



# Code of Ethics

## Sharing is the Thales way

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- **Sharing responsibilities according to a set of clearly defined principles.**
- **Sharing cultures so that the unique identity, cultural background and expertise for each of the company's 66,000 employees around the world are respected.**
- **Sharing knowledge is the only real guarantee for the company's technology leadership and its ability to consistently deliver best practice solutions to its customers.**

## Thales's five core values

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



Since 2003, Thales adheres 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.

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# Preface



Jean-Bernard Lévy

**J**ust as Thales sets standards of excellence for its technology and international reach, Thales employees must be exemplary in their ethical conduct and social responsibility.

This requirement is not an obstacle to growth. On the contrary, it is a key differentiator in the marketplace and an essential part of our risk management toolkit.

The demand for ethical conduct is now a deeply entrenched movement that shapes the day-to-day management of any sustainable business. Failing to take this basic requirement into account would expose Thales and its employees to criminal prosecution and cause long-term harm to our brand and reputation.

Abiding by the law and applying the compliance processes we have put in place cannot be the role of senior management alone. All Thales employees need to share these responsibilities in order to build and

maintain a culture of accountability throughout the organisation.

As the centrepiece of Thales's commitment to shared responsibility and collective intelligence, this Code of Ethics defines the general rules and values of integrity that Thales has adopted as its own. Each individual has responsibility for applying these rules and values in their day-to-day work, and management is responsible for ensuring that the Code is applied strictly and consistently.

I am personally invested in meeting these requirements, and I firmly believe that our collective contribution to Thales's growth and performance hinges on irreproachable conduct, in line with this Code of Ethics, by all Group employees.

**Jean-Bernard Lévy**

Chairman and Chief Executive Officer

# Ethics guidelines

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In the spirit of Thales's five core values, the present Code of Ethics lays down the guidelines of behaviour applicable within the Group, towards customers and suppliers, employees, shareholders and financial markets, as of the Environment, the Community and the Company.

Thales's ethical commitments are improved on a regular basis such as updated obligations towards suppliers and the updating of the ethics alert procedure.

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.

Neither are they contractual. They must, however, be understood and applied by all the Group's permanent and temporary staff.

Every individual is responsible for applying these rules, especially holders of executive positions and those appointed to such positions in the future.

They cover four areas of particular importance for the Group:

- 1 • Responsibility towards customers and suppliers**
- 2 • Responsibility towards the Group's staff**
- 3 • Responsibility towards shareholders and financial markets**
- 4 • Responsibility towards Environment, Community and Company**

# 1 Responsibility towards customers and suppliers

- Thales establishes lasting relationships with its customers and suppliers, based on mutual trust and respect.
- As partners of Thales, customers and suppliers have a right to expect the Group to:
  - provide truthful and honest information
  - honour the commitments the Group has made towards them

## A • 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

- To this end, Thales operates in strict compliance with the rules of fair trading and with applicable legislation and codes of practice. Under no circumstances may the Group grant any undue direct or indirect advantage to any public official or customer employee in order that they might act, or refrain from acting, in the performance of their official duties to Thales's benefit. The Group also conducts its business in strict compliance with the rules applicable to export control.
- Group employees may only provide benefits, gifts, entertainment or free travel to a customer within reasonable limits, in accordance with generally accepted practices, and after management approval.

## B • Suppliers

- Thales establishes cooperative relationships with suppliers, 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 Department has published a specific Code

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of Conduct for team members involved in supplier selection in order to guarantee transparency on selection rules, schedules and protection of confidential information

- commitment to apply the terms negotiated, particularly payment due dates and intellectual property rights
- All Group employees whether in a purchasing or operational role must act with complete integrity. This entails refusing any personal benefits or gifts of significant value. Offers of free travel, accommodation, attendance at shows or entertainments must also be declined unless they are professional in nature, involving customer / supplier seminars or group events. Restaurant invitations must be limited to a particular event; they must be reciprocated and they must not exceed the value of gifts that are within acceptable limits.
- The personal interests of a Group employee must not affect the choice of a supplier under any circumstances. Management must be particularly vigilant when a Group employee has a personal, family or financial tie with a supplier.
- In order to guarantee neutrality and independence throughout the duration of Thales's relationships with suppliers, the purchasing function is committed to changing its purchasers' portfolios at least every five years as part of its human resources management policy.

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- These principles are particularly important in light of the Group's purchasing policy, which involves selecting a limited number of suppliers and developing sustainable high-performance relationships with them to guarantee the competitiveness of Thales's solutions in the long term.
  - In accordance with the commitments made as part of the United Nations Global Compact, Thales requires all its suppliers to comply with its principles, particularly those relating to human rights and labour standards.
  - Globalising to leverage economies of scale, innovating to gain a lead on competitors and opening up to international markets to work more closely with end-customers are the keys to success that Thales seeks to share with its suppliers.

## 2 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

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- 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, preventing health risks and occupational hazards, and providing personnel training

- 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

- The staff of Thales are expected to be totally loyal to the Group and a high level of integrity is requested. They are thus prohibited, except with the consent of the Group, from working for an existing or potential competitor.

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.

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

# 3 Responsibility towards shareholders and financial markets

## A • Adherence to the principles of good corporate governance

- The shareholders of Thales are entitled to reliable and comprehensive information in compliance with the rules applicable for listed companies.
- To protect the company's interests and future, the directors of Thales are also responsible for safeguarding the interests of shareholders. 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.

## B• Financial markets

- Thales provides the financial markets by appropriate means with timely information on any event liable to influence its share price.
- Group employees may not sell or buy securities, or perform any other transaction in a regulated market if their position within Thales has provided them with privileged information that is not publicly known.

# 4 Responsibility towards Environment, Community and Company

## A • 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.

## B • Corporate citizenship

- 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 political candidates, 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 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.

## C • The Group's tangible and intangible assets

- 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.

# Implementation of Ethics in the Thales Group

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- 1 • The Group's Ethics Organisation**
- 2 • Procedure in the event of infringement of Thales ethical principles**

## Introduction

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- As part of its continuous improvement programme, Thales has strengthened its Ethics Organisation. The missions and scope of the Ethics Committee have been made more coherent, and the Group has created a corporate department of Ethics and Corporate Responsibility.
- A copy of the present Code of Ethics is issued to each Thales employee. The Group provides appropriate training for employees wishing to familiarise themselves with this field or improve their knowledge of it.
- The Code of Ethics may also be released outside the Group as necessary, for example to customers, suppliers and shareholders.
- Thales management is responsible for implementing the Code of Ethics and ensuring that it is applied.

# 1 The Group's Ethics Organisation

- To support the Code of Ethics and ensure its deployment, Thales has set up an Ethics and Corporate Responsibility Committee. Its missions are to:
  - help define and implement Group policy on ethics and corporate responsibility
  - signal developments in ethical standards with respect to commercial matters, the environment, labour relations and society at large, and propose related action
  - ensure the deployment and development of the Code of Ethics within Thales
  - define an appropriate training and communication plan
  - coordinate the network of Ethics Officers
  - settle issues raised by Ethics Officers
  - launch enquiries into possible infractions of the Code and make proposals to management about action to be taken or sanctions that should be applied
- An Ethics and Corporate Responsibility Department has also been put in place to implement the policy decided by the Ethics Committee at Group level.

## The Department's missions are to:

- keep the Code of Ethics up to date, help to define and deploy best practices, and set standards for business ethics (prevention of corruption, export control, etc.)
  - prevent infringements of the Code of Ethics and, where necessary, provide assistance in non-compliance enquiries
  - recommend awareness and information campaigns within the Group and develop the tools needed to create a culture of accountability
  - devise and implement training materials on business ethics
  - implement the Group's Ethics Policy by coordinating the network of Ethics Officers and Compliance Officers
  - represent the Group internationally in professional associations and with governmental or non-governmental organisations in order to promote and defend Thales's image and interests, and also with customers and partners after consultation with Units
  - help identify any changes in regulations or standards so as to make these as favourable as possible to Thales's development, and circulate the information internally
- Lastly, decentralised Ethics Officers provide local points of contact at the main structures throughout the Group. At operational level, their missions are:
- disseminate the Code of Ethics along with recommendations on the Group's Ethics Policy and its application at Global Business Unit / Country level, then monitor its application
  - ensure that employees receive the training and information they need
  - for Country Ethics Officers, adapt ethical standards so that Thales's Ethics Policy is compliant with local regulations or common practices (e.g.: gifts, entertainment, free travel...)
  - answer questions about compliance with the Code of Ethics and the principles it contains

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- undertake appeals of employees who are confronted with infringements of legislation (discrimination, harassment, etc.) or with violations of the Code

## Appointment of Ethics Officers:

- an Ethics Officer is assigned to each Global Business Unit and each Country where the Group has significant operations. A priori this Ethics Officer is the Human Resources Officer of the Global Business Unit or Country
- he or she works closely with:
  - Compliance Officers on all issues related to their specific areas of expertise
  - the Ethics and Corporate Responsibility Department for the definition and application of best practices and standards in the area of ethics

## The Ethics Officers are under a dual obligation:

- strict confidentiality on personal issues (this obligation being subject and adapted to the regulations in force in each country)
- total transparency in dealings with the Ethics and Corporate Responsibility Department and Committee on matters related to the application of the Code

## 2 Procedure in the event of infringement of Thales ethical principles

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<sup>(1)</sup>.

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

<sup>(1)</sup> 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.

## A • 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.

## B • Scope of the ethics alert facility

The ethics alert facility allows to obtain information and advice in case of questions or doubts about the application or interpretation of the Code of Ethics. Also, it allows in a restrictive way to raise ethics-related concerns in any of the following areas:

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

## C • Raising ethics alerts

The ethics alert facility is based on the principles of confidentiality and respect for the rights of each person concerned throughout the procedure. All Thales employees have the right to raise ethical concerns in any of the areas within the scope of the facility, or by contacting directly in the order shown:

- the Ethics Officer (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's 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.

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

## D • Responding to ethics alerts

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

- **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<sup>[2]</sup> (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.

<sup>[2]</sup> 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.

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# For more information...

...or if you encounter difficulties, contact:

- Your manager
- Your Ethics Officer  
(see list on the Group ThalesWeb intranet)
- The Ethics and Corporate Responsibility Committee (also available for Ethics alert):
  - By e-mail: [ethics.committee@thalesgroup.com](mailto:ethics.committee@thalesgroup.com)
  - By telephone: +33 (0)1 57 77 87 19
- The Ethics and Corporate Responsibility Department:
  - By e-mail: [ethics.cr@thalesgroup.com](mailto:ethics.cr@thalesgroup.com)
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