

Policy on Prevention and Detection of the Risk of **Corruption and Influence Peddling**



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1. PURPOSE AND SCOPE OF THE POLICY

1.1 PURPOSE

Preventing the risk of corruption and influence peddling is a long-established part of Thales's ethics, integrity and compliance policy.

This headstrong and demanding policy is built on a basis of values and principles defined in the Group's Code of Ethics, and on rigorous compliance with applicable regulations.

Consistent with the Group's purpose "Building a future we all can trust", the Code of Ethics lays down the rules of behaviour applicable within the Group vis-à-vis the employees, the customers, the suppliers, the subcontractors and partners, the shareholders and financial markets, as well as the whole society.

The Board of Directors and the Executive Committee have committed to apply a zero-tolerance policy concerning any act of corruption or influence peddling.

Preventing corruption and influence peddling is an absolute necessity to protect Group's reputation, competitiveness and the long-term future of its businesses.

This is why the Group has defined, keeps up-to-date and controls its system for detecting and preventing corruption and influence peddling defined by this policy and by the applicable rules and procedures.

All of the elements referred to above make up the Thales group's Anti-Corruption Management System, in the meaning of the standard NF ISO 37001.

1.2 SCOPE OF APPLICATION

The policy on the prevention and detection of the risk of corruption and influence peddling applies (i) to all companies directly or indirectly controlled by Thales, (ii) to all entities without legal personality (i.e. permanent establishments, branches or representative or liaison offices, commonly referred to hereinafter as "Implantations"), and (ii) to all employees of the Thales Group.

In addition, a specific anticorruption compliance system detailed in Appendix 1 has been defined for joint-ventures under majority or joint control, and to companies in which Thales has a minority shareholding.

Furthermore, Thales expects its partners and suppliers to comply with laws and regulations, to adhere to the principles set out in the Integrity and Corporate Responsibility Charter – Partners and Suppliers, and to exercise reasonable care for the purpose of detecting and preventing corruption and influence peddling in their business relationships.

1.3 APPLICABLE DOCUMENTS

Public documents available in the Corporate Social Responsibility section of the Group website (www.thalesgroup.com):

- [1] Code of Ethics
- [2] Code of Conduct - Prevention of corruption and influence peddling
- [3] Integrity and Corporate Responsibility Charter for Partners and Suppliers
- [4] User Guide to the internal alert system
- [5] Responsible Lobbying Charter

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2. MEASURES FOR PREVENTION AND DETECTION OF CORRUPTION AND INFLUENCE PEDDLING

2.1 CODE OF CONDUCT - PREVENTION OF CORRUPTION AND INFLUENCE PEDDLING

2.1.1 THE CODE OF CONDUCT

In furtherance of the **Code of Ethics** [1], the Group has a **Code of Conduct - Prevention of corruption and influence peddling** [2], which aims not only to explain, in a clear and simple manner, the stakes of the prevention of corruption and influence peddling, to recall and illustrate the various types of conduct that could constitute an act of corruption or influence peddling, but also to propose answers and recommend solutions to be implemented in certain situations at risk which may be encountered by the Group employees.

The Code of Conduct was updated in April 2021 by the Integrity and Compliance Committee, following the elaboration and validation in November 2020 of a new risk mapping dedicated to risks of corruption and influence peddling.

This Code of Conduct, available in several languages, has been circulated and is available to employees. It is incorporated into the set of internal rules of the Group's entities that have got one, or is adopted by the management body in the other Group entities, pursuant to local rules.

Failure by an employee to comply with applicable laws or the provisions of the Code of Conduct is likely to result in disciplinary sanction, which may go as far as dismissal for misconduct, in accordance with applicable regulations, independently of any possible civil and criminal proceedings that could be engaged as a result of the offenses observed.

2.1.2 SUPPLEMENTARY PROVISIONS TO THE CODE OF CONDUCT

2.1.2.1 GIFTS AND HOSPITALITY

Employees are required to ensure that any gifts and invitations are given or received within the frame of a legitimate business objective, and that they are socially acceptable; for this reason, they must be occasional, and of reasonable nature and value; they should not aim at obtaining or granting an undue advantage or unduly influencing a decision, and should not give the appearance of having such an objective.

The Gifts & Hospitality Instruction defines the requirements, the thresholds and the approval rules that Group employees should respect before giving or accepting a gift or invitation.

Above the value thresholds specified in that Instruction, prior approval by the line manager of the employee concerned is required before offering or accepting a gift or invitation.

Extra scrutiny is required in certain circumstances, particularly in the case of gifts and invitations offered to (or by) Public Officials or Politically-Exposed Persons; such cases also require a review and a prior approval by a "Compliance Officer".

The Gifts & Hospitality Instruction requires the employees to enter their approval request in the Gift & Hospitality digital platform (Optimy) set at Group level.

The declarations thus made via this platform constitute the Gifts & Hospitality register of the legal entity to which the employee belongs and are accessible to "Chief Compliance Officers".

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In other respects, the Group does not allow itself to make any financial contributions to the benefit of election candidates, elected representatives or political parties.

Likewise, the Gifts & Hospitality Instruction strictly prohibits the Group employees to offer or accept Facilitation Payments in the performance of their duties. Facilitation Payments are small sums paid directly or indirectly to a Public Official in return for diligently performing an administrative procedure or easing a bureaucratic process.

2.1.2.2 COMMUNITY INVESTMENT, SPONSORSHIP AND CORPORATE MEMBERSHIP

Community investment and sponsorship operations must be led in accordance with applicable laws, and for a charitable purpose or a legitimate business purpose; the support must be of reasonable value, proportionate and justified having regard to the pursued objective.

Community investment and sponsorship operations must not, under any circumstances, have the objective of granting or obtaining an undue advantage or unduly influencing a decision, or give the appearance of such an objective.

The **Community Investment, Sponsorship and Corporate Membership Instruction** [10] specifies the requirements, the thresholds and the approval rules to be met by Group employees in the frame of projects consisting of community investment, or sponsorship activities, or adherence to a professional association.

This Instruction is complemented by the **Community Investment, Sponsorship and Corporate Memberships General Guidelines**, which specify the Group's priority axes notably in terms of social engagement and corporate societal responsibility (CSR).

2.1.2.3 CONFLICT OF INTERESTS

Thales expects its employees to conduct their business activities free from any conflict of interests.

The **Policy on Detection, Prevention and Management of Conflicts of Interests** aims at helping each employee to identify real or potential conflicts of interests situations linked, in particular, to their personal or professional status, or encountered in the exercise of an election mandate or public office.

In application of this policy, employees have an obligation to report and prevent any real or potential conflict of interests situation at the time of their recruitment, when moving to a new role and subsequently within the scope of their activity. This policy defines measures allowing to remedy real or potential cases of conflict of interests (step down from a project, change in role for a limited period, amended responsibilities, enhanced monitoring arrangements, etc.).

2.1.2.4 LOBBYING

Thales undertakes, in compliance with the applicable legislations, actions of lobbying aimed at making known and promoting the Group's positions towards public decision-makers, through a written or oral communication, and at informing them of the consequences and the practical significance of the current or planned legislations.

The purpose of the **Responsible Lobbying Charter** [5] is to remind the rules and commitments to be respected when conducting Lobbying activities by Thales or for the account of Thales, in particular in the framework of professional groups or associations.

These rules complete the provisions of the Code of Ethics and the Code of Conduct – Prevention of corruption and influence peddling as well as all the procedures of the Integrity and Compliance Programme that may be applied to Lobbying, particularly the procedures of approval for Gifts & Hospitality, Community Investment, Sponsorship and Corporate Membership, the Third Parties Integrity Assessment procedure in the event of the use of a public affairs consulting firm, the Prevention, Detection and Management of Conflicts of Interests policy.

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2.2 GROUP INTERNAL ALERT SYSTEM

Thales promotes a culture of trust, based on ethics, integrity and compliance, and encourages its employees to share the situations or behaviours that could contravene the Code of Ethics and/or the Code of Conduct – Prevention of Corruption and Influence Peddling, one of the related Group policies and/or instructions or any applicable laws or regulations.

The **Instruction for managing the internal alert system** enables any Group employees, casual employees and external staff to report the existence of behaviours or situations that are contrary to the **Code of Ethics** [1], to the **Code of Conduct - Prevention of corruption and influence peddling** [2], and, more generally, to report any serious and manifest violation of laws or regulations, which notably pertain to the following areas:

- Corruption or influence peddling
- Fraud
- Money laundering, financial and accounting crimes
- Conflicts of interests
- Anti-competitive practices
- Trade Compliance
- Matters related to personal data protection
- Products safety
- Health and safety
- Information security and privacy
- Harassment / Discrimination / Workplace violence
- Human rights abuse
- Environmental issues

Multiple channels can be used to make a **report / alert** :

- Report / alert through the **hierarchical channel or a referent** (Compliance Officer, Human Resources Director, HSE referent, depending on the subject of the report):
The reporting via the hierarchical channel or a referent can intervene by any means of communication: e-mail, courier, telephone, personal contact.
- Report / alert through the **dedicated alert platform (Thales Alert Line)**:
It enables to make a report / alert using a form available in several languages, under the best conditions of **confidentiality and security and personal data protection**.

All **communications and information** collected on the platform are **encrypted** and only accessible by the authorized users.

A link to the **Thales Alert Line platform** is available on the Group Intranet from the page of Ethics, Integrity and Corporate Responsibility Department (DEIRE) and on the Group's website, and on the page dedicated to corporate responsibility – Governance section (<https://www.thalesgroup.com/en/global/corporate-responsibility/ethics-integrity-and-compliance/alert-platform-thales-alert-line>).

A third party individual (such as an employee of a customer or supplier of the Group) can also make a report through the platform.

The admissibility of the report transmitted via the alert platform will be examined in a collegial manner by the Group Alerts Monitoring Committee within a maximum period of 15 calendar days from its receipt.

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The Group Alerts Monitoring Committee is tasked with monitoring in a collegial manner the processing of alerts deemed admissible pursuant to the Instruction for managing the internal alert system. The members of the Group Alerts Monitoring Committee designate the person responsible for processing the alert within the Group and, as the case may be, may decide to refer the matter to the Integrity and Compliance Committee so that the said Committee determines whether to initiate an internal investigation.

The Instruction for **Managing the Internal Alert System** sets out the arrangements applicable to the management and the handling of alerts received via the internal alert system. A **Guide** [4] summarizes the conditions and arrangements for use of this internal alert system.

The Internal Investigations on Integrity and Compliance instruction defines the modalities for conducting internal investigations triggered and monitored by the Integrity and Compliance Committee.

Thales undertakes not to take any retaliatory action against any employee who has reported facts likely to constitute behaviours or situations contrary to the provisions of the Code of Ethics and/or the Code of Conduct – Prevention of corruption and influence peddling, and to process the reports in compliance with confidentiality and with the rules relating to the processing of personal data.

The members of the Group Alerts Monitoring Committee, and in particular the representatives of Human Resources, verify in good time and by all the means they will deem necessary, that the author of a report, when he/she is a Group employee - in this including an external or occasional employee – is not penalized or discriminated against for having reported facts in compliance with the Group's internal alert system.

2.3 IDENTIFYING RISKS OF CORRUPTION AND INFLUENCE PEDDLING

To master its risks and support the sustainable development of its activities, Thales draws up:

- On the one hand, a risk mapping of corruption and influence peddling at Group level (the latest mapping dates from November 2020);
- On the other hand, local risks mappings that cover a large number of operational, strategic, governance and/or compliance risks as well as financial risks. These mappings are established twice a year at the levels of Business Lines, Global Business Units, Large Countries and DGD (Countries other than Major Countries).

The establishment and update of these mappings are carried out by the Audit, Risks and Internal Control Department (DARCI).

The mapping of corruption and influence peddling risks is finalized with DEIRE within the Integrity and Compliance Committee and validated by the Risks Management Committee.

It is further presented to the Group Executive Committee and to the Audit and Accounts Committee of the Board of Directors, and then shared with the Chief Compliance Officers and the Management Committees of the GBUs and Major Countries.

In other respects, at the level of each operational unit of the Group, a risks mapping is carried out every year through the “Yearly Attestation Letters (YAL)”, comprising, among the scenarios of operational, financial and compliance risks covered, a risk scenario on the “Risk of corruption and influence peddling”. This mapping is carried out by each of these entities, and is signed by their respective executive manager, after validation by the local managers in charge of Operations, Finance and Compliance. The truthfulness and compliance of the declarations are subject to internal audits conducted by the Audit, Risks and Internal Control Department.

2.4 SYSTEM FOR ASSESSING THE INTEGRITY OF THIRD PARTIES

The Thales group pays special attention to the integrity of the third parties with whom it has a business relationship, in order to avoid becoming implicated, whether directly or indirectly, in acts of corruption or influence peddling.

The instruction – **Third Parties Integrity Assessment** defines the risk profiles by category of third parties and the appropriate preventive measures that each Thales group entity must observe when considering entering into or continuing a business relationship with a third party (notably a customer, supplier / sub-contractor, distributor, partner in a joint venture, landlord, etc.).

These rules aim at meeting the following objectives:

- (i) determine the risk profile of a Third Party;
- (ii) define and deploy appropriate preventive or remediation measures (such as checks based on an integrity questionnaire or a “due diligence” carried out by a specialized service provider, adherence to the **Integrity and Corporate Responsibility Charter for Partners and Suppliers** [3], subscription to standard contractual commitments).

In light of the results of the integrity assessment thus carried out, the Thales entity will enter into or continue a business relationship, or will implement an action plan, or will on the contrary suspend or even terminate the business relationship.

That instruction is supplemented by further instructions dedicated to the process for selecting and managing certain categories of third parties: **Business Advisors, Key Industrial Partners, and M&A stakeholders.**

2.5 TRAINING IN THE RISK OF CORRUPTION AND INFLUENCE PEDDLING

The Thales Group has set out, as a principle, the following objectives:

- Train the potentially exposed employees, within 6 months after their taking a position or their internal mobility;
- Renew the training of exposed employees at least every 2 years.

A mapping of the most exposed functions, consistent with the risk mapping of corruption and influence peddling, is carried out every year by DEIRE and DARCI, in coordination with the Human Resources Department, by combining several exposure criteria:

- job family segments; and
- level of responsibility; and
- countries with a corruption perception index, according to Transparency International reference.

This mapping thus leads to define three levels of potential exposure (low, moderate and high).

From this mapping, Thales has set up a training programme dedicated to the prevention of corruption and influence peddling, based on three training media:

- an online training module (“general e-learning”) that must be followed by all employees being exposed to the risk of corruption and influence peddling (low, moderate and high exposure);
- a face-to-face training module, currently delivered in virtual class, to be followed by the most exposed employees (high exposure);
- thematic training modules (“thematic e-learnings”), which must be attended by employees having been trained for more than 2 years.

Knowledge tests are also associated to the various training media.

The anticorruption training modules (“general e-learning” and “thematic e-learning”) are also accessible to all employees, on the e-learning portal u-Learn of LearningAndCulture@Thales. They are available in French and in English.

2.6 DISCIPLINARY REGIME IN THE EVENT OF VIOLATION OF THE CODE OF CONDUCT

The Group applies a disciplinary regime which is adjusted to local law in each individual country. At headquarters and in the French facilities of the Group, the disciplinary regime is governed by internal rules adopted after consultation with employee representative bodies.

Internal rules specify the general and permanent rules relating to discipline, and in particular the nature and scale of sanctions that the employer may apply. Depending on its nature and seriousness, any behaviour deemed by the employer to be faulty may give rise to one of the sanctions restrictively listed (warning, suspension, disciplinary transfer, demotion or dismissal).

The **Code of Conduct - Prevention of Corruption and Influence Peddling** [2] stipulates that failure by an employee to comply with the provisions contained therein, and more generally with applicable legislation, is likely to result in a disciplinary sanction, up to and including dismissal for misconduct.

2.7 ACCOUNTING CONTROL PROCEDURES

Pursuant to the laws and regulations applicable to it, the Group implements accounting procedures aimed at guaranteeing the regularity, sincerity and accuracy of financial and accounting information and contributing to prevent the risk of corruption and influence peddling.

The Finance Departments of each Group entity control the proper implementation of these procedures.

For this, they rely on the Internal Control Questionnaire (ICQ), a self-assessment questionnaire offering a methodology for verification of the Group’s accounting methods and procedures. This questionnaire, sent to many Group’s entities, contains more than 160 check-points, some of which contribute specifically to bringing under control the risks of fraud, corruption and influence peddling.

This questionnaire is drawn up and updated annually by the Audit, Risks and Internal Control Department, with the assistance of the Finance Department and the Group’s external auditors.

The sincerity and consistency of the ICQ answers are audited by the Audit, Risks and Internal Control Department.

2.8 MONITORING AND EVALUATION OF COMPLIANCE MEASURES

Thales’ Integrity and Compliance Programme is based on a mapping of its corruption and influence peddling risks that enables to identify, assess and prioritize the risks to which the Group is exposed.

To address these risks, and in order to ensure the effectiveness of the preventive measures in place and improve their level of control when necessary, the Group’s internal control and audit system meets four objectives:

- Control the implementation of the measures of the anti-corruption system and test their efficiency;
- Identify and understand the breaches / non-conformities in the implementation of procedures;
- Define the recommendations or other adapted corrective measures, if necessary, to improve the efficiency of the anti-corruption system;
- Allow the detection, as the case may be, of corruption facts.

This system involves internal controls, including accounting controls, aiming at preventing and detecting corruption and influence peddling risks.

The internal control and audit system includes three levels:

- The 1st level controls (N1) (or preventive controls carried out concurrently with the decision or the implementation of the operation) aim to ensure that the tasks inherent to an operational or support process have been performed in accordance with the procedures enacted by the Group; they are usually carried out by the operational or support teams;
- The 2nd level controls (N2) (or detective controls carried out “a posteriori” on all or part (sampling) of the decision taken and/or the operations performed) aim to check, on a pre-defined or random frequency, the proper performance of the 1st level controls; they are mostly carried out by a “Compliance Officer / Chief Compliance Officer” or by the Line Manager, and in particular relate to the check-points derived from ICQ or YAL questionnaires;
- The 3rd level controls (N3) aim to ensure that the control system complies with the requirements set by the Group and is efficient; they are random and based on internal audits carried out by DARCI or external audits.

Thales’ internal control and audit system relies on the following main tools:

- Two control manuals, that list and specify the controls:
 - The “**Anti-Corruption Management System (SMAC)**”, which lists, specifies and allocates to the actors concerned (by function, by role) around thirty controls concerning all of the pillars of the Group’s anti-corruption compliance system.
 - The “**Internal Anti-Corruption Control Manual (MCIA)**”, which lists, specifies and allocates to the actors concerned (by function, by role) around 150 controls enabling to mitigate the risks scenarios identified in the corruption and influence peddling risk mapping;
- Three self-assessment questionnaires relating to the implementation of the internal control and audit system by the Thales entities concerned:
 - The “**Yearly Attestation letter (YAL)**”, which is a self-assessment questionnaire ; the YAL counts around 100 check-points (pertaining to circa 15 risk scenarios), enabling each operational entity with more than 100 employees to draw up its own risk mapping;
 - The “**Internal Control Questionnaire (ICQ)**”, which is a self-assessment questionnaire focused on financial, accounting and fiscal risks ; the ICQ counts more than 160 check-points ; the ICQ applies to all entities whose turnover is greater than € 20 million and/or whose workforce includes more than 50 employees;
 - The “**Minimum Anti-corruption Questionnaire (MAQ)**”, which concerns Very Small Entities (i.e. entities being not subject to the obligation of filling a YAL or ICQ due to their small size) ; the MAQ contains circa 10 check-points organized around the pillars of the Sapin 2 law ; this questionnaire allows each manager of a supervisory entity (subject to YAL or ICQ) to check the deployment, by the Very Small Entities attached to him/her, of the Group Integrity and Compliance programme.

In other respects, the Integrity and Compliance Committee has put in place an **Anti-corruption Management System (SMAC)**, which is the subject of a dedicated instruction defining the procedures for monitoring and evaluating anti-corruption compliance measures in accordance with the NF ISO 37001 standard.

As part as a drive towards continuous improvement, this Anti-corruption Management System defines the objectives of the anti-corruption compliance program, points out the associated policies and instructions, and specifies the indicators to monitor and assess the performance of the program as well as the associated controls.

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The efficiency of the Anti-corruption Management System is subject to a control by the Integrity and Compliance Committee, at least once a year, within the frame of the Management Review and the management of SMAC non-compliances, that cover the following main check-points:

- changes in the internal and external situation of the Thales Group and its stakeholders;
- leadership and managerial commitment in support of the Anti-corruption Management System;
- assessment of the risks of corruption and influence peddling which may be identified in relation with the Group's business activities;
- measurement of the achievement of the objectives of the Anticorruption Management System by means of monitoring and performance indicators;
- inventory and analysis of non-compliances with the Group's systems for prevention and detection of corruption and influence peddling, based on the various possible streams-up of information (internal alerts, audits, streams-up from Chief Compliance Officers, ...);
- measurement of the efficiency of the Anti-corruption Management System;
- adequacy of human and material resources deployed to support the Group's actions to prevent and detect corruption and influence peddling.

3. GOVERNANCE OF SYSTEM FOR PREVENTION AND DETECTION OF CORRUPTION AND INFLUENCE PEDDLING

3.1 BOARD OF DIRECTORS

The Thales' Board of Directors is very much involved in the prevention of risks of corruption and influence peddling through, in particular, two of its dedicated committees: the Audit & Accounts Committee and the Strategic & Corporate Social Responsibility (CSR) Committee.

Every year, the Audit & Accounts Committee reviews the Group risks mapping as well as the mapping of corruption and influence peddling risks, validates the internal audit plan presented by the DARCI, which specifies the audits planned for the following year, notably in the area of anti-corruption, and approves the budget of this Department. Every semester, this Committee also reviews the major and critical findings resulting from audits conducted by DARCI, which are still pending.

The Strategic & Corporate Social Responsibility (CSR) Committee is involved in the program of prevention and detection of corruption and influence peddling, notably in the course of the Group's Non-Financial Performance Statement. In this context, it reviews the evolution of the risks of the Group's Non-Financial Performance Statement, of the corporate responsibility policy and of the indicators from the Group's Non-Financial Performance Statement, including the compliance to rules related to business ethics and, notably, fight against corruption and influence peddling.

3.2 GROUP EXECUTIVE COMMITTEE

The Group Executive Committee pays the utmost importance to ensuring that the Group's business activities are conducted with absolute integrity and in compliance with regulations and internal procedures.

The Executive Committee gives its approval for the Group's organisation in relation to Integrity and Compliance, the Code of Conduct – Prevention of corruption and influence peddling, as well as for the Anti-corruption Compliance Programme.

The Risks Management Committee validates every year the mapping of corruption and influence peddling risks and its related action plans, and further ensures the follow-up thereof. This Committee, chaired by the 'Chairman

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and Chief Executive Officer (CEO), is made up of the Senior Executive Vice-President Finance, the Senior Executive Vice-President Operations & Performance, the Group Secretary and General Counsel, as well as, for the meeting dedicated to corruption and influence peddling risk, the Senior Executive Vice-President, International Development.

Each of the members of the Group Executive Committee makes a personal commitment to apply a zero-tolerance with respect to any act of corruption or influence peddling, by application of the Code of Conduct - Prevention of Corruption and Influence Peddling.

The members of the Group Executive Committee also require their managers to make a personal written commitment – renewed at least every two years – to comply with the Group's integrity and compliance rules, notably those aimed at preventing the risk of corruption and influence peddling, and to communicate this commitment to all their employees.

3.3 THE GROUP SECRETARY

The Group Secretary and General Counsel, as a guarantor of the legality, compliance and good practices of governance, is tasked with promoting and developing a culture of ethics, integrity and compliance within the Group by preventing, detecting and remedying possible breaches of integrity and, more generally, the situations of non-compliance with applicable laws and regulations.

The Group Secretary & General Counsel, member of the Group Executive Committee, has a direct link to the Chairman & CEO, to whom (s)he reports.

To fulfil most particularly the missions that are assigned to it in the field of Integrity and Compliance, the Group Secretary relies on the action of three of its departments (the Ethics, Integrity and Corporate Responsibility Department, the Legal & Contracts Department, and the Audit, Risks and Internal Control Department), in close connection with other Group departments such as Human Resources and Finance.

The respective tasks of the three above-referred departments in the areas of prevention and detection of corruption and influence peddling are structured schematically as follows:

- Draw up and update of the anti-corruption compliance programme (Ethics, Integrity and Corporate Responsibility Department);
- Roll out and implementation of the anti-corruption compliance programme within the entities (Legal & Contracts Department); and
- Draw up and update of the mapping of corruption and influence peddling risks, and monitoring of the implementation of the anti-corruption compliance programme by the entities (Audit, Risks and Internal Control Department).

Details of the responsibilities of each department are specified in article 3.1 of the **Group Governance Instruction on Integrity and Compliance**.

The Group General Secretary and General Counsel has set up an Integrity and Compliance Committee that has a pivotal place in the implementation of the anticorruption system within the Group (see section 3.3.1 below). The Integrity and Compliance Committee relies on a network of 120 “*Chief Compliance Officers*” and “*Compliance Officers*” (see section 3.3.2 below).

3.3.1 THE INTEGRITY AND COMPLIANCE COMMITTEE

The Integrity and Compliance Committee, chaired by the Group Secretary & General Counsel, is made up of the Heads of the Ethics, Integrity and Corporate Responsibility Department, the Legal & Contracts Department, and the Audit, Risks and Internal Control Department.

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The Integrity and Compliance Committee steers the development, the deployment and implementation, the evaluation and updating of the Group Integrity and Compliance Programme.

The Integrity and Compliance Committee's missions are to:

- Define the orientations and priorities of the Group's Integrity and Compliance policies;
- Approve the various components of the Group's Integrity and Compliance Programme, monitor its deployment and evaluate its efficiency;
- Approve dedicated organisations;
- Evaluate the criticality of Group internal alerts and of allegations as to violations of Integrity and Compliance brought to its attention;
- Draw up any corrective action plan, as needed, and ensure its implementation.

The Integrity and Compliance Committee steers the Group's Anti-Corruption Management System in the course of dedicated Management Reviews, held at least once a year (see section 2.8 above).

The Group Secretary & General Counsel periodically reports on the activities of the Integrity and Compliance Committee to the Group Executive Committee, the Risk Management Committee and the Board of Directors, notably via the Audit & Accounts Committee and the Strategic & Social and Environmental Responsibility Committee.

3.3.2. THE NETWORK OF CHIEF COMPLIANCE OFFICERS AND COMPLIANCE OFFICERS

The Integrity and Compliance Committee relies on a network of 18 "*Chief Compliance Officers*" and 102 "*Compliance Officers*". Except for the "*HR Chief Compliance Officer*" (who is appointed by the Senior Executive Vice-President Human Resources, in agreement with the Group Secretary and General Counsel, and who reports to both of them), the "*Chief Compliance Officers*" are appointed within the Legal and Contracts Department and, as such, are subject to a double reporting, on one hand, to the Group SVP, Legal & Contracts and, on the other hand, to their respective Executive Manager.

Their main missions are the following:

- Monitor observance of the applicable regulations and the Group's Integrity and Compliance procedures and, for doing so:
 - With support from the Ethics, Integrity and Corporate Responsibility Department, take care of the deployment and implementation of the anti-corruption compliance programme and other programmes relating to integrity within their respective entities; and
 - With support from "Compliance Experts"¹ and their dedicated networks, take care of the deployment and implementation of other Group compliance programmes (trade compliance, competition law, personal data protection).

¹ Experts responsible for steering the following three areas of expertise: Trade Compliance (export control and compliance with embargoes and economic sanctions programmes), Competition law, and Personal Data Protection.

- Report to the Group SVP, Legal and Contracts and, as the case may be, to the VP, Ethics, Integrity & Corporate Responsibility (or, as applicable, to the "Compliance Expert") of ascertained situations of non-compliance that would require the definition of a corrective action plan by the Integrity and Compliance Committee;
- Serve as the designated points of contact for employees within their respective scopes of responsibility for any questions regarding Integrity and Compliance.

Each of the "*Chief Compliance Officers*" appoints, for his/her area of responsibility, a network of "*Compliance Officers*" and proposes them to the Integrity and Compliance Committee to ensure a level of operational and geographical coverage that meets the requirements of the Group's Integrity and Compliance Programme.

This organisation thus involves 120 professionals in the rollout of the Group's Integrity and Compliance Programme.

The "*Chief Compliance Officers*" are convened on a monthly basis to meetings in audio / visio conference by the Head of the Ethics, Integrity & Corporate Responsibility Department and the Head of the Legal and Contracts Department, in order to share good practices, contribute to the continuous improvement of the anti-corruption compliance programme, as well as the improvement of the tools used and of the associated guides and procedures.

The Integrity and Compliance Committee also organises once a year an on-site Integrity and Compliance international coordination meeting, gathering all the '*Chief Compliance Officers*' and the "*Compliance Experts*" in charge of the other compliance programmes.

4. COMMUNICATION ON SYSTEMS

4.1 COMMUNICATION TO GROUP EMPLOYEES

As part of its awareness and information approach, Thales has developed and periodically updates various procedures, instructions and internal rules which are integrated in the Group's Chorus 2.0 baseline, intended to cover all Group processes.

To facilitate the understanding of the stakes and the knowledge of the requirements and rules that the employees have to comply with, there is an intranet portal dedicated to ethics, integrity and corporate responsibility which allows all employees to have access to recent news in this domain, to be informed of the Group policy and to download booklets, guides, tools and internal instructions. This portal is also one of the points of access to the internal alert system set by the Group.

In addition to its actions toward awareness of contextual evolutions in the fields of ethics, integrity and corporate responsibility, the Ethics, Integrity and Corporate Responsibility Department circulates to the Chief Compliance Officers, through emails, a weekly press review intended to keep them informed of the latest news on a range of topics, including corruption-related issues.

4.2 COMMUNICATIONS TO ALL STAKEHOLDERS

Stakeholders are kept informed of Group initiatives, and of the headlines of its policy on prevention and detection of corruption and influence peddling, via (i) information published on the internet website of Thales (<https://www.thalesgroup.com/en>) in the section "Corporate Responsibility" (in particular in the Integrated Report), and (ii) the Universal Registration Document, available on the website of the French financial markets authority (Autorité des marchés financiers, AMF) and in the "Investor"s section of the Thales website (<https://www.thalesgroup.com/fr/investisseurs>).

5. GLOSSARY

Anti-corruption Management System: set of elements put in place by the Thales Group, in accordance with the provisions of standard NF ISO 37001, for the purpose of establishing policies, processes and objectives in relation to fight against corruption and influence peddling, and apply them and achieving the laid-down objectives.

Community investment: material or financial support, without any consideration in return for the Group or any of its employees (or with a consideration of minimal value, such as simply mentioning a donor's name in a publication), to a work or to a person to carry out charitable activities. Persons engaged in community investment activities expect no consideration in return for their support.

Conflicts of interests: a situation in which a private interest of a Thales Group employee may influence, or appear to influence, the employee's ability to perform his/her functions independently, impartially and objectively within the Group. This may be a personal, professional or financial interest of the employee concerned, or of a member of his/her entourage.

Controlled entity: a legal person or entity which Thales has the power and authority to manage, whether directly or indirectly, through the holding of shares with voting rights, via a contract or any other means, including the notion of control in accordance with article L233-3 of the French Commercial Code. In the case of joint ventures, this includes legal persons or entities in which Thales holds, directly or indirectly, 50% or more of voting rights, or more than 40% of voting rights, with no other partner having a larger holding (individually or in concert with other partners).

Corruption: any action whereby an individual entrusted with a definite office, whether private or public, solicits/proposes or accepts/yields to a donation, an offer or a promise with a view to performing, postponing or omitting to perform an action that falls, directly or indirectly, within the scope of his/her duties.

Gift - Hospitality: a good, service or favour of any kind (for example, meals, gifts, entertainment, training, leisure activities, hotel stays, rentals, transportation, loans, etc.) given free of charge or below market value to its recipient.

Influence Peddling: the unlawful soliciting or approval, at any time, whether directly or indirectly, by a person who is a holder of public authority, acts in a public service role, or is entrusted with a public elected office, of any offers, promises, donations, gifts or benefits, for him/herself or for any other person: either in return for the performance of, or omission to perform, a as action being part of his/her duty, mission or mandate, or an action facilitated by his/her duty, mission or mandate; or for the purpose of misusing his/her real or presumed influence with a view to have awards, jobs, contracts or any other favourable decision obtained from an authority or a public administration.

Integrity and Compliance Programme: programme designed to prevent and detect risks involving the following four areas:

- Corruption and influence peddling and related areas also involving integrity, such as fraud, conflicts of interests, insider trading, etc.
- Trade Compliance (export control and compliance with embargoes and economic sanctions programmes)
- Competition law
- Personal Data Protection.

Lobbying (or representation of interests): an action aimed at influencing the content of a law or a regulatory act, by entering into communication with decision-makers in the public sphere (in particular governmental, parliamentary, administrative, federal, territorial , etc.) (Public Decision Makers).

Membership: a decision by a Thales Group company to become a corporate member (or to renew corporate membership) of a professional or industry association, whether directly or indirectly (via membership of one of its employees, or individual membership funded by a Group company).

Non-compliance: failure to comply with any of the requirements of the Group's Anti-corruption Management System, as reported via one of the information feedback channels that exist within the Thales Group (for example, the network of Chief Compliance Officers, audit and monitoring activities carried out by the Audit, Risks and Internal Control Department or by the statutory auditors, the alert system, feedback from trainers, etc.).

Politically Exposed Persons: any individual who is either an "Initial PEP" or, by extension, a "Close Relative" of an Initial PEP.

- 1) An Initial PEP is an individual who cumulatively meets the following two criteria:
 - **on the one hand**, he/she is a Public Official or a senior official of a public company or a political party, in the country of the Client/End Client, who is currently in office or has been out of office for less than three years;

- and on the other hand, that person, by virtue of his or her position or assignment (current or past), may influence the final decision on the award of a contract by the Client or the End User, or may influence the position to be taken by the Client or the End User in connection with the execution of a contract.
- 2) A Close Relative of an Initial PEP is any of the following:
- parents, brothers and sisters, children of the Initial PEP, as well as the spouse(s), common-law partner(s) or companion(s) of these children;
 - spouse, common-law partner or partner of the Initial PEP, as well as the ascendants and descendants of this spouse, common-law partner or partner of the Initial PEP;
 - persons closely associated with the Initial PEP, meaning any person who is widely and publicly known to have a close business or other relationship with the Initial PEP, including the beneficial owner of a legal entity, corporation or arrangement held jointly with the Initial PEP or known to have been established for the benefit of the Initial PEP.

Public Entity: legal person or entity wholly or majority owned and/or controlled, directly or indirectly, by a State. It is also any public and/or international financial entity, political organization or public agency.

Public official: any natural person who cumulatively fulfills the following two criteria:

- on the one hand, that person:
 - holds a legislative, administrative, military or judicial office in the country of the Customer / End-User, whether by appointment or election, on a permanent or temporary basis, with or without compensation; or
 - holds a public function, as a civil servant or agent, at any level, including in a public enterprise or a national or international public organization; or
 - provides a public service or has the quality of Public Entity, according to the meaning given to these terms by the law in force in the country of the Customer / End-user;
- and on the other hand, that person is or appears to be, by virtue of his or her position or assignment (current or past), in a position to influence the final decision on the award of a contract by Customer / End-user or in a position to influence the position to be taken by the Client or the Final Client in the execution of a contract.

Sponsorship: material or financial support to a non-charity person, organisation or event in order to promote a brand. The sponsor pays a sum of money or provides a good or service in exchange for direct publicity proportional to its investment.

Thales group: Thales and all companies directly or indirectly controlled by Thales. A company controlled by Thales is a legal person or entity which Thales has the power and authority to manage, whether directly or indirectly, through the holding of shares with voting rights, via a contract or any other means, including the notion of control in accordance with article L233-3 of the French Commercial Code. In the case of joint ventures, this includes legal persons or entities in which Thales holds, directly or indirectly, 50% or more of voting rights, or more than 40% of voting rights with no other partner having a larger holding (individually or in concert with other partners).