

PRESENTATION OF THALES'S CORRUPTION RISK PREVENTION POLICY



TABLE OF CONTENTS

1.	DOCUMENT OVERVIEW AND SCOPE	4
2.	THE CODE OF ETHICS: THE BACKBONE OF THE ANTI-CORRUPTION POLICY	4
3.	GOVERNANCE AND ORGANISATION.....	5
3.1	Management Bodies	5
3.1.1	Ethics and Corporate Responsibility Committee	5
3.1.2	Risk Committees.....	5
3.2	Organisation.....	6
3.2.1	Ethics and Corporate Responsibility Department.....	6
3.2.2	Audit, Risks and Internal Control Department.....	6
3.2.3	Legal & Contracts Department	7
3.2.4	Ethics Officers.....	7
3.2.5	International Organisation and Regional Agencies	7
4.	RISK IDENTIFICATION AND ASSESSMENT	7
5.	CORRUPTION RISK PREVENTION MEASURES.....	9
5.1	Processes in dealings with third parties.....	9
5.1.1	Offsets.....	10
5.2	Other Suppliers	10
5.3	Gifts and Hospitality	11
5.4	Facilitation Payments	11
5.5	Charitable donations, Sponsorship, Political Contributions and foundation	11
5.6	Conflict of interest	12
5.7	Lobbying.....	12
5.8	Mergers & Acquisitions.....	12
6.	INFORMATION AND TRAINING.....	13
6.1	Information	13
6.2	Training	13
7.	CONTROL.....	14
7.1	Internal Audit	14

7.2	System for assessing risk management in Group entities.....	14
7.3	Ethics Alert	15
8.	EXTERNAL ENGAGEMENT AND INDUSTRY COLLECTIVE ACTIONS	15

1. DOCUMENT OVERVIEW AND SCOPE

This document describes the **main features of Thales's policy and compliance programme for preventing, reducing and controlling corruption risks.**

Thales's corruption risk prevention policy applies to all employees and managers of Thales S.A. (parent company of the Group), **wholly-owned subsidiaries** and companies in which the Group owns a **majority stake** (joint ventures in which the Group owns at least 50% of shares or voting rights).

For companies in which Thales owns less than 50% of shares (minority-owned joint ventures), the Group works with the other shareholders to ensure that the basic elements of a corruption risk prevention policy are included in the company's compliance policy.

2. THE CODE OF ETHICS: THE BACKBONE OF THE ANTI-CORRUPTION POLICY

Corruption risk prevention is part of the Thales Ethics and Corporate Responsibility policy. This policy is built on a foundation of values and principles defined in the Group's Code of Ethics.

The basis for the policy is the Code of Ethics¹, which lays down the rules of behaviour applicable within the Group, with respect to customers, suppliers, employees, shareholders, financial markets, the environment, society at large and the company itself.

With a preface by the Group's Chairman & CEO, the Code of Ethics highlights the principles of integrity, fair trading practices and compliance with applicable legislation and codes of practice.

It also states Thales's zero tolerance policy towards corruption. Since the early 2000s, **Thales corporate management has consistently reaffirmed the principle of "zero tolerance" for all forms of bribery and corruption.**

This message is regularly relayed by the Senior Management of Thales's entities and is one of the key criteria for assessing Group entities using the risk management assessment system described in the "Control" section of this document.

¹ *The Code of Ethics is available in eight languages.*

3. GOVERNANCE AND ORGANISATION

Thales has put in place **management bodies** and a **robust organisation** for the purpose of developing, implementing, managing and monitoring a consistent set of ethical standards, particularly in terms of corruption risk prevention, and embedding a culture of corporate responsibility within the organisation worldwide.

3.1 MANAGEMENT BODIES

3.1.1 ETHICS AND CORPORATE RESPONSIBILITY COMMITTEE

The missions of the Group Ethics and Corporate Responsibility Committee fall into three categories:

- Strategy: contribute to define Thales's policy on ethics and corporate responsibility; identify potential issues, and proactively propose guidelines **for ethical standards and procedures with respect to marketing and sales practices**, the environment, labour relations and society at large;
- Training and awareness: ensure the development and deployment of the Code of Ethics within Thales; define **training objectives** and **communication** needs; coordinate and monitor Country Ethics Committees and Ethics Officers;
- Decisions: determine actions to be taken on the ethics issues referred to it; launch enquiries when appropriate, and make proposals to management about actions to be taken or sanctions to be applied.

The Group Ethics and Corporate Responsibility Committee is chaired by the Group Secretary & General Counsel and reports to the Chairman & Chief Executive Officer.

3.1.2 RISK COMMITTEES

3.1.2.1 Risk Management Committee

For every identified risk, the Risk Management Committee specifies the acceptable **level of risk** for the Group in its courses of business. The notion of acceptable level of risk is related to the principle of adequate procedure, which stipulates that the risk prevention, reduction and control measures in place must be proportionate to the level of risks and impacts identified.

The Risk Management Committee allocates responsibilities for coordinating and monitoring these risks to the functional and operational departments in accordance with the Group's operating principles, and more broadly, ensures that **the risk assessment and management system in place is comprehensive and effective**.

The Risk Management Committee is chaired by the Chairman & CEO; members include the Chief Finance Officer, the Group Secretary & General Counsel and, depending on the risks in question, other members of the Executive Committee as appropriate.

It meets at least once a year, and in any case before each session of the Audit and Accounts Committee of the Board of Directors covering issues of risk management. The Senior Vice President, Audit, Risks and Internal Control acts as secretary to the Committee.

The Risk Management Committee reviews the work of the Risk Assessment Committee.

3.1.2.2 Risk Assessment Committee

The Risk Assessment Committee performs detailed analysis of incidents, identified risks and evolving threats in accordance with a set work schedule, updates and prioritises risk scenarios based on agreed prudential standards, works with the appropriate *Risk Advisor* (see p8) to develop a **cohesive policy of prevention, internal control, audit** and, where appropriate, transfer to insurance companies for each risk scenario, and ensures that risk management policy is duly adopted by the Group's functional and operational managers. The Committee makes recommendations to the Risk Management Committee to improve the Group's overall risk management policy.

It is chaired by the **Senior Vice President, Audit, Risks and Internal Control**; members include the Vice President, Quality and Customer Satisfaction, the Vice President, Insurance and Risk Management, the VP Risk assessment, and the appropriate managers according to the Committee's agenda.

The Committee meets at least three times a year. For all risks, including insurable risks, it is assisted by a facilitation network in the Group's countries of operation, Global Business Units and other functions.

3.2 ORGANISATION

The organisation described below falls under the responsibility of the Thales Group Secretary & General Counsel, who is responsible for ensuring legality, compliance and governance best practice within the Group.

3.2.1 ETHICS AND CORPORATE RESPONSIBILITY DEPARTMENT

The Ethics and Corporate Responsibility Department is responsible for implementing the ethics and corporate responsibility policy, as defined by the Group Ethics and Corporate Responsibility Committee, and for coordinating the relevant Group players.

It helps **change behaviours** within the Group by **identifying and implementing** best practice, and **defines internal standards and processes with respect to ethical business practices, particularly in the area of prevention of corruption**, working closely with the Audit, Risks and Internal Control Department and the Legal & Contracts Department.

The Ethics and Corporate Responsibility Department is also responsible for maintaining the Code of Ethics and preventing infringements of the Code, which lays down the general practices and values that Thales wishes to promote.

Through its engagement with Thales's stakeholders and its role in setting standards, the Ethics and Corporate Responsibility Department helps promote the Group's corporate image and contributes to regulatory changes to ensure they are as favourable as possible to the Group's strategy and growth.

The Department is led by the Vice President, Ethics and Corporate Responsibility, who reports to the Thales Group Secretary & General Counsel.

3.2.2 AUDIT, RISKS AND INTERNAL CONTROL DEPARTMENT

The Audit, Risks and Internal Control Department reports regularly to the **Audit and Accounts Committee of the Board of Directors**. It is led by the Senior Vice President, Audit, Risks and Internal Control.

3.2.2.1 Risks Department

The Risks Department is responsible for:

- analysing **exposure to risks** by drawing up an exhaustive list of all of the **legal/compliance**, financial, operational or reputational risks that could impact the company's development, business processes or results;
- **updating the risk mapping**;
- **assessing risks** and their potential impact in order to produce entrepreneurial and insurance-based responses, and analysing residual risks in relation to the level of acceptable risk defined by the Thales Board of Directors.

3.2.2.3 Internal Audit Department

The Internal Audit Department performs audits in an objective and independent manner to provide the Senior Management and the Audit and Accounts Committee of the Board of Directors with assurance regarding the level of control the Group exercises over its activities and advice on improvements, contributing to create value.

The scope of audit missions usually covers the following areas: operations, compliance, governance and internal control.

3.2.3 LEGAL & CONTRACTS DEPARTMENT

The Legal & Contracts Department ensures the **legal compliance of all of the Group's activities**. Its core mission is to define and implement legal frameworks to secure the Group's activities in line with its strategic objectives, and to defend and secure its rights and interests.

To carry out this mission, the Legal & Contracts Department is organised into different departments by area of expertise at Corporate level and into dedicated Global Business Unit and Major Country departments. It is led by the Senior Vice President, Legal & Contracts and reports to the Thales Group Secretary & General Counsel.

3.2.4 ETHICS OFFICERS

A total of 18 Ethics Officers are responsible for deploying the Code of Ethics and its principles into Thales units worldwide. They ensure that employees in their respective units receive adequate **training and information**. They answer questions about compliance with the Code of Ethics and work with Compliance Officers to implement the ethics policy in light of local legislation and standards.

3.2.5 INTERNATIONAL ORGANISATION AND REGIONAL AGENCIES

Thales relies on **global “compliance/corruption prevention” structures** at international level within the Regional Agencies of Thales International.

These dedicated structures have the necessary experience, expertise, means and resources (including Compliance Officers) to analyse corruption risks when intermediaries or local industrial partners must be used. They implement and ensure the enforcement of the compliance and corruption prevention instructions set out in the internal procedures.

4. RISK IDENTIFICATION AND ASSESSMENT

To manage risks and support the sustainable development of its business activities, Thales has put in place a global organisation based on the principles of transparency and continuous improvement.

Thales has mapped its major operational, strategic, compliance and financial risks.

Each risk is supervised by a *Risk Advisor*. The Vice President, Ethics and Corporate Responsibility is the *Risk Advisor* for the risk of corruption.

The Risk Management Committee and the Risk Assessment Committee oversee the identification and assessment of risks. The Audit, Risks and Internal Control Department works with the appropriate *Risk Advisor* to develop and monitor the risk management system.

The risk of corruption is analysed using risk scenarios. Each scenario has an associated risk level, impact level and set of risk reduction measures (i.e. the risk prevention, management and control measures implemented within the Group). The scenarios cover direct and indirect risks of corruption and risks associated with inadequate application of risk reduction measures.

The *Risk Advisor* (i.e. the Vice President, Ethics and Corporate Responsibility) in coordination with the Risks Department periodically analyses how well corruption prevention measures match the risk and tailors them according to:

- changes in applicable national and extra-territorial legislation and regulatory requirements;
- changes in voluntary standards, internationally recognised best practices (OECD, International Chamber of Commerce, etc.) and stakeholder requirements;
- the categories of partners and other third parties, customers and countries of operation, and business strategy;
- areas of improvement identified by the Audit, Risks and Internal Control Department, the Legal & Contracts Department and operational structures, reports from the ethics alert facility and any other allegations that may have been made.

5. CORRUPTION RISK PREVENTION MEASURES

The Group develops its corruption risk prevention measures according to its assessment of the levels of corruption risks and impacts.

The **principle of proportionality** of anti-corruption measures to the levels of risks and impacts determines the stringency and sophistication of the measures put in place and the levels of control applied to them.

The Group's various corruption risk prevention measures and internal standards are based on the following principles:

- Corruption risk identification, analysis and qualification and prior due diligence checks;
- Referral to higher-level management and/or a Compliance/Ethics Officer;
- Escalation procedures when higher-level decisions are needed in the case of significant residual risks;
- For high-level risks, use of structures with experience and expertise, and segregation of roles and responsibilities;
- Traceability and transparency;
- Employee accountability for effective implementation.

5.1 PROCESSES IN DEALINGS WITH THIRD PARTIES

The risks inherent in sales are borne in mind in all processes for conducting business. These operational processes anticipate, starting upstream of a bid, the implementation of action plans designed to reduce the sales risk, with specific attention paid to anti-corruption.

Thales strictly supervises the use of agents and consultants (Business Advisers) by means of a very detailed procedure including, in particular, in-depth upstream checks and controls (due diligence) – backed up by the analysis of risk factors – as well as appropriate declarations and undertakings on the part of these agents or consultants. Designed by the Group's Ethics & Corporate Responsibility Department, this procedure is regularly revised in conjunction with the Group's Legal Department and the Sales Department.

To strengthen its role on the international stage and to gain a strong foothold in the target countries, Thales chooses and qualifies local industrial partners. The selection and qualification process is designed to secure sustainable partnerships with domestic industrial players meeting a set of criteria relating to integrity and business ethics, competence and expertise. This system is part of a process of deploying adapted and reasonable measures for prior verification (due diligence) concerning third parties.

A dedicated international organisation, independent from the operational commercial units, performs the necessary verifications – backed up by external studies and analyses conducted by companies specialising in financial monitoring – during the phases of selecting and qualifying agents, consultants, and local industrial partners of Thales.

5.1.1 OFFSETS

The “**Manage offsets**” **process** applies to all types of offsets, whether they are used to directly or indirectly gain access to a market or as part of a bid or project. The process includes the management of risks specific to this type of operation, including compliance risks. It is primarily related to the “Manage bid” process. It initiates the “Manage acquisition” process when new acquisitions are requested in the country of destination.

To better manage **risks specific to indirect offsets**, Thales has developed an additional qualification procedure to be used prior to the creation of a contract with third parties or indirect offset partners. The Group's indirect offset operations are managed and/or supervised by a dedicated structure, Thales International Offsets.

The “**Manage indirect offsets**” **Group instruction** is therefore a procedure for conducting prior due diligence checks to ensure the compliance and integrity of indirect offset partners. It varies depending on the type of third party and the offset operation. The qualification procedure is based on information collected directly by Thales from the candidate partner and an independent report prepared by a company specialising in business intelligence.

A partner must therefore be qualified prior to being used in an indirect offset operation. If necessary, a decision is made by the Board of Directors of Thales International Offsets. In the case of an “Investment”, the “Mergers & Acquisitions Instruction” is used and the investment must be approved by the Mergers & Acquisitions Committee.

5.2 OTHER SUPPLIERS

Suppliers who do not belong to one of the categories described above and who have a lower risk profile are still subject to corruption prevention measures. These measures are a part of the purchasing process (the “**Manage acquisition**” **process**), which provides for:

- effective competition between suppliers on the basis of a **bid/price benchmark**;
- **segregation of powers** based on a dedicated Purchasing organisation independent from the internal customer;
- collegial **progress reviews** at key decision milestones in the process;
- the endorsement by the supplier of **Thales's Purchasing and Corporate Responsibility Charter**.

The “**Manage acquisition**” **process** is tailored in accordance with the levels of risk associated with the “supplier market”. It includes **alert mechanisms** that require management approval where risk factors have been flagged.

These measures, designed to reduce risk, particularly the risk of corruption, ensure that decisions are transparent and traceable.

Thales's Purchasing and Corporate Responsibility Charter is an integral part of the general terms and conditions and contains an **anti-corruption clause**. It states that Thales reserves the right to conduct checks (audit rights) related to corruption risk prevention and any other area covered by the Charter. If the supplier refuses to comply with the principles in the Charter and to engage in a mutually approved continuous improvement process, Thales reserves the right to terminate the contract with the supplier following an unsuccessful notice of warning. The Charter applies to all Thales suppliers, who

must in turn apply it to all of their own suppliers and sub-contractors. It also includes a self-assessment questionnaire.

In addition, all purchasers are subject to the Group's rules on gifts and hospitality and must comply with the rules and principles laid down in the Code of Ethics (act with complete integrity, avoid all conflicts of interest, regularly change the “supplier” portfolio assigned to a purchaser, etc.).

5.3 GIFTS AND HOSPITALITY

The rules applicable to gifts and hospitality are laid out in the “**Gifts and Hospitality Guidelines**” and, where applicable, are supplemented by **national and/or entity level** documents. These supplemental documents apply the Group-wide policy and tailor it to the local context (legislation, local requirements, etc.).

The “Gifts and Hospitality Guidelines” lays down the guidelines of behaviour applicable to all employees and particularly those who work directly with customers, partners and suppliers.

The Guide highlights four key points:

- **compliance** with all relevant laws and regulations;
- compliance with internal rules on the delegation of responsibilities and the principle of **reasonable** behaviours and choices;
- **accountability** for choices and **seeking out assistance** (from Management, Compliance Officers, Ethics Officers, etc.);
- transparent **recording** of operations.

In addition, Thales formally prohibits the offering or receiving of payments in the form of cash.

5.4 FACILITATION PAYMENTS

Thales prohibits facilitation payments in accordance with the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, the French law, most foreign laws and leading international standards.

5.5 CHARITABLE DONATIONS, SPONSORSHIP, POLITICAL CONTRIBUTIONS AND FOUNDATION

The Thales Code of Ethics defines the principles to follow in the areas of charitable donations, sponsorship and political contributions in order to prevent corruption risks.

Thales observes strict political, religious and philosophical neutrality. As a result, the Group does not make any financial contribution to political candidates, elected representatives or political parties.

Thales only finances associations or foundations or takes part in sponsorship projects insofar as such activities are legally acceptable and in line with the values and priorities defined by the Group.

To prevent any risk of corruption or conflict of interest, charitable donations and sponsorship actions, in line with the requirements specified in Thales's Code of Ethics and legislation in force in the country

concerned, must be approved (where applicable in consultation with the Group's corporate management) according to Group rules on the delegation of responsibilities.

Such contributions must be made in complete transparency. In addition, payments in cash are not authorised.

The activities of the Thales foundation created in 2014, focused on the areas of education and humanitarian crises, are **governed by a dedicated Ethics Charter**. Such charter sets the rules and principles for the missions devoted to the Foundation and its Board of Trustees, consistently with the Group Code of Ethics.

5.6 CONFLICT OF INTEREST

In the spirit of Thales's core values and its commitment to integrity and exemplary ethical conduct, Thales has put in place **a proactive methodology to facilitate the understanding and early detection of conflict of interest situations** across the Group.

Practical examples and advice on the adequate behavior are detailed in a dedicated Business ethics conduct guide. The 4R rule: respect Regulations, be Reasonable, be Responsible and keep Records (be transparent and disclose) enables any employee to behave in an appropriate manner.

5.7 LOBBYING

The **risk of corruption or influence peddling** in the lobbying activities carried out by third parties on the Group's behalf is strictly governed by the process related to the use of agents and consultants.

Thales has developed a **"Best practices guide to lobbying"** for Group employees who have direct contact with a public decision-maker. The guide provides information and recommendations in this area and enables employees to assess the risks associated with any lobbying activities that could involve side negotiations or closed-door discussions, for example, and that could therefore be perceived as an attempt to exert undue influence over decision-makers.

5.8 MERGERS & ACQUISITIONS

The acquisition or sale of any majority or minority stake in a company, any change in the percentage of ownership interest, or the creation of a joint venture must comply with the **"Mergers & Acquisitions Instruction"**.

This instruction applies regardless of the size of the operation under consideration. Projects are assessed by a dedicated M&A Committee. The process of analysing operations includes risk analyses and a set of due diligence checks covering legal and compliance risks, among others.

6. INFORMATION AND TRAINING

6.1 INFORMATION

Ethical conduct is an important area of focus in the Group's employee awareness and information programme. Ethical conduct guides² are widely available to employees and support the operational tools, policies and procedures applicable throughout the organisation.

Moreover, **the Reference Guide Business Ethics - Prevention of Corruption** presents the entire corruption prevention policy and highlights the major issues at stake for the Group.

All of the Group's anti-corruption procedures, instructions and other internal rules are accessible in the **Chorus 2.0 reference system**, which encompasses all of the Group's processes.

Thales also maintains an **Ethics and Corporate Responsibility portal on the Group intranet**, where all employees can view the latest news, learn more about Thales's policy, and download booklets, guides, tools and other documents. The site also offers employees a chance to learn more about the ethics alert system and provides contact details for obtaining information and advice. The following guides and publications can also be downloaded:

- Thales Code of Ethics (available in eight languages: French, English, Dutch, German, Italian, Spanish, Polish and Portuguese),
- business ethics conduct guides (e.g. Gifts & Hospitality Guidelines, Best Practices Guide to Lobbying, Conflict of interest, etc.),
- reference guide on prevention of corruption,
- Thales policy highlights (e.g. corruption prevention policy),
- selected conventions and legal texts on combating bribery (e.g. OECD),
- professional standards (e.g. ASD³ Common Industry Standards, ASD-AIA⁴ Global Principles of Business Ethics).

6.2 TRAINING

Ethics awareness has been incorporated into a range of training programmes delivered by Thales University for more than ten years now, notably in areas such as purchasing, project and bid management, and marketing & sales. Two multilingual trainers, specialising in corruption prevention, conduct ethics awareness training sessions at Thales University campuses around the world, or on-site, with more than 7,000 employees trained since 2008, including 1,600 in 2015. Ethics Officers also conduct awareness sessions around the world or, if necessary, deliver presentations on the Group's ethics and corporate responsibility policy within their GBU or country.

² These include *Prevention of Corruption guide, Gifts and Hospitality Guidelines, Best practices Guide to lobbying, User guide on Ethics Alert, Conflict of Interest, Best practices Guide in information management, etc.*

³ *Aerospace & Defence Industries Association of Europe*

⁴ *Aerospace Industries Association of America*

Corruption risk prevention is also included in many of the training programmes offered to all employees by Thales University.

An **e-learning** programme comprising three 30-minute modules (in French, English and German) is also available for all Group employees. The programme includes real-life scenarios — in the form of “serious games” — to help employees recognise and deal with the kinds of complex situations they may encounter in their day-to-day work.

Thales, which had participated in the design process of RESIST training tool led by ICC France, naturally made its contribution to the development of an e-learning version. Based on 10 real-life scenarios illustrating a wide variety of corruption risks most often encountered during commercial relationships or administrative procedures, these **e-Resist** modules provide practical guidance on how resisting extortion and solicitation in international transactions. e-Resist is accessible to all employees on the Thales University e-learning portal.

7. CONTROL

7.1 INTERNAL AUDIT

Working under the responsibility of the Audit, Risks and Internal Control Department, 30 internal auditors, including former Business Unit and programme directors as well as auditors who have previously worked for leading audit companies, verify that the system has been correctly implemented and conduct around 100 internal audits and reviews each year.

The audit plan is updated on a half-yearly basis and takes into account risk analyses as well as critical bids and projects. **Specific “business ethics” audits are regularly conducted in the operational units and Thales’s Major Countries. Regional Agencies of Thales International are audited annually.**

Internal audits are conducted in accordance with international professional standards and with an internal process managed by supervisors. Each year, compliance with these standards is certified by the *Institut Français de l’Audit et du Contrôle Internes* (IFACI).

During audits, supervisors are responsible for the team of auditors and ensure that the audit objectives are met.

To maintain their independence, internal auditors are protected by the provisions of a Charter validated by the Audit and Accounts Committee of the Board of Directors. Auditors assigned to the Internal Audit Department must not engage in any operational function or activity that could compromise the independence and objectivity of their assessments and reports.

7.2 SYSTEM FOR ASSESSING RISK MANAGEMENT IN GROUP ENTITIES

A Group-wide system is in place for assessing the maturity of risk management in each entity.

For each risk, Group's operational unit management formally express their responsibility for a set of requirements — including compliance with corruption risk prevention policy — in a Yearly Attestation Letter.

This system assesses each Group operational unit's level of maturity and ability to manage risks, based on a detailed description of each risk (scenarios, objectives and priority actions) as well as an internal control questionnaire.

These assessments are reviewed by rotation by the Audit, Risks and Internal Control Department and the *Risk Advisors* to identify the optimum approach and the most effective way to support action plans.

7.3 ETHICS ALERT

Thales has put in place a **global ethics alert (whistleblowing) facility** as laid out in a guide describing the scope of the facility, which was approved by CNIL, the French data protection authority, in 2011. This ethics alert facility allows all Group employees to:

- obtain information and advice in case of questions or doubts about the application or interpretation of the Code of Ethics.
- raise ethics-related concerns that could impact the Group's business or seriously jeopardise its performance as a responsible operator with respect to **accounting, financial and banking practices, corruption** and fair trade.

The alert may be reported by any means (letter, email, telephone or face-to-face conversation).

It is based on the principles of confidentiality and respect for the rights of each person concerned throughout the procedure. The alert facility must be used in compliance with applicable law and rules in the country in which the employee lives or works.

Some countries also have a national ethics alert facility in addition to the global facility.

The User guide on ethics alert is sent by email to all Group employees. The facility is also presented to employees during training sessions.

8. EXTERNAL ENGAGEMENT AND INDUSTRY COLLECTIVE ACTIONS

Thales actively participates in a wide range of anti-corruption initiatives.

In Europe, the Group is a founding member of the **Business Ethics Committee of the ASD**, which has developed a set of voluntary "Common Industry Standards" on preventing corruption risks in the aerospace and defence industry.

After the standards were published, the ASD and its American counterpart, the AIA, came together under Thales's leadership to develop the "Global Principles of Business Ethics", signed in 2009. Thales continued its engagement by participating in the creation of the **IFBEC**⁵, a global initiative of the aerospace and defence industries, and is now a permanent member of its Steering Committee.

⁵ International Forum on Business Ethical Conduct — www.ifbec.info

Thales participates in a number of international ethics and anti-corruption initiatives, particularly within **ISO⁶** (participating to the working group for the development of the Anti-bribery management systems standard).

Thales is a long-standing member of the **International Chamber of Commerce's** Commission on Corporate Responsibility and Anti-Corruption. The Group actively participated in the development of RESIST (Resisting Extortion and Solicitation in International Transactions), which is designed to help employees of exporting companies respond appropriately to a variety of solicitations.

Since 2010, Thales has participated in anti-corruption initiatives within the B20 (Business 20, associated to the G20).

Thales maintains a dialogue with a number of NGOs, including Transparency International notably, by participating to the defence anti-corruption initiative led by Transparency International UK. In 2015, Transparency International ranked Thales among the top 4 European defence companies in its anti-corruption index.

For the fourth year in a row, Thales has also reached Global Compact Advanced level under the **Global Compact Differentiation Programme**, which evaluates companies on the basis of 21 specific criteria and represents the highest standard of sustainability performance and reporting. Thales has been a member of the United Nations Global Compact since 2003.

In 2015, Thales has been added to the **Dow Jones Sustainability Indices (DJSI) Europe and World** published by asset manager RobecoSAM, which awarded the Group with the highest score in the Aerospace and Defence sector for sustainability performance.

Thales also works with:

- the Organisation for Economic Co-operation and Development (OECD)
- the European Commission
- BusinessEurope
- National professional associations : Aerospace Industries Association of America (AIA), US-based Defense Industry Initiative on Business Ethics and Conduct (DII), Ethics Network Australian Defence Industry (ENADI), French Aerospace industries association (GIFAS),
- a number of forums established by top UK defence companies, including the Defence Industry Anti-Corruption Forum, the ADS Supply Chain 21 Task Force, the UK Defence Industry Business Ethics Forum and the Institute of Business Ethics
- the International Committee of the French Employers' Organisation (MEDEF)
- the French Association of Large Companies (AFEP)
- the French-based Study Centre for Corporate Social Responsibility (ORSE).

⁶ *International Organization for Standardization*