Business Ethics Conduct Guide

User guide on Ethics Alert
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This guide has been developed in close collaboration with the Corporate Human Resources Department.
Understand the ethics alert facility

The Thales Code of Ethics establishes the principle of an ethics alert facility that can be activated by Group employees under the following conditions, unless the present guide needs to be adjusted to comply with national laws(1).

Aim of the ethics alert facility

To support the Group’s ethics and corporate responsibility policy and provide an additional channel of communication for employees, Thales has put in place an ethics alert facility that enables each individual to play an active role in risk prevention.

The ethics alert facility is an additional mechanism offered to employees and is not intended to replace any other existing means of expression defined by the applicable regulations in each country, such as reporting to management and contacting employee representatives; using the facility is voluntary. The ethics alert principle is fully in line with the Group’s human resources policy.

Implementation of the ethics alert facility calls for a high level of employee accountability. The system will only be effective if information is provided in good faith.

(1) If a country of operation has more stringent national legislation, the Group’s Legal and HR Ethics Department and Ethics and Corporate Responsibility Department will adapt this guide to ensure compliance with local laws and regulations.
The ethics alert facility allows Thales employees:

- to obtain information and advice in case of questions or doubts about the application or interpretation of the Code of Ethics
- to raise ethics-related concerns with respect to accounting, financial or banking practices, corruption prevention or fair trade; or instances of discrimination, harassment or any serious non-compliance with occupational health and safety regulations that could affect the physical or mental health of employees and thereby significantly impact the Group’s business or engage its liability.

The ethics alert facility is based on the principles of confidentiality and respect for the rights of each person concerned throughout the procedure.

The Ethics and Corporate Responsibility Department has overall responsibility for the ethics alert facility.

**Scope of the ethics alert facility**

Under the facility, any Thales employee has a right to raise an ethics-related alert in any of the following areas:

- accounting, financial and banking practices, corruption prevention and fair trade
- instances of discrimination, harassment or non-compliance with occupational health and safety regulations that could compromise the physical or mental health of employees.

The alert facility must be used in compliance with applicable laws and rules in the country in which the employee lives or works.

The ethics alert facility provides Thales employees with a number of ways to bring matters to the attention of the Group’s Ethics bodies.
Raising ethics alerts

All Thales employees have the right to raise ethical concerns in any of the areas within the scope of the facility.

Any concerns should be reported first to line management. However, if the employee believes that informing his or her line manager could present difficulties, or that such concerns may not be followed up appropriately, the following persons or committees can be contacted directly (in the order shown):

- the Ethics Officer (Area / Country / group of legal entities) (the list of Ethics Officers is available on the Ethics intranet)
- the Country Ethics Committee in his or her country (if one exists)
- or the Group Ethics and Corporate Responsibility Committee.

Concerns may be reported by letter, e-mail, telephone or in person, and written confirmation will be provided as appropriate.
Responding to ethics alerts

**Ethics alerts in the areas of accounting, financial and banking practices, corruption prevention and fair trade:**

The Ethics Officer will receive the alert and refer it to the Country Ethics Committee, if one exists, or to the Ethics and Corporate Responsibility Committee, which will examine the alert in an ad-hoc committee convened by the Group’s VP, Ethics and Corporate Responsibility, in accordance with the rules applicable to the handling of personal data.

**Ethics alerts in the areas of discrimination, harassment or non-compliance with occupational health and safety regulations that could threaten the physical or mental well-being of employees:**

The Ethics Officer will receive the alert and will examine it personally if possible (2) (in France, the Ethics Officer is part of HR management), or refer it to the Country Ethics Committee (if one exists). Otherwise, the alert will be examined by the Ethics and Corporate Responsibility Committee, which will form an ad-hoc committee led by the Group’s VP, Legal and HR Ethics. All alerts will be examined in accordance with the rules applicable to the handling of personal data.

The ad-hoc committee will be responsible for responding to the alert and for any investigation that may be needed. It will be composed of a limited number of people with knowledge relevant to the subject at hand.

Those in charge of receiving or responding to ethics alerts are required to hold all related information in the strictest confidence.

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(2) If the Ethics Officer deems it necessary in order to ensure the objectivity of the investigation, he or she may mandate a third person, also a member of the human resources management team, to examine the alert.
Identity of persons initiating alerts

An employee raising an ethics alert will be identified in the corresponding report, but his or her identity will be kept strictly confidential in accordance with the local rules applicable to the handling of personal data\(^3\). Employees who use the ethics alert facility can therefore be sure that all reasonable measures will be taken to ensure that their identity is kept strictly confidential at every stage of the investigation and handling of the situation, and consequently will not be shared with anyone who may be involved in or subject to an investigation, even if they ask for the identity of the person initiating the alert to be revealed.

Informing persons implicated by an ethics alert

Persons implicated by an ethics alert will be informed by the responsible party as soon as the data concerning them is recorded, electronically or otherwise, so that they have an opportunity to present legitimate reasons opposing the processing of such data. However, when data must be retained to prevent the destruction of evidence related to an alert, for example, persons implicated by the alert will be informed after appropriate steps have been taken.

Ethics alert procedure

When an alert is initiated, a confidential preliminary assessment is made by an Ethics Officer before any investigation is launched to determine whether the matter falls within the scope of the ethics alert procedure.

Any alert which is clearly outside the scope of the procedure, or which concerns a matter that is not serious, is made in bad faith or constitutes an improper

\(^3\) In some countries, including the United States, the anonymity of the person initiating an alert is mandated by law.
or false accusation, as well as any alert based on claims which cannot be verified, will be immediately dropped and the employee who initiated the alert will be informed accordingly.

If the alert is determined to fall within the scope of the procedure, the employee(s) in question will be informed that they are the subject of such a procedure as soon as the data concerning them is recorded.

The employee(s) implicated by an ethics alert will have an opportunity to present their version of the alleged situation.

The person responsible for examining the facts ensures that the data collected are adequate, relevant and not excessive (i.e. proportionate to the purpose for which they are collected).

If the Ethics Officer determines that unethical conduct has taken place, that determination is forwarded to the HR Director of the employee’s company. The HR Director will then initiate disciplinary action if he or she considers that such action is warranted.

**Retention of data**

Data pertaining to ethics alerts will be destroyed, retained or archived in accordance with applicable legislation.

As soon as it is collected by the responsible party, data pertaining to an alert that is determined to be outside the scope of the procedure is immediately destroyed.

When an alert does not give rise to disciplinary or legal proceedings initiated by the employee’s company, the data pertaining to the alert will be destroyed or archived within two months from the end of the examination process.

When disciplinary or legal proceedings are initiated by the employer against a person implicated by an alert, or against a person initiating a frivolous or abusive alert, the data pertaining to the alert will be retained by the organisation responsible for managing alerts until the procedure is formally closed.
The Thales ethics organisation

The Group has several Ethics bodies:

Ethics and Corporate Responsibility Committee

The Committee’s primary mission is to help define and implement the Group’s ethics and corporate responsibility policy. It also ensures the deployment and development of the Code of Ethics within Thales.

The Committee coordinates and monitors the Country Ethics Committees and the network of Ethics Officers and settles any issues raised by the Ethics Officers. The Ethics and Corporate Responsibility Committee is informed immediately of any ethics alerts received by the Country Ethics Committees or Ethics Officers and is apprised of any actions taken.

If appropriate, the Ethics and Corporate Responsibility Committee may examine alerts itself through ad-hoc committees.

Any question about how the Code of Ethics is applied and enforced can be submitted by any means to the Ethics and Corporate Responsibility Committee.
**Country Ethics Committees**

Country Ethics Committees can be created in each of Thales’s main countries of operation. They are responsible at the local level for helping to implement and monitor Group policy on ethics and corporate responsibility. They respond to ethics alerts raised by employees, in conjunction with Ethics Officers and in accordance with this procedure. The Country Ethics Committees submit an annual report to the Ethics and Corporate Responsibility Committee and keep it informed of any alerts raised and actions taken.

In France, the Ethics and Corporate Responsibility Committee acts as the Country Ethics Committee.

**Ethics Officers**

A decentralised network of Ethics Officers has been put in place in Thales’s main structures:

- in France, at the level of each group of legal entities
- in Australia, Canada, Germany, Italy, the Netherlands, Singapore, Spain, the United Kingdom and the United States, within the country corporate organisation
- within the Area A and B corporate organisations for other countries.

Ethics Officers ensure that:

- all employees within their scope of responsibility, including new employees joining the Group, receive copies of the Code of Ethics, as well as documents issued by the Ethics and Corporate Responsibility Department and any recommendations on the Group’s ethics and corporate responsibility policy as applicable in each Country, Area or group of legal entities
- regular action is taken to increase employee awareness so that Thales’s ethical principles are understood and applied by all

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(4) As September 2012; visit the Ethics intranet for updates.
- the objectives for deployment of Ethics training programmes are tracked in each entity
- the Ethics and Corporate Responsibility Department is informed about any additional guides, explanatory documents or other tools that may be needed to promote knowledge sharing and collective intelligence.

**Ethics Officers:**
- have an advisory role with respect to employees who have any concerns about how to apply the principles outlined in the Thales Code of Ethics
- respond to ethics alerts raised by employees within their scope of responsibility in the areas specifically covered by this guide
- if their country has a Country Ethics Committee, act as committee secretary.

Ethics Officers act on behalf of the Country Director; Area EVP/SVP or Head of the group of legal entities and coordinate with the Group Ethics and Corporate Responsibility Department.

In France, Ethics Officers are part of human resources management.
Contact information

For more information, details or advice, please contact:

- Ethics and Corporate Responsibility Department:
  e-mail: ethics.cr@thalesgroup.com
  Tel.: + 33 (0)1 57 77 82 07

If you encounter difficulties in performing your duties, first contact your manager or employee representative.

To raise an ethics alert, contact (in the order shown):

1 your manager
2 your Ethics Officer
   (list available on Ethics intranet)
   http://intranet.corp.thales/ethics/pub/index_en.cfm
3 your Country Ethics Committee
   (contact list available on Ethics intranet)
   http://intranet.corp.thales/ethics/pub/index_en.cfm
4 the Ethics and Corporate Responsibility Committee:
   e-mail: ethics.committee@thalesgroup.com
   Tel: + 33 (0)1 57 77 87 19