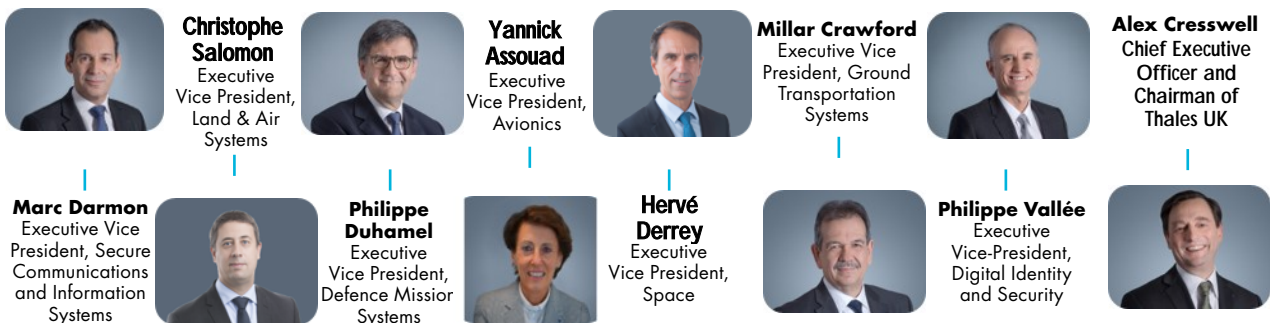
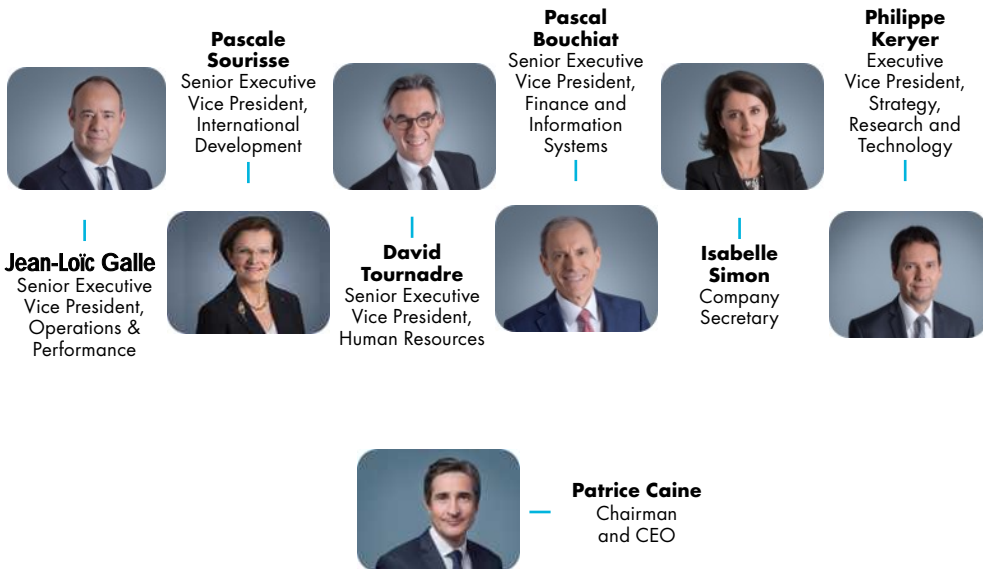


Ethics - Integrity - Compliance

Code of conduct

**Prevention of corruption
and influence peddling**



Message from the EXCOM

Companies are subject to a growing array of regulations governing the way they conduct their business affairs.

All employees must act in strict compliance with these regulations, given the heavy sanctions that can be imposed for non-compliance, but also in view of the potential damage to the company's brand image and reputation.

To protect Thales's reputation, our competitive performance and the long-term future of our businesses, preventing corruption and influence peddling is absolutely vital. It is also a necessity in order to meet the expectations of our stakeholders (investors, banks, customers, suppliers, etc.).

The leadership team and the Board of Directors have a zero-tolerance policy concerning corruption and influence peddling.

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

This Code of Conduct defines and illustrates the types of conduct that could constitute an act of corruption or influence peddling.

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THE RULES

This Code provides a brief and simple description of the key issues around the prevention of corruption and influence peddling, and a set of recommendations to be followed in the various situations that employees may encounter. It is supplemented by broader and more detailed instructions and guides to ethical business conduct in the Group reference system.

This Code of Conduct for the prevention of [corruption](#) and [influence peddling](#) (the “Code of Conduct” or the “Code”) is applicable to all Thales employees, who are required to familiarise themselves with its content and comply with its provisions.

The rules contained in this Code of Conduct must be followed in all countries of operation and do not affect the applicability of national and international legislations, which may be more stringent, in each country.

This Code of Conduct is applicable once it has been formally included in the rules of procedure (or equivalent) of the legal entity concerned, or when it is approved by the management of a legal entity that does not require rules of procedure (or equivalent).

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PROHIBITED CONDUCT

As stated in the Code of Ethics, Thales operates in strict compliance with the rules of fair trading and with applicable legislation and industry best practices. In particular, the Group absolutely prohibits any action that could constitute an act of corruption and/or influence peddling in the public or private sectors.



What is corruption and influence peddling?



WHAT IS CORRUPTION?

As a general rule, corruption occurs when **the instigator¹ offers, promises or gives any pecuniary or other undue advantage**, whether directly or indirectly, **to another person, 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 business or other undue advantage.

It also occurs when **the recipient¹ solicits or accepts**, directly or indirectly, **any pecuniary or other undue advantage, for him/herself or for a third party, in order to act or refrain from acting in relation to his/her duties** with a view to awarding or extending a business contract or other undue advantage.

“Other undue advantage” means preferential treatment, such as an advantage that a company would not normally have had (for example, an approval for which it would not meet the necessary conditions).

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1- The infringement involves two parties: an instigator and a recipient.

The recipient may be a public official, which includes:

- any person holding a legislative, administrative, military or judicial office (whether elected or appointed);
- any person who performs a function for a public agency;
- any person who provides a public service;
- any person authorised by a public international organisation to act on its behalf, or exercising official duties for such an organisation;
- the family members and relatives of public officials and/or entities in which they may have interests;

who, **by virtue of their office or duties, could influence a decision** to award a business contract by a customer or end-user, or **could influence the position adopted by a customer or end-user** with respect to the execution of a contract.

The offence of bribery or corruption is not limited to the public sector. The recipient of a bribe could equally be a manager or employee of a private-sector company.

WHAT IS INFLUENCE PEDDLING?

Influence peddling is where **an individual promises or offers**, directly or indirectly, **remuneration or other benefits to anyone who asserts or confirms that s/he is able to exert an influence over the decisions** of any other person (such as a national or international public official) in order to obtain an undue advantage, **whether or not their presumed influence is real.**

It also occurs when a person solicits or receives remuneration or other benefits (such as travel, work carried out at a private residence, etc.) **in return for allowing his/her real or presumed influence over a decision-maker to be used illegally.**

Influence peddling involves three parties:

- the person who offers or agrees to allow their real or presumed influence over a decision-maker to be used illegally;
- the decision-maker;
- the beneficiary of the decision made by the official.



How to recognise corruption or influence peddling?

All Thales employees must refrain from any action that could constitute an act of corruption, of any kind whatsoever, in the public or private sectors, and/or influence peddling. They must also be able to **recognise risky situations, clarify whether requests or proposals could be illegal and take appropriate measures** to avoid being involved in acts of corruption or influence peddling.

In addition to undue payments, there are a number of situations in which corruption or influence peddling can occur during activities relating to bids, contracts and agreements of all kinds.

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EXAMPLES OF RISKY SITUATIONS:

- **unusual requests**, such as:
 - non-standard payment conditions; payments required in cash; requests to make payments to a third party (including an affiliated company, subsidiary or subcontractor of the rightful recipient); requests to make payments to a bank account in a third country (i.e. not the country where the party is based); payments required to an anonymous account;
 - requests for repeated and/or disproportionate hospitality (events, dinners, travel, etc.);
 - specific contractor/intermediary required or recommended by the customer, especially when one or more rival bids have been submitted.
- **excessive or unusually high remuneration/expenses**, with no detailed and reasonable explanation/justification;
- **use of a third party with links to a public official;**
- **solicitation by an individual, who offers to illegally use his/her influence, real or presumed**, in order to persuade a third party in a public- or private-sector office to act, directly or indirectly, in breach of their duties;
- use of a third party to take any action that is **illegal or prohibited** by the Group.

WHAT SHOULD YOU DO?

- Never put yourself or the Group in a situation such as those described above or any comparable risky situation;
- refuse any solicitation or offer that could put you or the Group in a risky situation, such as those described above or similar;
- question any complex and/or unusual situation and/or arrangement that would be hard to justify;
- **if in doubt**, seek the advice of your line manager, the local Compliance Officer, the Ethics, Integrity and Corporate Responsibility Department or the Legal and Contracts Department;
- immediately inform your line manager if you become aware of any

action that could be in breach of Thales's policy on corruption and influence peddling;

- always act in strict compliance with Group procedures.

Note that Thales has strict, detailed procedures in place to supervise the use of consultants and Key Industrial Partners. These procedures are part of the Group reference system, which can be accessed on the Thales intranet.

Thales employees are not authorised to enter into contractual arrangements with consultants or Key Industrial Partners, except in accordance with these Group procedures.

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MAIN RISK SITUATIONS

Certain situations may be considered as an attempted and/or actual act of **corruption** and/or **influence peddling**. These situations should be analysed on a case-by-case basis to determine the procedure to follow.

WHAT SHOULD YOU DO?

Gifts and hospitality

Gifts and hospitality can take different forms (items given as presents, meals, invitations to events, travel, etc.).

As a general rule, business courtesies and gestures of friendship are common practice in business relationships, but they are only acceptable if they meet transparency and proportionality criteria. **They must in all cases be reasonable and must never be aimed at offering or obtaining an undue advantage or influencing a decision.**

Thales employees must never offer or receive cash or cash equivalents.

Before offering or accepting a gift, ask yourself a few key questions in order to assess where you stand in relation to transparency and proportionality criteria:

- are gifts allowed by applicable legislation in the country concerned and are there 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 offered or accepted

- Would this gift be hard to justify if people outside the Group became aware of it?
- Would my line manager agree with me offering/accepting this gift?

In certain countries, gifts or hospitality, whether offered or accepted, must be recorded in a dedicated log, in accordance with local legal requirements and management decisions.

Thales employees should seek the advice of their line manager on the correct path to follow.

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Facilitation payments

Facilitation payments are small sums paid directly or indirectly to a public official (such as a customs or immigration officer) in return for diligently performing an administrative procedure or facilitating a bureaucratic process (such as expediting an approval or a decision that has been accepted in principle).

Thales does not allow facilitation payments.

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



WHAT SHOULD YOU DO?

If you are asked to make a facilitation payment, you should refuse and immediately inform your 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 should be reported as soon as possible to your line manager. **Such payments, if made, must be recorded in the company's accounts.**

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Community investment and sponsorship



Community investment is a form of material support for a non-profit organisation or individual working in the public interest. The Company receives **nothing tangible in return** for its investment, it acts purely as a responsible corporate citizen.

Community investment is distinct from sponsorship in that different types of actions are supported, and with community investment there is typically **no contractually agreed return in the form of publicity.**

Sponsorship involves providing **material support** for an event, person, product or organisation **in return for some form of direct benefit** (promotion of the sponsor's brand, name or image).

The purpose of sponsorship operations **is to promote the image of the sponsor,** typically through the visible use of its name or brand.

Group policy on sponsorship is to use the Thales Foundation wherever possible as the vehicle for community investment actions in six key areas:

- healthcare;
- education;
- scientific and technological research;
- culture;
- solidarity;
- environment.

In accordance with the procedures in place, any other material community investment operation not conducted by the Foundation requires the prior approval of Group Corporate Communications.

Sponsorship operations also require the prior approval of Group Corporate Communications, in accordance with the procedures in place.

WHAT SHOULD YOU DO?

- Never offer or agree to conduct community investment or sponsorship actions with the aim of obtaining an undue advantage;
- always adhere to Group, and local (if any), guidelines for community investment and sponsorship, and follow the proper approval procedures before any community investment or sponsorship operation is undertaken by a Group company;
- before making any community investment or sponsorship commitment, it is important to:
 - ensure that it complies with local legislation;
 - verify the legitimacy of the intended operation;
 - check that there are no links between the beneficiary and decision-makers working for your customers/suppliers that could change the nature of the operation in the eyes of the law;
- never make or accept any donations or contributions in cash.

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Conflicts of interest

A conflict of interest is a situation in which **the personal interest of a Thales employee may influence, or appear to influence, the way in which this employee performs his/her functions.**

It may be a private, professional or financial **interest** of the Thales employee or a member of his/her family or relatives, **which could influence the employee’s ability to act impartially and objectively in a professional capacity.**

WHAT SHOULD YOU DO?

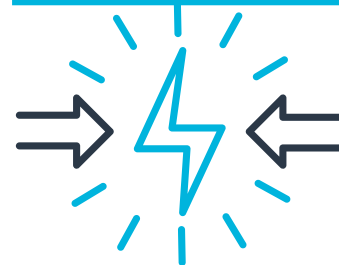
- To determine whether you could be in a conflict of interest situation, ask yourself the following questions:
 - Is this situation affecting the way I am performing my functions?
 - Would my loyalty or impartiality be brought into question if my staff, co-workers or anybody outside the Group knew about my personal interests?
 - How would my line manager react if information about my personal interests were widely known?
 - Report any potential conflict of interest to your line manager as soon as you are aware of it.
- For example:** your partner is a senior manager at a company that is responding to a Thales request for proposals, and you are on the bid selection Panel. You must report this situation to your line manager and to the panel lead, and declare that there is a risk of a conflict of interest. Somebody else can take your place in the selection process.
- Generally speaking, to avoid being in a situation of conflict of interest with Thales, the employee must not acquire an interest in a competitor, supplier or regular customer without prior written notice from his/her management.**

Political activities

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.

Any employee wishing to take part in political activities must do so on a strictly personal basis, without using Thales’s corporate image to support their convictions.



Lobbying

Lobbying is defined as the **provision, in complete transparency, of relevant information liable to inform a public policy decision.**

The role of the lobbyist or “interest representative” is to make public officials aware of Thales’s technical expertise and credentials in ways that support the company’s growth and development.

If carried out by a third party, this activity must be subject to the procedures in place governing the use of consultants and must **strictly comply with all applicable local legislation.** These procedures are part of the Group reference system, which can be accessed on the Thales intranet.

In particular, lobbying activity in France can only be carried out by an “interest representative” registered with the authority for transparency in public life (HATVP) as stipulated by the Sapin II law.

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PENALTIES



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

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 contravenes applicable law or this Code of Conduct.

Acts of corruption and/or influence peddling have serious consequences for the company and for the employees involved. **Corruption and/or influence peddling is a criminal offence** under local laws, many of which have extraterritorial reach, meaning that an offence committed in one country is punishable in another. This is the case, for example, with the Sapin II law on transparency, anti-corruption and modernisation of the economy¹ in France, the Foreign Corrupt Practices Act in the United States and the Bribery Act in the United Kingdom.

¹ French law no. 2016-1691 of 9 December 2016 on transparency, anti-corruption and modernisation of the economy.

Sanctions may include:

FOR EMPLOYEES

Criminal conviction, leading to fines or imprisonment and, where applicable, local internal and/or legal disciplinary measures.

FOR THALES

Criminal rulings, leading to significant fines, public disclosure obligations, disqualification from public contracts, loss of entitlement to raise funds, and/or long-term damage to corporate image and reputation.

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WHEN IN DOUBT



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

- refer to Thales policies and procedures in the Group reference system, which can be accessed on the Thales intranet;
- seek the advice of your line manager, the local Compliance Officer, the Vice-President Ethics Integrity and Corporate Responsibility or the Legal and Contracts Department.

In all circumstances, if you personally become aware that the conduct of a Thales employee or third party may be in breach of this Code, it is vitally important that, acting in good faith and in an impartial manner, you alert your line manager, the local Compliance Officer, or the Vice-President Ethics, Integrity and Corporate Responsibility.

Concerns may be reported by letter, e-mail, telephone or in person, and written confirmation will be provided as appropriate: alert.thales@thalesgroup.com

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

FURTHER INFORMATION

Please contact the Ethics, Integrity and Corporate Responsibility Department:
By email: ethics.cr@thalesgroup.com
By telephone: +33 (0) 1 57 77 86 49

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