



Tour Carpe Diem - 31 place des Corolles
92098 Paris La Défense - France

+33 (0) 1 57 77 80 00

> thalesgroup.com <



Ethics - Integrity - Compliance

Code of Conduct

**Prevention of corruption
and influence peddling**



Millar CRAWFORD
Executive Vice-President
Ground Transportation
Systems



Christophe SALOMON
Executive Vice-President
Land & Air Systems



Marc DARMON
Executive Vice-President
Secure Communications
and Information Systems



Philippe DUHAMEL
Executive Vice-President
Defence Mission Systems



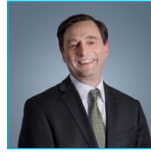
Hervé DERREY
Executive
Vice-President
Space



Yannick ASSOUD
Executive Vice-President
Avionics



Philippe VALLEE
Executive Vice-President
Digital Identity
and Security



Alex CRESSWELL
Chief Executive Officer
and Chairman
of Thales UK



Patrice CAINE
Chairman and Chief Executive Officer



Pascal BOUCHIAT
Senior Executive
Vice-President Chief
Financial Officer &
Information Systems



Philippe KERYER
Executive Vice-President
Strategy, Research
and Technology



Jean-Loïc GALLE
Senior Executive
Vice-President,
Chief Operating Officer and
Chief Performance Officer



Isabelle SIMON
Group Secretary
& General Counsel



Pascale SOURISSE
Senior Executive
Vice-President
International Development



Clément DE VILLEPIN
Senior Executive
Vice-President
Human Resources

Commitment by the Executive Committee

Preventing corruption and influence peddling is absolutely vital to secure the long-term future of Thales's businesses, protect its reputation and competitive performance, and meet the expectations of its stakeholders (investors, banks, customers, suppliers, etc.).

The Executive Committee and the Board of Directors have a zero-tolerance policy on corruption and influence peddling.

Accordingly, the Group takes steps to ensure strict compliance with the regulations that govern its business conduct. These regulations are applicable to all employees, not only because of the heavy sanctions that can be imposed for non-compliance, but also in view of the potential damages to the company's brand image and reputation.

All Thales staff must therefore be fully aware of the risks relating to corruption and influence peddling, and must be familiar with the types of conducts that are prohibited by the Group.

This Code of Conduct specifies best practices in this area, and defines and illustrates the types of conducts that could constitute an act of corruption or influence peddling.

Failure to comply with this Code of Conduct or to apply the procedures it refers to may result in disciplinary actions, in addition to any civil and criminal proceedings that may arise as a result of the violations.

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Rules

This **Code of Conduct** for the prevention of corruption and influence peddling provides a brief and simple **description** of the **key challenges around the prevention of corruption and influence peddling**, followed by a set of **recommended responses and solutions** to be applied in the various situations that employees may encounter.

It is **designed to be used in conjunction with detailed instructions and guides** which can be consulted in the Group reference system and on the intranet site of the Ethics, Integrity and Corporate Responsibility Department ("DEIRE").

The **Code of Conduct** was **updated in April 2021 by the Integrity and Compliance Committee** following the **drafting and validation of a new corruption and influence peddling risks cartography in November 2020**.

The **Thales Code of Conduct applies to all Group employees, including temporary employees and external staff working on Thales sites**. All employees must embrace and comply with the Code of Conduct, and comply with applicable national and international laws.

The **Code of Conduct** is **incorporated** into the **internal rules and procedures** of entities in which such rules and procedures are applicable.

In **other cases**, the **Code of Conduct** is **approved** by the **management body** of the entity concerned.

It is made available to employees according to arrangements determined by the respective entities.

PROHIBITED CONDUCTS



Thales operates in strict compliance with the rules of fair trading and with applicable laws and good practices in force.

As stated in the Code of Ethics, the Group absolutely prohibits any action that could constitute an act of public or private corruption and/or influence peddling, as well as any other offense that constitutes a violation of integrity.

What is corruption and influence peddling?

WHAT IS CORRUPTION?

Corruption occurs when a person – **the corruptor** – **offers, promises or gives** any **undue advantage**, whether directly or indirectly, **to another person – the corrupt** – for the **benefit of that individual or of a third party, in order for him/her to act or refrain from acting in relation to the performance of his/her duties**, with a view to obtaining or retaining a contract or other advantage.

It also occurs when a person – **the corrupt** – **solicits or accepts**, directly or indirectly, any **undue advantage, for him/herself or for a third party, in order to act or refrain from acting in relation to the performance of his/her duties**, with a view to awarding, or ensuring the award of, or retaining, or ensuring the retention of, a contract or other advantage for the benefit of another person (**the corruptor**).

The **offense of corruption** (also referred to as **bribery**) therefore involves at least **two parties**: the **corrupt** and the **corruptor**.

The corrupt may be a Public Official, a Politically Exposed Person (PEP), or a manager or an employee of a private-sector company.

An undue advantage may consist, for example, of work carried out at a private residence, travel, tickets to shows, internships, invitations to sporting events, valuables, etc.



WHAT IS INFLUENCE PEDDLING?

Influence peddling is the **soliciting, by any person**, at any time, whether directly or indirectly, of any **offers, promises, donations, gifts or benefits**, for themselves or for any other person, **in return for allowing, or having allowed, their real or presumed influence to be used illegally** with a view to **obtaining awards, jobs, contracts or any other favourable decisions** from an authority or a public administration.

It also occurs when **any person accepts**, at any time, whether directly or indirectly, any **offers, promises, donations, gifts**

or **benefits**, for themselves or for any other person, **in return for allowing, or having allowed, their real or presumed influence to be used illegally** with a view to **obtaining awards, jobs, contracts or any other favourable decisions** from an authority or a public administration.

Influence peddling therefore involves at least **three parties**:

- The **person who offers or agrees** to allow his/her real or presumed **influence** over a public decision-maker to be **used illegally**.
- The **public decision-maker**.
- The **beneficiary** of the decision made by the public decision-maker.

What is a Public Official and a Politically Exposed Person?



WHAT IS A PUBLIC OFFICIAL?

Any natural person who **cumulatively** fulfils the following two **criteria**:

- **on the one hand**, this **person**:
 - **holds a legislative mandate or occupies an administrative, military or judicial position**, in the Customer's / End-Customer's country, whether by appointment or by election, on a permanent or temporary basis, with or without remuneration; or
 - **exercises a public function, as a public official or public agent**, at any hierarchical level whatsoever, including within a public company or within a national or international public body; or

- **provides a public service or acts as a public official**, depending on the meaning that the law in force in the Customer's / End-Customer's country gives to these terms;
- and **on the other hand**, this **person is or appears to be, by virtue of his/her function or his/her mission (past or current), in a position to influence the Customer's / End-Customer's final decision award for a contract**, or, **is able to influence the position to be adopted** by the Customer or the End-Customer as part of the contract performance.

WHAT IS A POLITICALLY EXPOSED PERSON (PEP)?

Any **natural person** who is either an **"Initial PEP"** or, by extension, a **"Relative"** to an **Initial PEP**:

An **Initial PEP** is a person who, **cumulatively** fulfils the following two criteria:

- **on the one hand**, is a **"Public Official"** or a **senior official of a public company** (ie state-owned enterprises and publicly-owned companies) or a **political party**, in the Customer's / End-Customer's country, **who is currently exercising his / her functions or who has ceased to exercise them for less than three (3) years**;
- and **on the other hand**, this person, **by virtue of his or her function or mission (past or current), can influence the Customer's / End-Customer's final decision award for a contract, or may influence the position to be taken by the**

Customer / End-Customer as part of the contract performance.

A **Relative** of an **Initial PEP** is any one of the following people:

- **parents, brothers and sisters, children of the Initial PEP and the spouse(s), well-known partner(s) and companion(s) of these children**;
- **spouse, well-known partner or companion of the Initial PEP, as well as own ascendants and descendants of this spouse, well-known partner or companion of the Initial PEP**;
- **persons closely associated with the Initial PEP**, that is to say any person who is widely and publicly known to **have close links**, in particular **business links**, with the Initial PEP, including the beneficial owner of a legal entity, a legal person or a legal device held jointly with the **Initial PEP** or known to have been established for the benefit of the Initial PEP.

What are the best ways to protect against the risk of corruption or influence peddling?

WHAT SHOULD YOU DO?

All Group employees must:

- ✓ Exercise discernment, vigilance and common sense in all circumstances.
- ✓ Always act in strict compliance with Group procedures.
- ✓ Be able to recognise risk situations, clarify whether requests or proposals could be illegal, and take appropriate measures to avoid being involved in acts of corruption or influence peddling.
- ✓ Never put themselves or the Group in a risk situation.
- ✓ Refuse any solicitation or offer that could put them or the Group in a risk situation.
- ✓ Refrain from calling upon third parties to carry out acts that are prohibited by the Group.
- ✓ Question any complex and/or unusual situation and/or arrangement that would be hard to justify.
- ✓ Seek the advice of their reporting line manager or Compliance Officer in case of doubt.
- ✓ Raise an alert via the internal alert system, their reporting line manager, or their Compliance Officer if they become aware of any action that could be in breach of Thales's policy on prevention of corruption and influence peddling.



RISK SITUATIONS

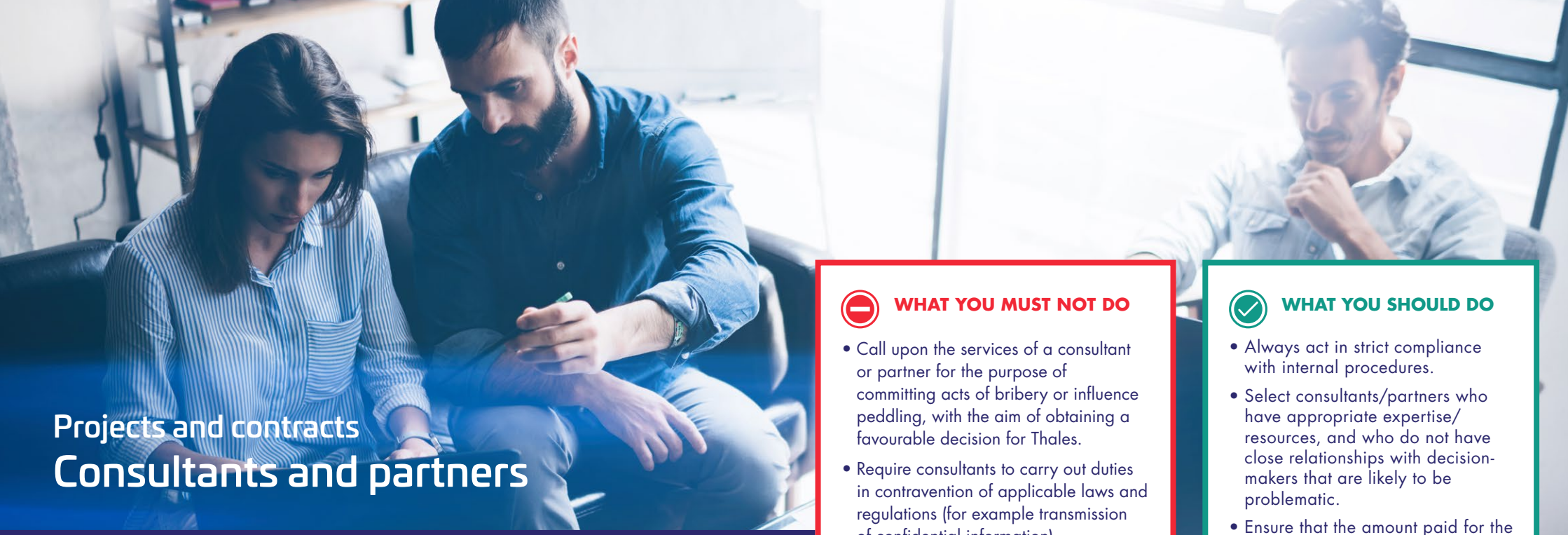


This new edition of the Code of Conduct is based on the risks of corruption and influence peddling identified in the new risks cartography.

The purpose of this section of the Code of Conduct is to explain the key challenges, provide a reminder of the types of conducts that are prohibited, and help employees deciding how to act in risk situations.

However, it is not possible to list all of the examples of risk situations that are likely to occur.

Employees are therefore invited to familiarise themselves with the documents intended to be used in conjunction with this Code of Conduct, and to contact their Compliance Officer or reporting line manager if they have any doubts with regard to a specific case.



Projects and contracts Consultants and partners

BACKGROUND

Where an entity **identifies a need for business development support**, and where the Group's local expertise in the destination country is considered inadequate, **Thales may call upon consultants or key industrial partners**.

Thales has strict detailed procedures in place to supervise the use of consultants and key industrial partners.

STAKES

The **use of consultants or local industrial partners** is **standard practice** in industry.

Nevertheless, **consultants and partners** are considered to be among the **third parties who are most exposed** to the risk of corruption and influence peddling.

This is because a consultant or a business or industrial partner **could be selected solely on the basis of its ability to influence a customer** or to **offer an undue advantage to a customer**.



WHAT YOU MUST NOT DO

- Call upon the services of a consultant or partner for the purpose of committing acts of bribery or influence peddling, with the aim of obtaining a favourable decision for Thales.
- Require consultants to carry out duties in contravention of applicable laws and regulations (for example transmission of confidential information).
- Continue to work with a consultant or partner who no longer satisfies the compliance requirements set out in internal procedures.



WHAT YOU SHOULD DO

- Always act in strict compliance with internal procedures.
- Select consultants/partners who have appropriate expertise/resources, and who do not have close relationships with decision-makers that are likely to be problematic.
- Ensure that the amount paid for the service is commensurate with the service provided.
- Check the work carried out before making any payment.
- Ensure that all payments are appropriately recorded and traceable.



FIND OUT MORE ON THIS SUBJECT

- **You must consult** the following documents:
 - Instruction **“for managing relationships with Business Advisers (BAs) (excluding Major Country domestic BAs)”**;
 - Instruction **“relating to Business Advisers (BAs) in France and Major Countries and for International Institutions”**;
 - Instruction **“for qualifying, selecting and managing Key Industrial Partners (KIPs)”**;
- **In case of doubt, employees must contact their Compliance Officer and/or reporting line manager.**



Projects and contracts

Joint-ventures and consortiums

BACKGROUND

Thales works with partners in order to conduct its **activities**:

- Via consortiums (for example temporary company groupings (GME))
- Via joint ventures, including ad-hoc joint ventures (joint ventures established for the purpose of performing a project).

Special vigilance must be exercised with respect to **ad-hoc joint ventures** in which Thales has only a **minority shareholding**, and **consortiums in which Thales is not the lead company**.

STAKES

Limited monitoring capability and **a lack of visibility regarding the operation** and certain **practices** of ad-hoc joint ventures or consortiums could expose Thales to risks of corruption and influence peddling.



WHAT YOU MUST NOT DO

- Perform, or cause to be performed, any acts within the scope of the joint venture or consortium that contravene this Code of Conduct.



WHAT YOU SHOULD DO

- Officially request the implementation of an anti-corruption compliance programme in line with Group standards within the joint venture or consortium.
- In the absence of such a programme, inform the management of the joint venture or the lead company in the consortium, or your reporting line manager, of any acts that contravene Group standards.
- Revise the ad-hoc joint venture or consortium agreements to give Thales improved visibility and the ability to monitor risk situations.



FIND OUT MORE ON THIS SUBJECT

- **You must consult** the following documents:
 - **“Third Parties Integrity Assessment”** instruction;
 - **“Bids and Projects”** process (**MRBOA** and **MRPS**).
- **In case of doubt, employees must contact their Compliance Officer and/or reporting line manager.**



Projects and contracts Project expenses

BACKGROUND

A significant proportion of the Group's activities involves **complex projects** lasting **several years**. Unexpected issues may be encountered during the performance phase of such projects.

Such **unexpected issues** may lead to new negotiations being **opened**.

STAKES

Such **negotiation scenarios** can lead to risks of corruption and influence peddling as a result of a third party soliciting an **undue advantage** in return for a **favourable decision for Thales**.



WHAT YOU MUST NOT DO

For the purpose of obtaining an undue advantage:

- Knowingly agree to pay for fictitious services or overpay for actual services when negotiating an amendment to a current contract with a supplier or subcontractor.
- Give gifts, invitations or any types of benefits (such as a company car, gifts of materials or equipment, or sponsorship funded by the project).
- Make cash payments from a petty cash fund.



WHAT YOU SHOULD DO

- Be especially vigilant during such negotiation phases.
- Always act in strict compliance with internal instructions applicable to such situations.
- Conduct a compliance check in respect of expenses associated with commitments entered into on the sidelines of negotiations (Gifts and Hospitality; Community investment, sponsorship and corporate memberships).
- Ensure that any consideration granted within the scope of the negotiations meets a legitimate objective, and is justifiable.



FIND OUT MORE ON THIS SUBJECT

- **You must consult** the following documents:
 - Financial instructions applicable to **"Bids and Projects"**;
 - **"Bids and Projects"** process (MRBOA);
 - **Budgetary control manual (chapters 3 and 4)**;
 - **"Gifts and Hospitality"** instruction;
 - **"Community investment, sponsorship and corporate memberships"** instruction;
 - **"Business expense reimbursement"** instruction;
 - **"Account opening and payment"** instruction;
- **In case of doubt, employees must contact their Compliance Officer and/or reporting line manager.**



Suppliers and services Suppliers and subcontractors

BACKGROUND

Thales relies on a **large network of suppliers and subcontractors**, selected via a purchasing process ensuring that “checks and balances” are applied in respect of the different functions involved in projects.

STAKES

Strict compliance with the purchasing process ensures effective competitive tendering among third parties in accordance with bid rules, so that bids are competitive in technical and financial terms and compliant.

If the **purchasing process** is not rigorously implemented, this could lead to the commission of acts of corruption and influence peddling.



WHAT YOU MUST NOT DO

For the purpose of obtaining an undue advantage:

- Agree to select a supplier or subcontractor when instructed by another party that you are obliged to do so (unless there are duly justified reasons for agreeing).
- Adjust the technical specifications used in the consultation process or define bid assessment criteria with the aim of favouring a particular supplier or subcontractor.
- Transmit confidential information with the aim of favouring a particular supplier or subcontractor.
- Knowingly agree to pay for fictitious services or overpay for actual services.



WHAT YOU SHOULD DO

- Strictly apply the purchasing process.
- Implement the provisions of the Third Parties Integrity Assessment instruction relating to each category of suppliers.
- Report any situation which is likely to result in a failure to comply with applicable instructions to your Compliance Officer.

FIND OUT MORE ON THIS SUBJECT



- **You must consult** the following documents:
 - “**PVet Review governance**” instruction;
 - “**Purchasing & Payments**” instruction;
 - “**Third Parties Integrity Assessment**” instruction;
 - “**Bids and Projects**” process (**MRBOA/MRPS**);
 - “**Indirect offsets**” instruction.
- **In case of doubt, employees must contact their Compliance Officer and/or reporting line manager.**

Suppliers and services

Real estate activities

BACKGROUND

To conduct its business, the Group may sign leases, and, exceptionally, may also participate in activities to acquire or dispose of real estate assets, as applicable.

STAKES

A **real estate transaction** may lead to an **undue advantage being granted to a third party** as a result of abnormally costly financial conditions being agreed.



WHAT YOU MUST NOT DO

- Propose a real estate transaction or lease to a third party under abnormally costly conditions in terms of purchase price, rent, payment of an indemnity in full discharge, forfeit clause, or payment for office development services or for rehabilitation work on returning a site.
- Propose or grant an undue advantage to any person responsible for issuing administrative approvals linked to a real estate project (construction permits, certificates of conformity, etc.) with a view to obtaining or expediting their issue for Thales's benefit.



WHAT YOU SHOULD DO

- Implement the provisions of the Third Parties Integrity Assessment instruction relating to lessors.
- Ensure that facilities management services are negotiated by Group Purchasing.

FIND OUT MORE ON THIS SUBJECT



- **You must consult** the following documents:
 - "Third Parties Integrity Assessment" instruction;
 - "Real estate project approval" form;
 - "Facilities management governance" instruction.
- **In case of doubt, employees must contact their Compliance Officer and/or reporting line manager.**



Interactions with third parties Public officials and politically exposed persons

BACKGROUND

In France and internationally, **Thales's** business puts it in **regular contact** with **Public Officials** and **Politically Exposed Persons (PEPs)**.

STAKES

Employees interaction with Public Officials and PEPs in doing business (preparation of bids, performance of projects) **can give rise to situations of corruption** and influence peddling.



WHAT YOU MUST NOT DO

- Propose an undue advantage to a Public Official or PEP, whether directly or indirectly:
 - in exchange for a decision favourable to Thales, or
 - in return for using their real or presumed influence illegally with a view to obtaining a favourable decision for Thales.
- Agree, at the request of a Public Official or PEP, to grant said Public Official or PEP an undue advantage, whether directly or indirectly:
 - in exchange for a decision favourable to Thales, or
 - in return for using their real or presumed influence illegally with a view to obtaining a favourable decision for Thales.
- Undue advantages may take various forms:
 - consultancy contracts;
 - offer of gifts;
 - hiring of a close associate or family member in violation of Group instructions, etc.



WHAT YOU SHOULD DO

- Carry out screening and assessment of consultants in accordance with Group procedures, and do not engage consultants outside the scope of these procedures.
- Verify individuals' status as Public Officials or PEPs when hiring them or entering into contractual arrangements.
- Ensure that no Public Official or PEP occupies a position within the Group, in which they may be exposed to situations of influence peddling.
- Be especially vigilant in interactions with a Public Official or PEP.



FIND OUT MORE ON THIS SUBJECT

- **You must consult** the following documents:
 - **"Third Parties Integrity Assessment"** instruction;
 - **"Gifts and Hospitality"** instruction;
 - The **"Policy on Detection, Prevention and Management of Conflicts of Interests"**, which identifies conflicts of interests situations and defines measures for dealing with real or potential cases of conflicts of interests (project postponement, change in role for a limited period, amended responsibilities, enhanced monitoring arrangements, etc.).
- **In case of doubt, employees must contact their Compliance Officer and/or reporting line manager.**



Interactions with third parties

Conflict of interests

BACKGROUND

Group employees may encounter situations in which **interactions** occur between their **business activities** and elements of their **private life** (for example a personal relationship or a private activity).

A **conflict of interest** is a **situation** in which a **private interest of an individual** may **influence**, or **appear to influence**, the **individual's ability to perform** his/her **functions independently, impartially and objectively** within an **organisation**.

They may involve **business or personal interests**, or **interests** related to the **exercise of an elected or public office**.

STAKES

Conflict of interests situations are not a problem in themselves, provided they are **identified, reported and managed appropriately**.

If they are not handled in this way, however, such situations can lead to **inappropriate decision-making** by employees, or even to the **commission of criminal offenses** (such as acts of corruption/influence peddling, insider trading, fraud, or misuse of company assets).



WHAT YOU MUST NOT DO

- Put yourself in a conflict of interest situation, such as:
 - Arranging the purchase by the Group of goods from a company in which a close associate or family member holds decision-making power associated with the contract in question.
 - Recruiting as a consultant any individual with whom you have a personal relationship.
 - Participating in an activity or project which is in competition with the Group's activities.
 - Holding (or having a close associate or family member who holds) a decision-making post within an authority which has supervisory power over the Group's activities.
 - Holding an elected office, or having responsibilities within a public authority which has the power to take decisions that may interfere with Thales's interests.
- Not reporting a conflict of interests situation to your reporting line manager.



WHAT YOU SHOULD DO

All Group employees must ask themselves the following questions:

- Is this situation affecting the way I am performing my functions?
- Would my loyalty or impartiality be brought into question if my staff, co-workers or anybody outside the Group knew about my personal interests?
- How would my line manager react if information about my personal interests were widely known?
- If the situation were revealed by the media, could it damage my reputation and/or that of the Group?

All Group employees must report any conflict of interest to their line manager as soon as they become aware of it.

FIND OUT MORE ON THIS SUBJECT



- **You must consult** the “**Policy on Detection, Prevention and Management of Conflicts of Interests**”, which identifies conflict of interests situations and defines measures for dealing with real or potential cases of conflict of interests (project postponement, change in role for a limited period, amended responsibilities, enhanced monitoring arrangements, etc.).
- **In case of doubt, employees must contact their Compliance Officer and/or reporting line manager.**

Governance

M&A operations

BACKGROUND

Within the scope of its activities, the Group may **acquire** or **dispose** of company **assets** or **shares** (known as “M&A operations”).

STAKES

M&A operations may result in legal, financial and reputational risks for Thales:

- Either via the **acquisition/disposal of shares at a price that is at variance with the market value**, with the aim of corrupting a Third Party;
- Or via the acquisition of a **target** by Thales which may have, prior to its acquisition, **participated in wrongful acts of corruption or influence peddling**.

More generally, the Group’s exposure to corruption risk may be exacerbated by **non-compliance on the part of stakeholders** (vendors, advisors, merchant banks, lawyers, etc.).



WHAT YOU MUST NOT DO

For the purpose of obtaining an undue advantage:

- Make an offer to a third party to dispose of or acquire a company asset or shares in a company at a price not commensurate with the actual value of the asset or shares.
- Agree, at the request of a third party, to dispose of or acquire a company asset or shares in a company at a price not commensurate with the actual value of the asset or shares.
- Acquire a company or a majority share in a company without implementing a plan to identify any acts of corruption or influence peddling previously committed by the target.



WHAT YOU SHOULD DO

- Ensure that the financial and legal conditions of the M&A operation are compliant with market practice.
- Verify the compliance of the stakeholders in the operation and the target, and the compliance of the structure of the planned M&A operation; and verify the appropriateness of the associated compliance organisation.
- Conduct a detailed analysis of the target’s portfolio of consultants and local industrial partners.
- Ensure the deployment of the Group’s Integrity and Compliance Programme within the recently acquired company.

FIND OUT MORE ON THIS SUBJECT



- **You must consult** the following documents:
 - “M&A (mergers and acquisitions)” instruction;
 - “Compliance in M&A operations” instruction;
 - “Third Parties Integrity Assessment” instruction;
 - “Thales Partners & Suppliers Integrity and Corporate Responsibility Charter”.
- **In case of doubt, employees must contact their Compliance Officer and/or reporting line manager.**

Governance

Very small entities

BACKGROUND

The Group contains certain **very small entities** (in terms of revenue and/or employees), such as representative offices, permanent establishments, etc.

STAKES

Due to their small size, and sometimes also their geographical isolation, it may be difficult to monitor the **governance, management and controls** implemented in these very small entities.

These very small entities could **ignore certain Group instructions**, thereby generating a risk of corruption or influence peddling, particularly in **countries with a high level of exposure** to such risks.



WHAT YOU MUST NOT DO

- Assume that a very small entity can, due to its size or geographical isolation, avoid strict compliance with Group instructions.



WHAT YOU SHOULD DO

- Strictly apply, or ensure the strict appliance of, Group instructions as well as national and international laws, which may be more stringent.
- Apply appropriate controls (relying on Group capabilities) to compensate for the lack of segregation of duties and the absence of "checks and balances" within a very small entity.
- For example, exercise increased vigilance regarding the following: opening a bank account (list of approved banks, requirement for two signatures, etc.); project expenses under Bids & Projects; non-project expenses associated with the structure.

FIND OUT MORE ON THIS SUBJECT



- **You must consult** the following documents:
 - Instruction on "Opening bank accounts, payments, and signature rules";
 - Instruction on "Opening and closing of permanent establishments";
 - "Bids and Projects" process (MRBOA and MRPS);
 - "Consulting" instruction;
 - "Gifts and Hospitality" instruction;
 - "Community Investment, Sponsorship and Corporate Memberships" instruction;
- **In case of doubt, employees must contact their Compliance Officer and/or reporting line manager.**

Cash flow

Cash or facilitation payments

BACKGROUND

The performance of certain projects may:

- necessitate **payment** of some **local expenses in cash** (to pay for drivers, phones, tools, construction equipment rental, driver's licenses, etc.);
- give rise to requests for facilitation payments.

Facilitation payments are **small sums** paid directly or indirectly to a Public Official (for example, a customs or immigration official) **in return for diligently performing an administrative procedure or easing a bureaucratic process** (for example, expediting an approval or a decision that has been accepted in principle).

Facilitation payments may be made in cash or via another payment method.

STAKES

Petty cash funds are sometimes created, particularly in countries with a dominant cash payment culture. The amounts in these petty cash funds must remain limited. **Control of expenditures is monitored** by the **Finance Department after their engagement**.

The existence of **petty cash funds** exposes the Group to risks of **embezzlement of cash** and **inappropriate payments**, in particular facilitation payments, in countries in which they are often requested.

While some countries exercise a certain tolerance of this practice of facilitation payments, such payments are nonetheless **considered to be an act of corruption**.



WHAT YOU MUST NOT DO

- With the exception of petty cash funds previously authorised, cash payments are prohibited within the Group.
- Thales does not allow facilitation payments.



WHAT YOU SHOULD DO

The opening of a petty cash fund requires prior approval from the Finance Department.

If you are asked to make a facilitation payment, you must:

- Refuse to make such a payment, and
- Immediately inform your reporting line manager.

However, an exception to this prohibition can be made in situations where the payment of a small sum is the only way to ensure the physical safety and security of an employee. Any such payment must be reported as soon as possible by the employee concerned to its reporting line manager.

Facilitation payments, if made, must be recorded in the company's accounts.



FIND OUT MORE ON THIS SUBJECT

- **You must consult** the following documents:
 - Instruction on **"Opening bank accounts, payments, and signature rules"**;
 - Instruction on **"Processing business expenses"**.
- **In case of doubt, employees must contact their Compliance Officer, their reporting line manager, and/or the Finance Department.**

Cash flow Expense reports

BACKGROUND

The majority of the Group's **employees submit expense reports for reimbursement of business expenses** (travel, accommodation, etc.).

In most cases, **employees use a corporate credit card** linked to their personal bank account, which makes it easier to track and process expense reports.

STAKES

Employees could use the reimbursement of expenses to cover improper payments made in their favour or in favour of third parties.



WHAT YOU MUST NOT DO

- Use reimbursement via expense reports, or use P-cards, in order to:
 - obtain undue personal gain, or
 - cover a payment, allowing Thales to obtain a favourable decision or undue advantage.



WHAT YOU SHOULD DO

- Strictly apply procedures regarding travel policy and reimbursement of accommodation expenses and meal costs, as well as the purchasing cards (P-cards) procedure.
- Check and validate travel orders.
- Check and validate expenses records and supporting documentation for actual expenses (including guest lists where applicable), together with the purpose of the mission.

FIND OUT MORE ON THIS SUBJECT



- **You must consult** the following documents:
 - "Travel policy" instruction;
 - Instruction on "Processing business expenses";
 - "Gifts and Hospitality" instruction;
- **In case of doubt, employees must contact** their **Compliance Officer**, their **reporting line manager**, and/or the **Finance Department**.

External relations

Gifts and hospitality

BACKGROUND

Gifts and Hospitality are common in business relationships.

Gifts and Hospitality can take different forms. They include **any good, service or favour** (for example gifts, training, leisure activities, shows, meals, hotel stays, rentals, transportation, loans, etc.) given **free of charge or below market value** to the recipient.

STAKES

Gifts and Hospitality are only acceptable if **transparency** and **proportionality** criteria are met.

They must always **be reasonable** and **must not** be aimed at **offering or obtaining an undue advantage** or **influencing a decision**.

FIND OUT MORE ON THIS SUBJECT

- **You must consult** the instruction on “**Gifts and Hospitality**”, which defines the approval rules, thresholds and requirements to be met by all Group employees before giving or accepting a gift or hospitality;
- Gifts and Hospitality given or received whose value exceeds the approval threshold determined for each Country must be subject to approval using the dedicated tool implemented by the Group, or any other tool with equivalent functionalities;
- **In case of doubt, employees must contact their Compliance Officer** and/or **reporting line manager**;
- The **risk scenarios** are **aggravated** if the **third party** is a **Public Official** or a **Politically Exposed Person (PEP)**. **Extra scrutiny** is required in such cases.



WHAT YOU MUST NOT DO

In the course of their work, Group employees are prohibited from offering or receiving the following without prior approval:

- Cash or cash equivalents.
- Loans.
- High-value equipment or free use of such equipment.
- Free services (registration fees, pension schemes, etc.).
- Facilitation payments.

Prohibited items include the following:

- Gifts and Hospitality given or received by a recipient (or any direct family member or known close associate of such a recipient) who is in a decision-making position in a bid process.
- Gifts and Hospitality that create a real or potential conflict of interest.
- Payment of any subsistence allowances (in cash, pre-paid card or the equivalent) to any or all members of a delegation, if such payment is not contractually agreed.



WHAT YOU SHOULD DO

Gifts and Hospitality must be given or received for a legitimate business purpose, and must be socially acceptable (this means that they must be occasional, and of a reasonable nature and value).

Before giving or accepting a gift, Group employees must ask themselves the following questions in order to assess where they stand in relation to the transparency and proportionality criteria:

- Are gifts allowed by the laws applicable to the Group entity concerned, and local laws where applicable, and are there legal limits in terms of their value?
- Could the gift influence my decision on whether to select this supplier, or influence a customer's decision if the beneficiary is a customer?
- Could I talk openly to my colleagues about the gift, whether given or received?
- Would this gift be hard to justify if people outside the Group became aware of it?
- Would my reporting line manager agree with me giving/receiving this gift?

All Group employees must comply with Thales procedures by applying the approval rules and thresholds.



External relations

Community investment, sponsorship and corporate memberships

BACKGROUND

An **entity** can decide, **within the scope of its activities**, to **conduct community investment/sponsorship activities** or **respond to requests for corporate membership**. **Community investment** is a form of **material or financial support** for a **non-profit organisation or individual working in the public interest**, where no direct compensation is received from the beneficiary. **Sponsorship** consists of providing **material or financial support** to a **non-charity event, or a person, product or organisation**, in order to **promote a brand**. **Corporate membership** is defined as **participation** by a **Group entity**, whether directly or indirectly, in an **association, club or standardisation body**.

STAKES

In the absence of controls for the purpose of monitoring the integrity of beneficiaries, the legitimate need for such operations, and the use of funds provided by the Group, **community investment, sponsorship and corporate membership operations** could give rise to **corruption and influence peddling**.



WHAT YOU MUST NOT DO

- Carry out activities for the sole purpose of obtaining an undue advantage, or unduly influencing an official decision.
- Pay contributions in cash, or make payments to a third party other than the beneficiary, or make payments that are required to be paid to an anonymous account.
- Carry out any activities that are linked to a person in a decision-making position in an ongoing bid or selection process or in the execution of a contract.
- Carry out activities that create a conflict of interest with the personal interests of a Group employee.

It must be ensured that no community investment or sponsorship activities are carried out that directly or indirectly benefit Public Officials or Politically Exposed Persons.



WHAT YOU SHOULD DO

- Ensure that local legislation and Group rules and procedures are complied with.
- Ensure that planned operations have a legitimate business purpose. The support provided must be of reasonable, proportionate and justified value in view of the objective being pursued.
- In the case of community investment activities, ensure that the three public-interest focus areas of the Thales Solidarity programme are prioritised:
 - Education and professional integration
 - Digital citizenship
 - Environmental protection.
- Identify the ultimate beneficiaries of community investment and sponsorship activities, to prevent any acts of corruption or influence peddling.
- Ensure that there are no links between the beneficiary and decision-makers working for customers/suppliers.

FIND OUT MORE ON THIS SUBJECT



- You must consult the instruction on **“Community Investment, Sponsorship and Corporate Memberships”**, which defines the approval rules, thresholds and requirements to be met by Group employees who are planning to undertake community investment and sponsorship activities, or to become a corporate member of a beneficiary body.
- This instruction is designed to be used in conjunction with the **“Community Investment and Sponsorship Policy Guidelines”**, which set out the Group’s priorities in terms of social engagement and corporate social responsibility (CSR).
- In case of doubt, employees must contact their **Compliance Officer** and/or reporting line manager.



External relations Press relations

BACKGROUND

Corporate Communications may use **public relations and press and media relations agencies**, both at the corporate and local levels, and is responsible for selecting these agencies.

The Group may also **invite journalists to events** (such as trade fairs, press conferences, openings, site visits, etc.).

STAKES

Press relations activities could give rise to **corruption and influence peddling**, in particular as a result of **attempts to influence the editorial content of journalists' work** by granting them **undue advantages**, such as gifts, invitations, payment for travel/accommodation expenses, etc.



WHAT YOU MUST NOT DO

- Offer a gift or hospitality to a person who is in a position to influence the editorial content of a press article relating to Thales.



WHAT YOU SHOULD DO

- Verify the legitimacy of the intended operation.
- Identify the beneficiaries of the public relations/press and media relations agencies.
- Ensure that public relations/press and media relations agencies are selected, and that contractual arrangements for all business relationships are made, in strict compliance with third party integrity assessment procedures.
- Ensure that the Travel policy is complied with for business travel by third parties.
- Ensure that third party costs, and any associated expenses, are justified.

FIND OUT MORE ON THIS SUBJECT



- **You must consult** the following documents:
 - “**Third Parties Integrity Assessment**” instruction;
 - “**Gifts and Hospitality**” instruction;
 - “**Travel policy**” instruction.
- **In case of doubt, employees must contact their Compliance Officer and/or reporting line manager.**

SANCTIONS



Failure by an employee to adhere to applicable laws or to this Code of Conduct may result in disciplinary action, up to and including dismissal for serious or gross professional misconduct, irrespective of any civil and criminal proceedings that may arise from the violation.

Even if an employee believes that s/he is acting in Thales's interest, this shall under no circumstances be taken as justification, in whole or in part, for any action that may contravene applicable laws or this Code of Conduct.

As highlighted above, Thales has a zero-tolerance policy on corruption and influence peddling.

Acts of corruption and/or influence peddling, and any other acts that constitute a violation of integrity, have serious consequences for the company and for the employees involved. Such acts are a criminal offense under local laws, many of which have extraterritorial reach, meaning that an offense committed in one country is punishable in another one.

This is the case, for example, with the law of 9 December 2016 on transparency, anti-corruption and modernisation of the economy (the "Sapin II law") in France, the Foreign Corrupt Practices Act (the "FCPA") in the United States and the UK Bribery Act (the "UKBA") in the United Kingdom.

Sanctions may include:

For employees:

- criminal conviction, leading to
- imprisonment, or
- fines, and/or
- disciplinary measures in accordance with local laws, where applicable.

For Thales:

- criminal conviction, leading to
- significant fines
- public disclosure obligations
- disqualification from public contracts
- loss of entitlement to raise funds
- and long-term damage to Thales's corporate image and reputation.

INTERNAL ALERT SYSTEM

Thales promotes a culture of trust, integrity and compliance, and encourages employees to share their doubts and concerns about any situation or behaviour that could contravene this Code of Conduct and/or the Code of Ethics, one of the related Group policies and/or instructions, or any applicable laws or regulations.

To **protect the Group** and the interests of its stakeholders, it is **important for employees to report any potential violation**.

As a general rule, **if you have concerns about a particular situation, you should:**

- Refer to the **Thales codes, policies and instructions** in the Group reference system, which can be accessed on the Thales intranet.
- **Seek the advice of your Chief Compliance Officer/Compliance Officer and/or your reporting line manager.**

In all circumstances, **if you have serious doubts about whether the conduct of a Thales employee or third party is in breach of this Code of Conduct and/or the Code of Ethics, it is vitally important that, acting in good faith, you alert your Chief**

Compliance Officer/Compliance Officer and/or your reporting line manager.

Thales provides the assurance that no reprisal will be taken against any employee who raises concerns about conduct or situations in contravention of this Code of Conduct and/or the Code of Ethics, **and that all concerns reported will be examined confidentially and in accordance with the rules applicable to the handling of personal data.**

The instruction on the **Internal alert system** specifies the arrangements for managing and processing alerts received via the system.

A **User Guide to the Internal Alert System** summarises the terms and conditions for using the internal alert system.

Several reporting channels can be used:

- Reporting via hierarchical channel or to a **contact person appointed by the function concerned:**
In the case of reporting via hierarchical channel or to a contact person, alerts may be reported by any means of communication (email, letter, telephone or in person).
- Reporting via the **dedicated internal alert procedure (Thales Alert Line):**
This procedure is managed on a **web platform operated by a third-party provider** selected by Thales.
Reports can be filed **24/7** in any

of several languages. Measures are in place to ensure maximum **confidentiality, security and personal data protection**. All **communications, and all the information** provided via this platform, are **encrypted** and can only be viewed by authorised users.
The **Thales Alert Line platform** is accessible via a link on the Group intranet (Ethics, Integrity and Corporate Responsibility Department section) and on the Thales website (Corporate Responsibility section).



FIND OUT MORE ON THIS SUBJECT

- **You must consult the following documents:**
 - Instruction for **"Managing the internal alert system"**;
 - **"User Guide to the Internal Alert System"**;
- **In case of doubt, employees must contact their Compliance Officer and/or reporting line manager.**

FURTHER INFORMATION

The codes, policies and instructions relating to the prevention of the risk of corruption and influence peddling can be consulted in the Group reference system (which can be accessed on the Thales intranet) and on the intranet site of the Ethics, Integrity and Corporate Responsibility Department (DEIRE).

The list of Chief Compliance Officers and Compliance Officers is available on the intranet sites of the Thales Group Legal and Contracts Department and the Ethics, Integrity and Corporate Responsibility Department.

The list of contacts of DEIRE is shown on the department's intranet site.

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