to 1.5°C;
- emissions related to product use: reduction in emissions per passenger kilometer of 42.5% by 2035 compared with 2018, or an average of 2.5% per year, thereby contributing to achieving net zero emissions for the aviation sector by 2050.

Safran used several scenarios compatible with the Paris Agreement when setting its objectives: specific sector scenarios, both global (ATAG Waypoint 2050, aiming for carbon neutrality by 2050) and European (Destination 2050, aiming for a 55% reduction in CO₂ emissions by 2030), and the aviation component of the International Energy Agency (IEA) scenarios (Sustainable Development Scenario, compatible with warming of less than 2°C, and Net Zero Scenario, compatible with warming capped at 1.5°C).

At the global level, Safran made a commitment in early 2022 to set science-based climate targets compatible with the Paris Agreement. The targets described above were developed based on the SBTi (Science-Based Targets initiative) guidelines and will be submitted to that body for certification in 2022. Note that the SBTi has not established any specific benchmark for Scope 3 emissions from the use of products made by companies in the aerospace industry.

These objectives are all consistent with the climate objectives set by the European Union, namely to reduce emissions by 55% by 2030 compared with 1990 and to achieve net zero emissions by 2050.

5.3.3.2 Strategy to reduce Scope 1 and 2 emissions⁽¹⁾

Safran is committed to a 1.5°C trajectory, aiming for reductions of 30% by 2025 and 50% by 2030 compared with 2018.

To determine its Scope 1 and 2 greenhouse gas emission reduction targets, Safran drew on SBTi's public tools and guides to build emission reduction trajectories compatible with global warming scenarios. Using the absolute contraction approach (ACA), Safran has set short- (2025) and medium-term (2030) targets, in line with its budget projections and action plans. 2018 was chosen as the reference year to take into account the emissions of the former Zodiac Aerospace acquired by Safran that year.

In 2021, Safran revised its objectives with a view to reducing greenhouse gas emissions by 30% by 2025 compared with 2018. At the beginning of 2022, Safran made a fresh commitment to continue its efforts over the 2025-2030 period, setting an objective of a 50% reduction by 2030 compared with 2018. These objectives are aligned with an emissions reduction trajectory that is compatible with a global warming scenario of 1.5°C by the end of the century. They apply to Safran SA and its tier-one entities, covering 100% of Scope 1 and 2 emissions in the reporting scope.

Safran is taking action on the energy transition at every level.

The Group has structured its action plan for reducing its Scope 1 and 2 emissions around the following strategic priorities:

- energy performance of new buildings;
- reduction of energy consumption at existing sites;
- shift from fossil fuels to other energies for heat production;
- purchase of low-carbon energy (electricity, gas, aviation fuel, heat);
- on-site production and self-consumption⁽²⁾ of renewable energy.

Key 2021 initiatives

To achieve these objectives, Safran SA and its tier-one entities have embarked on action plans identified as part of Safran's energy transition. Major achievements in 2021 include:

- **energy performance of new buildings:** a construction standard for new buildings has been prepared which applies to both the tertiary and industrial sectors. Derived from regulatory standards and norms, it is based on three key parameters:
 - the building's consumption during the operational phase,
 - the supply or production and self-consumption of low-carbon energy,
 - the use of building materials with lower carbon content;

- **reduction of energy consumption at existing sites:** an energy management system, based on ISO 50001, is being rolled out at all Safran sites to intensify and accelerate the reduction of energy consumption. A network of energy management officers has been created across the various entities, with local representatives at each site. An energy committee combining a range of skills is led by the Climate Department to share tools, methods, best practices and feedback;
- **shift in energy source for heat production:** various studies are underway looking at ways to produce heat other than by burning fossil fuels. Solutions using biomass, geothermal energy or urban heating networks powered by renewable sources are being examined at several Safran sites. A waste heat⁽³⁾ recovery facility has also been commissioned at the Gennevilliers site (France) in 2021;
- **purchase of low-carbon energy:** in 2019, a power purchase agreement (PPA) for the supply of electricity from renewable sources was signed in Mexico. It is in place at the Chihuahua sites and will soon be extended to the Querétaro sites. It will ultimately cover 70% of the electricity consumed by these sites. Other prospective PPAs are currently being explored in the United States and Poland. In addition, 14.5% of the electricity consumed in the United Kingdom is covered by guarantees of origin from wind, as is 21.8% of the electricity consumed in France. Safran has also signed a contract for the use of biogas at its site in Belgium. Lastly, Safran is committed to sourcing **sustainable fuels** to be blended into the aviation fuel used for aircraft and helicopter engine approval tests on its sites. In 2021, Safran reached its goal of using 10% sustainable fuels for these tests, and plans to increase that proportion to 35% by 2025. They are essentially advanced biofuels, the only existing source to date, and bring an 80% reduction in emissions compared with fossil fuels;
- **on-site production and self-consumption⁽⁴⁾:** in 2021, Safran equipped its sites in Sydney (Australia) and Massy (France) with solar panels. Contracts have also been signed to equip sites in Singapore, China, Thailand and Morocco with solar panels, and to extend those already installed on a site in Malaysia.

Outcomes

Safran estimates that 30% 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 2021. A further 30% is now also underway and the remaining 40% has been budgeted.

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

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

(3) Waste heat, or recovered heat, is heat generated by an industrial process as a by-product, and which is therefore not necessarily recovered for use or transformation.

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

In 2022, Safran will report its Scope 2 greenhouse gas emissions using the market-based method for the first time. The market-based method corresponds to CO₂ emissions calculated based on the emissions factors for the energy

suppliers under contract with Safran. Details of this method are presented in the methodology note in section 5.7.4.

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

| Gross Scope 1 and 2 greenhouse gas (GHG) emissions ⁽¹⁾ | 2018 | 2019 | 2020 ⁽²⁾ | 2021 ⁽²⁾ |
|--|--------------------|--------------------|------------------------|---------------------|
| Scope 1 direct emissions (t CO ₂ eq.) | 219,790 | 221,259 | 149,077 ⁽³⁾ | 175,814 |
| Scope 2 energy-related indirect emissions, location-based method (t CO ₂ eq.) | 342,216 | 376,694 | 249,617 | 221,754 |
| Change in Scope 1 and 2 emissions compared with 2018, market-based method | 0% | +6.4% | -29.1% | -29.3% |
| Total Scope 1 and 2 emissions, market-based method (t CO₂eq.) | 562,006 | 597,953 | 398,694 | 397,568 |
| Scope 1 biogenic direct emissions ⁽⁴⁾ (t CO ₂ eq.) | N/A ⁽⁵⁾ | N/A ⁽⁵⁾ | N/A ⁽⁵⁾ | N/A ⁽⁵⁾ |
| Scope 2 energy-related indirect emissions, location-based method (t CO ₂ eq.) | 383,186 | 402,360 | 277,640 | 238,854 |

(1) All greenhouse gas emissions reported in this document are presented on a "gross" basis, in accordance with the GHG Protocol, without taking into account the deduction of CO₂ allowances under the European Union Emissions Trading Scheme or any other carbon offsetting measures.

(2) Scope 1 and 2 GHG emissions were significantly reduced due to the Covid-19 health crisis.

(3) 2020 emissions figures, which included estimated data for fourth-quarter 2020, were revised in 2021 to reflect the actual data.

(4) Biogenic carbon is the carbon contained in biomass and organic matter in soil, as opposed to carbon of fossil origin (coal, natural gas, oil).

(5) Data not available.

| Energy | 2018 | 2019 | 2020 ⁽¹⁾ | 2021 |
|--|--------------------|--------------------|---------------------------|--------------------------|
| Conventional and renewable electricity (in MWh) | 1,304,597 | 1,352,946 | 1,016,255 ⁽²⁾ | 1,053,302 |
| Electricity from renewable sources ⁽³⁾ (in MWh) | N/A ⁽⁴⁾ | N/A ⁽⁴⁾ | 232,738 | 195,593 ⁽⁵⁾ |
| Natural gas and liquefied petroleum gas - LPG (in MWh PCS) | 868,910 | 920,851 | 620,446 ⁽²⁾ | 715,930 |
| Aviation fuel (in liters) | 17,305,991 | 18,345,252 | 11,642,273 ⁽²⁾ | 13,652,382 |
| Aviation fuel (in MWh) | 178,094 | 188,789 | 119,810 | 140,495 |
| Sustainable aviation fuel (SAF) (in liters) | N/A ⁽⁴⁾ | N/A ⁽⁴⁾ | N/A ⁽⁴⁾ | 870,024 |
| Heating/steam and cooling networks (in MWh) | 53,491 | 51,055 | 35,242 ⁽²⁾ | 26,396 |
| Fuel oil (in liters) | 865,466 | 621,596 | 510,023 ⁽²⁾ | 487,032 |
| Fuel oil (in MWh) | 9,475 | 6,800 | 5,583 | 5,332 |
| Total energy consumption (in MWh) | 2,414,567 | 2,520,441 | 1,797,335 | 1,950,408 ⁽⁶⁾ |
| Share of total energy consumption from renewable energy | N/A | N/A | 12.9% | 10.5% ⁽⁵⁾ |

(1) 2020 emissions figures were revised in 2021 using the same emissions factors database as in 2021.

(2) 2020 emissions figures, which included estimated data for the fourth quarter, were revised in 2021 to reflect the actual data.

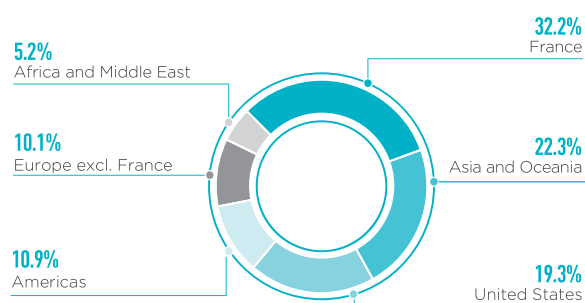
(3) Voluntary renewable origin, not taking into account the renewable energy sources in the energy mix of the energy suppliers.

(4) Data not available.

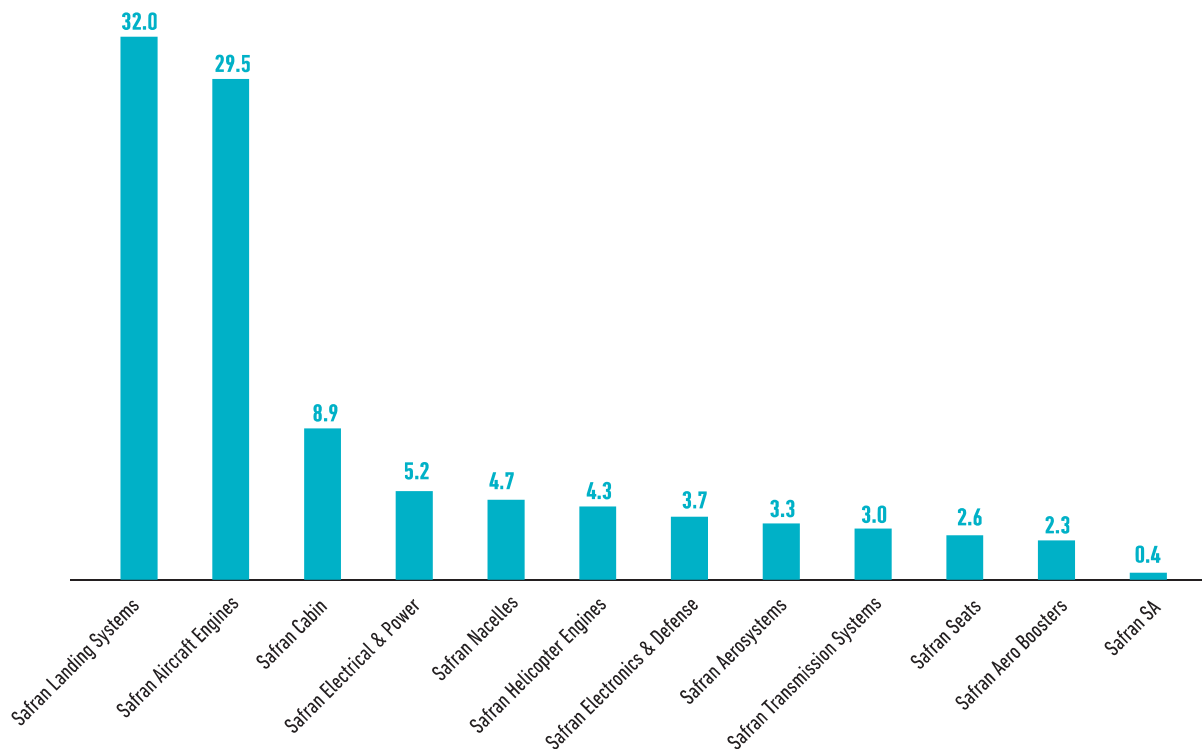
(5) The 2021 figure does not take into account renewable energy guarantees of origin for which contracts were signed in 2021 but which have not yet certified.

(6) The total includes SAF in MWh (=8,953).

GEOGRAPHIC BREAKDOWN OF GROSS SCOPE 1 AND 2 GREENHOUSE GAS (GHG) EMISSIONS (MARKET-BASED) IN 2021



BREAKDOWN OF GROSS GHG EMISSIONS (SAFRAN SA AND ITS TIER-ONE ENTITIES) (as a %) IN 2021



5.3.3.3 Strategy to reduce Scope 3 emissions excluding those related to product use

Analysis of the Scope 3 emission items listed by the GHG Protocol resulted in seven of the 15 items being classified as material for the Group. The first five are discussed in below, while the last two are discussed in sections 5.5.3.6 and 5.3.3.4:

- purchased goods and services;
- upstream transportation and distribution, when managed by Safran;
- downstream transportation and distribution, when managed by Safran;
- business travel;
- employee commuting;
- waste generated in operations, see section 5.5.3.6;
- use of sold products, see section 5.3.3.4.

In 2021, Safran set targets and adopted roadmaps to reduce emissions from purchased goods and services, and from employee commuting and business travel. A roadmap for transportation and distribution (when managed by Safran SA) is being finalized, and waste management targets have also been set.

Purchased goods and services

At the end of 2021, Safran confirmed its objective and strategy with regard to its suppliers: to mobilize its more than 400 main suppliers (accounting for most of the CO₂ emissions from Safran's purchases) on meeting the commitments under the Paris Agreement, with an emissions reduction trajectory compatible with keeping global warming to below 2°C and preferably to 1.5°C.

This best-efforts commitment was made with the understanding that Safran does not have direct control over the decarbonization of its supply chains. The Group will engage its suppliers in a similar approach to the one used for its own operations and will encourage them to promote ethical practices.

Safran's roadmap on this objective is based on three components:

- assessing, on an annual basis, the CO₂ emissions from purchases from suppliers accounting for most of the CO₂ emissions from Safran's purchases: each year, exchanges with these suppliers will result in a more precise assessment of the carbon footprint of the Group's purchases, currently assessed in a conventional manner. This approach will also increase suppliers' appreciation of their own emissions, bearing in mind that suppliers are not all subject to the same carbon accounting requirements as Safran;
- committing suppliers to a decarbonization trajectory through the gradual implementation of minimum requirements in customer-supplier relationships;
- integrating the carbon component into the entire purchasing process, from the responsible purchasing policy to the supplier selection process. The internal carbon price, already used for investment evaluation purposes, is therefore now used in the purchasing process.

Business travel

Safran sees business travel as its direct responsibility. As such, the Group has set an objective of a 50% reduction by 2030 compared with 2018, in line with its medium-term objective for Scopes 1 and 2 and a global warming trajectory of 1.5°C.

To achieve its objective, Safran plans to:

- establish partnerships or contracts with travel service providers to reduce the environmental impact of travel;
- use a proportion of sustainable fuels in employee air travel, in line with Safran's strategy for the decarbonization of the aviation sector.

Employee commuting

Similarly, Safran has set an objective of reducing business travel by 50% by 2030 compared with 2018, in line with its medium-term Scope 1 and 2 objectives and a global warming trajectory of 1.5°C.

The roadmap is based on two main priorities:

- encourage the electrification of the vehicle fleet;
- promote collective and active mobility solutions.

| Scope 3 GHG emissions (excluding product use) | 2018 | 2019 | 2020 ⁽¹⁾ | 2021 |
|--|-----------|-----------|---------------------|-----------|
| Emissions related to purchases of goods and services (t CO ₂ eq.) | 4,961,000 | 5,380,000 | 3,146,000 | 2,735,000 |
| Emissions related to freight (t CO ₂ eq.) | 264,700 | 309,100 | 172,100 | 183,200 |
| Emissions related to business travel (t CO ₂ eq.) | 68,450 | 73,750 | 21,150 | 16,100 |
| Emissions related to commuting (t CO ₂ eq.) | 130,900 | 134,200 | 112,600 | 108,000 |
| Emissions related to waste treatment (t CO ₂ eq.) | 21,000 | 25,000 | 14,000 | 14,200 |

(1) The significant reduction in emissions between 2019 and 2020 is attributable largely to the impact of the Covid-19 health crisis on Safran's business.

5.3.3.4 Strategy to reduce emissions related to product use (Scope 3)

Safran has been working to improve aircraft fuel efficiency for several years, and contributes to reducing aviation sector emissions with its latest generation of products, namely the LEAP engine, which is 15% more efficient than the earlier CFM56 engine. Through its products, the Group helps to save 120,000 metric tons of CO₂ per aircraft, over the lifetime of the latest generation of short- to medium-haul aircraft. Safran is therefore making a major R&T effort (see section 1.4.5). 75% of its 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.

Taking a step further, in October 2021 Safran joined the other aviation sector players of the Air Transport Action Group (ATAG) in making a commitment to achieve carbon neutrality for civil aviation worldwide by 2050.

Lastly, for emissions associated with the use of its products, Safran has set an objective of reducing greenhouse gas emissions from product use (Scope 3), based on passenger kilometers, by 42.5% by 2035 compared with 2018 (in g CO₂eq./passenger kilometer).

Safran's technology roadmap to decarbonize the aviation sector is based on the following pillars:

1) Prepare technologies for the development of new ultra-low energy aircraft, compatible with carbon neutrality by 2035

Accelerating the transition to carbon neutrality means "skipping a generation" and going much further than the 15% improvement in fuel consumption usually achieved with each new generation of aircraft. In June 2021, Safran and its partner GE Aviation⁽¹⁾ unveiled the Revolutionary Innovation for Sustainable Engines (RISE) technology development program, paving the way for the next generation of engines for short- to medium-haul aircraft. Safran is aiming for a breakthrough in terms of fuel consumption, with an engine that delivers an improvement of over 20% in fuel consumption compared with the LEAP engine (which is 15% more efficient than the CFM56, the previous generation engine).

Safran is also helping to improve the efficiency of future aircraft through its equipment, cabin interiors and seats businesses. Lighter cabins made using new materials and optimized electrical systems are key to making progress in these areas. The Group estimates that a future disruptive aircraft could reduce fuel consumption by 30% in total.

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

2) Enable extensive use of sustainable fuels

Sustainable fuels cover several categories of fuels with significantly reduced or virtually zero CO₂ emissions over their life cycle: drop-in fuels – advanced biofuels and synthetic fuels produced from low-carbon electricity⁽¹⁾, which can be blended with kerosene and used in today's aircraft – and liquid hydrogen used directly in aircraft⁽²⁾. The massive rollout of these sustainable fuels is critical in all air transport decarbonization scenarios.

Technologically, Safran is committed to lifting all technical barriers on engine and fuel systems to enable the incorporation of up to 100% sustainable drop-in fuels on the next generation of engines, and to broadening the spectrum of use on existing engines. Several projects were carried out in this area in 2021, including test flights of an A319neo equipped with a LEAP-1A engine (the VOLCAN project with Airbus and ONERA) and an H225 helicopter with a Makila 2 engine (a project with Airbus Helicopter), both running on fully sustainable fuels. Safran has also forged a strategic partnership with Total Energies to work on sustainable aviation fuels, and in particular the formulation of future sustainable fuels to optimize the aircraft energy and environmental efficiency. Lastly, Safran actively supports the development of a sustainable fuel production chain. In 2021, the Group invested in German jet engine start-up Ineratec to produce synthetic fuels, and from 2022 will chair the Aviation Section of the European Renewable and Low-Carbon Fuels Value Chain Industrial Alliance. This section mobilizes the entire value chain to encourage investment in new production facilities in Europe.

In addition to drop-in fuels, Safran is working to define the propulsion system for a future short- to medium-haul or smaller liquid hydrogen aircraft. Because it does not emit CO₂ in flight, the option of direct hydrogen combustion offers potential for considerable environmental gains. It nevertheless presents significant technical challenges and will require an in-depth study of the consequences for aircraft and propulsion system architecture, safety management, and ground infrastructure and operations. The impact of emissions from hydrogen combustion, especially water vapor, must also be taken into account in the environmental assessment, and is the subject of research work to which Safran is contributing. All of the work carried out by Safran and its partners, notably in the Hyperion project backed by France 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, all-electric propulsion will initially be confined to short distance flights in low-capacity aircraft (small shuttles to start with, such as ATR regional jets with a maximum of 50 seats after 2030, for distances of around 300 km). Subsequently, the hybridization of propulsion systems will contribute to meeting the fuel efficiency goals of the next generations of commercial aircraft. It also represents significant potential for the development of future helicopter platforms.

Safran is a leader in hybrid and all-electric architectures, thanks to its expertise across the entire energy chain. The Group works with various aircraft manufacturers in the training aircraft, shuttle and VTOL⁽³⁾ 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. Bye Aerospace has selected Safran's ENGINeUS™ electric engines to power its various eFlyer electric aircraft, over 700 of which have already been ordered.

Safran, a driving force in the aerospace ecosystem

Safran is deeply committed to sharing its technological vision of decarbonization within the aerospace ecosystem, and contributing to the emergence of a consistent and shared roadmap within the sector. This collaborative work takes place:

- in France with the French Aeronautical and Space Industries Group (*Groupement des Industries Françaises Aéronautiques et Spatiales* – GIFAS) and, more specifically, the French Civil Aviation Research Council (*Comité pour la Recherche Aéronautique Civile* – CORAC). The French industry has drawn up a coordinated roadmap for decarbonizing aviation, which incorporates Safran's strategic priorities and benefits from exceptional support from the French government as part of its aerospace industry support plan;
- in Europe with the Aerospace and Defence Industries Association of Europe (ASD) and the Advisory Council for Aviation Research and Innovation in Europe (ACARE);
- globally with the International Aerospace Environmental Group (IAEG), the International Civil Aviation Organization (ICAO) and the Air Transport Action Group (ATAG).

Assessment of Scope 3 emissions from product use and associated objectives

Due to the intensity of use of commercial aircraft, emissions related to the product use phase constitute virtually all of the emissions related to products sold (the “processing” and “end-of-life treatment” categories of products sold under the GHG Protocol being completely negligible in terms of emission volumes).

In 2021, Safran initiated the process of assessing all Scope 3 emissions resulting from the use phase of its products, based on the GHG Protocol methodology.

(1) So-called power-to-liquid fuels, synthesized from CO₂ and hydrogen by electrolysis using low-carbon electricity.

(2) Provided that the hydrogen is produced without the use of carbon, the main solution being electrolysis using low-carbon electricity.

(3) Vertical and Take-Off Landing aircraft.

● A CLOSER LOOK AT THE ASSESSMENT OF SCOPE 3 EMISSIONS RELATED TO THE USE OF SAFRAN PRODUCTS OVER THE LIFE OF THE EQUIPMENT⁽¹⁾

In accordance with the GHG Protocol, Safran presents emissions resulting from the use of its products in two sub-categories, for which the methodology used is similar:

- emissions directly linked to product use: for Safran, this corresponds to emissions linked to the use of products in the area of propulsion (engines or engine subsystems, and nacelles);
- emissions indirectly linked to product use: these are emissions allocated to equipment and cabin interiors that do not consume energy, such as seats or landing gear. The use of this equipment is associated with emissions from the aircraft on which it is fitted, but the equipment itself is not the source of these emissions.

The assessment of the Group's product portfolio showed that the relevant scope could be confined to civil aviation (commercial aircraft, helicopters, large business jets). Emissions related to Safran's products in the general aviation (private aircraft) and military aviation sectors, as well as in other sectors (defense ships, armored vehicles, etc.) appear to be negligible (less than 1%) due to their very low emission intensity or very limited business volume.

In accordance with the recommendations of the GHG Protocol, emissions linked to the use of Safran's products, which are intermediate goods, reflect the allocation of a portion of the emissions from the aircraft (final products) on which the Group's products are fitted. Safran has elected to use a physical allocation ratio equal to the weight of its products over the weight of the aircraft⁽²⁾. This ratio is ultimately used to assess the value of Safran's two direct technological levers, i.e., engine fuel efficiency and the reduction in mass of all products.

Assessing emissions from the use of Safran products therefore involves developing a scenario for the use of the aircraft on which these products are fitted, facilitating the estimation of the corresponding aircraft emissions. In 2021, Safran changed its assumptions in favor of a shorter life span for commercial aircraft than that used in the 2020 URD, in line with those used by its two main customers, namely Airbus and Boeing, in their disclosures.

For 2021 emissions reporting, Safran assumed that the share of sustainable fuels used in aircraft delivered had remained at the current negligible level (< 0.1% on average worldwide). The development of these fuels was the subject of announcements in 2021, with the United States, the European Union, European governments and airlines announcing incorporation targets (generally 5% to 10% by 2030). However, no new regulatory or incentive framework has been definitively approved⁽³⁾, which limits the possibility of taking these developments for granted and as such effectively excludes them from scenarios.

Safran is nevertheless firmly committed to supporting sustainable aviation fuels (SAF), and will take them into account in future assessments of emissions from the use of its products, as soon as more robust regulatory frameworks or public policies make a future incorporation trajectory more credible. For example, use of the sustainable fuels trajectory set out in the International Energy Agency's Sustainable Development Scenario would result in a 12% reduction in reported emissions for 2021.

In addition to absolute Scope 3 emissions from product use, Safran also reports its emissions in the form of intensity per passenger kilometer, which is absolute emissions divided by the volume of passenger traffic generated over the life of aircraft delivered each year and fitted with Group equipment⁽⁴⁾.

Based on this methodology, change in Scope 3 emissions related to the use of Safran products will depend mainly on the following factors:

- growth in aircraft deliveries (effect on absolute emissions only, no impact on emissions intensity per passenger kilometer);
- changes in Safran's market share: a gain in market share for the supply of equipment on existing programs would automatically increase Safran's emissions (but reduce those of another supplier losing market share);
- technological developments of products sold. Progress can be measured in terms of both platforms equipped (latest generation aircraft entering service, end of production of older aircraft) and products (e.g., lighter seats between two generations of the same aircraft);
- the development of sustainable fuels, allowing increasing incorporation rates to be taken into account in evaluating emissions in the coming years.

(1) The full methodology and calculation assumptions are set out in section 5.7.4.

(2) Safran has changed one calculation assumption compared with the reporting of engine emissions in the 2020 URD: the average weight of aircraft has been used as the reference weight for calculating the allocation ratio, rather than the operational empty weight used in 2021. This provides a closer reflection of the operational reality and better aligns future improvements on Safran's Scope 3 emissions with airlines' Scope 1 emissions, which could be achieved by making equipment lighter. This is the assumption used in the methodology recommended by GIFAS.

(3) Neither the EU's "Fit for 55" regulatory package, unveiled in July 2021 and providing for the mandatory incorporation of sustainable fuels, nor the budgetary measures to support sustainable fuels envisaged by the US administration has yet been approved. Only a few regulatory frameworks currently exist, with a very limited scope, such as France's new tax incentive encouraging the incorporation of 1% sustainable fuels by 2022, which is immaterial from a global perspective.

(4) In practice, all commercial aircraft delivered each year are fitted with at least one system or item of equipment made by Safran.

In 2021, emissions from product use continued to be heavily disrupted by the impact of the Covid-19 crisis on aircraft delivery volumes. Between 2019 and 2021, the intensity indicator was impacted by the crisis, as well as by the difficulties encountered by Boeing on the 737 MAX and 787 programs, which have resulted in a significant time lag between equipment and engine deliveries by Safran and aircraft deliveries by Boeing.

Safran has set the following objectives for the assessment of its Scope 3 emissions from product use:

- reduce its emissions per passenger kilometer by 42.5% by 2035 compared with 2018, or an average of 2.5% per year.

This objective assumes the incorporation of sustainable fuels corresponding to the trajectory integrated in the International Energy Agency's Sustainable Development Scenario, implying the use of sustainable aviation fuel (SAF) in the proportions of 48% in 2050 and 63% in 2060. Safran's objective is consistent with the minimum SBTi requirement for a global warming scenario well below 2°C (straight-line annual reduction of at least 2.5%).

| Scope 3 GHG emissions – product use | 2018 | 2019 | 2020 | 2021 |
|--|--------------------|--------------------|-------------------|-------------------|
| Emissions directly related to the product use phase (<i>t CO₂eq.</i>) – engines | 34,100,000 | 32,600,000 | 17,700,000 | 16,600,000 |
| Emissions indirectly related to the product use phase (<i>t CO₂eq.</i>) – other equipment sold | 89,300,000 | 89,700,000 | 50,700,000 | 42,600,000 |
| Total emissions related to the product use phase | 123,400,000 | 122,300,000 | 68,400,000 | 59,200,000 |
| Total emissions related to the product use phase, based on passenger traffic on aircraft equipped with Safran products (<i>g CO₂/passenger kilometer</i>) | 7.8 | 8.9 | 9.1 | 7.1 |

● ENGAGE FOR THE FUTURE – CSR OBJECTIVES

- **#1** Keep 75% of R&T investment focused on environmental efficiency in the years to 2025.
- **#2** Reduce greenhouse gas emissions (Scopes 1 and 2) by 30% by 2025 and 50% by 2030 compared with 2018 (*in t CO₂eq.*).
- **#3** Reduce greenhouse gas emissions from product use (Scope 3), based on passenger kilometers, by 42.5% by 2035, compared with 2018 (*in g CO₂eq./passenger kilometer*).
- **#4** 100% of facilities to have achieved the five zero targets roadmap by 2025.

5.3.3.5 Sites concerned by the European CO₂ quota trading system (EU ETS)

Of more than 150 sites in Europe, only three are affected by the EU ETS (European Union Emissions Trading System). They are the Gennevilliers, Villaroche and Villeurbanne sites. To date, Safran has never had to buy CO₂ 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 5.5.3.11.

5.3.3.6 Safran follows the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in its climate reporting.

CROSS-REFERENCE TABLE WITH THE TCFD PRINCIPLES

| TCFD principles | Section of the 2021 Universal Registration Document |
|--|---|
| 1. Governance | |
| 1.1 Describe the Board's oversight of climate-related risks and opportunities | 5.2, 5.3.1, 6.3.4 |
| 1.2 Describe management's role in assessing and managing climate-related risks and opportunities | 5.3.2 |
| 2. Strategy | |
| 2.1 Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term | 5.2, 4.3.3.1 |
| 2.2 Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning | 4.3.3.1 |
| 2.3 Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario | 5.3.3 |
| 3. Risk management | |
| 3.1 Describe the organization's processes for identifying and assessing climate-related risks | 4.3.3.1 |
| 3.2 Describe the company's processes for managing climate-related risks | 4.3.3.1 |
| 3.3 Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management | 4.3.3.1 |
| 4. Metrics and targets | |
| 4.1 Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process | 5.3.3 |
| 4.2 Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks | 5.3.3 |
| 4.3 Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets | 5.3.3 |

5.3.3.7 Application of the EU taxonomy to Safran's activities

Safran is subject to European Regulation 2020/852 of June 18, 2020 on the establishment of a framework to facilitate sustainable investment, known as the Taxonomy Regulation. This section sets out the application of this regulation to Safran in 2021, the first year of application of the new system, for which disclosure requirements are confined to "eligibility". Based on the legal texts in force⁽¹⁾, the Group's main activities are not included in the taxonomy (not "eligible").

Eligibility of Safran's activities in 2021 and key indicators

Safran's main activities fall into three main areas of economic activity, namely aerospace, defense and space. These activities do not appear in the legal texts in force at the end of 2021, which reflect the European Commission's prioritization of the economic sectors to be addressed within the framework of the first two objectives, namely climate change mitigation and climate change adaptation. This does not imply that these activities would have a negative impact on the environment, but rather that the European Union has not at this stage laid down objective criteria for determining whether an economic activity in these areas would substantially contribute to the environmental objectives of the taxonomy.

Revenue

Safran's eligible revenue for 2021 was nil.

CAPEX

As Safran's main activities are not eligible, the only eligible capital expenditure (CAPEX) is that relating to the Group's property:

- (i) Acquisitions/leases (included in activity 7.7 Acquisition and ownership of buildings).
- (ii) Other individual measures aimed at improving energy efficiency and reducing greenhouse gas emissions from buildings, including:
 - installation, maintenance and repair of energy efficiency equipment (activity 7.3.);
 - installation, maintenance and repair of charging stations for electric vehicles (activity 7.4);
 - installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings (activity 7.5);
 - installation, maintenance and repair of renewable energy technologies (activity 7.6).

In 2021, Safran made progress on the deployment of its low-carbon plan, although the unit amounts of the measures involved are relatively small. The corresponding expenditure amounts to a few million euros.

Consequently, the amount of CAPEX eligible for the taxonomy in 2021 is approximately €180 million, or 17% of Group CAPEX.

(1) Annexes 1 and 2 of the "Climate" Delegated Act supplementing Regulation (EU) 2020/852 by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation.

OPEX

In view of the eligibility criteria, the only eligible operating expenses (OPEX) are those concerning the upkeep and maintenance of fixed assets corresponding to the other types of eligible activities mentioned in the previous point. This OPEX is immaterial (less than 1%) in relation to the Group's total operating expenses (see section 3.1, Note 9, "Breakdown of the other main components of profit from operations"). Consequently, Safran considers OPEX eligible in 2021 to be immaterial in relation to its business model⁽¹⁾.

Eligibility and alignment outlook for Safran's activities from 2022

In addition to the "Climate" Delegated Act, the European Commission has signaled its intention of adopting in 2022 a new delegated act listing the eligible economic activities and alignment criteria for four complementary environmental objectives, and addressing certain complementary economic activities. The Platform on Sustainable Finance submitted a draft report for that purpose in 2021, proposing the inclusion of the aviation sector in the taxonomy. Based on the draft report, Safran conducted an analysis of its main activities that could be eligible and aligned with the taxonomy from 2022 (disclosure in the 2022 URD), subject to verifying the associated "Do No Significant Harm" criteria. These items are provided for information purposes and are subject to change depending on the final content of the regulation.

The main parameters of the Platform on Sustainable Finance's draft report for the eligibility and alignment of aerospace manufacturing activities with the taxonomy are as follows:

- The eligible scope of activity would, at a minimum, include the manufacture of commercial aircraft.
- For commercial aircraft manufacturing, alignment with the taxonomy would depend on compliance with the emissions

criteria set by the International Civil Aviation Organization (ICAO) for the certification of new aircraft, with a measure of leeway. Pending the release of a precise list of aligned aircraft programs, it appears that the vast majority of latest-generation aircraft would meet these criteria (in particular A320neo, A330neo and A350 for Airbus, and 737 MAX, 787 and 777-X for Boeing).

- The draft report also proposes that alignment be confined to fleet renewal (in view of the emission reductions provided by new aircraft compared with those they replace), thereby excluding aircraft contributing to the expansion of the fleet in service. For the aerospace industry, this would be taken into account by applying a cross-sectional ratio representing the proportion of aircraft delivered that contributed solely to fleet renewal over the last ten years to the aggregates measured. The precise definition of this ratio is still uncertain, but it is expected to be around 40%.
- Lastly, equipment manufacturing and after-sales service activities would be subject to the same criteria as the aircraft manufacturing activity. The alignment of Safran's activities will therefore be analyzed in respect of the aircraft programs to which they relate.

If the Platform on Sustainable Finance's proposals are confirmed, Safran's manufacturing and service activities related to the latest generation civil aircraft programs could be aligned from 2022 (in addition to the eligible activities listed in section 1 of this document and subject to verification of the associated technical screening criteria), and thus the associated revenue and CAPEX allocated on the basis of the aforementioned ratio, representing the share of deliveries contributing solely to fleet renewal. For OPEX, R&T expenditure on low-carbon aviation and future aircraft programs could constitute the bulk of aligned expenses.

5.3.4 Employee mobilization, eco-citizenship and "zero" targets

Safran's commitment to decarbonizing the aviation industry is also reflected in day-to-day initiatives and actions taken by our employees.

The Group's HSE department has created an environment/eco-citizenship coordinator position to oversee eco-citizenship initiatives. In 2022, its incumbent will work with all stakeholders to establish Safran's roadmap in this area, incorporating the Zero targets approach established in 2021 and described below.

The "zero" targets approach

At the end of 2020, Safran set itself the goal of achieving five "zero" targets for 100% of its sites with more than 100 employees.

The "zero" targets approach enables all of the Group's employees to play a role in decarbonizing the aviation industry and fighting global warming.

The "zero" targets relate to everyday actions:

- zero non-recycled paper used at Safran: 100%⁽²⁾ in 2021;
- zero machines or equipment running unnecessarily in 2022;
- zero single-use plastic cups or dishes on Safran sites in 2023;
- zero foodservice offers without local and seasonal products in 2024;
- zero non-eco-friendly green spaces at Safran sites.

Other Group initiatives, such as the Green IT plan rolled out by the Digital and Information Systems Department to promote responsible digital technology, aim to reduce emissions related to our digital tools, equipment and services.

(1) Pursuant to Delegated Regulation 2021/2178 of July 6, 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation.

(2) At December 31, 2021, supply contracts for white and/or colored paper in France and Belgium include recycled paper only.

In 2021, the Group carried out several awareness-raising and communication programs with employees. Noteworthy initiatives included the “print less, save trees” campaign at the Lamphun site in Thailand, employees planting 100 trees near the Bangalore site in India, and numerous incentives to sort waste more effectively in order to facilitate recycling. Safran SA and its tier-one companies also offer employees the opportunity to take part in collective challenges to reduce the carbon footprint of their sites and products. Each

challenge results in hundreds of employee-driven ideas for practical improvements and innovation.

The Group organizes the Safran Innovation Awards, an annual practical innovation competition open to all its employees. In 2021 the prize for the Low Carbon category was won by the E-ENERGY project. Thanks to the innovative solution, the electricity consumption and CO₂ emissions of Safran Seats sites can be measured and managed in real time. In the space of six months, 1,000 metric tons of CO₂ were saved.

5.4 HUMAN RESPONSIBILITY: BE AN EXEMPLARY EMPLOYER

ENGAGE FOR THE FUTURE



BE AN EXEMPLARY EMPLOYER

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



Accelerate training in the skills and professions of tomorrow



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



Encourage equal opportunities promote diversity



Safran aims to be an exemplary employer. The Group gives itself the means to achieve that aim by fostering the development of the skills of its employees throughout the world. Its determination is further embodied in extensive 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.

The ambitions and work of the Group's Human and Social Responsibilities Department (HSRD) are aligned with this commitment to being an exemplary employer. The HSRD has four key focuses:

- developing skills and creating opportunities for mobility;
- ensuring a quality work environment;
- encouraging equal opportunity and promoting diversity and inclusion;
- promoting collaboration and mutual support.

The HSRD is tasked with implementing these essential commitments for employees, which are also drivers of collective performance by virtue of the creativity, dynamism and innovation they foster.

The analysis of risks relating to human responsibility is summarized in section 4.3.3.3 and section 5.2.

INDICATORS – WORKFORCE

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

| | 2019 | 2020 | 2021 | |
|--|---------------|---------------|-----------------------------|-------------|
| TOTAL | 95,443 | 78,892 | 76,765⁽¹⁾ | 100% |
| Europe | 55,866 | 52,115 | 49,520 | 64.5% |
| ■ of which France | 45,198 | 43,315 | 41,346 ⁽²⁾ | 54% |
| Africa and Middle East | 6,855 | 4,903 | 5,084 | 6.6% |
| Americas | 27,585 | 18,469 | 18,186 | 23.7% |
| Asia and Oceania | 5,137 | 3,405 | 3,975 | 5.2% |
| % of men employees | 70.9% | 72.3% | 72.1% | |
| % of women employees | 29.1% | 27.7% | 27.9% | |
| % of managerial-grade employees (Managers & Professionals) | 36.8% | 40.4% | 40.7% | |

(1) Due to the health and economic crisis stemming from the Covid-19 pandemic, Safran's workforce continued to decline in the first half, before increasing in the wake of a significant upturn in hiring in the second.

(2) France was the main cause of the decline in the workforce due to low hiring volumes and the non-replacement of retirees.

5.4.1 Accelerate training in the skills and professions of tomorrow

In terms of innovation in the aerospace value chain, Safran is positioned as an architect of comprehensive solutions, products and services. This positioning generates numerous needs in terms of strategic resources, both expert and managerial. In a context of major digital transformation and a commitment to decarbonize aeronautics, skills and careers are in the throes of a profound shift. Preparing and supporting these changes is a major challenge for the Human Resources function. Safran must ensure that the necessary skills are available in sufficient quality and quantity to respond to changes in the sector. These skills are the foundation of the Group's longevity.

5.4.1.1 Policy

In doing business, Safran is committed to developing the skills of its employees through a dynamic policy that:

- anticipates future requirements in terms of skills;
- strengthens expertise;
- prepares the senior executives and leaders of tomorrow;
- takes into account the aspirations of employees.

Skills requirements are identified through a process of forward-looking management of jobs aligned 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 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 that can be blended into 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.

5.4.1.2 Roadmap

The establishment of an internal job observatory in 2021 was combined with the launch of initiatives across all Group companies to prepare for and provide long-term support for these changes. The action plan is as follows:

- develop an extensive range of critical digital skills identified in all business lines:
 - new approaches to model-based engineering,
 - product lifecycle management (PLM) covering engineering, industrial-scale processes, production and services subject to a new need for digital continuity,
 - innovative Lean 4.0 methods for the transition to Manufacturing 4.0, such as augmented reality for quality control and assembly assistance, cobots and closed-door machining,
 - use of data science in all business lines, from health monitoring and predictive maintenance algorithms to artificial intelligence for image recognition, not to mention vast areas including cybersecurity, software development, and systems and technical architecture;
- fine-tune its organizational and managerial approaches:
 - collaborative management and autonomous multi-business team,

- development of new ways of working attuned with the digital transformation, offer of a digital, collaborative and secure working environment,
- development of multi-machining and multi-skilling,
- emergence of a digital culture promoting new attitudes and new managerial practices. The health crisis stemming from the Covid-19 pandemic has accelerated the widespread adoption of work-from-home arrangements, making the new professional environment a hybrid one;
- maintain 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.

5.4.1.3 Recruitment and employer brand

The main challenge in recruitment is to develop a global Safran employer brand consistent with the Group's host locations as a means of attracting the best talent despite the fact that the needs of labor markets differ and recruitment needs are specific.

Safran's recruitment policy is aimed at achieving the following objectives:

- recruit 50% of young people trained within the Group (interns, work-study students, international corporate volunteers, PhD students) for positions intended for graduates;
- diversify the profiles recruited;
- maintain the recruitment of engineers with doctorates.

Another priority is the recruitment of people with specialized experience (materials, special processes, electrical and power electronics, as well as information and data technologies).

In 2021, Safran continued its efforts to preserve its attractiveness and vigorously resumed its recruitment, bringing on board 8,039 new employees. In 2021, more than 52% of graduate positions in Europe were filled by young people trained within the Group⁽¹⁾.

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 nearly 700,000 LinkedIn followers at the end of 2021, 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.

Through its European framework agreement to support young people transitioning from school to work, Safran has reaffirmed its commitment to ensuring that PhD students and young people on work-study programs, internships or international corporate volunteer programs account for 5% of its workforce in Europe.

In 2021, the Group employed more than 5,000 young people, representing 11.7% of its workforce in Europe. Every year, this commitment enables a large number of employees to mentor a young trainee in their company. Tutoring was maintained in distance formats in 2021. Safran's partnership with the Global Apprenticeship Network is helping boost its appeal among young people.

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

Virtual and face-to-face events for students, including forums, roundtables, conferences, mock interviews and CV coaching by experienced recruiters and site visits, are organized on a regular basis. The many partnerships signed with target engineering schools and universities (including 18 partnerships in France) are managed dynamically; in 2021, they received support from an active network of 260 Safran employee ambassadors. The ambassadors participate in the design of the educational content of their schools, and organize or participate in numerous events between Safran and their partner school. The Group is strengthening its attractiveness in new digital skills thanks to partnerships with specialized schools, and data and cybersecurity masters programs, as well as via a communication campaign with recruitment targets and new digital ambassadors.

The Group has chosen to focus its employee skills sponsorship and charitable work on the social and professional integration of young people, see section 5.6.3.

Safran features in the following rankings:

- Forbes: third best global employer in the aerospace and defense sector in 2021;
- Capital: #2 ranking in the "Aerospace, Rail and Marine" category maintained in 2021;
- Universum: #4 ranking among the preferred companies of engineering school students in France maintained in 2021;
- Le Figaro-Epoka: #4 benchmark employer for students and graduates from engineering schools France in 2021;
- "Best in Class 2021" label awarded by *Engagement Jeunes* for the second year running thanks to very positive ratings by young recruits in Group companies.

5.4.1.4 Mobility and career management

The mobility of employees and their ability to improve their skills are both a key to maintaining their employability and a prerequisite for the Group's transformation and agility.

To offer varied and specific pathways to each person, the HSRD relies on:

- a performance and professional development interview (PPDI) process, completed by 72% of employees in 2021;
- career committees in the operating companies;
- 16 business line committees, which meet several times a year to discuss the medium-term plan (MTP) and HR issues related to changes in the business lines.

In 2020 and 2021, notably through the Activity Transformation Agreement (ATA) in France, which enabled the Group to maintain its skills during the Covid-19 crisis (see section 5.4.2.2), Safran stepped up mobility measures to take into account disparities between Group segments heavily impacted by the crisis and those able to continue to grow and hire. Safran promotes and supports mobility resulting from the need to adapt to workloads, notably by allowing secondments or special leave.

A central mobility coordination team regularly brings together mobility officers from all Safran subsidiaries. It identifies needs, shares information between companies and coordinates the correct application of mobility rules. Another body deals specifically with the difficulties associated with the movement of senior executives in companies. In addition to mobility between related business lines, the Group is strengthening its HR policy aimed at allowing people to sidestep from declining professions into growing ones. Reassignments have enabled the Group to keep these employees within Safran and to develop their skills.

2021 key figures:

- 2,013 reassignments (mobility, transfers and secondments) between Group companies.

Focus on high potential employees, experts and key skills

Safran is committed to offering its high-potential employees career paths and mobility opportunities and to including them in succession plans. The Group also ensures that key knowledge is passed on between generations. Mentoring and tutoring programs are in place for more streamlined successions.

To boost the development of employee skills, Safran rolled out the Express your Talent continuous improvement project in 2021. The aim is to better identify and support high-potential employees and give them practical and effective development tools, such as:

- a feedback culture;
- a mentoring program for people with potential, also covering business and behavioral skills;
- an integration process for senior managers;
- a transparent and joint policy for the management of high-potential employees.

2021 key figures:

- 2,854 high-potential people and 1,581 experts benefit from specific monitoring.

5.4.1.5 Training

Training enables employees to acquire the skills they need to cope with rapid change. This contributes to maintaining employees' employability. Safran has accordingly founded a university – Safran University – and a campus. Safran University draws up the training roadmap and provides part of the training hours (more than 23% of all training hours in 2021).

Safran University's three main goals are to:

- **guarantee a training offer based on the needs of the business lines in terms of strategic skills in the fields of operational excellence, digital transformation, energy transition, business performance and support, as well as in leadership and managerial skills.** In collaboration with the Group's Digital and Information Systems Department, created in 2021 and whose director is a member of the Group Executive Committee, an Employee Experience initiative has been launched to support digital transformation. The aim is to develop individual and collective digital skills in all Safran business lines in the many 4.0 areas, including cybersecurity, services and marketing, project management, the Factory of the Future and data professions. It supports career changes and reorientations to facilitate the development of skills in new professions (data scientists, metallurgy qualification certificate autonomous production unit technicians, Industry of the Future learning expeditions, etc.). Comprehensive retraining programs are offered for jobs in demand, such as those related to software, operational safety, control systems and electronic card programming. For example, employees who were previously system architecture engineers with some knowledge of electronics have been retrained in software development and FPGA (field-programmable gate array) design. In 2021, a training course in the form of a "digital challenge" was also offered to all employees in order to develop digital culture within the Group;

- **develop innovative, high-performance educational solutions focused on the user experience through best-in-class training tools and in-house content production to accelerate the transmission of knowledge.**

Safran University accordingly provides employees with a predominantly digital training offer. To support its digitization, the university has trained nearly 400 instructors in the art of designing and delivering virtual classroom training. The online 360Learning platform offers 300 courses open to all employees and available seven days a week. They include e-learning, multimodal courses (with a virtual classroom for instance) and MOOCs.

Teaching focuses closely on the employee, with learning methods resulting from technological and neuroeducational advances. In many courses, internal 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, from a workstation, tablet or phone. It is available 24/7;

- **roll out a more efficient and international organization to support the growth of training.**

● ENGAGE FOR THE FUTURE

- 2025 objective: **#5** Maintain the average number of training hours per employee compared with 2019 (26 hours).

2021 key training figures:

- Digital Learning Excellence Awards Grand Prix and Brandon Hall Awards Gold Medal awarded to Safran University for the innovative and effective training programs implemented for employees.
- Internationally:
 - 21 hours dedicated to training per employee on average;

- at least one training course completed by **82% of employees;**
- **1,492,784 hours of training**, 12% of which distance learning (e-learning, MOOCs and virtual classes);
- **France:**
 - **746,833 hours of training;**
 - **3.6% of the payroll.**

5.4.1.6 Indicators – Training, hirings and separations

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

| | 2019 | 2020 | 2021 |
|--|--------------------|----------|----------------------|
| TRAINING | | | |
| Average number of hours of training per employee ⁽¹⁾ | 26 | 13 | 21 |
| % of employees having completed at least one training course ⁽¹⁾ | 83% | 67% | 82% |
| WORKFORCE BY AGE GROUP | | | |
| % of people aged under 30 in the workforce | 19% ⁽²⁾ | 14% | 14% |
| % of people aged 30 to 39 in the workforce | 30% ⁽²⁾ | 31% | 30% |
| % of people aged 40 to 49 in the workforce | 24% ⁽²⁾ | 26% | 27% |
| % of people aged over 50 in the workforce | 28% ⁽²⁾ | 29% | 29% |
| Average age | 41 years | 42 years | 42 years |
| HIRINGS AND SEPARATIONS | | | |
| Total new hires – world | 14,880 | 3,332 | 8,039 |
| % of men new hires | 62.6% | 65.4% | 68.7% |
| % of women new hires | 37.4% | 34.6% | 31.3% ⁽³⁾ |
| Number of definitive departures | 12,461 | 19,845 | 9,760 |
| Of which retirements | 1,280 | 1,481 | 1,760 |
| Of which resignations and other voluntary departures | 6,947 | 4,946 | 4,985 |
| Of which dismissals and other involuntary departures ⁽⁴⁾ | 4,234 | 13,418 | 3,015 |
| Turnover | 7.33% | 5.57% | 6.47% |
| Permanent departure replacement index | 1.2 | 0.17 | 0.82 |
| Number of mobilities (between companies) and transfers (within companies, between their sites) | 2,025 | 1,418 | 2,013 |
| Absenteeism rate | 2.84% | 2.73% | 2.84% |

(1) Excluding employees on long-term absence.

(2) Excluding Safran Cabin.

(3) Decline in recruitment of women Managers & Professionals and non-Managers & Professionals in all regions, with the exception of North and South America, where recruitment increased slightly.

(4) 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.

5.4.1.7 Compensation and giving employees a stake in company performance

Safran is committed to providing fair and equitable compensation for all employees, and to offering them attractive additional benefits such as statutory and optional profit-sharing, employee savings plans, health insurance and supplementary pensions.

Compensation

Safran is committed to compensating its employees in such a way as to:

- maintain purchasing power by ensuring that wages remain within the local standards of the 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 differentiating and attractive benefits to encourage recruitment and retention, particularly in professions subject to shortages.

Pay ratios are presented in section 6.6.2.4, as is the Chief Executive Officer's variable compensation, which is subject in part to social responsibility criteria linked to initiatives to limit climate change, develop digitization, improve the gender balance of the major management bodies and roll out the Low Carbon project.

Sums are allocated to reducing wage inequalities, particularly between women and men.

Increases in compensation outside France were in line with local market trends in the context of the health crisis: overall increases in the Group's main host countries averaged 1.9% in the United States, 3.7% in Mexico, 1.5% in the United Kingdom, 2.4% in Morocco and 3.9% in China.

In France, the average change in compensation represented 1% of the total payroll in 2021.

The Activity Transformation Agreement (see section 5.4.2.2.2), which ran from July 8, 2020 to December 31, 2021, included the following measures concerning compensation:

- encouraging voluntary early retirement;
- capping profit-sharing;
- suspending the Company top-up contribution to invested employee savings; and
- suspending supplementary retirement contributions for engineers and managerial-grade employees (*cadres*).

Since January 1, 2022, an agreement on the post-Covid-19 working environment has brought in the following provisions in respect of compensation:

- a framework for pay negotiations, with specific amounts set aside for certain categories of employees;
- the payment of additional profit-sharing in 2022 in respect of 2021;
- a freeze on the Company top-up contribution to invested employee savings in 2022 and 2023;
- a cap on optional employee profit-sharing in respect of 2022.

The establishment of a Group solidarity fund has guaranteed fairness and increased solidarity among employees against the backdrop of the health crisis stemming from the Covid-19 pandemic. In practical terms, the fund guarantees additional

compensation for any furloughed employees experiencing a loss of pay in 2020 and 2021. It is funded through the deduction of one day's leave from other furloughed employees receiving their full net wage, as well as through voluntary donations of days of leave.

Employee profit-sharing

Profit-sharing systems (profit-sharing and bonuses) give employees a share in their companies' results. Additionally, statutory and optional profit-sharing in France give all employees a share in the Group's economic and financial results.

Optional employee profit-sharing

In France, companies have optional employee profit-sharing agreements based on economic performance criteria and operating performance indicators. Under the Activity Transformation Agreement (ATA) and the agreement on the post-Covid-19 working environment, optional employee profit-sharing has been capped for 2020, 2021 and 2022.

Savings and employee shareholding plans

Since 2006, Group agreements have made it possible to develop employee shareholdings through:

- permanent schemes such as the Group employee savings plan (PEG) in France and international plans (PEGI) outside France (Germany, Belgium, Canada, Mexico, United Kingdom, United States and Morocco, excluding former Zodiac entities). These schemes allow employees to build up savings thanks to employer contributions (suspended in 2021, 2022 and 2023). The international plan covers sums invested in Safran shares. The employer contribution is capped at €2,000 per year and per employee;
- one-off initiatives, such as the leveraged employee shareholding offer in 2012, the classic employee shareholding offer with employer contributions in 2014 and the leveraged "Safran Sharing 2020" plan;
- 7% of Safran's share capital was held by current and former employees at December 31, 2021, representing one of the highest employee shareholding rates of CAC 40 companies.

In 2021, Safran received the "*Grand Prix de l'Index Euronext-FAS IAS*" from the French Federation of Associations of Employee and Former Employee Shareholders (FAS), in recognition of its policy of actively promoting employee share ownership, as well as the success of the Safran Sharing 2020 plan.

In addition, employees in France can build up savings through the collective retirement savings plan (PERCOL). The matching employer contribution to the scheme represents up to €900 per employee per year, which increases to €1,700 for employees in their last two years of service ahead of retirement. Under the Activity Transformation Agreement (ATA) (see section 5.4.2.2.2), the Company top-up contribution to invested employee savings has been suspended for 2021.

Employee benefits and social protection

Safran pays special attention to the well-being of its employees, and is committed to providing all of its employees worldwide with a minimum level of health coverage, including medical, optical and dental services. In 2021, 79% of employees had access to medical, optical and dental services.

Special attention is paid to healthcare and personal risk insurance plans through the implementation of single, harmonized plans for all Safran companies in a given country, notably in the United States, Canada, India and Morocco.

● ENGAGE FOR THE FUTURE

- 2025 objective: **#7** 100% of employees worldwide to benefit from a minimum level of health coverage (medical, optical and dental).

In France, since 2009, employees have been enrolled in a single mandatory life and healthcare benefits plan covering short- and long-term disability, death and supplementary healthcare costs. The plan offers generous benefits for employees themselves and for their dependents. Including dependents, more than 107,111 people were covered by the healthcare plan in 2021, as well as nearly 23,901 retirees. Since

2018, the Group has also offered carer assistance, plus entirely free medical teleconsultations since 2020.

In France, Safran has established a mandatory retirement savings plan (formerly known as an "Article 83" supplementary pension plan) for engineers and managers. It rounds out the mandatory and supplementary pension schemes.

INDICATORS – COMPENSATION

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

| (in € millions) | 2019 | 2020 | 2021 |
|---|------|------|------|
| Statutory employee profit-sharing ⁽¹⁾⁽³⁾ | 218 | 103 | 132 |
| Optional employee profit-sharing ⁽²⁾⁽³⁾ | 178 | 15 | 22 |
| Matching contributions (World scope) ⁽³⁾ (Amount paid as PERCO, PEG and PEGI matching contributions for all employees) | 87 | 33 | 2 |
| Employee savings (Total amount paid in respect of statutory and optional profit-sharing [France scope] and related contributions [World scope] [including the corporate social contribution]) | 458 | 538 | 122 |

- (1) For French companies, the minimum salary used to calculate the individual amount of statutory employee profit-sharing is 1.2 times the annual social security ceiling (PASS) (i.e., €49,363.2 for a full-time employee in 2021). Employees who received lower salaries during the year under consideration will receive the minimum amount (pro-rated to the period of their employment).
- (2) For French companies, the amount of optional employee profit-sharing may total up to 7% of payroll, depending on the agreement and the company's performance. However, in accordance with the provisions of the Activity Transformation Agreement, the amount of optional profit-sharing for French companies for 2020 and 2021 has been capped so that the sum of statutory and optional profit-sharing does not exceed 4% of the company's reconstituted gross payroll.
- (3) Amount from the consolidated financial statements (see section 3.1, Note 9) of companies included in the scope of consolidation, as defined in section 3.1, Note 40.

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

5.4.2.1 HSE challenges, policy and standards

Challenges

Preserving employee health and safety and the quality of life at work is a priority for Safran. On sites, employees are exposed to the risks inherent in industrial activities through the use of production equipment, load handling, shift work and working at heights. Health, both mental and physical, must also be taken into account so that employees can feel good at work and perform their duties effectively. The Covid-19 pandemic further compounded the attention paid by all teams to preserving the health and safety of employees and on-site partners, whatever their role, in all of the Group's host countries.

Section 5.4.2.1 describes the policy and reference framework related not only to health and safety but also to the environment, the three themes being combined within the same documents. In addition, initiatives related to respect for the environment and natural resources are set out in section 5.5.3.

Policy

The Group is committed to nurturing a risk management approach and a culture of prevention to defend the health and safety of its employees, supplier partners, customers and all other stakeholders concerned by its operations, in a spirit of transparency and sincerity. Updated and signed by the Chief Executive Officer in 2021, the HSE (Health, Safety and Environment) policy is a key component of the Group's

operating performance. It reflects our commitment to health, safety, environmental protection and the fight against climate change, and contributes to making Safran a sustainable leader in the global aerospace industry.

It is rolled out as part of a continuous improvement process by the corporate HSE and Climate Control department teams, the HSE coordinators and Low-Carbon correspondents of Safran SA and its tier-one entities, and the prevention specialists, ergonomists and occupational health departments of the various sites.

The policy applies to all Group players, from company CEOs and operational directors to managers and employees. Operational managers receive specific training in day-to-day health and safety management. Their appraisals take into account an HSE-related objective, especially in business sectors sensitive to work safety issues.

The 2025 HSE roadmap is aligned with this policy and has been adapted for the management of Covid-19 and the gradual resumption of work. It is based on four HSE fundamentals:

- ensure that all Safran employees and on-site partners benefit from the same health, safety and work adaptation programs;
- develop a highly qualified HSE network and involve all employees in HSE issues wherever the Group operates;
- ensure the physical and mental health of all employees;
- encourage the involvement of HSE networks in the rollout of HSE policy and adherence to the CSR strategy to build sustainable performance.

To further enhance prevention initiatives with the involvement of all players, the Group's HSE department created the position of "safety culture" coordinator at the end of 2021. Its purpose is to strengthen the HSE culture necessary for the continuous improvement of occupational health and safety in all the countries where the Group operates, in line with its policies, particularly in terms of CSR.

Reference system, site certification and HSE network

The HSE policy is rolled out on the basis of comprehensive internal Health, Safety and Environment (HSE) Guidelines.

They include the requirements of environmental management (ISO 14001) and occupational health and safety management (ISO 45001) standards, as well as Safran's specific operational requirements. They have been validated by an external body, which certified their compliance with ISO 14001 and ISO 45001.

The HSE Guidelines lay down various standards and their applicable requirements, including:

- standards for analyzing risks, impact and compliance with regulatory, documentary, environmental-permit obligations;
- standards for stakeholder involvement (employees and on-site providers), commitment and managerial leadership;
- best practice in respect of physical and chemical risks, health and working conditions, ergonomics, road risk, etc.

The guidelines apply to all Group entities, and are part of the "One Safran" management system, see section 1.7. A maturity matrix is used to assess the maturity level on each standard and to set specific improvement targets. All sites conduct an annual self-assessment in respect of these standards and their HSE operational performance.

For industrial sites, the application of the guidelines' requirements is also subject to annual audits carried out by internal auditors or an external certification body. These audits measure maturity with respect to the guidelines. They validate the level of maturity achieved, from bronze (basic level) to gold (mandatory target level). Audit reports are reviewed by the Group Certification Committee, in the presence of a representative of the external certification body. The Committee certifies the maturity achieved by each site on all standards, at the Bronze, Silver or Gold level. The objective is for 100% of industrial sites to have achieved Gold-level classification by 2025. This objective is the subject of the "Gold 2025" roadmap, which is reviewed quarterly by the Group's Executive Committee.

- 33% of sites were classified as "Gold" based on Safran's HSE standards in 2021.

Well-being at work and prevention of psychosocial risks (PSR)

In 2021, the health and working conditions standard was amended to ensure that medical and occupational monitoring, individual follow-up for carcinogenic, mutagenic and reprotoxic substances (CMR), the prevention of psychosocial risks (RPS) and the promotion of protective factors, as well as overall health, are reinforced worldwide. Safran has updated its health roadmap and defined targeted action plans adapted to the situations to be addressed.

The health roadmap is based on a three-tiered prevention approach:

- primary prevention: assessment of occupational risk factors, especially psychosocial factors;

- secondary prevention: training, awareness-raising and publications on psychosocial factors regularly made available to employees (detection and support for people in difficulty, prevention of harassment and violence in the workplace, prevention of at-risk or addictive behavior);

- tertiary prevention: monitoring of work-related unhappiness by internal health services. In particular, PSR monitoring units have been set up on sites in France.

Safran uses the questionnaire devised by the EVREST occupational health developments and relationships observatory, a tool that allows the Group to gather data on employees' experience and health, and which informs action plans aimed at improving well-being at work. Indicators such as workload, recognition, quality of working relationships, psychological and physical health are regularly shared. In 2021, indicators analyzed at Group level included absenteeism due to occupational illnesses or workplace accidents, or as a result of ordinary illnesses that may have been work-related.

In 2021, in view of the enduring pandemic risk, efforts continued to protect the health of all our employees as much as possible, while complying with the rules laid down by the health authorities of the various countries where Safran operates. Initiatives are carried out by the HSE department in collaboration with occupational health services, safety prevention officers, ergonomists, supervisors, HR and communication departments, general resources and the unions. A crisis cell and a health protocol adapted to the local epidemic impact are central components of the pandemic plan.

- The Group's management of the Covid-19 pandemic was recognized by the International SOS Foundation (ISOS), with an honorable mention in the international "Duty of Care Covid-19 Ambassador" category.

The resumption of work by employees was dependent on the overall level of activity of the company concerned. From June 2021, Safran organized a gradual resumption of on-site work, in accordance with the telework arrangements in force in each of its companies and in strict compliance with health constraints, so as to ensure a regular balance between on-site work and telework from October 2021.

In the midst of the crisis, with furlough arrangements in place in France and telework arrangements adopted more extensively at all sites worldwide, Safran continued to take action to protect the health of its employees.

For example:

- rollout of an action plan in each company in 2021, drawing on the findings of the 2020 survey on experience at work during the health crisis stemming from the Covid-19 pandemic, which drew responses from 48% of employees. The Group Executive Committee monitors progress on the action plan every six months;
- continued efforts to train employees in the prevention of psychosocial risks through the implementation of regular digital and awareness-raising sessions throughout the Group;
- provision of listening and support systems for employees in all countries where the Group operates. A total of 447 employees had remote consultations with a psychologist in 2020 and 2021.

Safran seeks to promote work-life balance. Employees have access to on-site sports facilities. They are also eligible for childcare assistance and can choose to work part-time.

Workstation ergonomics to put people at the heart of production systems

Within the Group, 80% of reported illnesses are attributable to musculoskeletal disorders (MSDs). Safran is pursuing its continuous improvement program for workstations. The Group standard of the HSE Guidelines relating to the ergonomics of workstations sets out the tools, training, skills and organization of the ergonomics network.

The ergonomics network allows risks present in workstations to be detected, and contributes to their elimination. It comprises more than 200 ergonomics officers, 1,000 ergonomics representatives in design and 15 full-time ergonomists who analyze and improve workstations. It has already produced more than 400 best practices. Each year an "Ergonomics" Award is presented for best practice within the Group. Employees performing ergonomics-related risk assessments and proposing improvements are trained in accordance with the PRAP program (prevention of risks linked to physical activity) developed by the INRS (National Institute for Research and Safety). Awareness-raising campaigns are also carried out for management teams and key players in design teams.

Emphasis is placed on the risks associated with poor posture, load carrying and repetitive work, which are the main sources of workplace accidents and occupational illnesses. This approach applies to existing positions, as well as to any new design project for future workstations.

Related risk assessments also facilitate the integration of ergonomics principles into the design of the Group's Factory of the Future production facilities. New technologies such as collaborative robotics offer opportunities to improve production systems and performance.

Preventing road risks

When commuting or traveling for business, employees are exposed to the risk of traffic accidents. The HSE Guidelines feature a road risk standard, showing that preventing road risks is an integral part of the Group's overall prevention approach. A road risk prevention charter covers all sites worldwide.

Health and safety objectives and indicators

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

| | 2019 | 2020 | 2021 |
|---|------|---------------------|--------------------|
| Percentage of sites classified as "Gold" ⁽¹⁾ | 50% | 60% | 33% ⁽¹⁾ |
| Reported accident frequency rate ⁽²⁾⁽³⁾ | 18.8 | 11.3 ⁽⁵⁾ | 9.6 ⁽⁵⁾ |
| Frequency rate of lost-time work accidents ⁽³⁾ | 3.2 | 2.0 ⁽⁵⁾ | 2.1 ⁽⁵⁾ |
| Severity rate of work-related accidents (SR) | 0.07 | 0.08 | 0.08 |
| Fatal work-related accidents | 3 | 0 | 0 |
| Number of occupational illnesses (France) | 52 | 47 | 49 |
| Number of occupational illnesses (United States and Mexico) | 36 | 22 | 5 |
| Level of fire protection | 6.8 | 6.8 | 68 ⁽⁴⁾ |

(1) Percentage of sites classified as "Gold" (level of maturity required by Safran's HSE standards – see section 5.4.2.1, "Reference system, site certification and HSE network"). In 2021, the percentage of sites classified as "Gold" decreased with the inclusion of the former Zodiac Aerospace sites in the 2025 objective.

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

(3) Number of accidents per million hours worked.

(4) The scoring method changed from a scale out of ten to a scale out of 100 in 2021.

(5) Decline in 2020 attributable to a combination of factors. It was observed from the first two months of 2020 (before the Covid-19 crisis), with a 20% decline in accidents compared with 2019. It is the result of major ongoing efforts to prevent HSE risks across all Group companies.

The pandemic has had two notable effects:

– the first, which is qualitative and based on observations in the field, leads to the conclusion that employees have been more vigilant about health and safety since the crisis. Routines were disrupted and employees were prompted to pay greater attention to themselves and to others;

– the second, which is quantitative, is the result of the impact of teleworking, as the home work environment is less conducive to accidents.

The downward trend was confirmed in 2021.

● ENGAGE FOR THE FUTURE

2025 objectives:

- **#6** Frequency rate of lost-time work accidents equal to 2.
- **#12** 100% of facilities classified as "Gold" based on Safran's HSE standards.

5.4.2.2 Social dialogue

A culture of labor relations

Since its creation, Safran has made social dialogue a major focus of its corporate culture, contributing to the balance and regulation of labor relations within the Group. As a shared foundation for labor policy, collective agreements demonstrate the Group's commitment to its employees and contribute to the success of the entire organization and to economic performance.

The Group undertakes to guarantee the proper representation of all its employees, freedom of association and respect for trade union rights in accordance with international standards (notably the ILO conventions) and local laws, through:

- membership of the United Nations Global Compact since 2014, see section 5.1.3.1;
- application of a global framework agreement on corporate social responsibility, see section 5.1.3.3.

The quality of the social climate is the result of ongoing dialogue between management, employees and their representatives. All dialogue is carried out with unfailing respect for trade union rights as defined by the ILO, the United Nations Global Compact, the OECD guidelines and local laws in each country, and with an unbiased attitude towards the various trade union organizations. Social dialogue takes place at the global, European, country, Group, company and subsidiary levels. At the highest level, Safran's Board of Directors includes two employee representatives. Lastly, nearly 80% of employees have access to employee representation bodies in their company.

Support for transformation in the Group

In 2020 and 2021, social dialogue was intensified against the backdrop of the health and economic crisis stemming from the Covid-19 pandemic. It enabled the implementation of adaptation measures through agreements on the introduction of long-term furlough arrangements⁽¹⁾, the reduction of working hours and telework arrangements in France, Germany, Poland, the Czech Republic, Spain, Belgium, Tunisia and Morocco. Local and European unions were also informed and/or consulted on reorganization proposals (United Kingdom, France), on prospective disposals or acquisitions (Germany, Norway) and on new projects (HR information systems, etc.). As the economic recovery took hold, the collective agreements concluded in various countries provided foundations for rehiring employees the Group had been forced to lay off in 2020.

Social dialogue bodies are adapted to local practice. In Europe, social dialogue mainly revolves around the European Works Council (EWC) and the application of two agreements covering all European Union countries, plus Switzerland and the United Kingdom. The United Kingdom was kept within the scope of the agreements in 2021, even after Brexit.

- IndustriALL Europe⁽²⁾ and Safran signed a European framework agreement in June 2021 to preserve jobs through the development of skills and securing of career paths. Safran is committed to ensuring the employability of all employees by increasing access to training, defining an annual number of hours of training per employee, and facilitating mobility. The agreement makes it possible to support the transformation of jobs and skills, while respecting local cultures and realities. The agreement is a strong signal of the Group's determination to guarantee the development of skills and the securing of career paths in a more uncertain environment.
- In France, the Activity Transformation Agreement (ATA), covering the period from July 2020 to December 2021, has preserved jobs and skills through the following measures:
 - wage restraint, with sums set aside for a 1% increase and the postponement of mandatory annual pay negotiations until 2022;
 - the capping of optional employee profit-sharing for 2020 and 2021, the suspension of the Company top-up contribution to employee savings and invested retirement savings in 2021 and the suspension of supplementary retirement contributions for engineers and managerial-grade employees (*cadres*) in 2021;
 - age-related measures aimed at facilitating voluntary retirement for eligible employees;
 - stronger measures to foster internal and external mobility.
- Around 10,000 jobs have been safeguarded thanks to the Activity Transformation Agreement (ATA) and more than 1,000 other jobs have been maintained through the CORAC (French Civil Aviation Research Council) program, which received funding via the French aerospace support scheme.

As an extension of the agreement, furlough and long-term furlough arrangements continued into 2021 and represented 7% of the theoretical hours of employees in France. In September 2021, the Group's Executive Management and the trade unions signed an agreement on the post-Covid-19 working environment, with two objectives:

- preserve jobs to support Safran's industrial policy (no layoffs on economic grounds) and strengthen the workforce in France by 1,000 jobs per year in 2022 and 2023;
- regulate wage increases in 2022.

The agreement applies to all Group companies in France until December 31, 2023 and includes the following main measures:

- wage increases representing 2.80% of payroll, plus a specific budget of 0.20% for promotions, professional equality between men and women, starting salaries and young people under 32;
- additional profit-sharing paid in 2022;
- moderation of Company top-up contributions to employee savings plans and retirement savings;
- a cap on optional employee profit-sharing and a business resumption clause;
- extension into 2022 of measures targeting seniors and new, more comprehensive negotiations during 2022;
- 2,300 work-study trainees per year for the duration of the agreement;
- neutralization of the impact of long-term furlough arrangements in the calculation of the end-of-year bonus due for 2021 and 2022.

(1) Under the furlough system, employers can access government support to cover part of the wages of employees experiencing an unforeseeable drop in their activity. Used until September 30, 2020. The long-term furlough system is designed to support companies that continue to be affected by a sustained decline in their business during the recovery phase. It was introduced within Safran via the agreement updating the Activity Transformation Agreement (ATA), concluded for a fixed term from September 2020 to September 2022.

(2) IndustriALL European Trade Union is the European branch of the global federation of unions in the metal, chemical, energy, mining, textile and related industries.

In Belgium, a similar agreement has been concluded in one of the Group's two subsidiaries for the period from the end of January 2021 to the end of December 2022. It includes measures limiting wage costs, governing furlough arrangements, and facilitating internal mobility and secondments to research centers with links to the Wallonia region, as well as end-of-career measures and increased training. The company has undertaken not to lay off any employees on economic grounds during the term of the agreement.

Constructive social dialogue is also conducted within each subsidiary, in keeping with its economic and social realities.

Overview of company agreements and their scope:

| Agreements and themes | Scope |
|---|---|
| Framework agreement on working conditions and corporate social responsibility (see section 5.1.3.3); topics covered include: <ul style="list-style-type: none"> ■ Respect for trade union rights in accordance with international standards (notably the ILO conventions) and local laws ■ Protection of the environment | Worldwide |
| Local company agreements: <ul style="list-style-type: none"> ■ Comprehensive local multi-year collective bargaining agreements: very broad scope within the company ■ Agreements signed with employee representative bodies: specific subjects and variable durations (working hours, optional employee profit-sharing, work-from-home arrangements, working conditions, union rights, professional equality, etc.) | Nearly 80% of employees <ul style="list-style-type: none"> ■ United States, Canada, Mexico, Czech Republic, etc. ■ France, Belgium, Germany, Netherlands, United Kingdom, Switzerland, Morocco, Tunisia, Poland, Spain, Singapore, China |
| Collective bargaining agreements | <ul style="list-style-type: none"> ■ France (UIMM, Syntec, Rubber collective agreement) ■ Germany (Hesse state Tariff agreement) ■ Belgium (Joint Commissions 209, 111 and 315; 01) ■ Netherlands (Metaal Unie) ■ Brazil (SEAAC) ■ South Africa (National Textile Bargaining Council) |
| European collective agreements: <ul style="list-style-type: none"> ■ Development of skills and securing of career paths ■ Professional integration of young people | Europe |
| 16 agreements applicable in France, including: <ul style="list-style-type: none"> ■ employee savings; ■ pensions and personal risk insurance; ■ intergenerational relationships; ■ disability; ■ training and management of jobs and career paths; ■ prevention of stress at work; ■ development of social dialogue | The Group in France |

Agreements at each level of employee representation

Social dialogue takes place with representative bodies and trade unions at the country, company and local levels.

It also takes place at the transnational level through the European Works Council, which covers Europe (including the United Kingdom), and at the global level through the monitoring committee for the global CSR agreement, with IndustriALL Global Union representatives.

Social dialogue is reflected in agreements signed at global, European, country (for France) and local levels. The rollout of these agreements is monitored with employee representatives through a number of dedicated committees.

5.4.3 Encourage equal opportunities and promote diversity

5.4.3.1 An inclusive working environment

Safran, an international group proud of its employees, is committed to fighting all forms of discrimination and to promoting an inclusive corporate culture. 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. The Group is aligned with the principles of the United Nations Global Compact, whose sixth principle is

the elimination of discrimination in respect of employment. Safran's Ethical Guidelines stress that the Group does not tolerate any form of discrimination, notably based on gender, disability, family status, age, sexual orientation, religious beliefs, trade union activity or ethnic, social and cultural background, whether within the Group or in dealings with customers, suppliers, business partners and other external service providers. Employees are regularly 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. For instance, a Diversity and Inclusion Committee bringing together senior management and human resources has been created for companies located in Mexico.

Safran first signed the Diversity Charter in 2010. Since then, the Group has been committed to taking a proactive approach and applying the Charter's principles at all sites worldwide in all management, decision-making and HR processes. Safran renewed its commitment in 2021 when the Chief Executive Officer signed the Charter. To mark the occasion, Olivier Andriès said: "Scientific studies have demonstrated, and experience has taught us, that diversity in all its dimensions including opinions, experience or cultures, is a driver of innovation and success. This applies at all levels from small teams all the way up to the whole company. We all have the responsibility to welcome and respect differences between our Group's employees."

5.4.3.2 Professional equality between men and women

Gender equality in the workplace is essential for the Group, broadening visions to ensure that Safran is able to respond to the challenges in store. Safran is committed at every level of the company, from top management down, by applying a dynamic policy to promote professional equality, fairness and gender balance in all positions. Both internally and externally, Safran raises awareness of gender stereotypes and biases.

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;
- increase attractiveness among women (see section);
- increase the number of women leaders by promoting career development and skills development.

Safran's commitment is reflected at the highest level, with an individual objective for the Chief Executive Officer assessed on the increase in the number of women executives. In addition, the Chief Executive Officer has joined the Gender Balance Observatory established by the Institut du Capitalisme Responsable in France in 2021. Progress on professional equality is presented annually to the Board

of Directors and the Group's Executive Committee. The management committees of Safran SA and its tier-one entities also regularly discuss initiatives and their outcomes. The Group Human and Social Responsibility Department (HSRD) and the human resources departments of each Group company directly and cross-functionally supervise and coordinate the promotion of equality and gender balance at all levels.

Among initiatives to promote career and skills development for women in 2021, nearly 101 mentoring pairs between a senior executive mentor and a more junior female or male mentee were created worldwide, and nearly 50 women took part in specific talent boost training. Initiatives to promote awareness of unconscious biases are being run for managers and human resources staff. Safran has also elected to use female forms for job titles and recruitment offers. This new editorial practice is aimed at changing mentalities, fighting representations conveyed by habit and avoiding unconscious bias.

With the aim of increasing the number of female leaders, constant work is carried out to improve the identification of women with potential (30% of high-potential profiles in 2021) and increase the proportion of women in senior manager succession plans (27% in 2021). 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. 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, China and Singapore.

In 2021, women at Safran represented:

- 27.9% of headcount;
- 15.1% of senior managers;
- 11.1% of Group Executive Committee members;
- 42.86% of Board of Directors members (see section 6.2.4.2).

● ENGAGE FOR THE FUTURE

- 2025 objective: #8 22% of women among senior managers.

Gender Equality European & International Standards (GEEIS)

Safran's certification by the GEEIS label for the 2018-2021 period demonstrates the achievements of the Group's ongoing commitment to gender equality. All policies, processes, managerial practices and actions, as well as the corporate culture, are reviewed during audits carried out every two years. The certification has notably served to strengthen the management of the gender equality policy. The following entities received the label in 2021: Safran SA in respect of the Group policy, Safran Electrical & Power France, Germany and the United Kingdom, Safran Aircraft Engines France, Safran Transmission Systems France and Poland.

Gender equality index in France

Safran's objective is to ensure an equitable compensation policy for men and women worldwide. Owing to the Group's efforts, the French legal index relating to the pay gap between men and women places Safran among the top performers. The Group's overall score increased from 89/100 at March 1, 2020 and 2021 to 90/100 at March 1, 2022.

Promotion of gender diversity within its ecosystem

Thanks to its employees, Safran carries out initiatives outside the Company to combat stereotypes and encourage women to enter the technical scientific professions. With more than 350 *Elles Bougent* sponsors in its ranks, Safran promotes the place of women in the aerospace industry among schoolgirls, high school students and university students (see section 5.6.3.2). This internal network takes part in school forums and workshops, and organizes Safran site visits. The Safran ambassador network also takes part in school and university forums. Safran speaks at conferences, including those of the International Aviation Womens Association, the Council of European Aerospace Societies (the Women in Aerospace Conference), and the Selective and Functional Movement Assessment. Safran also participates in the Women in Aviation & Aerospace Charter in the United Kingdom, and sponsors chairs including Women and Science at Paris-Dauphine University. A range of initiatives to combat all types of discrimination are developed and offered to women in all Group companies. They include "Illuminate" in the United States, "Girl's Day" in Mexico and "Future en Tous Genres" (Future in all Genders) in Switzerland. Since 2019, Safran Helicopter Engines Brasil, through its declaration of support for a United Nations entity in Brazil – UN Mulheres – has been promoting gender equality increasing the place of girls and young women in the technical and scientific sectors.

5.4.3.3 Disability: inclusion and job retention

For more than ten years now, Safran has been running a proactive policy on the inclusion of employees with disabilities. The policy has four main focuses:

- job retention (job adaptation, training, etc.);
- recruitment;
- collaboration with the adapted sector, see responsible purchasing;
- improving inclusion on sites with the rollout of the "disabled-friendly organization" approach.

These four areas underpin the Disability Agreement, which applies to all of Safran's legal entities in France, including companies from the former Zodiac scope since 2021. Mission Handicap, which is part of the CSR department, is tasked with implementing this agreement and coordinating the network of 120 disability correspondents and liaison officers on the various sites. The correspondents play a pivotal role in supporting employees on a day-to-day basis and raising awareness among managers and within teams.

Their actions are varied, and include regular awareness-raising, participation in "disability" forums and the adaptation of workstations to allow any employee with a health issue to continue their professional activity. In addition, certain initiatives with a broader social focus, carried out directly by the sites or by the Safran foundations, promote the professional and social integration of people with disabilities, see section 5.6.3.1.

In France, the emphasis was on raising awareness of invisible disability and recognizing disability in 2021. Initiatives were aimed at creating conditions allowing any employee concerned to declare his or her disability, so that Safran can adapt their workstations and help keep them at work.

In France, nearly 200 employees volunteered to participate in Duodays, during which people with a disability work in tandem with another professional. We welcomed 99 people with disabilities during the Duoday event.

To promote recruitment, partnerships have been established with online recruitment platforms and job boards specializing in disability.

Safran pays special attention to sheltered workshops and disabled-staffed companies. The Group has mapped possible areas of collaboration with sheltered workshops for non-product related purchases, and is accordingly developing partnerships with disabled-staffed companies and organizations and services providing assistance through work. Purchasers must use these structures whenever possible. In accordance with the disability agreement, a Safran Purchasing correspondent participates in the commissions monitoring the agreement to discuss achievements and prospects in this area. In France, the useful revenue (total cost of labor) spent with sheltered workshops and disabled-staffed companies exceeded €8,47 million in 2021.

Safran is continuing to roll out the AFNOR "disabled-friendly organization" compliance program in order to reinforce the inclusion of disability in all of the company's processes. Twenty sites committed to the process in 2021, including five new sites newly declared "disabled-friendly" and six compliance renewals.

- The Group employed 2,028 disabled people in France in 2021.
- The employment rate of people with disabilities was 5,23% in 2020⁽¹⁾.

This indicator covers all disabled employees in France, regardless of the type of their employment contract. However, it only takes into account those employees wishing to declare their disability and have it recognized, as not all employees concerned wish to do so systematically. In view of the differences in legal frameworks between countries, Safran's data have not been consolidated worldwide.

5.4.3.4 Balance between generations

Social and professional integration of young people

Safran is committed to the social and professional integration of young people, offering them orientation, training or employment opportunities (see section 5.4.1.4). Safran also 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).

Seniors

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

Safran is implementing special end-of-career measures, such as telework arrangements, flexible working hours and part-time work. It is also putting in place support measures adapted to certain professional or personal situations. In 2020 and 2021, age-based measures aimed at facilitating voluntary early retirement for eligible employees were adopted under the Activity Transformation Agreement (ATA) (see section 5.4.2.2.2).

(1) Due to the new calendar introduced by URSSAF for the declaration relating to the obligation to employ people with disabilities, the 2021 rate will be disclosed in the 2022 Universal Registration Document.

5.4.3.5 Indicators – Diversity

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

| | 2019 | 2020 | 2021 |
|---|---------------------|-----------------------|-----------------------|
| INTEGRATION OF YOUNG PEOPLE ON TRAINING | | | |
| Number of interns – Europe | 2,728 | 1,652 | 2,037 |
| Number of work-study trainees – Europe | 3,493 | 3,224 | 3,512 |
| Number of student researchers – Europe | 260 | 254 | 232 |
| Number of young people on international corporate volunteer programs in Europe | 138 | 80 | 21 |
| DIVERSITY AND EQUAL OPPORTUNITIES | | | |
| % of women employees | 29.1% | 27.7% | 27.9% |
| % of women hires | 37.4% | 34.6% | 31.3% |
| % of women managerial-grade employees (Managers & Professionals) ⁽¹⁾ among total managerial-grade employees (Managers & Professionals) | 25.2% | 24.8% | 25.1% |
| % of women among senior managers ⁽²⁾ | 12% | 13% | 15% |
| % of women on the Group Executive Committee | 6% | 11% | 11% |
| % of women on the Company's Board of Directors (see section 6.2.4.2) | 38.5% | 42.86% ⁽³⁾ | 42.86% ⁽³⁾ |
| Number of disabled people (France agreement scope) | 1,929 | 2,155 | 2,028 |
| Internal and external employment rate of people with disabilities (France agreement scope, including all Safran entities) | N/A | 5.23% ⁽⁴⁾ | (*) |
| 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⁾ | N/A | N/A |

(1) 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 (see section 5.7.4).

(2) Senior executives: members of the Group's Executive Committee and employees are classified into four categories ("bands") based on their level of responsibility. Responsibilities increase from category 4 to category 1. This classification is linked to the Willis Towers Watson Global Grading System (GGS) method.

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

(4) Update of this rate following the July 2021 declaration relative to the obligation to employ disabled workers.

(5) Overall employment rate calculated in accordance with the methodology applicable before the enactment of Law No. 2018-771.

* Data cannot be calculated at the publication date of the 2021 Universal Registration Document due to the new calendar introduced by URSSAF for the declaration relating to the obligation to employ people with disabilities. As a result, the 2021 rate will be disclosed in the 2022 Universal Registration Document.

5.5 ETHICS, RESPONSIBLE PURCHASING AND THE ENVIRONMENT: EMBODY RESPONSIBLE INDUSTRY

ENGAGE FOR THE FUTURE



EMBODY RESPONSIBLE INDUSTRY

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



Uphold the highest standards of ethics



Strengthen responsible supply chain management
and support suppliers



Respect the environment and natural resources



To “Embody responsible industry”, Safran is committed to embracing exemplary ethics, providing safe equipment, engines and services, strengthening responsible supply chain practices, supporting its suppliers, and respecting the environment and natural resources.

5.5.1 Uphold the highest standards of ethics

5.5.1.1 Safety of products (equipment and engines) and services

Aviation safety has always been an absolute Group-wide priority for Safran. Aviation safety is the responsibility of all Group employees. As a leading global aerospace industry player, Safran places great importance on safety as the lives of passengers, crew and those on the ground under flight paths depend on it. Safran is as committed as ever to assuring its customers (airframers and airlines), passengers, crew and populations under flight paths that the products and services that it supplies are safe. This is an imperative that influences everything Safran does.

One of the main challenges for companies in the aviation, defense and space sectors is ensuring the safety of their end customers, specifically the people using the equipment, engines and services. For Safran, industrial responsibility also means making a commitment to supplying safe equipment, engines and services through its quality management system (see details of the Safety Management System in section 1.7 and the Enterprise Risk Management system in section 4.3.2.1). This commitment to prioritizing the safety of equipment, engines and services is expressed in the Group's aviation safety and quality policies, and underlies all of Safran's actions and decisions, thereby contributing to the satisfaction of direct customers. It is applied across the entire company. It falls within the scope of the Group Quality Department, which is overseen by the Executive VP, Production, Purchasing and Performance, who is a member of the Group's Executive Committee.

In a preventive and continuous improvement approach, aviation safety considerations are factored into the design phase of equipment, engines and services, and are adapted to all phases of the product life. The safety management system meets international regulatory and industry requirements, enabling the Group to continuously improve aviation safety through specific procedures and tools designed to collect security-related information, integrate feedback into internal processes and manage risks proactively and reactively.

The network of Safety Management System (SMS) liaison officers contributes to the adoption of an "aviation safety culture" through the use of shared tools among all Group companies. All Group companies organize awareness-raising and training sessions devoted to these issues. Aviation safety performance is measured and continuously improved.

Safran is an active participant in work carried out within the industry, notably through its roles in the AeroSpace and Defence Industries Association (ASD) and the International Aerospace Quality Group (IAQG). It also chairs the GIFAS Quality Commission.

5.5.1.2 Ethics whistleblowing policy, program and system

Safran's Chief Executive Officer has made an unequivocal and continuous commitment to ethics in the conduct of Safran's policies and operations: "To ensure that all our commitments are upheld, each and every one of us must play our part. Irrespective of our role in the Company, the entity to which we belong or the country where we work, we must all be irreproachable in the performance of our duties. No breach of ethics can be tolerated at Safran, or among any of our partners."

A policy built on the Ethical Guidelines

Safran's ethics policy comprises Ethical Guidelines⁽¹⁾, a code of conduct for the detection and prevention of acts of corruption, a charter for the prevention and management of conflicts of interest, an anti-fraud policy, responsible purchasing guidelines, a personal data protection policy and a policy on health, safety, and the environment.

Employees are all expected to read, understand and comply with the Ethical Guidelines and to ensure that others comply with them. Safran's Ethical Guidelines impose the following rules on everyone:

- adherence to the fundamental principles (Safran's core purpose, respect for laws and regulations, duty of care, respect for individual freedoms and human rights);
- adoption of appropriate business practices (fairness and integrity, zero tolerance for corruption, compliance with import and export regulations, fair competition);
- promotion of honest and stringent management of information (control of information);
- environmental protection (taking environmental challenges into account to ensure sustainability, combat global warming and protect the environment);
- provision of an attentive ear for stakeholders (shareholders, suppliers, customers, partners and civil society).

The Compliance, Ethics and Anti-Fraud Committee

The Compliance, Ethics and Anti-Fraud Committee is tasked with supervising employee respect for the general framework governing compliance with the rules laid out in the Ethical Guidelines and any changes in the system. It is chaired by the 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 Chief Financial Officer, the Senior EVP International and Public Affairs, the EVP Corporate Human and Social Responsibility, the Chief Legal Advisor, the Group Ethics and Compliance Officer, the Group Chief Security Officer, the Head of Audit and Internal Control and the Head of Group Internal Control. The Committee met three times in 2021.

Whistleblowing system

Employees who suspect that a practice or incident may be illegal or in violation of the Group's rules of business conduct, the anti-fraud policy or the Code of Conduct have the right to notify or request guidance from their managers, the Head of Internal Control, the Head of IT Security, the Security Officer, the 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.

The various channels for reporting fraud or unethical behavior include the secure and multilingual e-mail address, safran@alertethic.com, which can be used to file, anonymously or openly, any good faith report of a breach of the principles enshrined in the Group's Ethical Guidelines. It is available to employees, as well as to external or occasional employees, customers or suppliers. The system is managed by a specialist external and independent third party. It protects whistleblowers and preserves the confidentiality of data. It meets the legal requirements on the duty of care and the Sapin II law.

(1) Safran's Ethical Guidelines can be consulted on the safran-group.com website.

The issues that may be reported via the email address safran@alertethic.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 2021, Safran received 28 reports through this system (15 from external and 13 from internal whistleblowers):
- after their initial characterization, nine reports were qualified as beyond scope and closed;
 - 12 reports concerned HR matters (allegations of inappropriate behavior or non-compliance with Safran's rules and values): six of them resulted in action and the other six were closed without further action after analysis and investigation;
 - five reports concerned alleged fraudulent behavior: three resulted in action and two were closed without further action;
 - two reports concerned allegations of corruption: one was found to be unsubstantiated and the other was still under investigation at the end of December 2021. The in-depth investigations conducted on that case resulted in the finding that the process followed did not present any major irregularity and that there was no proof of any individual criminal behavior.

5.5.1.3 Business ethics and prevention of corruption risk

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. The Group believes that responsible business management helps preserve its reputation and contributes to the competitiveness and attractiveness of the organization. Safran sees corruption as a major risk, and addresses it by backing up its business ethics policy with appropriate governance and processes.

Policy of zero tolerance of corruption

Safran's corruption risk prevention and detection policy is based on a principle of "zero tolerance" towards any corrupt practice including influence peddling, facilitating payments⁽¹⁾, 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.

Commitment of the Executive Management and company CEOs

The Board of Directors, its Chairman, the Chief Executive Officer and all members of the Group Executive Committee have pledged, for themselves and on behalf of their employees, to be exemplary in their behavior. Maintaining business integrity and refusing all forms of corruption are non-negotiable, even if it means losing contracts and revenue. This is the only way for the Group to secure its sound, sustainable growth and retain the trust of its stakeholders. This commitment involves:

- the monitoring of corruption risk and the anti-corruption program by the Board of Directors' Audit and Risk Committee;
- a representation letter on integrity and the fight against corruption, signed each year by all of the chief executives of Safran SA and its tier-one entities, who make a commitment on behalf of their respective companies (12 representation letters signed). These executives ensure that the letter is also signed by their subsidiaries;
- a half-yearly presentation of anti-corruption issues to the Group Executive Committee;
- regular updates of the situation in the various entities with the Chief Executive Officers of each tier-one entity.

A robust corruption risk prevention and detection program

The program's aim is to instill a Group-wide culture of honesty, as laid out in Safran's Ethics Guidelines, and to see that every employee embraces exemplary conduct in this regard.

It integrates all the requirements of international conventions and national regulations applying to its activities, including the requirements of the law of December 9, 2016 on transparency, anti-corruption measures and modernization of economic life ("Sapin II"). It comprises a series of standard operating procedures applied by each subsidiary in accordance with local legislation applicable to its organization, products and markets. It is also proposed to the Group's minority-owned affiliates.

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

- **Leading by example, as reflected in the "Tone at the Top"**, with the commitment of Safran's senior management and various entities.
- **A dedicated organization** overseen by the Group Ethics & Compliance Department. Its director reports to the Corporate Secretary and Group Ethics, who in turn reports to the Chief Executive Officer. The Ethics & Compliance Department relies on a network of 25 Trade Compliance Officers (TCOs) within the entities, as well as 225 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.

(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.*

- **Corruption risk maps** produced and factored into the Group's consolidated risk map (see section 4.1.1 and section 4.3.3.2). They cover the specific corruption risks to which the Group and each of its components are exposed, especially the tier-one entities. They also reflect the level of maturity of contributors to the analysis, processing and in turn control of such risks.

As stated in section 4.1.1, all of the Group's central corporate departments and its various tier-one entities review their exposure to corruption risks at least once every six months. Corruption risk maps are updated accordingly and form the basis of risk consolidation work for the Group's consolidated risk map. The work of identifying, mapping and addressing corruption risks serves to determine areas for improvement, to identify specific resource requirements, to prepare training and prevention plans and to implement the controls needed to fight corruption.

Lastly, the back-testing imposed by the ERM (see section 4.1.1), the results of internal control campaigns and the internal and external audits conducted each year also contribute to these systems' continuous improvement.

- **A code of conduct for corruption prevention and detection** defines and illustrates the various types of behavior that are prohibited because they could be construed as corruption, based on the risks identified in the risk mapping. It is integrated into these entities' internal rules, applicable to all employees.
- **Appropriate procedures**, which 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** lays down strict rules for Group companies for the central and independent control and management of contractual relationships with commercial partners, whether parties to offset agreements or involved in acquisitions or disposals of businesses or the creation of joint ventures. It describes the tight controls governing the selection and approval of business partners, the assessment of their ethical performance, their monitoring and their compensation. All business partners of Group companies are systematically subject to internal and external due diligence and validation by the Ethics & Compliance Department. The procedure includes approving, managing and monitoring lobbyists, who must comply with Safran's responsible lobbying guidelines. In 2021, work was undertaken to digitalize the third-party assessment process;

- **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.

As concerns purchasing:

- an ethics clause is included in Safran's general purchasing conditions;
- the written opinion of the Company's 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;
- Safran's responsible purchasing guidelines⁽¹⁾ incorporate the terms of the IFBEC Supplier Model Code of Conduct for the aerospace and defense sector (see section 5.5.2.6).

- **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.

A communication campaign on integrity in business transactions with the slogan "Adopt the Compliance Attitude" continued apace in 2021, helping to raise employee awareness of how to respond appropriately in different situations at risk.

Training dedicated to the prevention of corruption risk is mandatory for all senior executives, all people in the Group exposed directly or indirectly to the risk of corruption, as well as for new hires among managerial-grade staff or those belonging to the target populations. Senior executives and exposed people must repeat the training each year. The training is provided either on a face-to-face basis by the Ethics & Compliance Department team or TCOs accredited internally as trainers, or in distance formats. Preventing and detecting corruption was a topic incorporated into several Safran University training programs aimed at staff involved in sales, marketing, purchasing, human resources, financial resources and programs. The management committees of Safran subsidiaries are also briefed each year. These courses are designed to give every employee concerned adequate knowledge of regulations applicable to his or her activities and a full understanding of Group procedures and how to apply them in performing his or her duties.

2021 key figures:

- 105 information memos distributed within the Group;
- 89% of senior executives and exposed and affected people trained in anti-corruption;
- 32 trade compliance reviews conducted on the Group's tier-one entities, their subsidiaries and investments;
- 4,716 people trained in anti-corruption programs.

● ENGAGE FOR THE FUTURE

- 2025 objectives: **#9** 100% of senior executives and exposed and affected people⁽²⁾ trained in anti-corruption.

(1) Available on www.safran-group.com.

(2) Exposed and affected employees in the Purchasing, Human Resources and Labor Relations, Legal, Finance, Audit and Internal Control, Ethics & Compliance, Risks and Insurance and Communications departments.

- **Control and monitoring of procedures:** in 2021, 32 trade compliance reviews were conducted by the Group Ethics & Compliance Department in the tier-one entities and their relevant subsidiaries and investments. 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.

In addition, the recommendations resulting from Safran's 2020 French Anti-Corruption Agency (AFA) audit resulted in the strengthening of the Group's corruption risk prevention and detection program. In response to the audit recommendations, Safran updated its risk identification guide to include certain key points of the Sapin II law in its reference framework. The half-yearly update of the identification, treatment and mapping of corruption risks has been improved accordingly. The benefits of this progress initiative have also flowed through to the other components of the Group's corruption prevention and detection program, such as the Code of Conduct, training, controls (level 1, 2 or 3) and accounting controls. Similarly, the third-party assessment system has been adapted with the introduction of a corruption risk assessment matrix applicable to all third parties from 2022. A digitized register of gifts, hospitality and sponsorship expenses has been made available to all employees, allowing them to self-declare any benefit offered or received, regardless of its value. These actions, which have the constant objective of ensuring proper business ethics within the Group, contribute to the continuous improvement of its social footprint.

- **An internal alert system** (see section 5.5.1.2).

"Anti-corruption" certification

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. Certification is scheduled to be renewed in 2022. This certification 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, the French Sapin II law, the tenth principle of the United Nations Global Compact, and ISO 37001.

Promotion of best practices

Safran is at the forefront of the fight against corruption, participating in and contributing to initiatives led by national and international professional bodies such as the French aerospace industry association (GIFAS), the French employers' federation (Medef), the International Chamber of Commerce (ICC), the International Forum on Business Ethical Conduct (IFBEC) and the European Business Ethics Network.

5.5.1.4 Complying with export control laws, and sanctions and embargoes

As stated in its core purpose, Safran "designs, builds and supports high-tech solutions to contribute to a safer world". Safran buys and sells "dual-use" components, equipment and technologies (i.e., those that can be used for both civil and military purposes) in more than 30 countries to protect the interests of France, its allies and the European Union. Safran accordingly complies with all applicable export control regulations aimed at combating the proliferation of conventional weapons, weapons of mass destruction and their means of delivery, and thereby preserving domestic and international security. The Group takes into account changes in the global geopolitical environment, which may result in export restrictions to countries, legal entities or individuals. Safran analyzes 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. Safran requires the same compliance from its suppliers through its responsible purchasing guidelines (see section 5.5.2.6).

As regards the Russo-Ukrainian conflict, Safran is complying with the sanctions decided against Russia by the US and European authorities in early 2022. The sanctions notably apply to aerospace activities and products. In compliance with these decisions, Safran has suspended all exports and services to Russia and halted its manufacturing joint ventures' operations in the country until further notice.

Safran also ensures compliance with applicable customs laws, and takes the most appropriate measures to guarantee the smooth running of its international operations.

Safran undertakes to:

- comply with all laws and international agreements signed in each of the countries where it operates, including but not limited to the Treaty on the Non-Proliferation of Nuclear Weapons, the Convention on Cluster Munitions, the Anti-Personnel Mine Ban Convention, the Wassenaar Arrangement, the EU Common Position on Arms Exports and the Arms Trade Treaty;
- apply for any governmental authorization that may be required to transfer and export defense-related products, and to comply with all conditions and caveats associated with such licenses.

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

To take into account the risks associated with export control activities (see section 4.3.1.1), Safran has established a system aimed at ensuring strict compliance with all export control regulations and laws in all Group companies worldwide. This system has been specifically adapted for Safran subsidiaries in the United States to comply with U.S. regulatory requirements, such as the International Traffic in Arms Regulations (ITAR), the Export Administration Regulations (EAR) and all restrictive measures imposed by the Office of Foreign Assets Control (OFAC).

The export control system is based on:

- **the identification of product export restrictions**, including transactions with countries and companies subject to sanctions or embargoes. Safran provides all of its employees with a tool to assess the compliance of operations and financial transactions involving countries, legal entities and individuals subject to sanctions or embargoes, and to obtain a better understanding of regulations. Prospective transactions are systematically subject to an analysis of export controls and the compliance of financial flows by the relevant Group company, and are then approved or rejected by the Group Export Control Department and the Group Finance Department;
- **management of export authorization and license applications;**
- **compliance with the terms and conditions of the licenses granted;**
- **identification and protection of controlled technologies;**
- **training, exchanges of good practices and awareness-raising** for the employees concerned: training and awareness-raising by the companies, the Group departments concerned and by Safran University (via a dedicated MOOC), distribution of information notes, dedicated intranet site with a directory of export control network correspondents;
- **three-yearly reviews** of the maturity of the control program of the companies and Group departments concerned by an external service provider, internal control points by the Audit and Internal Control Department, and one-off audits;
- **twice-yearly updating of the risk map;**
- **treatment of non-compliance with applicable regulations:** Safran ensures that its companies detect, assess and report any cases of non-compliance. The companies inform the relevant authorities of each identified case and take every precaution to prevent similar cases from recurring in the future;
- **application of the compliance standard by each company:** Safran SA and all tier-one entities are responsible for ensuring the implementation and effectiveness of the control program in their own subsidiaries.

The Group Export Control Department, which is overseen by the Senior Executive Vice President, International and Public Affairs, a member of the Group Executive Committee, relies on a global network of more than 400 experts and correspondents to guarantee the system's implementation. A Group Export Control Committee also meets at least twice a year. It includes the Head of the Group Export Control Department and the Export Control managers of the main Group companies and departments. It allows for an exchange of information on the progress made, difficulties encountered and risks identified, the implementation of joint improvement actions and the sharing of information on the latest regulatory developments.

2021 key export control figures:

- 0 penalties on disclosures closed by authorities in 2021;
- 3,989 senior managers and exposed or affected people trained in export control;
- 56 information memos issued to the employees concerned within the Group.

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.

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

In accordance with its Ethical Guidelines, Safran believes that its industrial and commercial business must be supported over the long term by a fair and sustainable corporate tax policy. In its tax policy, which is available on its website, Safran undertakes to:

- comply with all applicable laws, rules and regulations with regard to tax compliance and the fight against tax evasion in all of the countries where the Group operates;
- cooperate fully and openly with tax authorities and disclose all the information they need to perform their reviews.

The tax function, headed by the Group Chief Tax officer, works directly under the Chief Financial Officer, who is a member of the Group Executive Committee. A dedicated tax team deals with the Group's operations. Tax processes are reviewed annually through the global risk management process (see section 4.1).

The Group works proactively with tax authorities. Safran complies with the arm's length principle defined by the Organisation for Economic Co-operation and Development (OECD) with regard to transfer pricing, declares its reporting on a country-by-country basis in accordance with Action 13 of the Action Plan on Base Erosion and Profit shifting, and since 2021 has disclosed the breakdown of its taxes and duties by major geographic area.

5.5.1.6 Protecting personal data and privacy

The Group ensures that its business is conducted with respect for privacy and the protection of the personal data of its employees and contacts (customers, prospects, suppliers, partners, applicants, etc.). The compliance of Safran's personal data protection system is built on three pillars:

1. **A Group policy**, which provides a framework for the governance and organization of personal data protection.

Safran's personal data protection organization comprises a Group Data Protection Officer (DPO). DPOs in the tier-one entities, country correspondents and local correspondents for the Group's major sites. This network circulates procedures (rights of individuals, management and notification of personal data breaches, register of processing activities transferred outside the European Union), raises awareness among internal players and coordinates the compliance of activities and processes involving the processing of personal data.

In the event of change in the Group's personal data protection policy, the new version will be made available to the people concerned, on the website.

2. An internal standard comprising procedures aimed at implementing European and international regulations and their developments in personal data protection, including the binding corporate rules (BCR) governing the transfer of personal data between the Group's international subsidiaries.

3. Harmonized tools to ensure accountability⁽¹⁾ and the principles of privacy by design and by default.

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

- continued efforts to develop the knowledge of Group employees through e-learning and as-needed awareness-raising (IT, HR, etc.);

- reinforcement of the application of the principles of privacy by design and by default through the performance of compliance reviews and annual compliance audits by the DPO;
- access to the personal data protection policy and Safran's BCR controllers on the Group's website;
- signature of an annual representation letter by the Chief Executive Officers of the tier-one entities.

Safran also requires the same compliance from suppliers with which personal data are shared through its responsible purchasing guidelines (see section 5.5.2.6).

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

5.5.2.1 The Group responsible purchasing policy

Group purchases

Safran purchased goods and services worth €8 billion in 2021 (representing 52.7% of adjusted Group revenue) from over 15,500 suppliers, breaking down into two groups:

- production purchases including raw material purchases;
- non-product related purchases.

Responsible purchasing policy

In 2021, Safran decided to strengthen the responsible dimension of its purchasing policy. The Group's new responsible purchasing policy serves its objective of operational excellence and competitiveness. It is consistent with its industrial policy, its respect for the principles of corporate social responsibility and its environmental approach, and contributes to reducing the carbon footprint of the aerospace sector.

The aim of the responsible purchasing policy is to award business to suppliers that meet the standards, safety and competitiveness challenges and rules of the aerospace and defense markets, and which are prepared to work with Safran on a long-term basis in a fair and mutually beneficial relationship.

5.5.2.2 Purchasing governance and rollout

Safran's purchasing organization comprises three entities:

- **the Group Purchasing Performance Department (GPPD)**, which lays down the purchasing strategy, consolidates and manages the coordination and rollout of the purchasing policy and procedures, manages performance for the Group and participates in the governance of commitment #8 of the CSR strategy, namely strengthen responsible practices throughout the supply chain, and support our suppliers. It is also in charge of raw material purchases;

- **the Non-Production Purchasing Department**, which is Safran's operational department responsible for managing all non-product-related purchases for all Group subsidiaries;
- **the purchasing departments in each subsidiary**, which are in charge of bill of materials (BOM) procurement.

These departments ensure compliance in respect of the balance of the customer-supplier relationship, intellectual property, regulations and commitments made by the Group or their subsidiary to subcontractors and suppliers.

The responsible purchasing policy is implemented:

- in strict compliance with the principles of the Group's Ethical Guidelines and the best practices set out in its Responsible Purchasing and Supplier Relations Charter;
- in line with Safran's commitments to public authorities, professional organizations and other partners;
- through constant collaboration with and between Group companies, with the adoption by all Group buyers (and others) of "One Safran" practices in the "Purchasing" process, together with internal progress plans, a training program and a Procure to Pay (P2P) approach to ensure that suppliers and subcontractors are paid on time.

A new scoring scale featuring CSR criteria – signature of the responsible purchasing guidelines, employability rate of people with disabilities, maturity level of the supplier's CSR approach and percentage of the supplier's carbon footprint – will be rolled out in 2022 through a communication and training plan for buyers and service providers.

Conscious of the power of this alternative means of preventing and resolving disputes amicably, Safran has appointed an internal mediator to listen to suppliers and Safran subsidiaries.

(1) Accountability is the obligation for companies to implement internal mechanisms and procedures to demonstrate compliance with data protection rules.

5.5.2.3 Responsible purchasing

Safran has been a signatory of the **Responsible Purchasing and Supplier Relations Charter**⁽¹⁾ since 2010. Led by the business mediator and France's National Purchasing Council, 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.

Safran is a signatory to a bilateral agreement under the SME Action Plan, which aims to improve **access for SMEs to defense procurement contracts**, thereby consolidating the Defense Industrial and Technological Base (DITB) and preserving France's sovereignty. An annual review is conducted by the Ministry of the Armed Forces (and the French Directorate General of Weapons Procurement) with the various aerospace and defense manufacturers.

Safran has held the "Responsible Supplier Relationships Label" awarded by the French Business Mediation Service and the French National Procurement Council since 2014. Since 2020, it has also been certified under the new **"Responsible Supplier Relationships and Procurement Label"**, which recognizes companies that have demonstrated sustainable and balanced relationships with their suppliers. It is the first label awarded by the public authorities in this area, and is valid for three years. It is compatible with the ISO 20400:2017 Sustainable Procurement guidelines.

- Safran's responsible purchasing maturity level, with respect to ISO 20400: 2017 Sustainable Procurement, is assessed as "mature" (level 3 out of 4, the fourth level being the "leading" level).

Particular attention is given to the sheltered sector in order to develop partnerships with disabled-staffed companies and organizations and services providing assistance through work (see section 5.4.3.3).

5.5.2.4 Support for suppliers and the aerospace industry

Since 2020, Safran has been a signatory to the charter of commitment on relations between customers and suppliers within the French aerospace industry. The Group is accordingly reinforcing its responsible purchasing approach in the French supply chain and reaffirming its use of mediation.

Industry-specific relief fund

In 2020, Safran invested €58 million in the "Ace Aéro Partenaires" fund set up under the French aerospace industry support plan. In 2021, the Group continued Aerofund I, Aerofund II and Aerofund III investment initiatives underway 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.

Support to help suppliers deal with the crisis

To deal with the health crisis linked to the Covid-19 pandemic and its repercussions in the aerospace industry, Safran has set up a unit to monitor and support unit for its strategic suppliers. Its purpose is to:

- identify the suppliers most at risk, with a potential impact on the Group's businesses;
- establish a dialogue with those suppliers in order to understand the impact of the crisis on them and their ability to sustain their business;
- study with them the measures to be implemented within Safran, as well as central and local government aid and support schemes;
- direct them towards longer-term and structural solutions such as backing from other industry players and investment funds in cases where standard measures are insufficient.

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

Strengthening of ties with the sector

2021 key figures:

- 49.7% of Safran's purchasing volume was sourced from French-based suppliers;
- French SMEs and intermediate-sized enterprises represented 82% of this volume.

Safran is involved in a number of bodies and initiatives aimed at supporting the aerospace industry, which is made up of numerous small- and medium-sized businesses. The Group wishes to help their progress on identified challenges, such as innovation, digitalization and cybersecurity.

Since 2010, Safran has been a member of the *Pacte PME* association and sits on its Board, in a commitment to strengthening ties between SMEs and large accounts, to supporting the development of French SMEs, and particularly to helping innovative companies get off the ground and grow. Safran participates in *Destination ETI* and the *Pacte PME* 2021 barometer on the quality of supplier relationships. The enduring aim is not only to establish lasting and comprehensive partnerships between the SMEs supported and major ordering accounts, but also to bolster the growth and competitiveness of member SMEs through advice, workshops and feedback.

Safran is also developing a collaborative innovation approach with its suppliers.

Safran sits on the steering committee for two GIFAS programs aimed at improving the performance and competitiveness of the aerospace industry, including its own suppliers: "Industrial Performance 1 and 2" and "Industry of the Future". The aim of Industry of the Future is to usher in new 4.0 technologies and to support the sector's transformation. As such, it sponsors French suppliers.

Lastly, the Group is a founding member of Space, a body dedicated to improving the performance of French SMEs. Safran plays an active role by contributing its proven methodologies each year and assisting in the implementation of new tools for SMEs by hosting roundtables and theme-based webinars.

(1) New name for the Responsible Supplier Relations Charter in 2021.

5.5.2.5 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 that came into force in 2021.

Safran's responsible purchasing guidelines state that suppliers and subcontractors must comply with prevailing laws and regulations concerning the supply of such minerals. It requires them to establish a policy allowing them to be reasonably sure that minerals purchases do not serve to fund, directly or indirectly, armed groups whose activities are contrary to human rights. They must also, as may be required by law, exercise due diligence in choosing the source and ensuring the traceability of minerals, and in turn impose the same requirements on their suppliers. In particular, Safran identifies any relevant suppliers that may use such minerals, and vets their commitments and internal policies during a campaign conducted every three years. In 2021, a new campaign got underway with the circulation of the Conflict Mineral Reporting Template (CMRT) among the suppliers concerned by this issue.

5.5.2.6 Rollout of the duty of care and anti-corruption plan for suppliers and subcontractors

Safran's duty of care plan is designed to comply with France's Sapin II and duty of care laws⁽¹⁾. It includes measures designed to identify and prioritize risks and opportunities, and to prevent serious violations of human rights and fundamental freedoms, human health and safety, and the environment. It covers the Company's activities, as well as those of its subsidiaries, subcontractors and suppliers. The Group Executive Committee monitors its rollout and outcomes annually.

In 2021, Safran upgraded its internal supplier relationship management procedure with the publication of a guide for all supplier relationship stakeholders on the duty of care. The guide incorporates and tightens duty of care and anti-corruption rules.

The guide sets out the three risk categories: health, safety and environment (HSE), human rights and corruption. For each risk category, the purchasing families and by extension the suppliers concerned by the duty of care plan are identified.

Health, safety and environmental (HSE) risks

Safran has identified nine types of HSE risks (toxicology, aqueous discharges, gaseous discharges, fires, explosions, radiation, waste, accidents, regulations) and the activities concerned by those risks. It has also rated the criticality of the risk for each "activity/type of risk" pair, and each supplier in line with the activity with the highest risk coefficient.

Human rights risks

Safran cross-references the geographic location of its suppliers with a map drawn up by an independent external human rights risk analysis body.

Corruption risk

Suppliers at risk are identified based on their geographic location and the Transparency International map.

The responsible purchasing training indicator tracks the involvement of buyers in duty of care issues. In 2021, 49.8% of the Group's buyers were trained in responsible purchasing.

Safran's responsible purchasing guidelines

The purpose of Safran's responsible purchasing guidelines is to obtain suppliers' commitment and contribution in respect of the Group's requirements in terms of health, safety and the environment (HSE), human rights and corruption. They incorporate the terms of the IFBEC Supplier Model Code of Conduct. The nine key principles of the guidelines are:

- promotion and respect for human rights;
- development of human potential;
- maintenance of a culture of integrity within the Group;
- compliance with international import and export controls;
- accurate and reliable data archiving;
- protection of information;
- continuous efforts to achieve excellence in the security and protection of people and property;
- development of innovative products and processes with a lower environmental impact (CO₂, energy, chemicals, waste);
- involvement of suppliers and partners in the implementation of the CSR strategy.

In 2021, 32.4% of purchases were made from suppliers that have signed Safran's responsible purchasing guidelines or have an equivalent charter of their own. Suppliers may only be referenced if they sign Safran's responsible purchasing guidelines.

● ENGAGE FOR THE FUTURE

- 2025 CSR objective: #11 80% of purchases made from suppliers that have signed Safran's responsible purchasing guidelines⁽²⁾.

(1) French law no. 2016-1691 of December 9, 2016 on transparency, anti-corruption measures and modernization of the economy ("Sapin II"). French law no. 2017-399 of March 27, 2017 on the duty of care of parent companies and contracting companies is an extension of companies' corporate social responsibility (CSR) obligations.

(2) Or using equivalent responsible purchasing guidelines.

Regular self-assessment procedures and action plans

Subcontractor assessments are evaluated by the Group Purchasing Performance Department, with the help of the subsidiaries' purchasing departments. Safran asks suppliers targeted on a subject-by-subject basis to complete self-assessment questionnaires on either human rights and corruption, or health, safety and the environment. Action plans are then prepared based on the supplier's compliance and the level of risk control. For 2022, Safran has entered into a partnership with an external service provider to intensify the implementation and analysis of self-assessments.

System for tracking the measures taken and assessing their effectiveness

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 Safran's lead buyer;
- quarterly reviews with the Purchasing Departments to oversee the deployment plan, track action plans and make adjustments where necessary, potentially resulting in action to no longer use a given supplier or even in the termination of the business relationship;
- a decision by the Group Purchasing Committee, which may decide to terminate the relationship.

Ethics whistleblowing system

The ethics whistleblowing system consists of:

- regular reviews of the supplier base with regard to fraud or corruption;
- a reporting system open to Safran employees and Group suppliers via a secure and anonymous email address: safran@alertethic.com. The whistleblowing system is given to all suppliers in Safran's responsible purchasing guidelines and published on the website.

Alerts are classified and processed by the Group (see section 5.5.1.2).

Performance monitoring

Each Group Purchasing Committee is the focus of:

- a presentation devoted to indicators and the progress of the various actions: sending out of questionnaires, collection of and follow-up on responses, analysis of the responses and launch of action plans where necessary;
- submission of this report to the purchasing managers;
- review of the duty of care plan.

5.5.3 Respect the environment and natural resources

The transition to sustainable aviation is a priority for Safran. In its environmental dimension, that means developing business without undermining the capacity to renew natural resources or the proper functioning of ecosystems. With a determination to lead by example in its development and production methods and throughout its value chain, Safran pays particular attention to reducing the environmental impact of its operations and products.

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 chosen not to classify suppliers belonging to a group applying an HSE policy as "at risk". It has selected suppliers with a critical impact (rated 5) as defined in the purchasing risk map. Among them:

- 272 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 272 most critical suppliers:
 - 121 are in compliance with HSE expectations through self-declaration,
 - 54 are being monitored with action plans,
 - responses from other suppliers are being reviewed or pending receipt;
- 831 suppliers have a lower priority; of these, 138 are in compliance with HSE expectations and 44 have action plans. Responses from others are pending or being reviewed.

Suppliers affected by the protection of human rights

Eighty-eight 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 88 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. Fifty-five suppliers are monitored by Safran and are subject to specific action plans following analysis of HSE and human rights questionnaires deemed unsatisfactory.

To do so, Safran has chosen to focus on four areas of meaningful improvement for its businesses:

- chemical risk (limiting the use of dangerous substances);
- noise (limitation of noise pollution);
- non-renewable natural resources (reduction in the use of natural resources, product recycling, reduction and treatment of waste);
- energy consumption (see section 5.3).

5.5.3.1 The adoption of eco-design principles

Safran also promotes eco-design so that environmental impacts are reduced from the product design phase and throughout the life cycle, while limiting the risk of pollution transfer.

For Safran, eco-design is also a means of achieving the following objectives:

- proactively address changing regulatory requirements and customer/stakeholder expectations by anticipating the obsolescence of chemicals or processes;
- keep ahead of the applicable International Civil Aviation Organization (ICAO), European Union and French standards;
- stimulate technological innovation;
- foster synergies within the Group;
- stand out from the competition and strengthen the Group's brand image.

In 2021, Safran strengthened the performance of its organization by launching a Group-wide project aimed at defining governance and a trajectory for eco-design across all of its businesses and companies. The project is helping to improve the integration of eco-design into the Group's development processes.

The Group Eco-design project reinforces the eco-design standard. This environmental management standard is audited at the company level and is part of the HSE guidelines. It guides companies in their efforts to reduce the environmental footprint of their products and to build an eco-design organization. The first goal of the Group Eco-design project is to improve the synergy between the standard and the Group's development processes, in compliance with the requirements of ISO 14000.

Since 2020, the Materials and Processes Department, part of the Strategy, Technology and Innovation Department, has required eco-design requirements to be phased in for all new materials and processes as they mature. The teams are then guided through environmental assessments of the material or process developed, and assisted in using the findings to propose areas for improvement and associated solutions. This approach takes into account the degree of knowledge available at each stage of development; eco-design requirements are intended to be adapted and phased in.

5.5.3.2 Responsible management of chemical substances

Safran aims to limit the use of substances of concern on health and environmental grounds in all of its operational activities. The challenge is twofold: reduce the risks associated with the use of chemical products throughout the life cycle of equipment, and anticipate the risks of regulatory obsolescence, notably those associated with the REACH regulation, so as to guarantee the sustainability of the business. Employees, residents living near sites and consumers all have high expectations in this area, as do customers.

In response, Safran has rolled out a responsible management approach to chemical substances, based on three principles: anticipate, substitute and control. The Group accordingly conducts strategic monitoring of substances so as to identify those that pose the greatest risk as early as possible and to draw up an appropriate strategy. Any technical work needed to identify alternative solutions is coordinated at Group level, before being brought up to industrial scale within each company, in partnership with suppliers, subcontractors and customers. Residual risks that could not be eliminated through anticipation and substitution work are managed in accordance with the provisions of the Group's Health, Safety and Environment guidelines.

The responsible management of chemical substances involves a cross-functional approach calling on several Safran departments and various businesses. It brings together a network of focal points identified within each company, coordinated at the Group level. Substances Committee meetings are organized quarterly to ensure overall progress and set strategic guidelines. The committee brings together the Industrial, Purchasing and Performance, the Programs, Technical, Materials and Processes, the Product Environment and the Health, Safety and Environment departments.

Operationally, the substitution of processes using chromium VI compounds is a key challenge for the Group. The Substances Committee is monitoring the subject. Substitution work began several years ago, and technical solutions have been offered for most of the relevant processes. Significant resources are being mobilized to enable these alternatives to be rolled out on an industrial scale.

At the same time, Safran is actively involved in the work underway at the European level as part of the Chemicals Strategy for Sustainability, through French and European bodies representing the aerospace sector. The strategy is aimed at improving the protection of human health and the environment while encouraging innovation. Its rollout in the coming years will make further steps towards sustainable chemical solutions possible.

5.5.3.3 Reducing noise pollution

The increase in air traffic is making aircraft noise a growing concern for local residents, ground staff and passengers, as noise can undermine human health when exposure reaches a certain level. Airport resident associations are lobbying against noise, regularly prompting the ICAO to tighten noise standards worldwide. Furthermore, the European Union has set an ambitious goal of reducing perceived noise by 65% by 2050 compared with 2000. With Safran's participation, the Advisory Council for Aviation Research and Innovation in Europe (ACARE) is drawing up a European research and technology roadmap to achieve this goal. Safran is cooperating in research with aircraft manufacturers, helicopter manufacturers and the largest French and European laboratories, notably ONERA and the German Aerospace Center (DLR)⁽¹⁾. Moreover, some airports impose additional constraints depending on specific local characteristics (traffic, local population, etc.).

To meet and anticipate such standards, Safran is working with aircraft manufacturers to lessen the noise emissions of its engines and equipment. Between the most optimized versions of CFM56 engines certified in the early 2000s and the LEAP engine, an average improvement of 12 decibels over the ICAO standard has been achieved. Aircraft noise has been reduced by 80% on average over the last 50 years.

(1) Deutsches Zentrum für Luft- und Raumfahrt.

5.5.3.4 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.

5.5.3.5 Product recovery and recycling

Safran has partnered with two other leading players (Airbus and Suez) to create Tarmac Aerosave. Safran is to chair it from 2022. Tarmac Aerosave is the European leader in storage and the global leader in the dismantling and recycling of military and civil aircraft manufactured by Airbus, Boeing,

ATR, Bombardier and Embraer. Since 2007, it has dismantled and recycled 325 aircraft and 170 engines, with a recovery rate of over 92% of the aircraft's total weight. For example, 75% of Airbus A340s recycled worldwide have been recycled by Tarmac Aerosave.

In addition, aluminum shavings, which account for 90% of material loss during the machining of the LEAP OGV (Outlet Guide Vanes) at Safran Aircraft Engines in Querétaro, are currently being resold. Investments are planned with a view to reusing them for Safran's production. Safran Electronics & Defense has also developed a methodology to provide customers with the information they need on waste treatment channels for the proper handling of end-of-life products.

5.5.3.6 Waste 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 2021, 71.1% of waste was recovered.

● ENGAGE FOR THE FUTURE

- 2025 CSR objective: **#13** Increase the waste recovery ratio compared with 2019.

5.5.3.7 Water management

Water is used mainly for sanitary purposes. In addition, water from industrial processes that could represent a risk is discharged into continuously monitored treatment facilities or treated off-site by a service provider. The Group has commissioned independent experts to perform studies and analyses to assess any potential risk of soil and groundwater contamination at its industrial facilities. Preventive or remediation measures have been implemented wherever necessary.

5.5.3.8 Biodiversity

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.

For example, Safran Aero Boosters has been implementing a biodiversity plan at its Milmort and Liers sites in Belgium since 2020. The aim is to create ecological networks, or connections between ecosystems in an urbanized environment, so as to allow genetic exchanges between populations and in that way to foster biodiversity.

5.5.3.9 Control of industrial risks

Safran is committed to controlling the industrial risks associated with its activities and mitigating their impact on the environment, wherever they are carried out (see ERM methodology in section 4.1.1). Each site undertakes preventive measures to ensure the compliance of its facilities and to prevent and reduce pollution that could be generated by its activities.

The rollout of the HSE standard makes it possible to cover all industrial risks and to ensure compliance with requirements through audits.

Monthly meetings of the network of Health, Safety and Environment prevention officers are organized by region (America, Europe and Asia). They allow for the exchange of best practices and feedback on industrial risks, plus the identification of events with high biodiversity loss potential.

No industrial accidents with a significant impact on the environment were brought to the Group's attention in 2021.

The Group HSE Department participates in the due diligence process for asset disposals and acquisitions.

To strengthen the prevention of industrial risk, the Department created an Industrial Risk Coordinator position in early 2022.

Facilities subject to operating permits

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.

Fire prevention

Fire risk prevention improvement action plans are systematically implemented to protect sites and the people working on them. Expansion or renovation projects are subject to a fire review to integrate prevention and protection actions.

In addition, the HSE Department performs a regular six-monthly review with a fire prevention and protection firm, insurers and the Group Risk and Insurance Department. Meetings provide a forum for discussion on past and future developments.

An annual fire audit plan, drawn up in conjunction with the Risk and Insurance Department, ensures that recommendations are properly implemented. These audits make it possible to assess the level of protection against fire risk through a rating. The rating is based on several criteria such as the installation of sprinklers, documentary and operational management, and building condition and construction materials. The criteria are then weighted to give an overall score from 0 to 100, 100 being the best.

5.5.3.10 Environmental litigation and alerts

Safran was not the subject of any convictions, and did not have to pay any fines or sign any legal settlements in connection with a violation of environmental law in 2021.

5.5.3.11 Indicators – Water and waste

| Waste – Water | 2019 | 2020 | 2021 |
|---|-----------|---------------------|-----------|
| Total waste generated (in metric tons) | 95,243 | 57,558 | 58,256 |
| Total waste recovered and reused (in metric tons) | 65,006 | 40,396 | 41,403 |
| Waste recovery (%) | 68.3 | 70.2 ⁽¹⁾ | 71.1 |
| Water (cu.m.) | 4,582,612 | 2,521,900 | 2,599,461 |

(1) 2020 emissions figures, which included estimated data for fourth-quarter 2020, were revised in 2021 to reflect the actual data.

5.6 CORPORATE SOCIAL RESPONSIBILITY: AFFIRM OUR COMMITMENT TO CITIZENSHIP

ENGAGE FOR THE FUTURE



AFFIRM OUR COMMITMENT TO CITIZENSHIP

Get involved with our local communities and contribute to their development



Be at the forefront of innovation to protect citizens



Develop partnerships for training and research



Enhance professional and social integration



This 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 enhance professional and social integration, notably of young people.

5.6.1 Be at the forefront of innovation to protect citizens

5.6.1.1 Building a “safer world” through our defense business

Safran contributes to national sovereignty by providing state-of-the-art defense equipment. As defined in its core purpose, Safran “designs, builds and supports high-tech solutions to contribute sustainably to a safer world”. Protecting the sovereignty of the French State, its allies, the European Union and their citizens requires heightened vigilance and high-performance technological resources to deal with risks of attack or other threats in numerous forms, from asymmetric warfare to cybercrime. Against a backdrop of growing geopolitical instability worldwide, Safran offers high-tech products, services and solutions to equip armies and thereby to protect national and individual interests. It supplies the armed forces with equipment offering an excellent level of precision and efficiency in all environments: land, air, sea, space and cyber. In 2021, defense activities accounted for approximately 28% of revenue.

Safran contributes particularly to French independence and sovereignty since its defense equipment businesses are located in France and are part of the French Defense Industrial and Technological Base (DITB). Therefore, France does not rely on other nations to equip its soldiers in strategic segments. Safran's industrial footprint in defense is a guarantee of the long-term viability and security of resources and skills in France. The Group's defense activities are spread over some 20 French *départements* and represent several thousand high value-added jobs that cannot be offshored.

Safran invests heavily in research and technology to provide the armed forces with state-of-the-art equipment enabling them to deal with increasingly complex situations. Safran's responsibility is to supply the armed forces with reliable equipment that helps ensure a high level of protection and performance for military personnel and civilians. Safran's avionics, navigation, optronics and guidance systems provide soldiers with situational intelligence that reduces uncertainty during missions and contributes directly to the success of military operations and territorial defense (see section 1.2.2.5). Safran's ability to innovate provides a precise and accurate response to the needs of soldiers in the field. The industry's development also owes much to the dual use of its innovations: military innovations are regularly adapted for the civilian world, accelerating progress in fields such as energy, space launchers and inertial measurement units fitted on airliners.

5.6.1.2 Responsible behavior central to the Group's defense business

As a defense contractor, Safran scrupulously complies with international conventions (including the International Traffic in Arms Regulation, the Oslo Convention, the Ottawa Convention, the Wassenaar Arrangement, the EU Common Military List, the Treaty on the Non-Proliferation of Nuclear Weapons, the United Nations Arms Trade Treaty, the Convention on Cluster Munitions, the Anti-Personnel Mine

Ban Convention and the EU Common Position on Arms Exports), as well as with French arms legislation.

Safran complies strictly with export control laws and embargoes imposed by the governments in whose territories the Group is located, as well as the rules of international bodies. The Group applies for any governmental authorization that may be required to transfer and export defense-related products, and complies with all conditions and caveats associated with such licenses.

Safran's system for ensuring strict compliance with all arms export regulations, and its trade compliance program featuring procedures relating to business ethics and the prevention of corruption risk are described in sections 5.5.1.2, 5.5.1.3 and 5.5.1.4. Safran acts responsibly, and regularly trains its employees on these regulatory and business ethics issues. All prospective new transactions with entities, individuals and countries subject to sanctions are systematically analyzed and either approved or rejected by the Group's Export Control and Finance departments.

The existence of a high-performance, sovereign defense industrial and technological base is a fundamental aspect of defense policy in France, a nuclear power whose sovereign choice has been to make a nuclear deterrent a central pillar of its national defense. Safran participated in the establishment of France's nuclear deterrent and has resolutely and responsibly contributed to meeting the needs of the French deterrence policy, strictly defined within the general and sovereign framework of national consultations.

All of Safran's military launcher activities (including missiles for France's nuclear Strategic Ocean Force [M51]) were transferred to ArianeGroup, a 50-50 joint venture with Airbus, on June 30, 2016. Safran consolidates 50% of the net profit of ArianeGroup (which also includes civil launcher vehicle activities) in its recurring operating income, and receives dividends in proportion to its interest. Safran and ArianeGroup do not manufacture nuclear warheads for M51 missiles.

France's strictly defensive strategy is therefore aimed at deterring any potential enemy from seeking to harm the country's vital interests. It is consistent with the Non-Proliferation Treaty, to which France is a signatory, and adheres to a principle of “strict sufficiency”. It is based on a principle of permanence and has a delivery system structured around two components, air and submarine. Lastly, it ensures strict independence in this area, a principle of sovereignty.

French defense policy will always be reliant on the country's industrial base. France has decided to modernize its two air and submarine components, as the principle of permanence and credibility of deterrence requires the most modern technologies.

As such, to meet the priority needs of our customer governments, which act responsibly and comply with international treaties, Safran will continue to provide the best of its technology as a means of protecting sovereign choice in defense policy.

5.6.2 Develop partnerships on training and research

Safran contributes to the dynamics of a broader ecosystem around scientific knowledge and innovation. It participates in skills development through scientific and academic partnerships. By enabling students to work on thesis topics or internships in fields related to the Group's technological activities, Safran contributes to developing their knowledge and employability.

5.6.2.1 Partnerships for scientific research

Safran contributes to the development of scientific knowledge and innovation through its scientific partnerships. As a major contracting company, Safran provides its ecosystem (manufacturers, SMEs, startups, laboratories, etc.) with the necessary visibility on the sector's challenges and outlook. This knowledge sharing in turn supports the roadmaps of other players in the aerospace, defense and space industry, and vice versa.

Safran maintains over 300 scientific, technological and industrial research partnerships with external public and private stakeholders (see section 1.4.2). Thirty of these partnerships are seen as strategic because they carry high research and technology stakes for the Group. They are governed by framework agreements with ONERA, CNRS, École des Mines, CEA Tech and École Polytechnique de Montréal (Canada). Safran is closely involved in 15 industrial and scientific sponsorship chairs, in competitiveness clusters (ASTech, Aerospace Valley, etc.) and in the creation of three technological research institutes as part of France's PIA Investments for the Future Program. Long-term partnerships 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 (see section 1.4.2).

● ENGAGE FOR THE FUTURE

- 2025 CSR objectives: #14 Increase the number of new PhD students in the Group compared with 2019 (63).

Safran also supports research through training by welcoming some 200 PhD students, by working in partnership with schools and university research centers, and through industrial chairs supported by France's national research agency. Safran was the leading employer of PhD students through industrial training-through-research agreements (CIFRE) in France between 2018 and 2021. A large number of Safran employees are involved in higher education institutions each year, teaching classes or participating in educational program guidance bodies, including 260 "ambassador" employees (see section 5.4.1.3). This engagement in broader society helps to bring young people into the workforce in high-tech professions, and teaching work serves to federate the academic community around concerted scientific objectives, complementing bilateral mechanisms and chairs.

2021 key figures:

- around 200 PhD students hosted by Safran teams, including 47 new PhD students⁽¹⁾;
- 300 scientific research partnerships, 30 of which are strategic;
- 260 employee "ambassadors" working with schools and universities (see section 5.4.1.3).

5.6.2.2 Training partnerships

Safran plays a role in society by developing the knowledge and skills of the many young people who complete part of their training (through internships, work-study programs or PhDs) with the Group each year.

Safran welcomes students through partnerships with a number of schools. National partnerships with leading higher education institutions (*grandes écoles*) and universities are described in the section on recruitment and the employer brand (see section 5.4.1.3). More than 5,800 young people completed internships, work-study programs or international corporate volunteer programs on sites in Europe in 2021. Other partnerships include:

- In Mexico, Safran Aircraft Engines and Safran Landing Systems are involved in the Mexprotec bilateral university cooperation program, which enables Mexican senior technicians to earn a professional degree in a French institute of technology. The Group is partnered with several universities, including the National Autonomous University of Mexico (UNAM), the Aeronautical University in Querétaro (UNAQ) and the Technological University of Querétaro (UTEQ). It has collaborated with the Lycée Franco-Mexicain in Mexico City to set up a work-study program delivering a professional degree from the University of Créteil in France. Safran is also a founding member of the *AeroClúster de Querétaro* association.
- In Brazil, Safran Helicopter Engines promotes excellence and mobility among young students, especially in the field of science and technology. Since 2018, Safran has had a partnership agreement with the University of Brasília (UnB) to foster collaboration in research and knowledge transfer.

5.6.2.3 Professional training centers created by Safran worldwide

The global CSR framework agreement signed in 2017 stipulates that "in each country where it operates, Safran favors local human resources to fill available jobs and whenever possible, develops local integration".

This commitment is demonstrated in the provision of vocational training for aerospace jobs to facilitate skills transmission, as well as in Safran's support for research to encourage innovation at the Group's various locations.

(1) Students preparing a thesis and embarking on their first year of research at Safran.

For example:

- Safran operates in India through six companies located in New Delhi, Bangalore and Hyderabad, with more than 600 employees, a joint venture and a CFM Training Center, which allows employees and those of local airlines to upgrade their skills. The joint venture between Safran Helicopter Engines and Indian company, HAL, provides support to national and international operators using helicopter engines, primarily the Indian air force, navy and army.
- In China, the CFM International training center has trained more than 10,000 trainees. It is CFM's third-largest training center worldwide.
- In Morocco, Safran helped forge the partnership between the Moroccan government, the Moroccan Aeronautical and Space Industries Group (GIMAS) and France's Mining and Metals Industry Confederation (UIMM). It also supported the creation of the IMA aerospace vocational training institute and is partnering with Moroccan authorities to develop the country's research capabilities by creating doctoral programs in aerospace disciplines. Partnerships are also in place with *École Centrale Casablanca* and Mohammed VI Polytechnic University;
- In France, Safran has been working since 2016 with the MetaFensch research and development platform and several metallurgy groups, including Eramet and Vallourec, with the aim of developing the French titanium sector of the future.

CampusFab training – preparing for the Factory of the Future

Since 2019, Safran partner CampusFab has been providing training for aerospace and space technicians and engineers in the jobs that will be part of the industry of the future. The campus, located in France, is run by a consortium of industrial and employment stakeholders and training organizations. It is also supported by public institutions and by the French government as part of its Investments for the Future (PIA) program. CampusFab provides Safran employees with continuous training to prepare them for the challenges of tomorrow's digital factory, and to give them the knowledge needed to pilot industrial systems and manage data. Training modules are also offered to people on combined work-study programs. From their initial training, they will be ready for Industry 4.0 developments, Safran is also promoting the platform among engineering schools, with the aim of providing future graduates with a tool geared toward the Factory of the Future.

CampusFab is equipped with the technologies, industrial equipment and software solutions underpinning Industry 4.0. Digital technology is omnipresent in this modular 2,000 sq.m. space, with collaborative robots, connected objects, virtual or augmented reality, and additive manufacturing. Everything is designed and organized to monitor data continuity, from product design to completion.

CampusFab is an essential component of support for the digital transformation of the Group's operations. Working alongside industry experts, Safran University develops training programs geared towards the Factory of the Future. These programs meet the skills development needs of the Group's employees by offering certificates such as the CQPM joint qualification in metallurgy certificate and the autonomous production unit technician certificate, as well as programming modules and other training courses such as product design on the digital platform.

5.6.3 Enhance professional and social integration

Safran is committed to the host communities in which it operates, and supports a wide range of initiatives, especially those involving non-profits, to help people who are out of work or who have difficulty integrating into society. Safran strives to take local communities into account and help create a fairer and more sustainable world. These community-focused actions are carried out through the two Safran Foundations, one for corporate initiatives and the other for skills sponsorship, as well as by means of local initiatives by sites and employees.

5.6.3.1 Safran foundations

The Safran Corporate Foundation for Integration

The Safran Corporate Foundation for Integration provides support for young people with disabilities and disadvantaged or marginalized young people. It supports professional integration projects, particularly in a mainstream environment, as well as social integration projects. Housing, culture and sport are its key areas of action. The Foundation firmly believes that integration is sustainable when young people are helped to overcome their social and professional obstacles.

The health crisis triggered by the Covid-19 pandemic has had a direct impact on non-profits. As a result, the Foundation has had to adapt its activities, extending its assistance to its partners' recurring operating budgets. Forty-four non-profits were assisted out of 158 applications received, bringing the number of partners supported since 2005 to 217. A total of nearly €695,000 was distributed in 2021. 31% of the projects supported were proposed by Group employees

throughout France. A partnership with non-profit Life Project 4 Youth in Chennai (India) was also extended to support sustainable professional and social integration for marginalized young adults.

The Foundation also continued its long-term projects in 2021:

- the first patent was issued for an electric urban mobility kit that can adapt any type of wheelchair to any type of commercially available electric scooter, which the Foundation co-owns with OMNI;
- the commitment to the AlphaOmega foundation, initiated in 2017 with a total endowment of €1 million, continues. Leveraging the innovative notion of venture philanthropy, the AlphaOmega Foundation supports the scaling up of eight non-profits selected for their ability to achieve high-impact results in the field of education, from elementary to university level.

The Safran Corporate Foundation for Music

Safran also supports young people in the world of the arts. The Safran Corporate Foundation for Music supports talented young musicians as they start their professional journeys to become leading lights in the classical music world of tomorrow. Its methods of direct support for these talented young musicians include: scholarships to study or prepare for international competitions, support for first recordings to be used as an audio showreel, and an annual competition for post-graduate students dedicated to a different instrument each year. Many generations of virtuosos have also benefited from partnerships (often long-term) forged with venues that have a genuine commitment to promoting young talent.

In 2021, the Foundation received 131 applications and provided support to 17 young people, bringing the number of artists supported since 2004 to 166. Seven venues were also supported in 2021. Lastly, Seong Young Yun, a young oboist

and CNSMDP post-graduate student, won the 2021 Safran Foundation Prize. A total of €113,000 was devoted to these various artistic projects in 2021.

5.6.3.2 Strong employee and site involvement through numerous aid and sponsorship initiatives

● ENGAGE FOR THE FUTURE

- 2025 objective: #15 100% of facilities to run at least one social or professional integration initiative per year.

This indicator, created in 2021, has tracked around 250 community initiatives set up by sites and employees. In total, 45.3% of sites with more than 100 employees (a total of 150 sites) completed one or more initiatives in favor of social or professional integration in 2021 (139 initiatives of this type identified). Initiatives in favor of professional or social integration include material, human and financial assistance initiated directly by Safran or through non-profits, with the aim of supporting people who are out of work or having difficulty integrating into society through the Group's eco-system.

For example, employees of Safran Helicopter Engines in Bordes (France) participated in CAP Parrainage to support job seekers in 2021. At Safran Nacelles, the non-profit Force Femmes provided support for unemployed women over 45. Fifty employees of Safran Cabin in Seattle (USA) renovated a home through Rebuilding Together Seattle, another non-profit. Several sites in the United Kingdom took part in and sponsored the 2021 Royal Aeronautical Careers Fair. In several countries, meal baskets were distributed to communities in need. Financial and material donations as well as volunteer efforts helped many non-profits, especially those working with people with disabilities and chronic illnesses. In addition, more than ten employees have volunteered to carry out assignments during their working hours for projects spearheaded by non-profits (Association des Paralysés de France, UNICEF, Veloce Club, etc.) since the skills sponsorship scheme began in France in 2020.

And since the onset of the health crisis triggered by the Covid-19 pandemic in 2020, employees have undertaken countless initiatives in all of Safran's host countries. Various items of medical equipment were designed and manufactured to assist in the fight against the pandemic, including masks specifically intended for intensive care patients or carers, aerosol boxes, mechanical ventilators and respirators in Mexico, and oxygen concentrators purchased for a hospital in Hyderabad (India). This assistance helped to meet an urgent need for equipment in hospitals, laboratories and other medical institutions. Various donations of equipment and funds were also made. Employee involvement was considerable.

The list of non-profits receiving long-term support from Safran and in which employees are involved include:

Article 1, equal opportunity through mentoring

In France, Safran is a partner of *Article 1*, a non-profit working to build a society where academic choices and success and professional integration are not dependent on social, economic and cultural origins, and where success grows from social bonds and civic engagement. Safran works for the social inclusion and professional integration of young people

in difficulty or from disadvantaged neighborhoods. The Group has been contributing to *Article 1* as a sponsor since 2008. Group employees have also been working as mentors, supporting young people during their studies and as they enter the workforce. In 2021, as part of the French government's *1Jeune1Solution* program to support young people entering the workforce, *Article 1* launched a shorter-term mentoring program. Over 70 Safran employees are taking part in one of these two mentoring programs.

CGénial, linking 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, more than 200 Safran employees help to bring the worlds of business and education closer together, raising awareness among middle and high school students.

In addition, as part of the "Professors in business" program, Safran companies welcome a number of teachers and managers from the French national education system to their sites in France every year. 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.

Elles Bougent, encouraging women to take up careers in engineering

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 approximately 350 *Elles Bougent* sponsors promoting the place of women in the aerospace industry among girls in middle or high school, or at university. Through a wide range of initiatives, including forums, workshops and Safran site visits, this network of mentors and sponsors shows young women that technical professions are not just for men.

Give and Grow, supporting education (a non-profit created by Safran)

Founded by Safran Cabin in the United States in 2007, Give and Grow is a non-profit organization that supports education by renovating schools, mentoring children and providing scholarships to support the education of disadvantaged young people. Over 300 employees are members of Give and Grow, and volunteer their time to support its work. The 2021 budget of USD 90,000 was funded by Safran Cabin's contribution, employee donations and fundraising events.

Safran, supporting development in its 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 reduce traffic and greenhouse gas

emissions 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 bring public and private stakeholders together, building a shared vision of urban mobility in the targeted zone to encourage a modal shift from cars for commuting. It revolves around four goals: facilitate carpooling solutions, increase the use of public transportation, promote the use of bicycles and micro-mobility, and limit journeys.

5.7 METHODOLOGICAL NOTE AND REPORT OF THE INDEPENDENT THIRD PARTY (ITP)

5.7.1 Methodology note on labor, HSE and climate indicators

The labor, HSE and climate indicators in this chapter have been defined by experts from the Group's support functions and businesses. These indicators take into account legal obligations and are adapted to changes in the Group and its operations.

The reporting period is the calendar year from January 1 to December 31, 2021.

Safran has elected to have one of its Statutory Auditors, EY & Associés, review the entire non-financial information statement (NFIS), in accordance with prevailing legislation. The nature and scope of the work of the Statutory Auditor, and their conclusions, are presented in the report of the independent third party in section 5.7.5.

5.7.2 Reporting scope

The scope of the NFIS indicator reporting covers the following entities:

- the parent company Safran SA;
- its 11 tier-one entities (see sections 1.1.2 and 1.1.3);
- the subsidiaries of its companies that are more than 50% controlled directly or indirectly.

The geographic scope of all the indicators is worldwide, except for the indicators relating to disability (France) and work-study programs and internships (Europe).

Data from any acquired or newly consolidated entities (more than 50% interest only) are included in the scope of reporting at the date on which control is acquired. Data from any sold, liquidated or deconsolidated entities (50% interest or less) are excluded from the scope of reporting at the date of disposal, liquidation or loss of control. Introducing reporting systems in start-ups and acquisitions takes time, as the necessary tools must be installed.

In addition, the scope of the reporting process for each indicator varies slightly:

- HSE and climate reporting also includes joint ventures under Safran's operational management: SAVI, Matis Aerospace, HAL, SAE Services Morocco, Ceramic Coating Center, SAC, Famat, Saifei, Xiesa, Smartec, Airfoils Advanced Solutions, SSAMC and Aero Gearbox International;
- environment and climate reporting covers all facilities with more than 50 employees;
- health and safety reporting covers all facilities with more than 100 employees.

Facilities with fewer than 100 employees and high-risk manufacturing operations are encouraged to report health and safety information. Facilities with fewer than 100 employees and no significant risks can contribute to health and safety reporting if they wish.

5.7.3 Data collection

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

Labor indicators

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

Labor data for the scope excluding France are collected in each of the subsidiaries directly controlled by Safran (tier-one entities), which in turn are responsible for collecting labor data

from their respective subsidiaries. Labor data are collected from Group data. On the France scope, an additional BIHR reporting tool receives input at the end of each month from the ZEPHIR information system (replaced in the fourth quarter by a new tool called SELIA) and the payroll systems.

After checking for consistency, the Group Human and Social Responsibility Department consolidates labor data.

HSE and climate indicators

Safety indicators are reported on a monthly basis, while health and environmental indicators are reported on a quarterly or annual basis.

At every facility, data are entered by appointed representatives into a dedicated Group collection tool. They are consolidated by the Group Health, Safety and Environment and Climate Departments.

5.7.4 Details on certain indicators

The definitions of the labor indicators are presented in a reference document that may be consulted by contributors. The definitions of the key indicators are presented below.

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

Reference headcount

Headcount is stated as of December 31, 2021. 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. Headcount is calculated in terms of physical persons.

The data on the employee age pyramid cover nearly all the headcount (99.8%), as some subsidiaries qualify the information as confidential and/or discriminatory.

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

New hires concern the recruitment of employees on fixed-term or permanent contracts, including employees from outside the Company hired following specific contracts. Employees who join the Group further to acquisitions are not included in the indicator.

Permanent departures

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

- retirements;
- resignations;
- dismissal;
- end of contract;
- 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 trial period at the employer's initiative, redundancy).

Permanent departure replacement index

The replacement index for permanent departures is the ratio of external new hires to permanent departures.

Turnover

Turnover is calculated as total voluntary departures (resignations plus other voluntary departures) divided by the average headcount (four quarters) over the period (2021).

Job mobility

This indicator takes into account mobility and transfers:

- mobility is a movement corresponding to a change of legal entity within the Group;
- transfer is a movement corresponding to a change of site within the same Safran legal entity.

Absenteeism

Absenteeism corresponds to the total number of paid or unpaid hours lost (illness, occupational accidents or work-related travel accidents, strikes and unjustified absences) divided by the theoretical number of hours worked. The rate is based on the reference headcount, excluding employees on long-term absence and expatriates/seconded workers.

Long-term absence is defined as:

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

Employment rate of people with disabilities

In France, since 2020 Safran has applied the methodology for calculating the employment rate of people with disabilities as required under French law no. 2018-771 on the freedom to choose one's professional future.

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 2021 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 one million.

Hours worked correspond to theoretical hours, calculated based on a three-year average of actual hours worked. This average is calculated by country.

The occupational accident severity rate corresponds to the total number of working days lost to occupational accidents, divided by the number of hours worked, multiplied by 1,000.

CO₂ emissions

Emissions are classified as Scopes 1, 2 and 3 using the regulatory methodology for greenhouse gas emissions accounting.

Calculating CO₂ emissions

Safran measures the carbon footprint of its activities and energy consumption on Scopes 1 and 2, in line with the general framework proposed by the GHG Protocol. The figures take into account the increase in business, which has a significant impact on electricity and gas consumption. Carbon accounting, common to all Group companies, is based on international standards, namely the GHG Protocol, the International Energy Agency (IEA), ISO 14064-1-2016 and Ademe. More than 150 indicators are used to establish the Group's carbon footprint. Data from more than 200 sites with at least 50 employees are consolidated for the purpose of the reporting.

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 refrigerant leaks.

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

The emission factor for electricity only takes combustion into account.

Scope 2 location-based emissions (corresponding to CO₂ emissions calculated based on "country" emission factors issued by Ademe for 2018 to 2020 and the IEA for 2021) do not take into account the purchase of renewable electricity with guarantees of origin. Scope 2 market-based emissions (calculated based on the emission factors for the energy suppliers under contract with Safran) include guarantees of origin.

Scope 3 (use of products sold): the GHG Protocol breaks these emissions down into two sub-categories:

- emissions directly linked to product use: for Safran, these are emissions resulting from the use of the engines produced by the Group. Non-propulsive energy consumed by the other equipment produced by Safran is negligible;
- emissions indirectly linked to product use: these are emissions allocated to equipment and cabin interiors that do not consume energy, such as seats or landing gear. The use of this equipment is associated with emissions from the aircraft on which it is fitted, but the equipment itself is not the direct source of these emissions.

Given the size of the portfolio of non-engine products sold, Safran has chosen to report all its emissions, both direct and indirect, linked to the use of its products, although the reporting of emissions indirectly linked to the use of products is not mandatory.

For this calculation, Safran used the following methodology, in accordance with the recommendations of the GHG Protocol and the principles discussed within the French Aeronautical and Space Industries Group (GIFAS):

- The assessment was confined to the civil aviation sector (commercial aircraft, helicopters, large business jets). Emissions related to Safran's products in the general aviation and military aviation sectors, as well as in other sectors (defense ships, armored vehicles, etc.) appear to be negligible due to their very low emission intensity or very limited business volume. The precise scope of reporting includes Safran's main joint ventures in the civil aviation sector, in particular CFM International (with Safran's 50% share of the corresponding engine emissions). Joint programs, in which Safran participates in the investments and shares in the profits, have also been taken into account to the extent of Safran's proportionate share. These contracts are called risk-and-revenue-sharing partnerships.

- The engines, systems and other equipment produced by Safran are intermediate goods, not finished products. They are not used independently of an aircraft. The emissions reported by Safran are therefore derived from the emissions of the aircraft on which the Safran products are fitted, using an allocation ratio. In view of its diversified product portfolio, and insofar as the Scope 3 emissions assessment concerns all such products, Safran has opted to adopt a physical allocation ratio, equal to the weight of its products over the weight of the aircraft. This cross-functional ratio makes the most sense for products, services and retrofits, since it highlights Safran's two direct technological levers, i.e., engine fuel efficiency and the reduction in mass of all products. This choice also avoids double counting within the same company. Lastly, it corresponds precisely to the recommendations given by the GHG Protocol, which cites it as an example⁽¹⁾. Safran has changed one calculation assumption compared with the reporting of engine emissions in the 2020 URD: the average weight of aircraft has been used as the reference weight for calculating the allocation ratio, rather than the operational empty weight used in 2021. This provides a closer reflection of the operational reality and better aligns future improvements on Safran's Scope 3 emissions with airlines' Scope 1 emissions, which could be achieved by making equipment lighter. This assumption is also the one currently recommended by GIFAS following exchanges within the aerospace sector to identify common methodologies.
- Depending on the diversity of products, engine families have been defined to simplify the calculation, corresponding to the most popular types sold by Safran and therefore the most representative.
- The calculation also requires numerous assumptions to be made, particularly with regard to aircraft use scenarios (annual distance flown, load factor, etc.). Wherever possible, Safran has used external data (2019 average load factor provided by the International Air Travel Association (IATA), open-source fleet flight data). In 2021, Safran changed its assumptions in favor of an aircraft life of 22 years (as opposed to 25 years, as mentioned in the 2020 URD), in line with those used by its two main customers, namely Airbus and Boeing, in their disclosures. These assumptions may be updated in the coming years depending on developments in the aerospace industry, or if a sector-specific methodology is defined.
- At this stage, in the absence of regulations on a significant geographical scope such as the European Union or the United States, Safran has not assumed any growth in the use of sustainable aviation fuels, which currently account for a negligible share (less 0.1%). This point will be re-evaluated each year to take into account regulatory developments.

The intensity indicator reported by Safran is calculated as follows:

- in the numerator, Scope 3 emissions linked to the use of the Group's products, calculated according to the principles indicated above, and limited to the scope of commercial aviation (excluding helicopters and business jets, which represent less than 1%);
- in the denominator, the volume of passenger traffic generated over the lifetime of all commercial aircraft delivered in the year in question, on which Safran products are fitted. In practice, all aircraft delivered in recent years are fitted with at least one Safran product.

This indicator is therefore consistent with the one that an aircraft manufacturer would calculate for its aircraft delivered each year, but it is calculated for all aircraft delivered worldwide, taking into account the rule for allocating emissions attributed to Safran, based on the weight of the products fitted on each aircraft.

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

Scope 3 (business travel): emissions related to business travel within the Group's scope of consolidation are taken into account using the business travel and business expense management tools. The scope covers 94% of Safran employees in 2021. All modes of transportation (plane, train, private car, taxi) are taken into account, as well as accommodation. Emissions are then calculated for each kilometer traveled depending on the mode of transportation selected. Accommodation is also estimated for each night spent depending on the hotel chosen.

Scope 3 (employee commuting): emissions related to commuting to and from work were calculated taking into account the distance traveled to and from work for 93% of Group employees in 2021, with an estimate for the remainder. The distance is calculated town-to-town for a number of days corresponding to the number of statutory work days during the year. The calculation is performed by estimating the modes of transportation used, which are assigned a CO₂ emission factor per kilometer for each mode: private vehicle (100% thermal); public transport (bus, train, tram, metro), moped/motorbike. The emissions related to commuting represent an estimate and not an exact calculation due to the availability of data and the use of numerous assumptions. The level of uncertainty remains significant and will be gradually reduced over time.

Scope 3 (freight): the scope selected mainly covers internal and downstream freight. The calculation method used is that of monetary emission factors, which allow CO₂ emissions to be associated with the amounts committed according to the mode of transportation (road, air, rail).

Scope 3 (purchased goods and services): the emissions induced by Safran's purchases of goods and services have been estimated using monetary emission factors that associate CO₂ emissions with the value of purchases made for the different types of goods or services purchased. The scope is limited to Safran SA and tier-one entities and excludes energy purchases (gas, electricity, aviation fuel) and freight purchases. In addition, the estimate was made on the 80% of the purchasing cost elements provided by the Group's financial consolidation team.

Waste

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

Categories of waste are defined according to local legislation and classed as:

- recovered waste (material or energy);
- non-recovered waste (incineration without energy recovery or landfill).

Water

Reported water consumption corresponds to total water withdrawn and used for all sources, including the public water supply, surface water and groundwater.

Cooling water is not reported because it is not directly used in the industrial processes and is not physically or chemically treated before being released into the natural environment.

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

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 verification of the consolidated non-financial information statement

Year ended December 31, 2021

This is a free translation into English of the Statutory Auditor's report issued in French and is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In our capacity as independent third party ("third party"), certified by COFRAC (COFRAC Inspection Accreditation n°3-1681, whose scope is available at www.cofrac.fr) and member of the network of one of the Statutory Auditors of Safran (hereinafter "Entity"), we conducted work in order to issue a reasoned opinion expressing a limited assurance conclusion on the compliance of the consolidated non-financial information statement for the year ended December 31, 2021 (hereinafter the "Statement") with the provisions of Article R.225-105 of the French Commercial Code (*Code de commerce*) and on the fairness of the historical information (observed or extrapolated) provided in accordance with Article R.225-105 I, 3 and II of the French Commercial Code (hereinafter the "Information"), prepared in accordance with the Entity's procedures (hereinafter the "Guidelines"), presented in the management report pursuant to the provisions of Articles L.225-102-1, R.225-105 and R.225-105-1 of the French Commercial Code.

It is also our responsibility to provide, at the request of the Entity and outside the scope of our certification, a reasonable assurance conclusion as to whether the information selected by the Entity and identified by an asterisk * in Appendix 1 (hereinafter the "Selected Information") was prepared fairly in accordance with the Guidelines.

Reasoned opinion on the compliance and fair presentation of the Statement

Based on the procedures performed, as described in the section "Nature and scope of our work" and the evidence that we have obtained, nothing has come to our attention that causes us to believe that the consolidated non-financial information statement is not compliant with the applicable regulatory provisions and that the Information, taken as a whole, is not presented fairly and in accordance with the Guidelines.

Reasonable assurance conclusion on the Selected Information

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

Preparation of the non-financial information statement

The absence of a generally accepted and commonly used framework or established practices on which to evaluate and measure the Information permits the use of different, but acceptable, measurement techniques that may affect comparability between entities and over time.

Consequently, the Information must be read and understood with reference to the Guidelines, significant elements of which are presented in the Statement or available upon request from the Entity's head office.

Inherent limitations in the preparation of the Information

As indicated in the Statement, the Information may be subject to inherent uncertainty because of incomplete scientific and economic knowledge and the quality of the external data used. Certain information is sensitive to the methodological choices, assumptions and/or estimates used to prepare the Information presented in the Statement.

Responsibility of the Entity

The Board of Directors is responsible for:

- selecting or establishing suitable criteria for the preparation of the Information;
- preparing the Statement in accordance with legal and regulatory provisions, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented in light of those risks and the outcome of those policies, including key performance indicators, and, if applicable, the information required by Article 8 of Regulation (EU) 2020/852 (green taxonomy);
- implementing such internal control as it deems necessary to enable the preparation of Information that is free from material misstatement, whether due to fraud or error.

The Statement has been prepared in accordance with the Entity's Guidelines as mentioned above.

Responsibility of the independent third party

On the basis of our work, our responsibility is to provide a reasoned opinion expressing a limited assurance conclusion on:

- the compliance of the Statement with the provisions of Article R.225-105 of the French Commercial Code;
- the fairness of the historical information (observed or extrapolated) provided in accordance with Article R.225-105 I, 3 and II of the French Commercial Code, i.e., the outcomes of the policies, including key performance indicators, and the measures implemented in light of the principal risks.

As we are responsible for forming an independent conclusion on the Information as prepared by management, we are not permitted to be involved in the preparation of the Information, as doing so may compromise our independence.

It is not our responsibility to comment on:

- the Entity's compliance with other applicable legal and regulatory provisions, in particular the information required by Article 8 of Regulation (EU) 2020/852 (green taxonomy), the French duty of care law and anti-corruption and tax evasion legislation;
- the fairness of the information required by Article 8 of Regulation (EU) 2020/852 (green taxonomy);
- the compliance of products and services with the applicable regulations.

Applicable regulatory provisions and professional standards

The work described below was performed in accordance with the provisions of Articles A.225-1 *et seq.* of the French Commercial Code and with the professional standards applicable in France to such engagements serving as verification, as well as with ISAE 3000 (as revised)⁽¹⁾.

Independence and quality control

Our independence is defined by the provisions of Article L.822-11 of the French Commercial Code and the French Code of Ethics (*Code de déontologie*) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the applicable legal, regulatory and ethical requirements and professional standards applicable in France to such engagements.

Means and resources

Our work was carried out by a team of eight people between September 2021 and March 2022 and took a total of 30 weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted around 10 interviews with people responsible for preparing the Statement, representing Executive Management and the Risk Management, Compliance, Human Resources, Health, Safety and Environment, and Purchasing departments.

Nature and scope of our work

We planned and performed our work taking into account the risk of material misstatement of the Information.

We believe that the procedures that we performed, based on our professional judgment, are sufficient to provide a basis for our limited assurance conclusion:

- we obtained an understanding of all the consolidated entities' activities and the description of the principal risks;
- we assessed the appropriateness of the Guidelines with respect to their relevance, completeness, reliability, objectivity and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of labor and environmental information set out in Article L.225-102-1 III of the French Commercial Code, as well as information regarding compliance with human rights and anti-corruption and tax evasion legislation;
- we verified, where relevant with respect to the principal risks, that the Statement provides the information required under Article R.225-105 II of the French Commercial Code and includes, where appropriate, an explanation for the absence of the information required under Article L.225-102-1 III, 2 of said Code;
- we verified that the Statement presents the business model and a description of the principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships and products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators related to the principal risks;
- we referred to documentary sources and conducted interviews to:
 - assess the process for identifying and confirming the principal risks, as well as the consistency of the outcomes and the key performance indicators used with respect to the principal risks and the policies presented, and
 - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix 1. For certain risks (relating to employment, training, gender equality, responsible purchasing, anti-corruption), our work was carried out at the level of the consolidating entity; for other risks, our work was carried out at the level of the consolidating entity and in a selection of entities, namely: Safran Aircraft Engines, Safran Aerosystems, Safran Cabin, Safran Electronics & Defense, Safran Electrical & Power, Safran Helicopter Engines, Safran Landing Systems, Safran Nacelles, Safran Seats and Safran Transmission Systems;
- 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;

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

■ for the key performance indicators and the other quantitative outcomes that we considered the most important presented in Appendix 1, we implemented:

- analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data, and
- tests of details, using sampling techniques or other selection methods, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. The work was carried out on a selection of contributing entities as listed above and covers between 19% and 27% of the consolidated data selected for these tests (19% of employees and 27% of GHG emissions);

■ we assessed the overall consistency of the Statement based on our knowledge of all the entities included in the scope of consolidation.

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.

At the request of the Entity, we performed additional work in order to provide a reasonable assurance conclusion on the Selected Information.

The work carried out was similar in nature to that described above for the key performance indicators and other quantitative outcomes that we considered to be the most important, but it was more in-depth, in particular with regard to the scope of the tests.

For the Selected Information, the selected sample represents 28% of new PhD students, 54% for facilities with a "Gold" HSE rating and 100% of other information.

We believe that this work allows us to express reasonable assurance on the Selected Information.

Paris-La Défense, March 25, 2022

EY & Associés

Christophe Schmeitzky

Partner, Sustainable Development