

THALES

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Ethics - Integrity - Compliance
Code of Ethics



Thales's core values

- Accountable and committed to excellence
- Customer trust
- Developing our people
- One team, one Thales
- Agile and innovative



WE SUPPORT

Since 2003, Thales has adhered to the United Nations Global Compact on human rights, labour standards, protection of the environment and the fight against corruption, and upholds these principles in its sphere of influence. Since 2011, Thales has reached the level of Global Compact Advanced, one of the highest standards of reporting and performance in terms of responsible development.

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PREFACE
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Patrice Caine
Chairman
Chief Executive Officer

Ethics and corporate responsibility have a profound influence on the way companies manage their business. The manner in which an Ethics policy based on these principles is defined and implemented reflects the conviction of the Group's leadership team and the active engagement of all of its members. Acting with integrity and transparently is clearly of capital importance.

The ethics policy laid out in this Code of Ethics contributes to the trust that all of the Group's entities must maintain as a basis for their relationships with all of their stakeholders. I am personally invested in corporate responsibility and in meeting these goals, because I believe that our collective contribution to Thales's reputation, performance and sustainability hinges on irreproachable conduct by all Group employees.

GUIDELINES ETHICS

ABOUT OUR CODE OF ETHICS

In the spirit of Thales's core values, the present Code of Ethics lays down **the guidelines of behaviour applicable within the Group, towards employees, customers, suppliers, subcontractors and partners, shareholders, financial markets, as well as towards society as a whole.** The rules appearing in this Code are not a substitute for the national and international legislation applicable in each country, with which the Group fully complies. They must be understood and applied by all Group employees.

Managers are responsible for the distribution, understanding and application of the Code of Ethics within their entities.

The Code of Ethics also reminds Thales's suppliers, subcontractors and partners of our expectations in terms of ethical conduct. More generally, this document is made public, as needed, to all of our external stakeholders, including customers, suppliers, partners, subcontractors, shareholders, administrations, governments, local communities, etc.

The Code of Ethics holds the Group accountable to all of them.

Thales's ethics policy is based on four areas of responsibility:

- 1** RESPONSIBILITY TOWARDS THE GROUP'S STAFF
- 2** RESPONSIBILITY TOWARDS CUSTOMERS, SUPPLIERS, SUBCONTRACTORS AND PARTNERS
- 3** RESPONSIBILITY TOWARDS SHAREHOLDERS AND FINANCIAL MARKETS
- 4** RESPONSIBILITY TOWARDS SOCIETY AS A WHOLE



Responsibility towards the Group's staff



- The growth and efficiency of the Thales Group are based on making optimum use of internal resources. People are the most important of these resources; they are **the primary source of its creativity and performance, and they hold the key to the company's future.**

As a world leader in mission-critical information systems, Thales has introduced an appropriate people management system in recognition of the central importance of its human resources.

- **The individual development of each Thales employee is a necessary condition for the collective success of the Group. In particular, Thales upholds the following three principles:**

- **equality of treatment**, which means avoiding any discrimination on the grounds of origins, sex, sexual orientation, age, political or religious opinions, union membership or

personal disabilities. Allowance for the nationality of an individual must be strictly limited to the exceptions laid down in national legislation relating to the protection of national interests;

- **respect for the individual**, which prohibits any behaviour that runs counter to this principle and any unwanted interference in the private life of any individual. Personal information on staff collected or held by Thales must therefore be strictly safeguarded and its use restricted;

- the desire **to provide a safe and healthy working environment for each individual** by, as a minimum, implementing the statutory provisions in force, monitoring procedures, implementing the general principles of prevention of health risks and occupational hazards, and providing personnel training, by taking into account the actual exposure situations.

- In his or her relations with colleagues, managers and staff, each Thales employee must ensure that:
 - **all commitments are met** ;
 - **all information needed is made available** ;
 - work is performed in **safe conditions** for him/herself as well as their teams..

- **Thales's staff are expected to be totally loyal to the Group and a high level of integrity** is requested. They are thus prohibited, except with the Group's consent, from working for an existing or potential competitor while working for Thales. All expenses for which an employee claims reimbursement must actually have been incurred and must have been directly connected with the project or activity carried out for the Group.

- Thales's assets are key to its long-term development. **Each employee must take care of Group property, both tangible and intangible**, to avoid loss, theft or

unlawful use that would cause serious damage to the Group. Any incident, damage or malfunction involving equipment belonging to the Group must be reported.

- **Particular care must be taken with confidential information held by Thales** relating to the Group's products, processes, patents, know-how or personnel, or to its industrial, strategic or financial operations. Such information must not be disclosed or made public without the consent of Thales and of the individuals or third parties concerned.

- On all matters of common interest, Thales advocates **cooperation with its employees and their representatives** and provides them with high-quality information.

2 Responsibility towards customers, suppliers, subcontractors and partners



- Thales establishes **lasting relationships** with its customers, suppliers, subcontractors, distributors and, more generally, all of its partners (hereafter «partners»), based on **mutual trust and respect**.
- As partners of Thales, they have a right to expect the Group to:
 - provide truthful and honest information;
 - honour the commitments the Group has made towards them.

CUSTOMERS

- **Satisfying the Group's customers must be the highest priority for Thales staff.**

This means:

- listening attentively to their requirements in order to make clear, comprehensive and precise proposals;
- constantly ensuring that the systems, equipment, products and services offered are of the highest quality;
- respecting commitments, particularly on delivery times and product safety;
- providing impeccable follow-up and support for the systems, equipment, products and services supplied.

- **Thales operates in strict compliance with the rules of fair trading and with applicable legislation and codes of practice.** The Group absolutely prohibits any action that could constitute an act of corruption and/or influence peddling in the public or private sectors.

The Group also conducts its business in strict compliance with international trade regulations, export/re-export control rules and any restrictions and economic sanctions in force.

- **Group employees may only provide benefits, gifts, entertainment or free travel to a customer within reasonable limits, in accordance with generally accepted practices and applicable Group procedures.**

Heightened vigilance is required when interacting with public officials or politically exposed persons, particularly during a bid phase.





SUPPLIERS, SUBCONTRACTORS AND PARTNERS

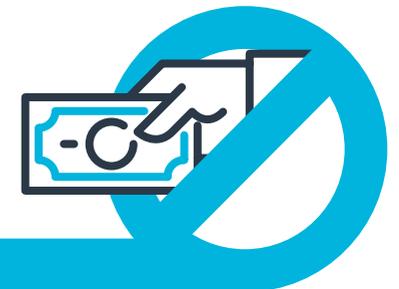
- Thales establishes cooperative relationships with its partners based on **mutual good faith**.
- Acting in good faith towards suppliers is an integral part of the Purchasing process and calls for:
 - **transparency concerning the rules and strategies by which suppliers are selected**, particularly the fair treatment of each company throughout the decision process. To this end, the Purchasing function has published a Group purchasing policy in order to guarantee transparency in selection rules, schedules and protection of confidential information;
 - **commitment to apply the terms negotiated**, particularly payment due dates and intellectual property rights;
 - **a guarantee of neutrality and independence** throughout the duration of Thales's relationships with suppliers: the Purchasing department is committed to changing its purchasers' portfolios regularly as part of its human resources management policy.

These principles are particularly important in light of the Group's purchasing policy, which involves **developing sustainable, high-performance relationships with suppliers** to guarantee the competitiveness of Thales's solutions in the long term.

- The Group does not knowingly conduct business with a partner if any of that organisation's managers are found guilty of a crime related to corruption or influence peddling.
- All Group employees, whether in a purchasing or operational role, must act with **complete integrity**. This entails refusing any personal benefits, gifts or invitations that are of significant value or do not meet applicable Group requirements.
- The personal interests of a Group employee must not affect the choice of a partner or any decision concerning a partner, under any circumstances. It may be a private, professional or financial interest of the Thales employee or a member of his/her entourage, which could influence the employee's ability to

act impartially and objectively in a professional capacity. Employees must report any potential conflict of interest to their line manager as soon as they become aware of it. Management must be particularly vigilant when notified of a potential conflict of interest between a partner and an employee.

- In accordance with the commitments made as part of the United Nations Global Compact, **Thales requires all its partners to comply with its principles, particularly those relating to human rights, labour standards, protection of the environment and the fight against corruption.**



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Responsibility towards shareholders and financial markets



ADHERENCE TO THE PRINCIPLES OF GOOD CORPORATE GOVERNANCE

- Thales's shareholders are entitled to **reliable and comprehensive information** in compliance with the applicable rules for listed companies.
- To protect the Group's future, Thales's Corporate Directors are responsible for safeguarding the interests of the company and all of its shareholders. Corporate Directors sit on the Committees set up by the Board and are given all the necessary information.
- Employee shareholders and employees are represented on the Thales Board of Directors and, where appropriate, on its Committees.



FINANCIAL MARKETS

- Thales is responsible for using appropriate means to provide financial markets with accurate, precise and sincere financial information in accordance with applicable regulations.
- Thales's employees must follow all applicable laws and regulations when conducting stock market transactions. Dissemination of false information, disclosure or use of insider information, and price manipulation, are all criminal offences.
- Every employee is responsible for **maintaining the confidentiality of any non-public information that could influence Thales's share price** (or any other listed company's share price) until it is published by authorised parties.
- At the risk of engaging in insider trading, any employee possessing insider information related to a listed company is prohibited from using such information to directly or indirectly conduct a transaction concerning that company's shares or financial instruments.

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Responsibility towards society as a whole



ENVIRONMENTAL PERFORMANCE

- Thales is committed to a proactive environmental protection policy and attaches importance to this principle within the framework of its activities.
- The Group continuously monitors for any new environmental risks, identifies them and takes the necessary measures to prevent them or reduce their effects.
- As part of this approach, Thales is pursuing **a continuous improvement programme** to reduce the environmental impact of its sites, activities and products.
- Thales ensures compliance with environmental regulations at national, European and international levels and implements appropriate environmental management systems and performance measurement tools.
- Lastly, Thales provides appropriate information on the environmental impact of its activities.



CORPORATE CITIZENSHIP AND SUPPORT FOR LOCAL COMMUNITIES

- Thales ensures **strict compliance with the national and international regulations applicable in the countries where it operates**. In particular, it complies with the applicable national security regulations governing the activities in question.
- As a member of civil society, Thales observes **strict political, religious and philosophical neutrality**. As a result, the Group will not make any financial contribution to candidates for elective office, elected representatives or political parties.
- Thales employees may, however, participate in political activities in their own right, off company premises and outside working hours, and without using the Group's corporate image to support their personal convictions.
- Thales is committed to engaging in community investment activities that are aligned with the Group's corporate societal responsibility (CSR) priorities and takes steps to prevent any risk of non-compliance with applicable laws and regulations.



HOW TO VOICE A

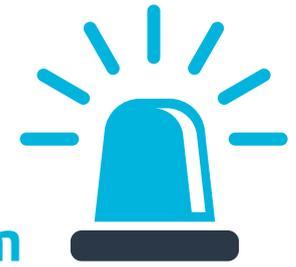
CONCERN

For more information, Thales policies and procedures in the Group reference system can be accessed on the Thales intranet.

However, because it is not always easy to find the specific answer to an ethics-related question, employees are encouraged to communicate openly and express their questions or concerns to their line manager, Human Resources manager, Compliance Officer or the VP, Ethics, Integrity & Corporate Responsibility.

An internal alert system, in addition to other existing reporting systems, is also available to Thales employees, casual employees and external staff to report concerns or incidents relating in particular to violations of the Code of Ethics.

No employee may be sanctioned or subject to a discriminatory measure for having initiated an alert for the purpose of reporting in good faith and in an impartial manner, even if the facts are subsequently shown to be incorrect, or do not give rise to any follow-up action.



Internal Warning system

Alerts **raised via the internal alert system** may be reported by any means (by letter, email, telephone or in person) to the **VP, Ethics, Integrity and Corporate Responsibility** :

- **By email** at alert.thales@thalesgroup.com or via the dedicated Intranet page
- **By phone**, at **+33 1 57 77 87 19**
- **Or by letter**, addressed to :
Thales
VP, Ethics, Integrity and Corporate Responsibility
Internal alert system
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For more details see the internal warning system user's guide