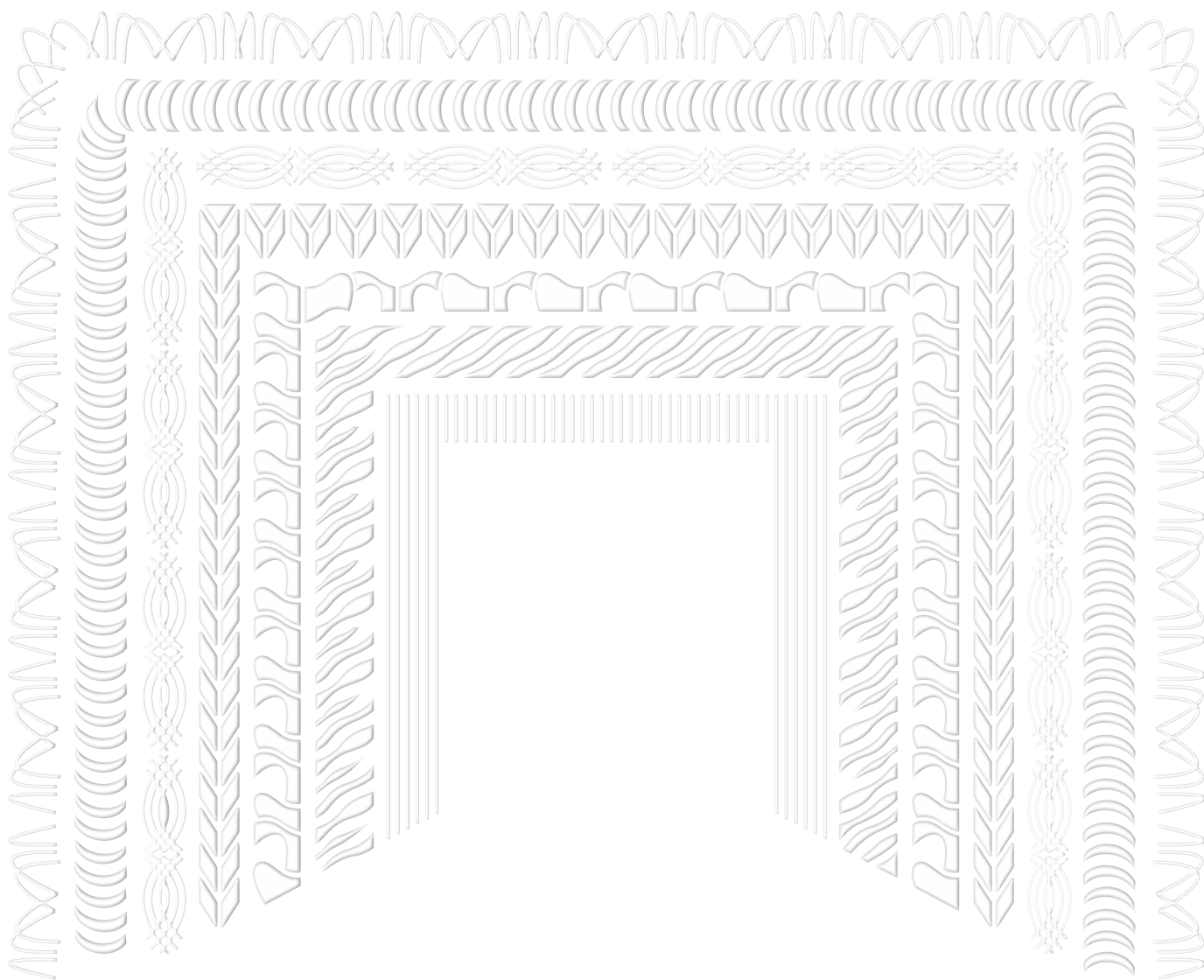


2014 REPORT

# Corporate Responsibility





# CONTENTS

## 04 PRINCIPLES OF RESPONSIBILITY

## 05 EDITORIAL

## 06 2014 HIGHLIGHTS

---

## 09 ABOUT THALES

- A global technology leader
- Driven by innovation
- Customer focus
- Ambition Boost performance improvement programme

## 21 ETHICS AND CORPORATE RESPONSIBILITY

- The key to being a responsible business
- A dedicated organisation
- Behavioural intelligence
- Supporting the initiative

## 31 CUSTOMERS AND SUPPLIERS

- Integrity and responsible business conduct
- Strict compliance with export control regulations
- Responsible purchasing for lasting relationships with suppliers

## 47 GOVERNANCE AND INVESTORS

- Ownership structure and corporate governance
- Transparency and regular dialogue with investors

## 53 EMPLOYEES

- Strategic commitments on social responsibility
- Developing our people
- Constructive social dialogue
- A safe and healthy workplace
- Encouraging diversity and equal opportunities

## 69 ENVIRONMENT

- A history of environmental commitment
- Engaging employees
- Thales's "green touch" for sustainable innovation
- Reducing our environmental footprint

## 85 COMMUNITY ENGAGEMENT

- The Thales Foundation: innovating for people
- Policy at country level



The 2014 Corporate Responsibility Report illustrates Thales's commitments and actions in a number of areas of corporate responsibility, including but not limited to the measures in place to ensure compliance.

This document can be downloaded in accessible PDF format for blind and partially sighted readers from Thales's dedicated corporate responsibility internet portal: [sustainability.thalesgroup.com](http://sustainability.thalesgroup.com)

In-depth information as well as the latest news and data concerning ethics and corporate responsibility can also be found on the portal.

The Thales Annual Report (registration document) presenting the Group and its financial data, as well as social and environmental data in compliance with Decree no. 2012-557 of 24 April 2012, can be downloaded from [www.thalesgroup.com/en/worldwide/investors](http://www.thalesgroup.com/en/worldwide/investors)

# Principles of responsibility



Launched in 2000, the United Nations Global Compact (UNGC) is both a policy platform and a practical framework for companies that are committed to sustainable business practices. It seeks to align business operations and strategies everywhere with 10 universally accepted principles. About 12,000 organisations around the world, including 8,300 companies, have joined the Global Compact. Thales

signed up to the Global Compact in 2003 and has adopted its 10 principles.

Since 2012, through its annual Communication on Progress (COP), **Thales** reached **Global Compact Advanced** level under the Global Compact Differentiation Programme, which evaluates companies on the basis of 21 specific criteria and represents the highest standard of sustainability performance and reporting. Thales is one of just 399 companies worldwide to have achieved GC Advanced level.

## HUMAN RIGHTS

### PRINCIPLE 1

Businesses should support and respect the protection of internationally proclaimed human rights.

Pages 22, 23, 25, 26, 27, 38, 39, 41, 43, 44, 50, 51, 55, 86, 87, 89

### PRINCIPLE 2

Businesses should make sure they are not complicit in human rights abuses.

Pages 22, 23, 25, 26, 27, 38, 39, 41, 43, 44, 50, 51, 55

## LABOUR

### PRINCIPLE 3

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Pages 22, 23, 25, 26, 27, 43, 49, 51, 54, 58, 59

### PRINCIPLE 4

Businesses should uphold the elimination of all forms of forced and compulsory labour.

Pages 22, 23, 25, 28, 29, 43, 51, 60, 61, 66, 67

### PRINCIPLE 5

Businesses should uphold the effective abolition of child labour.

Pages 22, 23, 25, 28, 29, 43, 51, 60, 61

### PRINCIPLE 6

Businesses should uphold the elimination of discrimination in respect of employment and occupation.

Pages 22, 23, 25, 28, 29, 43, 51, 60, 61-67

## ENVIRONMENT

### PRINCIPLE 7

Businesses should support a precautionary approach to environmental challenges.

Pages 22, 23, 25, 28, 29, 43, 51, 70, 81-83

### PRINCIPLE 8

Businesses should undertake initiatives to promote greater environmental responsibility.

Pages 22, 23, 25, 28, 29, 43, 51, 70, 74-83

### PRINCIPLE 9

Businesses should encourage the development and diffusion of environmentally friendly technologies.

Pages 22, 23, 25, 28, 29, 43, 51, 70, 74-77, 79

## ANTI-CORRUPTION

### PRINCIPLE 10

Businesses should work against corruption in all its forms, including extortion and bribery.

Pages 10, 19, 22-29, 32-37, 42-45, 50, 51

# Editorial

Thales plays a central role in helping customers to meet key national sovereignty and security challenges. As a result, we believe we have a particular responsibility to our stakeholders and to society at large.

To meet these expectations, Thales has put in place a stringent, proactive policy of social responsibility and attaches the utmost importance to ethical business practices with respect to customers, suppliers, employees, shareholders, financial markets, civil society and the environment.

Beyond the strict compliance that is part of responsible risk management policy, given the complexity of the Group's operations as well as current regulatory constraints and increasing demands for transparency, Thales believes that corporate responsibility is a strategic imperative and a source of innovation which gives us a powerful competitive advantage, and actively contributes to our growth and performance. This policy applies wherever Thales does business, both in Western countries, where the economic environment may sometimes be strained, and in the emerging markets, which offer huge growth potential.

This commitment is a key differentiator and makes an important contribution to the company's ability to conduct its business sustainably.



While Thales's strengths lie in its technological excellence and the expertise of its people, a strategic vision that embraces a culture of integrity is now a standard we expect from all our partners, and is therefore considered critical to the company's long-term success. Thales's approach hinges on the concepts of collective intelligence and mutual trust and respect, supported by shared vision of the challenges and risks involved, and on effective information and reporting systems, enabling the Group to provide the innovative responses its stakeholders demand.

These ambitions are shared by all our employees, ensuring that everyone made an active contribution to helping Thales perform efficiently in 2014. This shared commitment to ongoing improvement is an integral part of Thales's corporate responsibility values, and enables the company to serve the best interests of its customers and partners and remain worthy of their trust.

**PATRICE CAINE**  
CHAIRMAN & CHIEF EXECUTIVE OFFICER

A handwritten signature in black ink that reads "P. Caine". The signature is written in a cursive style and is underlined with a single horizontal stroke.

# 2014 Highlights

## Investors

### INVESTOR RELATIONS AWARD

Thales won the Best Investor Relations trophy awarded by a panel of judges including the French Society of Financial Analysts (SFAF), the French Asset Management Association (AFG), Euronext and the French Institute of Directors (IFA).

### INDUSTRY MOVER SUSTAINABILITY AWARD 2015

Thales received an Industry Mover Sustainability Award 2015 from sustainable investment specialist RobecoSAM. The award is given to the company in each industry that has achieved the greatest improvement in sustainability performance compared to the previous year.

### FIVE FEMALE DIRECTORS

New appointments to the Board of Directors: there were five female directors on the Board at 31 December 2014 (out of a total of 16 members — a higher proportion than the minimum required under France's "Copé-Zimmerman" law of 27 January 2011).

## THALES CREATES VALUE FOR ITS STAKEHOLDERS



Aerospace  
€5 billion



Transport  
€1.5 billion



Defence and security  
€6.5 billion

**REVENUES**  
**€13 billion**

**ADJUSTED NET INCOME**  
**€562 million**

**SHAREHOLDERS**  
(51,000)  
**€243 million**  
(in dividends paid,  
equivalent to  
€1.12 per share)

**SELF-FINANCED R&D**  
**€675 million**

**INVESTMENT**  
**€443 million**

**EMPLOYEES**  
(61,000)  
**€5.5 billion**  
(including social  
security contributions)

**STATES AND LOCAL  
AUTHORITIES**  
**€258 million**  
(effective tax rate  
of 29%)

**SUPPLIERS**  
**€5.7 billion**  
(including over 78%  
of purchases made  
in the EU)



## ▮ Civil society

### GLOBAL COMPACT ADVANCED LEVEL

For the third year in a row, Thales has achieved Global Compact Advanced level under the UN Global Compact Differentiation Programme.

### THALES FOUNDATION

Created in July 2014, the Thales Foundation aims to “innovate for people”, relying on the engagement of Thales employees and helping to channel their energy and their expertise into the two broad areas — education and humanitarian action.

### PERFORMANCE LEADERS

Thales is one of ten French companies ranked as performance leaders in the 2014 Carbon Disclosure Project Climate Performance Leadership Index.

### 67% REDUCTION IN CARBON EMISSIONS

The Group’s carbon emissions fell by 67% between 2007 and 2014.

### RENEWABLES RISE TO 18% OF CONSUMPTION

In 2014, the percentage of electricity generated from renewable sources stood at 18% of electricity consumption.

### 82% OF WASTE RECOVERED

82% of all Group waste was recovered in 2014.

## ▮ Employees

### PERFORM THROUGH COOPERATION

In 2014, the Group promoted a new leadership model that sets out expected behaviours for leaders based on six key competencies, including “Perform through cooperation”, which provides a framework for setting managers’ performance objectives.

### CSR CRITERIA INCLUDED IN TARGETS

CSR criteria relating to the promotion of women, professional development and quality of life in the workplace are included in performance targets for senior managers in France.

### WOMEN REPRESENTED 34.24% OF NEW HIRES IN FRANCE (compared with 31% in 2013)

In 2014, this figure stood at 41% in Spain, 35.7% in South Africa and 31.6% in Germany.

### PEOPLE WITH DISABILITIES

Disabled employees make up 5.83% of the Group workforce as of December 2014.

### AN ATTRACTIVE EMPLOYER

Thales is ranked third in the league table of France’s most attractive employers for students at engineering schools, according to brand research specialists Universum.

### LAUNCH OF THE “TOGETHER WE” EMPLOYER BRAND

The “Together We” employer brand was launched to boost the attractiveness of the Thales Group around the world.

### TRAINING SOLUTIONS

75.22% of Group employees received training in 2014.

### ISO 14001

By the end of 2014, 88% of Thales employees were working at an ISO 14001 certified site.

## ▮ Customers and suppliers

### UNITED NATIONS GLOBAL COMPACT

Thales is a signatory of the United Nations Global Compact against corruption. The International Forum on Business Ethical Conduct (IFBEC), of which Thales is an active member, has launched a collective anti-corruption initiative, the first phase of which addresses offset practices at global level.

### OVER 100 INNOVATIVE PROJECTS

In March, Thales presented around a hundred innovative projects to its customers at the InnovDays event. Visitors included the French Defence Minister Jean-Yves le Drian.

### COMMITTED TO SUCCEEDING TOGETHER

The “Engagement for sustainable success” brochure, available worldwide, outlines the general principles of Thales’s corporate responsibility policy for our customers and business partners.

### SUSTAINABILITY. THALESGROUP.COM

Thales website has been revamped, with a new editorial line, richer content, and access to all key Thales documents, including corruption prevention procedures.

### ASSESSED BY OVER 200 SUPPLIERS

Thales was assessed by more than 200 suppliers in 2014. The results of the assessments will be presented in 2015.

### OVER 4,400 SUPPLIERS SIGN UP TO CHARTER

By the end of 2014, more than 4,400 Thales suppliers (an increase of 50% on 2013) had signed the Group’s Purchasing & Corporate Responsibility Charter. After a follow-up audit, Thales’s official quality label for responsible supplier relations in France was renewed.

### 1,337 SUPPLIER SITES ASSESSED

By the end of 2014, 1,337 supplier sites had been assessed for their environmental maturity.






# ABOUT THALES

## FOR A SAFER WORLD

Thales is a global technology leader in the Aerospace, Space, Ground Transportation, Defence and Security markets. In 2014, the company generated revenues of €13 billion with 61,000 employees in 56 countries. With its 25,000 engineers and researchers, Thales has a unique capability to design, develop and deploy equipment, systems and services that meet the most complex security requirements. Thales has an exceptional international footprint, with operations around the world working with customers and local partners.

To help achieve the objectives set out in Ambition 10, our long-term strategic vision based on three key pillars (growth, competitiveness and people), Thales is implementing the Ambition Boost performance programme, designed to encourage all employees to participate actively in building the Group's future.



# A global technology leader

**Wherever safety and security are critical, Thales delivers. Together, we innovate with our customers to build smarter solutions. Everywhere.**

## Our mission

**Thales is a global organisation focused on helping customers to perform difficult tasks in critical environments.**

Thales serve both civil and military organisations, bringing them world-class technical expertise, well-established local teams and a commitment to long-term service quality and continuous improvement.

Thales have a unique value proposition and a central role in supporting the crucial missions of protecting people, property and information.

All its businesses draw on the same key technologies to deliver programmes efficiently. They are driven by the same quest for performance and innovation and guided by a Group-wide corporate responsibility policy that is recognized as one of the most stringent and proactive in the industry.

This is the world we live in. It's changing constantly and becoming ever more complex, and Thales is proud to be helping to make it a safer place.

## Collective intelligence for a safer world

In the aerospace, space, ground transportation, defence and security markets, Thales solutions help customers to make the right decisions at the right time and act accordingly. Everywhere it matters, Thales is there.

World-class technologies and the combined expertise of 61,000 employees in 56 locally based country operations make Thales a key player in assuring the security of citizens, infrastructure and nations.

The Thales organisation achieves just the right balance between Global Business Units (GBUs) and Country operations. GBUs are structured into Business Lines with responsibility for coherent sets of products, solutions and services, and correspond to the Group's six major areas of business: Secure Communications and Information Systems, Land and Air Systems, Defence Mission Systems, Avionics, Space, Ground Transportation Systems.

## Our businesses

Each of the markets that Thales serves — aerospace, space, ground transportation, defence and security — plays a vital role in society. Thales operates as a single organisation, drawing on the talent and technologies of the entire Group to act as prime contractor, systems integrator, equipment supplier and value-added service provider on both civil and military programmes.

### Aerospace

#### TEAMING WITH THE WORLD'S AIRCRAFT MANUFACTURERS

Thales is the only company in the global aerospace sector with leadership positions in both onboard equipment (cockpit and cabin solutions) and ground equipment (radar, air traffic management systems, etc.).

Market leadership in avionics, air traffic management and space systems makes Thales the world's only company with the capacity to provide a comprehensive end-to-end response to the challenges of air transport.

The Group is contributing to the future prosperity of the civil aerospace sector by providing equipment, systems and services — both in the air and on the ground — to support aircraft manufacturers, airlines, air traffic controllers, airports and civil aviation authorities in meeting the challenges of growth, safety, economic and environmental performance, and security.

### Space

#### A KEY CONTRIBUTION TO MAJOR SPACE PROGRAMMES

Space systems play a vital role in modern societies, particularly for telecommunications, Earth observation (radar and optical), satellite navigation and deep-space exploration. Thales continues to set the global standard in each of these areas through two joint ventures with Finmeccanica of Italy: Thales Alenia Space and Telespazio.

Thales provides commercial, institutional and military customers with an exceptional combination of expertise spanning the entire value chain: equipment, payloads, satellites, systems and services. Our space businesses complement our other activities, and vice versa, giving us a distinct competitive advantage and enabling us to offer our customers complete end-to-end solutions and play a central role on major civil and military programmes.

In defence, for example, space systems are a key component of C4ISTAR (Command, Control, Communications, Computers, Intelligence, Surveillance, Target Acquisition and Reconnaissance). The space component is also prominent in most of the programmes now defining the future of air traffic management as well as in rail and road traffic projects around the world.

## AEROSPACE

**No. 1 worldwide** in air traffic management.

**No. 2 worldwide** in in-flight entertainment.

**No. 3 worldwide** and **No. 1 in Europe** in commercial avionics.

- Two out of three aircraft in the world take off and land using Thales equipment.
- Thales has equipped over 160 control centres around the world, which together cover more than 40% of global airspace.
- More than 750,000 passengers use Thales in-flight entertainment systems every day, equivalent to almost 274 million users per year.
- All Airbus airliners use avionics suites from Thales, which also supplies avionics for ATR, Boeing, Bombardier, Dassault, Gulfstream and Sukhoi.

## SPACE

**European leader** in satellite systems and a major player in orbital infrastructures.

**No. 1 worldwide** in payloads for telecommunication satellites.

- Thales Alenia Space has been Europe's supplier of weather satellites for more than three decades, with three generations of Météosat.
- Thales Alenia Space is prime contractor for ExoMars, Europe's first mission to land on Mars.
- Thales Alenia Space has supplied 50% of the pressurised volume of the International Space Station.
- Thales Alenia Space is prime contractor for all telecommunication satellite constellations, including Iridium Next, the world's largest low-earth-orbit constellation, with 81 satellites.
- Thales Alenia Space is contributing to almost all of Europe's Earth observation and climate-related space missions.
-

## Defence and security

### SERVING THE ARMED FORCES IN EVERY ENVIRONMENT

Thales is a trusted partner of defence forces worldwide, working to support their missions by helping them to operate more effectively and more efficiently while providing the best possible protection.

Thales supports the armed forces in accomplishing their missions in the traditional defence environments — land, air, sea and space — and the emerging environments of urban operations and cyberspace. These sophisticated systems detect and assess threats, manage information, support rapid command decisions, and control engagements, up to and including threat neutralisation, with maximum reliability. By making it simpler to coordinate joint and coalition operations, they help deployed forces maintain decision superiority.

Through its involvement in major Software Defined Radio programmes in France (the CONTACT project), Germany, the United States and Asia, Thales is helping to shape the future of military radio communications.

### OPTIMISED OPERATIONAL PERFORMANCE

From system design to through-life support and personnel training, Thales support services ensure that the solutions we deliver continue to perform optimally, now and in the future.

### STEPPING UP TO COMPLEX SECURITY CHALLENGES

The emergence of new types of threats, such as trafficking, terrorism, organised crime and cyberattacks, means that defence organisations alone are not fully equipped to contend with the changing risks. This convergence between defence and security has prompted the need for new solutions and technologies that enable organisations to share existing information and communication systems while also protecting networks and infrastructures.

### INTEGRATED AND RESILIENT SOLUTIONS

Drawing on its experience in the defence sector, Thales works with government agencies, local authorities and civil operators to develop and deploy integrated, resilient solutions to protect citizens, sensitive data and infrastructure. Its priorities are cybersecurity, telecom network security, urban security, airport security, border protection and infrastructure security.

The Group's distinctive strengths include the ability to integrate large-scale, complex systems and leverage the legacy solutions of each customer. In addition, our systems offerings are built around key technologies that we fully understand: sensors, secure networks and information systems, secure cloud computing, data processing algorithms, data fusion, and management of large volumes of video, voice, text and data.

## DEFENCE

**No. 1 in Europe** in defence electronics.

**No. 2 worldwide** in military radio communications.

**No. 1 in Europe** and **No. 3 worldwide** in surface radars for land and naval defence forces.

**No. 1 worldwide** in dipping sonars.

- More than 150,000 PR4GF@stnet software-defined radios are in service in over 40 countries today.
- A quarter of the world's territory is protected by radars from Thales Raytheon Systems.
- Thales's Tacicos combat management system is in service with more than 30 naval forces around the world.
- Thales equips more than 50 land forces, over 70 types of aircraft (combat aircraft, transport/tanker aircraft, helicopters, unmanned air vehicles, etc.) and over 40 naval forces (from submarines to aircraft carriers) around the world.

## SECURITY

**No. 1 worldwide** in banking transaction security.

**No. 1 in France** in civil biometrics for government agencies and administrations.

**Major player** in critical information systems security and cybersecurity.

Thales has been awarded a 30-year contract to operate the secure information and communication systems at the French Defence Ministry's new headquarters in Paris.

- Thales has provided Mexico City (population of 20 million) with the world's most extensive urban security system.
- Thales offers application management services across hybrid IT infrastructures incorporating the customer's computing resources, its own high-security data centres and a combination of secure private cloud and public cloud solutions. Today the company is providing tailored IT services to more than 100 customers.
- Since 2005, Thales has provided security for millions of Muslims making the Hajj pilgrimage to Mecca.
- Thales has supplied identity management systems in more than 25 countries, with over 300 million identity documents produced to date.
- Thales offers a full spectrum of services to counter the growing threat of cyberattacks, including security by design, security operation centres, penetration testing and a rapid reaction force. Thales cybersecurity teams provide round-the-clock systems surveillance for customers with stringent security requirements to ensure intrusion prevention and immediate detection and remediation.

## Ground transportation

### LEADING THE WAY IN TRANSPORT SOLUTIONS

Thales helps transport operators and infrastructure managers to get the most out of their investments by optimising their operational performance, offering better passenger services and managing the growing complexity of their networks. Its systems and services make it possible to operate transport infrastructures at higher capacity and convey passengers and goods to their destinations more quickly, more safely and at lower cost.

The Group is one of the world's foremost players in rail signalling systems and control and surveillance systems for urban and mainline rail networks. It is also present in the fare collection and toll segment.

### A UNIQUE SYSTEMS APPROACH

Most of the other players in the transportation sector have traditionally been rolling stock providers. In contrast, Thales has a systems approach that enables us to develop innovative solutions based on state-of-the-art technologies. The Group is one of the pioneers of de facto standards that structure the rail sector today: CBTC systems (Communications-Based Train Control) for metros and ETCS systems (European Train Control System) for mainline rail, as well as contactless smartcards, nationwide multimodal, multi-operator fare collection systems, integrated supervision systems, etc.

## GROUND TRANSPORTATION

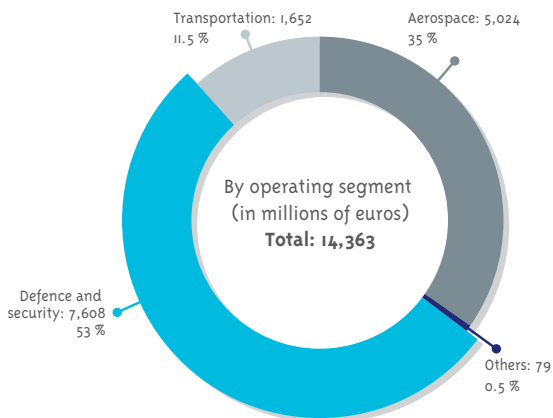
**No. 1 worldwide** in integrated supervision and communication systems for rail networks.

**No. 2 worldwide** in rail signalling.

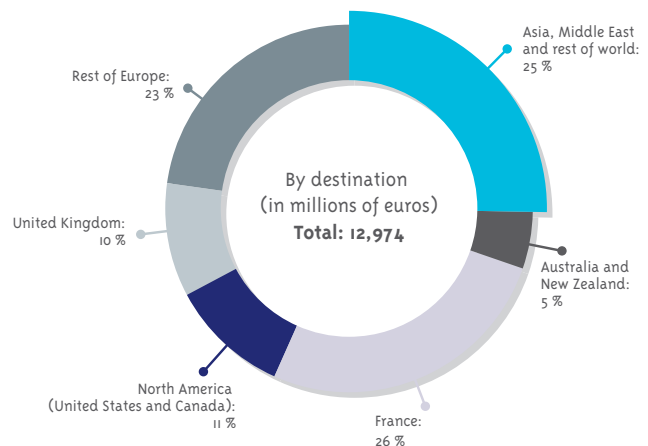
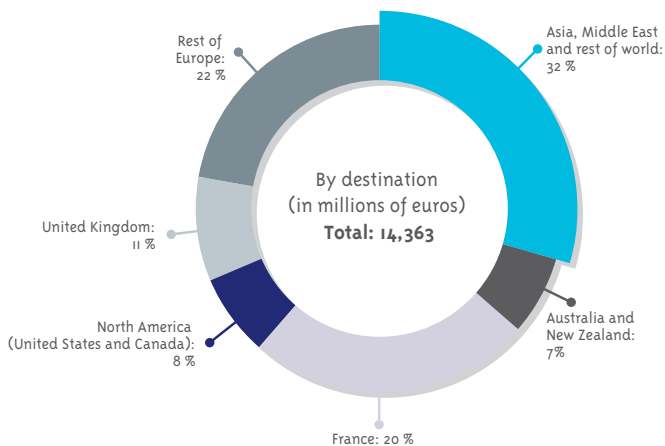
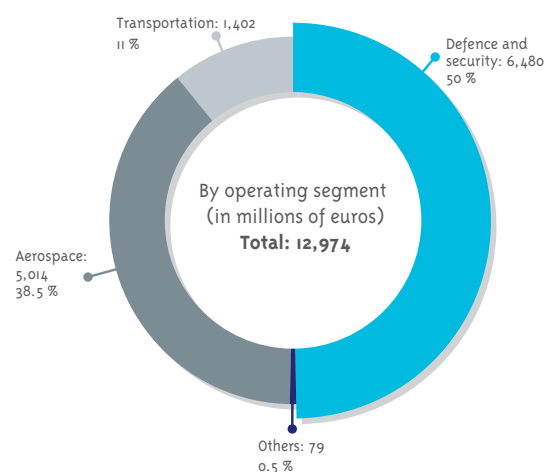
- Some 1,000 Thales interlocking systems equip the rail networks of more than 25 countries.
- The 75 km Dubai metro system — the longest driverless metro system in the world — is equipped with a complete solution supplied by Thales, including CBTC, telecommunications, supervision, security, ticketing and car park management.
- 15,700 km of railway lines around the world are equipped with the ETCS solution (European Train Control System) from Thales.
- Thales's SelTrac® CBTC system currently operates on 56 lines in 30 of the world's largest cities, carrying three billion passengers annually.
- Every day, Thales fare collection systems, installed in 100 cities around the world, handle more than 50 million transactions.

## KEY FIGURES AT 31 DECEMBER 2014

Order intake in 2014



Revenues in 2014



# Driven by innovation

**Inventing tomorrow's products today: for Thales, innovation is a permanent process.**

**Thales defines innovation as anything that breaks with the past and creates value, as perceived by customers,** in terms of processes, organisational models, technical solutions or the way a company does business.

Innovation needs to be visible in the marketplace. Because you can't just decide to be an innovator — you need to be recognised as one by your customers and competitors.

**Many of Thales's business activities are technology intensive, making innovation a strategic priority** and the driving force behind the long-term development of the Group.

Thales research programmes help operating units to differentiate the Group's products and solutions and gain a competitive advantage.





## INNOVATION HUBS: CATALYSTS FOR R&D STRATEGY

### Open innovation

Thales teams throughout the world are driven by this quest for innovation.

- The **research laboratories** of Thales Research & Technology, for example, have introduced a system of open innovation to maximise interaction with the academic research community, other Thales units and innovative companies.
- **Concept development and evaluation environments** offer new opportunities to work with customers on real-life scenarios and develop solutions that meet their current and future operational needs.
- At the same time, **Thales entities** are introducing innovative product policies to systematically shorten development cycles and limit programme risks.

The effectiveness of Thales's R&D effort hinges largely on the decentralised nature of its operations and close coordination on strategic topics. R&D teams are based at more than 80 sites in all the Group's main countries of operation.

### At a glance

Some **25,000 Thales employees, over 70% of them engineers**, are involved in the Group's technical operations, from research to engineering.

**€675 million invested** in (self-financed) R&D.

**A portfolio** of 15,000 patents and applications, with 400 new applications in 2014.

**Five joint laboratories** with universities in France, Canada, Singapore, the Netherlands and the United Kingdom.

**More than 30 collaborative partnerships** with universities and public research institutes in Europe, the United States and Asia.

Each year, the **Thales Innovation Awards** are an opportunity for the Group's engineers to demonstrate the breadth and depth of their innovative potential.

The **InnovDays** event is a chance for Thales to present its latest technological advances to customers, decision-makers, investors and the media.

Thales is rolling out collaborative innovation hubs in several countries around the world with the aim of developing a differentiated offering tailored to customers' specific needs in terms of target segment, market maturity, operational requirements, local culture, etc. The hubs will act as a focus for innovation based on new collaborative design approaches that combine simulation, visualisation and rapid prototyping.

More than 10 innovation hubs are now up and running in different parts of the world, identifying and analysing new operational needs, and creating and testing new uses. The Le Haillan innovation hub, near Bordeaux (France) is developing Avionics 2020, the "cockpit of the future", while Catalyst, the distributed innovation hub in the United Kingdom, is working on new operational concepts for the British Army.

Two new innovation hubs were opened in 2014 to foster growth in the Asian market. The Singapore hub, the Group's first multidisciplinary innovation centre outside Europe, receives support from the local authorities and also benefits from the partnership forged with the Singapore University of Technology. Inspired by Asian concepts, Asian innovation and Asian thinking, the hub will engage customers in the use of new concepts and practices such as "Design Thinking" to identify needs and solutions in a range of segments including maritime surveillance, smart cities and, in particular, defence. The Hong Kong innovation hub, meanwhile, is dedicated to ground transportation.

Thanks to Thales's multicultural and multidisciplinary teams in Asia, the Group's entire technology and research portfolio can be accessed by local customers to meet their needs in the civil and military sectors.



# Customer focus

For many years, Thales's international strategy has revolved around **local country** operations, making the Group a major industry player in its traditional countries of operation and now helping to expand its business in economies where growth is strong. This strategy, which embodies Thales's **focus on customers and long-term customer satisfaction**, also gives the Group access to major programmes at local level, and enables it to forge partnerships with local manufacturers and research institutions. It also relies on a **Group-wide network of Key Account Managers, integration centres and competence centres** around the world.

## KEY DATA

**61,000 employees worldwide** with the same focus on customer satisfaction.

**Operations** in 56 countries.

▲ The Group's main countries of operation

■ Emerging markets



## EMPLOYEES WORLDWIDE (at 31 December 2014)

### Europe

▲ FRANCE <sup>(a)</sup>	33,292
▲ UNITED KINGDOM	6,419
▲ GERMANY	3,136
ITALY	2,637
▲ NETHERLANDS	1,842
SPAIN	995
BELGIUM	749
AUSTRIA	315
PORTUGAL	251
ROMANIA	238
POLAND	231
NORWAY	222
SWITZERLAND	206
● TURKEY	107
OTHER COUNTRIES <sup>(b)</sup>	192

### Asia

● SINGAPORE	610
● CHINA/HONG KONG	438
● INDIA	246
● MALAYSIA	53

### Australia New-Zealand

▲ AUSTRALIA	3,258
-------------	-------

### Africa

● SOUTH AFRICA	193
----------------	-----

### Middle East

● SAUDI ARABIA	576
OTHER COUNTRIES <sup>(c) (d)</sup>	374

(a) France: 36,128 at 31 December 2014.

(b) Rest of Europe: Denmark, Greece, Hungary, Latvia, Czech Republic, Sweden.

(c) Employees in these countries also include a permanent establishment belonging to Thales Communications & Security in Qatar.

(d) Rest of Middle East: United Arab Emirates, Egypt, Jordan, Kuwait, Lebanon, Oman, Qatar.

# Ambition Boost performance improvement programme

**“Ambition 10 is our ten-year vision and Ambition Boost is the performance programme that will make that vision a reality.”**

**PATRICE CAINE**  
CHAIRMAN & CEO

Developed on the basis of genuine collective intelligence, **Ambition 10**, Thales’s strategic vision, sets out a series of ambitious long-term goals.

Launched in late 2013, Ambition 10 focuses on 3 key pillars:

- growth,
- competitiveness,
- people.

Developed by operational units for operational units, **Ambition Boost** is the performance programme that will enable us to achieve the objectives set out in Ambition 10. Ambition Boost provides a structured framework and a common language so that Global Business Units, Countries and Functions can agree on priorities and share best practices. Its purpose is to engage all Thales employees and to encourage their active participation, day-to-day, in preparing the Group’s future.

**Ambition Boost** covers all the strategic topics in Ambition 10, and is deployed across the entire Group. It is a genuinely powerful management tool, designed to allow each unit to identify its own improvement priorities and define the associated action plans.

As the Group’s roadmap for the coming years, **Ambition Boost** provides the link between short- and medium-term goals and Thales’s long-term strategic vision.

- 3 Strategic levers
- 9 Strategic Topics



## Strong endorsement

**120 performance plans** — incorporating more than 2,000 performance initiatives — were launched under the Ambition Boost programme in 2014. The plans are consolidated at corporate level to ensure that the full range of strategic topics is addressed by the units. Quarterly reviews are carried out to measure the progress of performance plans, based in particular on indicators linked to the strategic topics in Ambition 10.

A network of **14 performance champions** is responsible for leading the programme within GBUs, country operations, etc. Quarterly meetings are held to discuss programme rollout, best practice,

and any difficulties encountered. Ambition Boost is also integrated into the full range of **training programmes** delivered by Thales University.

Ambition Boost is welcomed by all units as a way of focusing their efforts on objectives by providing a roadmap and performance plans. Ambition Boost will continue to be rolled out to all levels of the organisation, allowing Group employees to become familiar with its principles and arrangements so that they can make a more effective contribution to the strategic objectives set out in Ambition 10.

## THE THALES WAY

Thales is an international powerhouse of talent and human endeavour, encompassing a rich variety of professional backgrounds and national cultures. Throughout the world, these multicultural teams are driven by the same spirit of innovation, performance, responsibility and ethics in their pursuit of customer satisfaction.

The Group's core values sum up the "Thales way".

### Customer trust

We need to work as partners with our customers, listening to them, anticipating their needs and finding solutions together. We work to achieve long-term customer satisfaction by delivering on our promises and assuring the quality of our solutions and services.

### One Team, One Thales

We share responsibilities in a culture of loyalty, partnership and transparency. We encourage solidarity and cooperation at every level of the organisation. We are all on the same team and united in our actions.

### Developing our people

Supporting the professional development of each employee is fundamental. We respect diversity and promote knowledge-sharing. We encourage dialogue. We promote collective achievements and individual talents.

### Accountable and committed to excellence

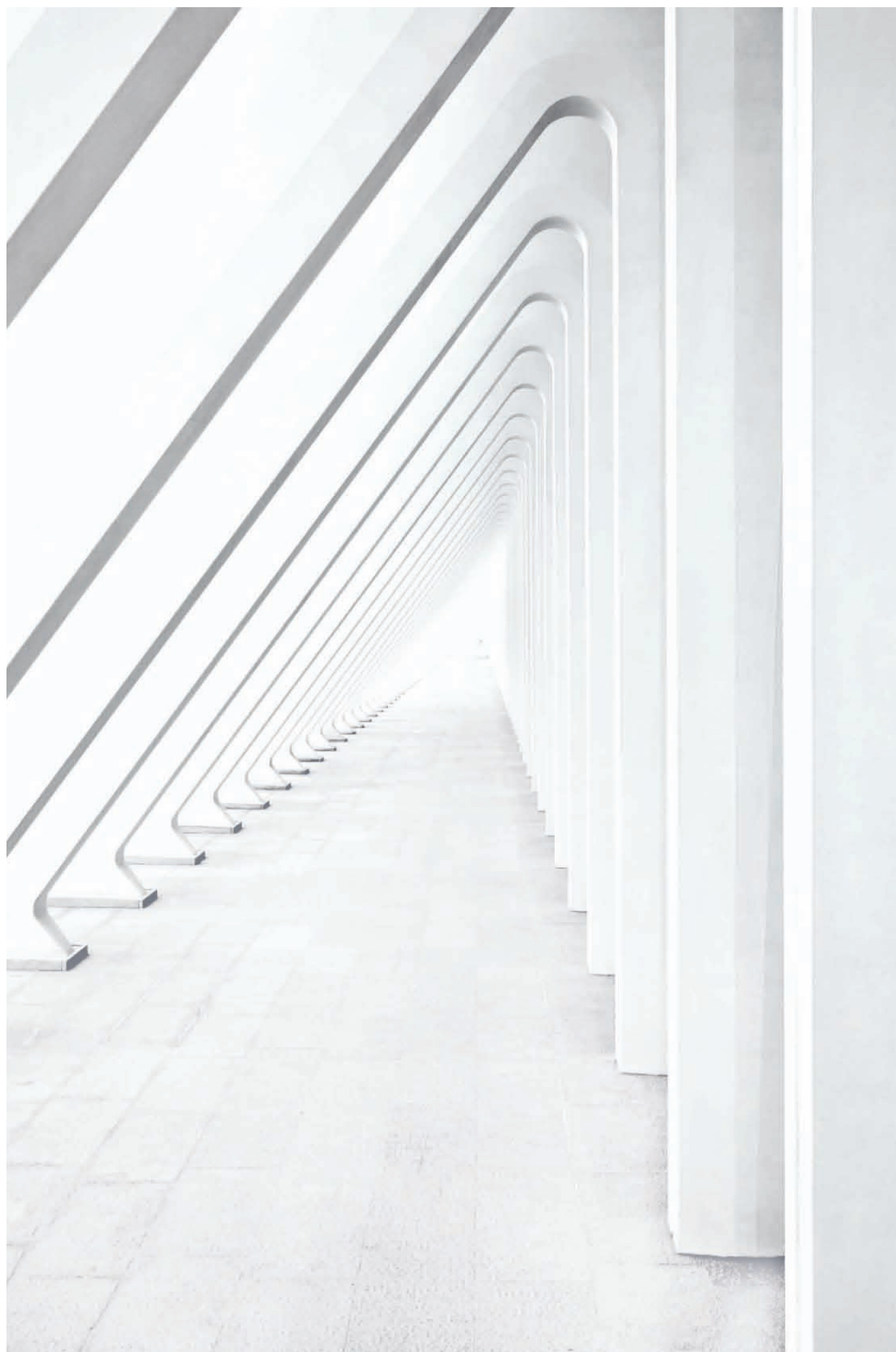
We understand that acting responsibly means making realistic commitments and delivering

on our promises. We strive to achieve excellence by acting with integrity, loyalty, accountability and professionalism in everything we do.

### Agile and innovative

We aim to continually improve quality and work more efficiently. This means being ready to take risks, always demonstrating leadership, deciding quickly and acting on our decisions immediately. We strive to build on new ideas to achieve a competitive advantage.

Building on the unique attributes of its employees and a set of shared values, Thales has developed a rigorous policy of corporate responsibility with respect to its stakeholders: customers, suppliers, employees, shareholders, financial markets and civil society.





## ETHICS AND CORPORATE RESPONSIBILITY


### OUR COMMITMENT TO ETHICAL BUSINESS CONDUCT AND CORPORATE RESPONSIBILITY IS A DRIVER OF CONSENSUS, COHESION AND MOTIVATION ACROSS THE GROUP.

Thales believes that corporate responsibility is a strategic imperative and a source of innovation, which gives us a key advantage over our competitors and actively contributes to our performance as a company.


This approach, which underpins everything that we do, applies with respect to customers, suppliers, employees, shareholders, financial markets, civil society and the environment.

Thales systematically organises awareness and training programmes to promote and consolidate employee engagement with the principles of ethical business conduct. A Code of Ethics and a dedicated ethics and corporate responsibility organisation are in place to ensure that all employees adhere scrupulously to Thales policy and its underlying principles.

To enforce its corporate responsibility policy and support the sustainable development of its business activities, Thales has put in place a global risk management system at Group level (covering compliance with legislation and regulations, as well as operational, strategic and financial risks) to address risks with a potential impact on the company's ability to create and preserve value.







# The key to being a responsible business

For more than a century, Thales has been a key player in assuring the security of citizens, infrastructure and nations. The organization is therefore in a unique position at the crux of the major geopolitical issues of the day, and has a particular responsibility to its stakeholders and to society at large.

To meet these expectations, Thales has put in place a **stringent, proactive policy** of social responsibility and attaches the utmost importance to ethical business practices. This approach, which underpins everything that we do, applies with respect to customers, suppliers, employees, shareholders, financial markets, civil society and the environment.

Thales signed up to the **UN Global Compact** in 2003 (see box), and achieved Global Compact Advanced level under the associated Differentiation Programme for the third year in a row in 2014. The Global Compact Differentiation Programme evaluates companies on the basis of 21 specific sustainable performance criteria, and represents one of the highest standards of sustainability performance and reporting.

Each year, Thales voluntarily reports to the organisation on its progress (actions undertaken, performance indicators) through its annual Communication on Progress (COP).

Since 2014, the programme has required **external evaluation** by means of peer review, which Thales has successfully passed.

Thales is the only aerospace and defence company among the 40 French firms to achieve Global Compact Advanced level under the UN Global Compact programme. Of the 8,300 Global Compact member companies, just 399 worldwide and 40 in France have achieved Global Compact Advanced level.

The strong commitments made by the Group and formalised in its **Code of Ethics**<sup>(1)</sup> demonstrate its willingness to act responsibly.

## WHAT IS THE GLOBAL COMPACT?

The Global Compact was launched at UN Headquarters in New York on 26 July 2000. By signing up to the Global Compact, companies make a direct commitment to the UN Secretary General to align their operations and strategies with ten universally accepted principles in the areas of **human rights, labour, environment and anti-corruption**.

Through collective action, the Global Compact seeks to promote responsible corporate citizenship to ensure that the business community supports the development of a more stable, equitable and open global marketplace in which prosperous and dynamic companies can thrive.

Find out more:  
[www.unglobalcompact.org](http://www.unglobalcompact.org)

(1) The Thales Code of Ethics is provided to all employees, and is available to view on the Group intranet and on the website [sustainability.thalesgroup.com](http://sustainability.thalesgroup.com).





## A culture of ethical business conduct

In a globalised environment, customers, shareholders and society at large expect companies to be increasingly transparent, and to employ business practices that are beyond reproach.

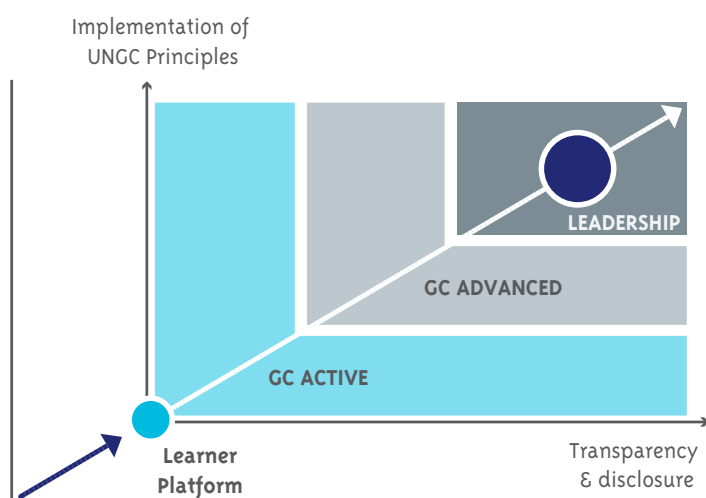
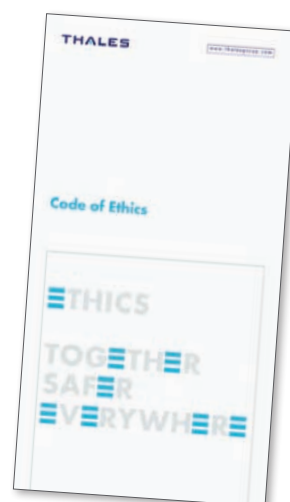
Thanks to the ethics and corporate responsibility policy implemented by Thales since the early 2000s, the company is recognised as a genuine leader in the field.

Thales believes that corporate responsibility is a strategic imperative and a source of innovation, which gives us a key advantage over our competitors and actively contributes to our performance as a company.

Thales systematically organises awareness and training programmes to promote and consolidate employee engagement with the principles of ethical business conduct. A Code of Ethics and a dedicated ethics and corporate responsibility organisation are in place to ensure that all employees adhere scrupulously to Thales policy and its underlying principles.

This policy has two main pillars:

- compliance with international legislation, regulations and conventions,
- compliance with codes and standards.



Source: United Nations Global Compact

**“This recognition by the United Nations motivates us to pursue our efforts in this direction. Thales can be proud to have achieved one of the highest professional standards, positioning the Group on the same level as the world’s major players.”**

**DOMINIQUE LAMOUREUX,**  
VP, ETHICS AND CORPORATE  
RESPONSIBILITY

# A dedicated organisation

## THALES ETHICS AND CORPORATE RESPONSIBILITY COMMITTEE<sup>(2)</sup>

(at 13 May 2015)



### Chair:

Isabelle Simon

### Secretary:

Dominique Lamoureux

### Members representing stakeholder interests:

- Sandrine Bouttier-Stref,  
Environment
- Jean-Marc Budin,  
Customers
- Jean-Claude Climeau,  
Financial markets
- Dominique Lamoureux,  
Civil society
- Denis Plantier,  
Industry partners
- Matt Potheary,  
Media/Community groups
- Bernd Schopp,  
Germany
- Michael Seabrook,  
United Kingdom
- Gaspard de Tournemire,  
Employees
- Andria Wyman-Clarke,  
United States of America

Thales has put in place a robust organisation for the purpose of developing, implementing and monitoring a consistent set of ethical standards and embedding a culture of corporate responsibility within the organisation worldwide.

## The Ethics and Corporate Responsibility Committee

Thales created an Ethics and Corporate Responsibility Committee in 2001, confirming that ethics and corporate responsibility are central pillars of the Group's corporate strategy. This Committee is one of the mainstays of corporate governance within Thales. It reports directly to the Chairman & CEO.

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

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

The make-up of the Ethics and Corporate Responsibility Committee is representative of the Group's stakeholders in order to anticipate and meet their needs.

## Ethics and Corporate Responsibility Department

The Ethics and Corporate Responsibility Department reports to the Thales Group Secretary<sup>(3)</sup> and is responsible for implementing ethics and corporate responsibility policy, as defined by the Committee, and for coordinating Group players in this area.

(2) The make-up of the Committee will change in 2015.

(3) The Thales Group Secretary's mission is to protect Thales's interests through coordinated action with its various departments: Legal and Contracts; Ethics and Corporate Responsibility; Audit, Risks and Internal Control; Export Control; Security; and the Secretariat to the Board of Directors.

## A STRATEGIC IMPERATIVE

"A corporate responsibility policy is a basic necessity for any company that has a commitment to sustainable growth. The primary policy objectives are to ensure compliance with a vast array of legal and regulatory requirements, and to meet a growing number of codes and standards issued by international organisations and civil society, as well as the demands of the public at large, on a range of environmental, social and societal issues.

By embracing these new responsibilities, companies clearly improve their image and reputation. By incorporating practical prevention policies into their risk management processes, for example, they are less likely to engage in fraudulent practices, and legal sanctions can be avoided.

Corporate responsibility has now become a strategic tool that can drive performance over the long term and set a company apart from its competitors. It is a core component of a company's goodwill because it corresponds to what consumers, investors and society increasingly need."

**DOMINIQUE LAMOUREUX**

VP, ETHICS AND CORPORATE RESPONSIBILITY

It helps change behaviours within the Group by identifying and implementing best practice in collaboration with country managers, business units and corporate functions, and defines internal standards and processes with respect to ethical business practices, particularly in the areas of corruption prevention and human rights, working closely with the Legal and Contracts Department and the Export Control Department.

It is also responsible for maintaining the Code of Ethics, and preventing infringements of the Code. Through its engagement with Thales's stakeholders and its role in setting standards, the Ethics and Corporate Responsibility Department helps promote the Group's corporate image and contributes to regulatory changes to ensure they are as favourable as possible to the Group's strategy and growth.

### Ethics Officers

Thales's eighteen Ethics Officers are responsible for disseminating the Code of Ethics and any recommendations on the Group's corporate responsibility policy, and ensuring their application in each Global Business Unit or country.

They monitor the application of the Code of Ethics and any associated recommendations, ensure that employees receive the training and information they need, respond to questions about compliance with the Code, and monitor infringements of the Code as well as claims brought by employees for failure to comply with legislation on discrimination, harassment, etc. Country Ethics Officers are also responsible for adapting the Group's ethics standards to local legislation and practices.

### Ethics alert

To support the Group's ethics and corporate responsibility policy, and enable each individual to play an active role in risk prevention, Thales has put in place an ethics alert facility approved by CNIL<sup>(4)</sup>, which is available to all Group employees. Individuals can use the facility to:

- obtain information and advice in case of questions or doubts about the application or interpretation of the Code of Ethics,
- raise ethics-related concerns that could severely impact the Group's business or engage its liability to a serious extent with respect to:
  - accounting, financial or banking practices, competition law or corruption prevention
  - discrimination, harassment or serious incidences of non-compliance with health and safety regulations that could compromise the physical or mental health of employees.

This right to raise concerns must be exercised in accordance with applicable law and rules in the country in which the employee lives or works.

It is based on the principles of confidentiality and respect for the rights of each person concerned throughout the procedure.

<sup>(4)</sup> France's data protection independent administrative authority.

# Behavioural intelligence



## THE SPIRIT AND THE LETTER OF THE CODE OF ETHICS

As an extension of Thales's core values, the Code of Ethics lays down the rules of behaviour applicable within the Group, with respect to customers, suppliers, employees, shareholders, financial markets, the environment and society at large.

Thales's ethical commitments are subject to a process of continuous improvement, translating for example into more rigorous demands made of suppliers, and changes to the ethics alert facility.

The rules stipulated in this Code are not a substitute for the national and international legislation applicable in each country, with which the Group fully complies. Neither are they contractual. They must, however, be understood and applied by all of the Group's permanent and temporary staff.

The Code of Ethics is available to download from the Group intranet and the website **[sustainability.thalesgroup.com](https://sustainability.thalesgroup.com)**. The Code is scheduled to be updated, with the new version distributed to all employees, in 2015.

Training, awareness, trust and respect for the individual form the bedrock of Thales's corporate responsibility policy, and will continue to provide the building blocks for the individual and collective behavioural intelligence that underwrites our performance as an ethical company.

In addition to the Code of Ethics, which lays down the general behavioural rules and values underpinning the Group's operations, Thales also employs a range of information and training tools to instill a shared awareness of the challenges involved, and foster an acute sense of responsibility among employees.

## A comprehensive training offering

To support the Group's efforts to go beyond compliance and establish ethics and responsibility as a shared corporate value, ethics awareness has been incorporated into a range of training programmes delivered by Thales University for more than ten years now, notably in areas such as purchasing, project and bid management, and marketing & sales.

Two multilingual trainers specialising in **corruption prevention** conduct ethics awareness training sessions at Thales University campuses around the world, or on-site, with 6,310 employees trained since 2008, including 640 in 2014. Ethics Officers also conduct awareness sessions around the world or, if necessary, deliver presentations on the Group's ethics and corporate responsibility policy within their GBU or country.

An **e-learning** programme comprising three 30-minute modules (in French, English and German) is also available for all Group employees. The programme includes real-life scenarios — in the form of "serious games" — to help employees recognise and deal with the kinds of complex situations they may encounter in their day-to-day work. To date, 32% of employees (19,800 people) have taken part in the e-learning programme.

## A dedicated intranet portal

Thales maintains an **ethics and corporate responsibility portal** on the Group intranet, where employees can view the latest news, and learn more about Thales's policy.

The portal also offers employees a chance to learn more about the ethics alert system and provides contact details for obtaining information and advice.

The following guides and publications can also be downloaded:

- Thales Code of Ethics (available in eight languages: French, English, Dutch, German, Italian, Spanish, Polish and Portuguese),
- business ethics conduct guides (e.g. Gifts & Hospitality Guidelines, Best Practices Guide to Lobbying, etc.),
- reference guide on prevention of corruption,
- Thales policy highlights (e.g. corruption prevention policy),
- selected conventions and legal texts on combating bribery (e.g. OECD),
- professional standards (e.g. ASD<sup>(5)</sup> Common Industry Standards, ASD-AIA<sup>(6)</sup> Global Principles of Business Ethics).

## ETHICS AWARENESS: KEY EVENTS

Welcome Conventions organised by Thales University are a key component in the induction process for new Group employees. During the two-day events, new hires learn about Thales's strategy, organisational structure and corporate values in a genuinely international environment. The general principles of Thales's ethics and corporate responsibility policy were presented to 293 new employees at Welcome Conventions in 2014.

T-Days are also important events for members of the Thales community. They feature a series of conferences and workshops that allow senior managers to keep up to date on an annual basis with key events at Group level in terms of strategy, results and targets, business wins, major projects, technological innovations, etc. In 2014, the event, originally launched in France, featured a series of regional spinoffs in Miami, Amsterdam, Singapore and Dubai. Business Ethics side meetings organised in parallel with the regional events provided an opportunity to restate the general principles of the Group's policy on business integrity, particularly with regard to corruption prevention. The meetings scored a major hit among more than 200 local managers, who took the opportunity to discuss business ethics issues with the Group's VP, Ethics and Corporate Responsibility.

(5) AeroSpace & Defence Industries Association of Europe.

(6) Aerospace Industries Association of America.





# Supporting the initiative

## 18 RISK FACTORS

applied to 65 independent,  
measurable risk scenarios

Responsibility for risk scenarios is divided among the three main elements of Thales's governance structure:

- the 120 stand-alone entities (SAEs) are mainly responsible for risk scenarios relating to compliance with legislation, regulations and internal processes (Chorus 2.0);
- the six Global Business Units (GBUs) and their Business Lines (BLs) are mainly responsible for risk scenarios relating to major bids and projects, product policy, and strategy;
- the six Corporate functional departments are responsible for risk scenarios relating to governance or organisation, as well as Group-level risks (cash flow, foreign exchange, insurance, etc.).

To enforce its corporate responsibility policy and support the sustainable development of its business activities while improving the satisfaction of customers, employees and other stakeholders, Thales has put in place a global organisation based on the principles of transparency, performance improvement and risk management.

## A comprehensive risk management system

Thales develops and delivers complex systems, products, equipment and related services for governments as well as major companies and organisations around the world. Due to the nature of these solutions, which are often critical for state sovereignty and/or the security of people, property and data, strict compliance with national and international standards, laws and regulations is a strategic imperative. Any instance of malpractice or malfeasance could not only expose the company to legal and financial risks, but could also undermine its competitive performance and corporate image.

Thales has had **an organisation** in place for many years **to ensure that its business activities comply with all applicable laws and regulations**. In accordance with the COSO (Committee Of Sponsoring Organizations of the Treadway Commission) internal control reference framework, Thales also incorporates **operational, strategic and financial risks** into its risk management system.

This ensures that the Thales risk management system is a comprehensive and integrated management tool, structured as follows:

- For each of the risks identified, the **Risk Management Committee** specifies the acceptable level of risk for the Group in the normal courses of business, allocates responsibilities for coordinating and monitoring these risks to the functional and operational departments in accordance with the Group's operating principles, manages the strategy for transferring certain risks to insurance companies and, more broadly, ensures that the risk assessment and management system in place is comprehensive and effective. The Committee is chaired by the Chairman & CEO, and meets twice yearly. It reviews the work of the Risk Assessment Committee.
- The **Risk Assessment Committee** performs detailed analysis of incidents, identified risks and evolving threats in accordance with a set work schedule (and with input from a network of Risk Advisors), updates and prioritises risk scenarios based on a shared scale of prudence, develops a cohesive policy of prevention, internal control, audit and, where appropriate, transfer to insurance companies for each risk scenario, and ensures that risk management policy is duly adopted by the Group's functional and operational managers.

The Committee makes recommendations to the Risk Management Committee to improve the Group's overall risk management policy. It is chaired by the SVP Audit, Risks and Internal Control.

- A **policy of insurance** and management of insurable risks, established and managed by the Insurance and Risk Management Department.
- An **internal reference system**, Chorus 2.0, available in four languages and accessible to all Group employees, which defines 26 business processes that structure all of Thales's operational and functional activities.
- an **internal control system**, based on:
  - an **annual self-assessment questionnaire** (known as the Yearly Attestation Letter, or YAL) sent out to managers of Thales's 120 stand-alone entities (SAEs). The 400 questions<sup>(7)</sup> contained in the YAL, which address the risk scenarios for which each SAE is responsible, allow management teams to assess their exposure to risk, and identify associated action plans. In case of specific issues or difficulties in implementing appropriate actions, the entity can request the support of the Risk Advisor designated at Group level for each risk factor.
  - **audits** of these self-assessment exercises, carried out on a rotational basis by Thales's Audit, Risks and Internal Control Department.

The Audit, Risks and Internal Control Department also has a team of **30 internal auditors**, including former business unit directors and programme directors as well as auditors who have previously worked for leading audit companies, who conduct an extensive programme of **audits and consultancy visits** each year. The audit plan is updated on a half-yearly basis and takes account of risk analysis as well as current issues (bids and projects, product policy, supply chain, etc.) in respect of which specific risk factors have been identified. Specific corruption prevention, export control and Business Continuity Management audits are also conducted.

## IFACI CERTIFICATION\*

The annual surveillance audit conducted in late 2014 confirmed the IFACI certification held by Thales's Audit, Risks and Internal Control Department. IFACI has issued its certification as a quality label to help improve internal audit systems and disseminate best practices in France since 2005. IFACI certification, officially recognised and promoted by the Institute of Internal Auditors (IIA) and the European Confederation of Institutes of Internal Auditing (ECIIA), provides corporate management with assurance that the internal audit function, a key component of the organisation's internal control system, is performing in line with international best practice.

\* IFACI: the French Institute of Internal Auditors

## INTERNAL CONTROL AND COMPLIANCE

Thales's internal control regime is a standard process designed to provide reasonable assurances that the Group's objectives will be achieved, specifically demonstrating:

- the effectiveness and efficiency of the internal processes in place,
- the ability of the internal accounting and financial controls in place to ensure the reliability of information distributed and used internally for management and monitoring purposes, to the extent that this information contributes to accounting and financial disclosures,
- compliance with regulatory requirements (legal compliance).

While the internal control system helps the Group to achieve its objectives, it does not provide an absolute guarantee because of the limitations inherent in any internal control system, whereby a certain level of risk may be accepted on the basis of a systematic cost/benefit analysis and because of external uncertainties.

Compliance risk is covered by the overall Thales risk management system, as non-compliance with regulations could expose Thales and its officers to large fines, criminal or civil sanctions, sales and legal restrictions and reputational damage.

## THE FOUR PHASES OF AN INTERNAL AUDIT

### Phase 1: Preparation

Definition of work plan and preliminary documentation review with the entity concerned.

### Phase 2: Fieldwork

Interviews and analysis of documents. Typically 20 to 50 people are interviewed over a period of one to two weeks by a team of two, three or four auditors. This is followed by a presentation of preliminary findings and recommendations.

### Phase 3: Report

The audit report, with findings, recommendations and associated action plan, is finalised in conjunction with the organisation concerned.

### Phase 4: Action follow-up

Follow-up is provided for as long as necessary, with reporting to the Executive Committee on a half-yearly basis.

(7) Includes the internal control questionnaire (ICQ).








## CUSTOMERS AND SUPPLIERS

TO BETTER MEET THE NEEDS AND CHALLENGES OF ITS CUSTOMERS, THALES HAS ADJUSTED ITS BUSINESS MODEL TO STRENGTHEN ITS LOCAL COMMERCIAL AND INDUSTRIAL OPERATIONS, WHILE REAFFIRMING THE PRINCIPLES OF INTEGRITY THAT UNDERPIN ITS MARKETING AND SALES POLICY<sup>(8)</sup>.

All around the world, Thales strives to build lasting relationships with customers based on loyalty, trust and mutual respect. We believe that customer satisfaction hinges not only on the technical expertise and commitment of the Thales teams, but also on our ability to interact positively over the long term, and on continuous improvement in the quality of service we provide.

Strict compliance with regulatory requirements and applicable laws is central to the Group's project management processes. But in areas such as corruption prevention and export controls, our policies go well beyond compliance with existing rules. In these areas, we anticipate regulatory change by playing an active role in the industry working groups that contribute to the regulatory process. We believe this is crucial to the long-term compliance and sustainability of the systems we provide to our customers.

The quality of our relationships with suppliers is another key factor in the success of our projects and crucial to our ability to meet delivery deadlines and quality objectives. A whole series of measures is in place to help us interact constructively with suppliers, promote responsible practices and behaviours and manage large-scale projects involving complex supply chains.



<sup>(8)</sup> The brochure published in 2014, entitled "Engagement for sustainable success", outlines the key principles of Thales's corporate responsibility policy. It is written for our customers and business partners and downloadable from [sustainability.thalesgroup.com](https://sustainability.thalesgroup.com).

# Integrity and responsible business conduct

## THALES CERTIFIED FOR ITS COMMITMENT TO INTEGRITY

Thales's corruption prevention programme has been certified by ADIT-Mazars.

The strictest regulations and applicable legislation\* provide the terms of reference for this certification; the 200-point ADIT-Mazars methodology complies with the standards of the International Federation of Accountants (IFAC).

The certification process included a series of audits, tests and interviews with senior management.

Thales's ADIT-Mazars anti-corruption certification is a valuable endorsement of our long-standing commitment to transparency, effective control and continuous improvement.

\*OECD Convention, Foreign Corrupt Practices Act (FCPA), UK Bribery Act, legislative framework in France, etc.

**Corruption prevention** is a major strand of Thales's corporate responsibility policy. Corruption is a major risk for multinational companies, particularly those involved in public procurement contracts, and is still endemic in many countries today, in spite of international conventions that prohibit all forms of corruption. Consequently, companies that export or have significant operations overseas must incorporate the risk of bribery and corruption into their management methods and development strategies.

Understanding, analysing and mitigating these risks is the responsibility of a company's chief executive. Since the early 2000s, Thales management has consistently reaffirmed the principle of zero tolerance for all forms of bribery and corruption, including active and passive corruption, direct and indirect bribery, and corruption involving both public officials and private parties.

Thales is especially vigilant about corruption, which has been identified in Thales's global risk management system as one of the major risks facing the company (see p.28).

Thales is closely involved in the various committees and working groups addressing corruption prevention issues and has gained international recognition as a responsible company.

## CONSTRUCTIVE DIALOGUE WITH STAKEHOLDERS\*

**Institutional customers (governments, administrations, etc.) / Public enterprises / Private companies**

EXPECTATIONS	RELATIONSHIPS	SPECIFIC INITIATIVES
<ul style="list-style-type: none"> <li>• Effective management of the critical decision chain</li> <li>• A sustainable position as a responsible local player</li> <li>• Transparency</li> <li>• Cost and deadline compliance</li> </ul>	<ul style="list-style-type: none"> <li>• Customer relationship management</li> <li>• Satisfaction surveys</li> </ul>	<ul style="list-style-type: none"> <li>• Comprehensive risk management system (encompassing operational, financial, ethical and legal risks)</li> <li>• Key Account Management</li> <li>• Rigorous qualification process for local partners (instructions for qualifying, selecting and managing key industrial partners and for appointing and managing business advisers)</li> <li>• Actions to help create a level playing field for fair competition in terms of ethical business practices and compliance</li> <li>• Rigorous internal system for ensuring compliance with arms export control regulations</li> </ul>

\*In the 2000s, Thales established a formal corporate responsibility policy based on continuous dialogue with stakeholders. This policy is continuously improved to respond to an evolving and increasingly complex environment.



## A comprehensive corruption prevention programme

This programme is described in detail in the document entitled "Presentation of the Thales corruption risk prevention policy", which can be downloaded at [sustainability.thalesgroup.com](https://sustainability.thalesgroup.com).

### Zero tolerance

An explicit policy of zero tolerance with respect to corrupt practices of any description

### Organisation and resources

A dedicated, fully resourced organisation to ensure implementation of anti-corruption measures and procedures

### Industry-wide actions

Sharing of best practices and initiatives to promote a level playing field

### A comprehensive risk prevention and reduction system

Corruption risk prevention procedures incorporated into the Group's business processes

### Audit and internal control

Specific audits  
Feedback and lessons learned

### Ethics alert

Internal whistleblowing procedure for employees

### Risk mapping

Mapping and regular assessment of exposure to corruption risk

### Information and training

Employee awareness, information and training programme (dedicated training, guides to good conduct, etc.)  
Sharing of best practice with third parties (suppliers, partners, etc.)

## Going Global initiative

In 2013, Thales introduced the Ambition 10 strategic plan to focus our efforts on building a truly global company. Local partnerships and industrial operations in the fast-growing economies of Asia, Latin America and the Middle East are crucial to the plan's objectives of improved competitive performance and closer customer relationships.

At the same time, the Going Global initiative aims to expand the Group's international industrial footprint in order to gain better access to local markets based on listening closely to local customers to better understand their needs and better anticipate the economic, political and cultural context of each target country.

Key objectives include creating local added value by setting up and/or developing local integration / competence centres and innovation hubs around the world, in close cooperation with customers (see p.15) and establishing long-term industrial partnerships. An important benefit of acting locally in this way is that it significantly reduces our exposure to corruption risk, particularly the risk of solicitation and extortion.

### Building sustainable industrial partnerships

Thales has introduced a dedicated international organisation to identify and select the **Key Industrial Partners (KIPs)** it chooses to work with. Identifying potential KIPs calls for careful strategic planning, however, because these partners need to offer real opportunities for market access, but at the same time they need to provide the best possible assurances with respect to the risk management criteria defined by Thales.

Thales has put in place a rigorous process to identify, select and qualify these local industrial partners. An instruction to this effect is included in the Chorus 2.0 reference system. This document details the technical and operational assessments that need to be carried out as well as the necessary due diligence (with regard to shareholders, blacklists, reputation, etc.). More than four years since their introduction, the process and the associated partner assessment methodology are proving highly effective.

At the end of 2014, over 200 KIPs had been qualified for an initial period of three years, in nearly 70 countries. Through this innovative partnership strategy, Thales now has a worldwide base of key partners that has been developed systematically and in accordance with a strict qualification process. Further performance improvements in the coming years are partly contingent on the Group's ability to increase synergies with its partners.

These local partnerships also help Thales to meet the direct offset (production / technology transfer) obligations that are increasingly a requirement of contracts today. Transferring more local workshare to local industries while safeguarding its core capabilities, particularly through innovation, is another key challenge for Thales's international partnership policy.

### Business Advisers: a strict selection process

Thales also employs the services of **Business Advisers** who act as partner consultants, experts, lobbyists, sponsors or representatives. Business Advisers provide in-depth knowledge of the markets and thereby contribute to Thales's business growth and development.

## UN GLOBAL COMPACT: CALL TO ACTION IN THE FIGHT AGAINST CORRUPTION

Thales is one of the 274 signatories of the Call to Action to mark 10 years of the UN Global Compact 10<sup>th</sup> principle against corruption.

The Call to Action under the UN Global Compact is an appeal by the private sector to governments around the world to promote anti-corruption measures and implement policies that will establish systems of good governance as fundamental pillars of a sustainable and inclusive global economy.

The Call to Action asks governments to fully ratify and enforce the UN Convention against corruption by strengthening anti-corruption policies, laws and enforcement mechanisms to create a level playing field and incentivise good behaviour.

More information: [www.unglobalcompact.org/Issues/transparency\\_anticorruption/call\\_to\\_action\\_post2015.html](http://www.unglobalcompact.org/Issues/transparency_anticorruption/call_to_action_post2015.html)

## CUSTOMER ENGAGEMENT AND SATISFACTION

*Customer trust is central to Thales's commitment and one of our core values. Regularly assessing the satisfaction of our customers is a key driver of improvement and progress.*

According to the recent global survey conducted at Thales's request by Why Consulting, **three-quarters** of the **700 key accounts** interviewed said they were **"satisfied" or "very satisfied"** with Thales.

Each year, around **1,000 interviews** in 100 countries provide Thales with a comprehensive and independent picture of the quality of our relationships with customers:

- Business, technical and operational relations,
- The bids and solutions we propose,
- Contract execution,
- Products, systems and services delivered,
- Alignment with operational needs and strategic challenges,
- Strategy, innovation and preparation for the future,
- Quality of communications,
- Etc.

The **global scope** of the system put in place by Thales and its partner to conduct this survey reflects the Group's commitment to pursue a broad, collaborative and relatively unique approach to **customer relationship management** and **continuous performance improvement**.

Interviews are followed by on-site visits to anchor these partnership relations in a long-term approach, which is appreciated by customers.

## KEY ACCOUNT MANAGERS

Our worldwide network of **250 Key Account Managers** is tasked with forging long-term relationships with customers and acting as a single point of contact from the bid phase through to project completion. The Key Account Manager also serves as the customer's ambassador within Thales to ensure that individual customer requirements are fully understood.

Because Business Advisers operate in close proximity to existing or potential customers, conflicts of interest and perceptions of corruption are possible. To mitigate these risks, Thales has introduced a specific guideline, which describes the process for identifying, selecting, appointing and paying these advisers.

As part of Thales's risk management policy, only duly designated, empowered and experienced entities have prerogatives over the selection and payment of Business Advisers. Operating units are not authorised to do so.

The stringent selection process includes analysis of ownership structure and beneficiaries, verification of blacklists and exclusion lists, identification of politically exposed persons and submission of financial statements and other official documents. All the information submitted is included in a qualification package, which is double-checked by a third party. Any risk factors identified are analysed by the dedicated structures within the Group's international organisation. As in the KIP procedure described above, the Business Advisers procedure includes strict definitions of showstoppers and other risk factors.

## Strong commitment to improving the regulatory environment

Through its involvement in various working groups and task forces, Thales contributes to the development of **international standards**, further strengthening the Group's reputation in this area.

### An active role on high-level international bodies

An early adopter of corruption prevention measures, Thales has played an active role in implementing the **OECD<sup>(9)</sup> Anti-Bribery Convention**, which came into force in the early 2000s, contributing in particular to the organisation's **Best Practices Guidance**.

Since then, this collaboration has continued: Thales took part in the consultations led by the OECD Working Group on Bribery to develop the Best Practices Guidance on Internal Controls, Ethics and Compliance, aimed at helping companies, especially SMEs, establish measures for preventing and detecting the bribery of foreign public officials in their international business transactions.

Since 2010, Thales has actively participated in **anti-corruption initiatives** within the **B20**. The Business 20 Anti-corruption Working

Group presented and obtained approval at the G20 Summit in Australia (November 2014) for an action plan for the period 2015–16. Through five priorities, it aims to make public procurement more transparent, incentivise companies with integrity programmes in place, strengthen measures to combat solicitation involving both public officials and private parties and promote best practices in the supply chain.

Thales has been a member of the **UN Global Compact** since 2003 and has achieved Global Compact Advanced level for the third year in a row (see p.22). The company is also an active member of the Global Compact Working Group on the 10th Principle (against corruption), whose core objectives are to:

- develop guidelines to help companies extend anti-corruption measures to their supply chains (auditing, selecting and training suppliers and encouraging them to improve their anti-corruption measures),
- provide tools to help SMEs develop robust anti-corruption programmes.

Thales was credited in the UN Global Compact's 2008 annual review and in the Global Compact for Development report in 2010 for its efforts to extend its corruption prevention policy to its suppliers and subcontractors.

**Thales maintains dialogue with a number of NGOs** (non-governmental organisations), including Transparency International, and is a member of the Defence Against Corruption programme led by the organisation's UK chapter. In 2012, Transparency International ranked Thales in the Top 10 defence groups worldwide in its anti-corruption index.<sup>(10)</sup> Thales is also cited several times in the organisation's report on good anti-corruption practices in defence companies, published in June 2013.

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

### Sector-wide initiatives in aerospace and defence

In Europe, Thales is a founding member of the Business Ethics Committee of the **ASD<sup>(11)</sup>** which has developed a set of voluntary **Common Industry Standards** on preventing corruption risks in the aerospace and defence industry.

After the standards were published, the ASD and its American counterpart the AIA<sup>(12)</sup> came together under Thales's leadership to develop the **Global Principles of Business Ethics**, signed in 2009, which provide an international set of best practices for responsible and ethical business conduct for the aerospace and defence sector. These Global Principles also aim to help companies develop a competitive advantage over players that fail to apply the same criteria of integrity. They address four major issues: zero tolerance for corruption, use of advisers, managing conflicts of interest and respecting proprietary information.

(9) Organisation for Economic Cooperation and Development.

(10) The Defence Companies Anti-Corruption Index, published by Transparency International in October 2012, can be viewed online at the following address: [companies.defenceindex.org](http://companies.defenceindex.org). The next index will be published in 2015.

(11) AeroSpace and Defence Industries Association of Europe.

(12) Aerospace Industries Association of America.



## MEMBERS OF THE INTERNATIONAL FORUM ON BUSINESS ETHICAL CONDUCT (IFBEC)

- Aerojet Rocketdyne
- Airbus Group
- ATK
- BAE Systems Plc.
- BAE Systems Inc.
- Boeing
- CEIIA
- Dassault Aviation
- DCNS
- Elbit Systems Ltd.
- Embraer
- Finmeccanica
- General Dynamics
- General Dynamics  
European Land Systems
- Israel Aerospace Industries  
(IAI)
- L-3 Communications
- Leidos
- Lockheed Martin
- MBDA
- Meggitt Plc.
- Northrop Grumman
- Rafael Advanced Defense  
Systems Ltd.
- Raytheon
- Rolls-Royce
- Saab
- Safran
- SAIC
- Serco
- Thales
- United Technologies
- WSK "PZL-Rzeszów" S.A.

More information:  
[www.ifbec.info](http://www.ifbec.info)



## IFBEC: COLLECTIVE ACTION COMMENDED

Initiated by the OECD at the recent G20 Summit, the concept of collective action enables companies to launch joint actions and foster the emergence of a level playing field by putting pressure on governments and major institutions while strengthening their own integrity programmes.

At its 5th annual conference in Brussels, in November 2014, IFBEC announced the launch of the first phase of a collective action initiative focusing on global offset practices. IFBEC has commissioned the Basel Institute on Governance and the International Centre for Collective Action (ICCA)\* to conduct a comprehensive study of global offset practices and identify risk factors, in conjunction with a working group of offset experts within IFBEC's membership. It will propose risk reduction measures that can be voluntarily implemented by IFBEC member companies to strengthen their anti-corruption policies and make their offset programmes more transparent.

\* Created by Mark Pieth, former Chairman of the OECD Working Group on Bribery in International Business Transactions — [www.baselgovernance.org](http://www.baselgovernance.org)

Thales continued its engagement by participating in the creation of **IFBEC**<sup>(13)</sup> (see box), a global initiative of the aerospace and defence industries, and is now a permanent member of its Steering Committee. Thales also works with:

- The European Commission,
- The Organisation for Economic Cooperation and Development (OECD) and its Business and Industry Advisory Committee (BIAC),
- The International Chamber of Commerce (ICC) and its Commission on Corporate Responsibility and Anti-Corruption,
- The US-based Defense Industry Initiative on Business Ethics and Conduct (DII),
- A number of forums established by top UK defence companies, including the Defence Industry Anti-Corruption Forum, the ADS Supply Chain 21 Task Force, the UK Defence Industry Business Ethics Forum and the Institute of Business Ethics,
- The Ethics Network Australian Defence Industry (ENADI),
- The French aerospace industries association (GIFAS),
- The International Committee of the Mouvement des Entreprises de France (MEDEF – the French Employers' Organisation),
- The French association of private-sector companies (AFEP),
- The French-based study centre for corporate social responsibility (ORSE).

(13) International Forum on Business Ethical Conduct — [www.ifbec.info](http://www.ifbec.info)



## SOCIETAL INDICATORS

INDICATORS	2014 DATA	SCOPE <sup>(a)</sup>	COMMENTS / REFERENCES
Total number and percentage of sites that have been assessed for corruption risks and major risks identified	125 <sup>(b)</sup>	100%	Corruption risks and other major risks have been identified in Thales's global risk management system as one of the major risks facing the company. See 2014 Reference Document: <i>Risk factors / Legal and compliance-related risks / Compliance with legislation and regulations / Management of business activities</i> . See also: <i>Fair practices / Prevention of corruption / Internal compliance programme</i> .
Communication and training in anti-corruption policies and procedures	640 <sup>(c)</sup>	100%	This four-hour training course is delivered at the various Thales University campuses around the world or directly on-site by two multilingual trainers specialising in business ethics. It is mainly aimed at employees in the Purchasing, Marketing & Sales and Bids & Projects job families. An e-learning programme comprising three 30-minute modules (in French, English and German) is also available for all Group employees. See 2014 Reference Document: <i>Risk factors / Legal and compliance-related risks / Compliance with legislation and regulations / Management of business activities</i> .
Proven cases of corruption and action taken	None reported	100%	To contain corruption risks, Thales manages its local entities via a dedicated international organisation comprising five regional agencies at global level, responsible, among other things, for ensuring the integrity of the partners it chooses to work with. These regional agencies are the only Group entities that are duly designated, empowered and experienced to oversee the partner qualification process, which includes a third-party review. See 2014 Reference Document: <i>Fair practices / Prevention of corruption / Internal compliance programme</i> . Thales also has a global ethics alert facility, approved by CNIL (France's national commission for information and liberties) in 2011, which allows all Group employees to raise ethics-related concerns with respect to accounting, financial or banking practices, competition law, fair trade or corruption prevention, and report instances of discrimination, harassment or any non-compliance with occupational health and safety regulations. None of the concerns reported in 2014 related to incidences of corruption. See also 2014 Reference Document: <i>Fair practices / Prevention of corruption / Internal compliance programme</i> .

(a) Scope includes all companies financially consolidated into the Group.

(b) 120 operating entities (under Thales's operational control) as well as the five regional agencies at global level (South & Southeast Asia, Middle East & West Asia, Europe, Africa, Latin America) of the international organisation.

(c) Between 2008 and 2014, 6,310 employees around the world received training, including 640 in 2014.

## GUIDANCE FOR INDIVIDUAL ACTIONS

Thales's ethics policy is based on individual responsibility. To support this policy, the Group pursues a comprehensive employee information, awareness and training programme (see p.27), reflecting its commitment to go beyond compliance and establish ethics and responsibility as a shared corporate value. Every employee is required to act fairly and responsibly at all times and seek advice from colleagues without hesitation when necessary.

### Conflicts of interest

In line with its core values and commitment to integrity, Thales has introduced a proactive methodology for detecting and assessing situations where conflicts of interest may arise. In 2014, Thales published a set of specific guidelines on conflicts of interest to ensure that everyone within the Group knows how to respond appropriately and act with integrity in such circumstances, in line with

the principles laid out in the Code of Ethics.

### Gifts and hospitality

Similarly, the Gifts and Hospitality Guidelines provide employees in all job families and countries with specific details about these issues.

The document, applicable to all companies controlled by the Thales Group, includes decision support tools such as a description of the 4Rs Rule (Regulations, Reasonable, Responsible and Record) that Thales applies to gifts and hospitality.

Supplements to the guide cover national legislation, case law, tax requirements and country-specific cultural considerations in various countries (France, Germany, Hong Kong, Spain, the United Kingdom, etc.).

### Lobbying

The risk of corruption or trading in influence in the lobbying activities carried out by third parties on the

Group's behalf is strictly governed by the Business Advisers instruction (see p.34).

Thales has developed a guide to best practices in lobbying for Group employees in the job families concerned — particularly marketing and sales, bid and project management and communications — who have direct contact with a public decision-maker.

Thales defines lobbying as the provision of relevant information, in complete transparency, to assist public officials in their decision-making processes. In practical terms, this means making public officials aware of Thales's technical expertise and credentials in ways that support the company's growth and development.

The guide is designed to enable employees to assess the risks associated with any lobbying activities and help them respond appropriately and make the right choices.



# Strict compliance with export control regulations

## A stringent framework

In 2014, defence and security business accounted for half of Thales's revenues. The Group manufactures defence and civil products and systems in democratic countries with strong governance and strict control over the manufacturing processes and technologies.

As signatories of international laws and conventions regulating the production, sale, export, re-export and import of defence or dual-use components, equipment and technologies, these countries impose strict export control laws on all companies, particularly those in the defence sector.

These regulations take into account national sovereignty and security imperatives, as well as international arms control, disarmament and non-proliferation agreements.

Many of the Thales Group's business activities are dependent on strict compliance with export regulations in various countries. Failure to comply could lead, at the very least, to damaging delays in deliveries, financial penalties and, in the most serious cases, a range of severe sanctions such as prohibitively large fines, prison sentences for company directors, or even a temporary or permanent ban on imports or exports.

In addition, a significant proportion of Thales's products and solutions rely on items that are bought in from outside suppliers.

The Group therefore takes steps to ensure that it remains constantly aware of the export constraints on purchased items and any changes to classifications under export control regulations.

## Rigorous internal control

Strict compliance with export control regimes is critical to Thales's continued success and the preservation of the Group's corporate assets. Due to its particularly sensitive nature, export control policy is defined and managed at corporate level by the Group's **Export Control Department** and is deployed in all business units worldwide.

Export control violations have been identified in Thales's global risk management system as one of the major risks facing the company (see p.28).

## MONITORING DEVELOPMENTS WORLDWIDE

Thales closely monitors any changes to regulations or policies around the world that could have an impact on its business operations.

For example, changes to export regulations in the United States and the political sanctions imposed on the Russian Federation are the focus of particular attention.

In October 2013, the United States embarked on a reform of its export control regulations, with various ITAR-controlled defence components now subject to EAR rules for dual-use goods. Appropriate steps have been taken by the Thales operating units concerned to ensure that these changes are incorporated and that the re-export of Group products and components comply with these new rules.

The evolving economic sanctions against the Russian Federation are also continuously monitored. Thales applies the control processes in place, including the monitoring of its business and industrial partners, to ensure strict compliance with all applicable rules.



Thales has a company-wide export control compliance organisation that has been progressively developed over a number of years. The Export Control Department coordinates a global network of **250 Export Control Officers** and their correspondents.

Exporting countries maintain their own national export control departments to provide national expertise at the local level. These local entities work closely with the Export Control Department to ensure consistent implementation of Group policy and procedures.

Thales has also developed in-house expertise in US export controls to provide Group companies with practical advice on complying with the US regime.

## AN ARMS TRADE TREATY FOR A SAFER WORLD

The Arms Trade Treaty, adopted by the UN General Assembly in April 2013, came into force on 24 December 2014.

The Treaty contains a number of rules designed to end the supply of weapons to countries where they would be used to commit or facilitate genocide, crimes against humanity, war crimes or other serious human rights violations.

Thales was extensively involved in the concerted effort by sector trade associations (such as GIFAS, ASD, etc.) to ensure that manufacturers' voices were heard by the governments responsible for negotiations on the Treaty.

The French Ministry of Foreign Affairs, which represented France at the final negotiations, made a strong statement in favour of an arms trade treaty that is "robust, effective and legally binding to help create a safer world and reduce the number of innocent victims of armed conflict" (source: French Ministry of Foreign Affairs website — [www.diplomatie.gouv.fr](http://www.diplomatie.gouv.fr)).

Of the 10 main arms exporters, five — France, Germany, Italy, Spain and the United Kingdom — are among the 61 countries (out of 130 signatories by the end of 2014) that have already ratified the Treaty.

Only North Korea, Iran and Syria voted against it.

## DOES YOUR BUSINESS POTENTIALLY INVOLVE A SIGNIFICANT EXPORT CONTROL RISK?

The **Risk Profile questionnaire**, presented in matrix format, allows companies to assess their level of export control risk based on a set of simple criteria relating to the following: sector of activity, product classification (military/dual use), product containing US components, other components (military, dual use, sensitive technology, civil only), cross-border technical cooperation, export activity (military/civil), export territories, purchasing and/or subcontracting in low-cost countries.

For each of these areas, the main scenarios identified across the Group are placed in one of four risk categories/columns, from "high" to "very low".

The easy-to-complete questionnaire provides export control personnel with a one-page overview of their entity's level of export control risk and enables them to implement any necessary structural action plans based on the result, with the support of corporate export control bodies if required.

The **Group's Export Compliance Committee**, made up of export control officers from the major French entities concerned, national representatives from 12 countries and key corporate stakeholders from Purchasing, Internal Audit and Corporate Responsibility, meets every quarter to review progress against the objectives of the Group's compliance improvement programme, approve proposals for further improvements, share best practice and address any other issues of common concern.

Regular export control audits are conducted at entities by the Audit, Risks and Internal Control Department (see p.29) to verify the existence and effectiveness of appropriate control measures. When necessary, external audits are also carried out to verify implementation of the various procedures.

### A firmly embedded system

Thales advocates a high level of transparency with respect to the regulatory authorities, should export controls be violated in contravention of its rigorous compliance programme. Although this approach could be considered counter-intuitive, given the risk of fines and other potential sanctions, it demonstrates Thales's real determination to improve its compliance performance and learn from past experience.

It is also an approach that is strongly recommended by the US authorities, who have stated that voluntary self-disclosures, in the absence of aggravating circumstances, are likely to mitigate any sanctions arising from accidental export control breaches.

Export compliance is now firmly embedded in Thales's **business processes**, reflecting an increasing awareness of the benefits of this integrated approach and a high level of process maturity. Chorus 2.0 provides entities with regularly updated information and

documents, such as the Standard of Export Compliance, which sets out mandatory behaviours required of Thales employees worldwide.

Guides to the regulations applicable in Thales's key countries of operation are also available, while specific documents on 'sensitive' countries list all the constraints, embargoes and export restrictions involved and include a set of quality-of-life indicators encompassing human rights, level of development, financial reliability, etc.

This detailed set of responses goes well beyond export control in its strictest sense, illustrating Thales's commitment to **continuous process improvement**.

### Anticipating future requirements

The concept of **design for exportability** has been part of Thales's Standard of Export Compliance since 2007, with the aim to limit barriers to export, reduce lead times and in turn boost competitiveness.

This means that components used in the Group's products and systems have to meet strict selection criteria at the design phase. R&D teams and technical departments use the TCIS (Thales Components Information System) database, which contains around 2 million electronic components used in Thales products. Database entries include information on component obsolescence, as well as data on compliance with currently applicable environmental and export control regulations. A PPL (Preferred Parts List) is also available, enabling designers to avoid using components that are difficult to export or re-export.

In addition, all Group purchasers require suppliers and manufacturers to complete a **Commodity Export Classification Certificate** in order to identify the export control classification of purchased or subcontracted products and/or their components and any associated export restrictions.

## EMPLOYEE AWARENESS: A KEY PRIORITY FOR THALES

All personnel have access to a collaborative tool and intranet site dedicated to export control, which provides a wide range of documentation, including guides to good conduct, document templates, etc.

A range of e-learning modules are also available to all employees worldwide. These modules cover compliance with US export controls — ITAR regulations for defence equipment, EAR for dual-use goods, etc. — as well as the controls imposed by France, Germany, Japan, the United Kingdom and other countries.

A parallel series of training programmes designed to boost employee awareness of national and international export control regulations in all Group entities and business sectors is overseen by the Group Export Compliance Committee, with the support of the 250 Export Control Officers and their correspondents.

All these measures are aimed at reducing the risk of professional misconduct arising from lack of knowledge of the regulations or lack of awareness of the issues at stake.

## THE REGULATORY FRAMEWORK IN FRANCE

Thales manufactures, purchases and sells civil, military and dual-use components, systems and equipment. The export of goods in these categories is subject to specific rules: civil goods are covered by customs regulations (not applicable within the EU), while defence equipment, sensitive technologies and dual-use goods have to comply with export controls.

The French system of export controls applicable to **defence and defence-related equipment** is based on two **general principles**:

- **prohibition**, except where authorised by the State and under its control (justified by the specific nature of arms sales and governed by law under Art. L2335-2 and 3 of the French Defence Code),
- **interministerial coordination** (export control is implemented under the responsibility of the Prime Minister).

A major change was made to the regulatory framework on 4 June 2014, with the introduction of a system of single export authorisations in the form of **licences**. A company wishing to export defence or defence-related equipment to a customer outside the EU or transfer such equipment to another country within the EU must apply for a licence. The licence must be obtained before any contract is signed.

Once the company has been issued with a licence, it can then sign the contract with its customer and physically export the equipment. Licences may be **one-off or open-ended**, depending on the sensitive nature of the exported product and/or the end-customer. The new system also includes **general licences**, issued by government order for the transfer and export of certain products to all destination countries, as well as licence **exemptions** in certain specific cases.

As part of this reform, some of the responsibility for export control has been transferred to the exporting company, which must now maintain registers and submit a half-yearly report. The **French defence procurement agency** (DGA) also has the power to conduct **post-audits** of a company's activity.

Applications for one-off or open-ended licences for the export or transfer of equipment are examined by the **French interministerial commission on defence exports** (CIEEMG). This body is chaired by the **French Secretary General for Defence and National Security** (SGDSN) and includes representatives of the Ministry of Defence, Ministry of Foreign Affairs and Ministry of the Economy. The Prime Minister's decision, on the advice of the CIEEMG, is handed down to the customs authorities, which issue the licence.

As in other European Union member states, an EU regulation provides the legal basis for exports of **dual-use goods**, which are not prohibited in principle but are subject to controls and generally require a licence, if the end-customer is outside the EU.

The list of dual-use goods and technologies subject to controls is regularly updated to take account of evolving technologies and their availability on the international market.



# Responsible purchasing for lasting relationships with suppliers

## THALES CREDITED BY THE UN GLOBAL COMPACT

The United Nations Global Compact considers that Thales's Purchasing and Corporate Responsibility Charter for suppliers and subcontractors makes a positive contribution to the achievement of the Millennium Development Goals.

The Charter requires Thales's suppliers to subscribe to the Group's corporate responsibility policy and adhere to the principles of its Code of Ethics and those of the Global Compact and the OECD.

Thales develops and manufactures integrated solutions comprising subassemblies, subsystems or complete systems, some of which are purchased from external suppliers. As a result, **suppliers make a substantive contribution to Thales's added value** and ability to deliver customer satisfaction. As part of its efforts to forge equitable and responsible relationships with suppliers, the Group has put in place a series of measures aimed at promoting sustainable practices and behaviours throughout the supply chain.

## Supplier social responsibility at the heart of the purchasing process

Thales spends the equivalent of around 50% of its revenues on purchasing and therefore needs to deploy rigorously managed purchasing processes.

The Group's Purchasing function is organised so as to boost supply chain productivity, deliver continued improvements in control of purchasing costs in bids and projects, reduce non-quality costs and make purchasing generally more responsible, efficient and effective.

## CONSTRUCTIVE DIALOGUE WITH STAKEHOLDERS\*

### Suppliers of goods and services / Industrial partners / Universities and research institutions

EXPECTATIONS	RELATIONSHIPS	SPECIFIC INITIATIVES
<ul style="list-style-type: none"> <li>• Equal treatment, mutual recognition, competitive tendering for purchases</li> <li>• Improved economic benefits</li> <li>• Skills transfer</li> <li>• Co-development</li> <li>• Support for research programmes</li> <li>• Knowledge transfer</li> <li>• Scientific and technological advice</li> </ul>	<ul style="list-style-type: none"> <li>• Partnerships</li> <li>• Long-term contracts</li> <li>• Export support</li> <li>• Collaborative projects</li> <li>• Teaching and research professorships</li> <li>• Joint laboratories and research partnerships</li> <li>• Training centres</li> </ul>	<ul style="list-style-type: none"> <li>• Purchasing and Corporate Responsibility Charter</li> <li>• Responsible Supplier Relations Charter</li> <li>• Strategic partnerships (Key Industrial Partners)</li> <li>• Founding member of SME Pact in France</li> <li>• Guidelines on gifts and hospitality</li> <li>• Open innovation</li> <li>• International network of research centres</li> <li>• Competitiveness clusters</li> <li>• Doctoral student programme (220 students around the world)</li> </ul>

\*In the 2000s, Thales established a formal corporate responsibility policy based on continuous dialogue with stakeholders. The policy is constantly improved to respond to an evolving and increasingly complex environment.





The Group's **1,300 purchasing staff around the world** are now assigned specifically to products, bids or projects, or to purchasing families such as IT and telecoms, power generation and conversion, etc. In the latter case, rolling out purchasing family strategies to the most appropriate suppliers and partners is a key task for purchasers. Product, bid and project purchasers are required to act as purchasing project managers, challenging requirements and defining **purchasing strategies** with product, bid and project managers as well as purchasing family specialists.

Our supplier selection process is based not only on quality and cost, but also on a systematic evaluation of **each potential supplier's corporate responsibility policy**.

As a signatory to the UN Global Compact, the world's most comprehensive corporate responsibility initiative, Thales requires its suppliers to adhere to the principles of corporate citizenship in the following areas:

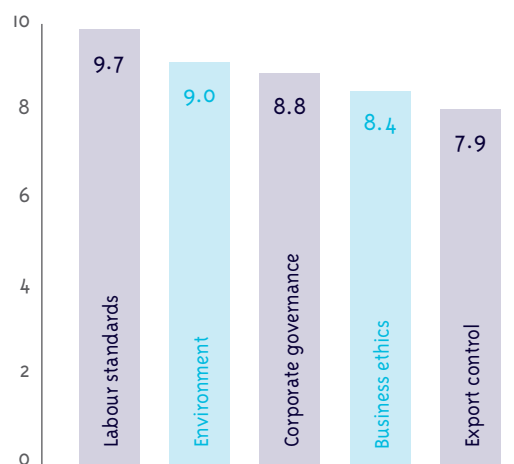
- Human rights,
- Labour standards,
- Environment,
- Corporate governance,
- Corruption prevention,
- Export control.

All suppliers are required to sign Thales's **Purchasing and Corporate Responsibility Charter** and answer a detailed questionnaire. The questionnaire is designed to assess their commitment and performance in key areas of corporate responsibility and helps identify related risks. It also aims to **help suppliers** align their policies and internal processes with the set of principles that Thales has adopted.

By the end of 2014, more than **4,400 suppliers** had signed up to the Charter and completed the assessment questionnaire, an increase of 50% compared with 2013. The Group's suppliers achieve an overall score of 9 out of 10 for their environmental, social and governance (ESG) performance.

Purchasing managers take environmental factors into account in the supplier selection processes. **A separate questionnaire relating to**

## SUPPLIERS' ESG PERFORMANCE



**the environment** is now part of the procurement process. This questionnaire is designed to measure the maturity of suppliers' environmental management practices and encourage them to embark on a continuous improvement process. Completed self-assessments may subsequently be checked during supplier audits, which may also lead to mandatory improvement plans or even supplier disqualification in the event of failure to comply with essential criteria.

To help drive this initiative forward, the Group Purchasing Department has set a target of evaluating the environmental maturity of 100% of the Group's Tier A suppliers, which account for 80% of purchasing. By the end of 2014, **1,337 supplier sites** had been assessed (36% of the total).

In addition, Thales has worked closely with selected suppliers over many years to address potential improvements in certain areas.

## CONFLICT MINERALS

**Section 1502 of the Dodd-Frank Act**, adopted by the United States in 2010, aims to prevent profits from the minerals trade from being used to fund conflicts in the Democratic Republic of the Congo and neighbouring countries. Components containing minerals such as tin or gold are never purchased directly from producers.

In line with its convictions and its commitment to corporate responsibility, Thales — although not, strictly speaking, subject to the legislation, because it is not listed on the US stock exchanges — has put in place a system to ensure strict compliance in its supply processes.

## SUPPORT FOR SMEs IN THE DEFENCE SECTOR

In 2013, Thales and the French Ministry of Defence signed a bilateral agreement to support SMEs as part of the **SME Defence Pact**.

“The signing of this agreement between the French State and Thales provides a concrete illustration of both parties’ support for the development of SMEs and mid-cap companies working in the country’s defence sector, as well as our broader commitment to innovation, competitiveness, growth and employment,” said Jean-Yves Le Drian, France’s Minister of Defence.

## SMEs: a vital link in the supply chain

In France, **over 3,000 SMEs** (small and medium-sized enterprises) account for more than one-third of all Thales purchasing. As part of its efforts to forge equitable and responsible relationships with SMEs, the Group is developing a special SME policy to encourage innovation, foster growth and boost performance.

In France, Thales was one of the first companies to sign the **SME Pact**, which aims to promote synergies between SMEs and major customers, foster innovation and help SMEs grow into the mid-cap companies that the French economy needs.

### Support for smaller businesses

Some **53 major groups** are now members of the SME Pact association, which helps companies apply best practices on a collective basis, thereby supporting the growth of SMEs without creating economic dependence.

Since the SME Pact association was set up in 2010, SMEs and major customers have developed a comprehensive support framework based on a **set of best practices** (40 in all, covering such areas as innovation, purchasing processes, partnerships, development and governance) as well as support programmes. Major customers are responsible for implementing best practices and making use of support programmes.

Member initiatives in support of French SMEs are reviewed on an annual basis in accordance with the association’s rules. In October 2014, having analysed a set of impact indicators as well as the Group’s action plan in respect of the reference framework for partner purchasing, the SME Pact joint monitoring committee issued a **favourable assessment** of Thales’s involvement and its impact on SMEs and mid-cap companies.

The SME Pact produces a confidential comparative assessment of each major customer every year, including a **supplier barometer** that enables large companies to adjust their policies and draw up action and improvement plans where appropriate. Thales was assessed by more than **200 suppliers** in 2014. The results will be presented to the suppliers in 2015.

In addition, Thales supports the international development of SMEs by drawing up manufacturing plans in collaboration with them. These plans also help the Group meet its offset obligations. Some of the proactive SMEs supported by Thales in India have already been able to develop ties with Indian firms.

Thales is one of about 20 large companies that signed the **Responsible Supplier Relations Charter** (previously known as the Charter of Inter-Company Relations) in 2010. This Charter, which now has 550 signatories, representing a volume of purchases in the order of **€580 billion**, sets out 10 key principles for responsible purchasing and helps create balanced customer-supplier relationships based on mutual trust and recognition of respective rights and responsibilities.

By signing up to the charter, Thales agrees to work towards the following goals:

- build lasting relationships with SMEs,

- facilitate cooperation with strategic suppliers,
- consider the total cost of a purchase, not just the apparent price, when selecting a supplier,
- take environmental factors into account,
- consider the company's roles and responsibilities in the regional economy,
- ensure that purchasers are fair, ethical, objective and professional.

In accordance with the charter, Thales has appointed an **SME liaison officer** to act as an internal mediator in the event of disputes, which can be referred directly by suppliers.

### Fostering innovation

Thales's support for SMEs is also intended to drive **innovation**. Thales has long-standing relationships with many innovative SMEs, several of which are considered strategic partners or have expertise deemed critical to Thales's product offering.

As part of its commitment to open innovation, Thales hosts special one-day focus events, organised jointly with the SME Pact association. The Radiotech, Optrotech and Securitech events, for example, were set up to provide Thales with the opportunity to communicate its technological requirements in the communication and security sectors to an audience of SMEs. After Thales's opening presentation, SMEs are given a platform to showcase their proposed responses to the Group's requirements. The proposals are then analysed against a series of innovation criteria, and bilateral meetings are scheduled with selected SMEs with a view to developing joint projects.

As part of the ongoing effort to identify innovative SMEs, the French Ministry of the Economy and Finance launched the **Innovative SME Charter** in 2012, with input from Thales. The charter has now been signed by around 20 major groups that are part-owned by the French State.

## INNOVATION: SUPPORT FOR START-UPS

Thales is one of the co-founders, with other members of the French aerospace industries association (GIFAS) and Impulse Partners, of **Starburst Accelerator**, a start-up incubator set up to support new companies in the aerospace sector. Starburst Accelerator offers a range of services to help these companies get off the ground, including preparation of funding applications, interfacing with investors and major industrial groups in the sector, regular focus workshops and links with business and engineering schools.

Because start-ups are a vital link in the innovation value chain, Thales is pursuing a number of initiatives to identify projects around the world of potential interest to the Group, particularly in the United States.

Thales is also a major player in a number of France's competitive clusters — System@tic Paris Region, Aerospace Valley, Mer PACA and Mer Bretagne, Images & Réseaux, etc. — which provide excellent opportunities for forging partnerships with innovative suppliers.

## RESPONSIBLE SUPPLIER RELATIONS QUALITY LABEL

Thales's responsible supplier relations quality label was renewed in 2014 after a follow-up audit of key criteria\* to verify that best practices are embedded on a sustainable basis.

Certification is granted for three years by the French government's Business Relations Mediation scheme and the French association of purchasers and purchasing managers (CDAF). The quality label recognises companies that are committed to responsible purchasing practices, in line with the 10 commitments laid out in the Responsible Supplier Relations Charter, which Thales was among the first companies to sign when it was drafted in 2010.

\*Fair financial treatment of suppliers, promotion of balanced and sustainable relationships, equal treatment of suppliers and subcontractors, and prevention of corruption.







## GOVERNANCE AND INVESTORS

THALES'S CORPORATE GOVERNANCE REFLECTS  
ITS SHAREHOLDER STRUCTURE.

THALES IS COMMITTED TO A POLICY  
OF REGULAR AND TRANSPARENT DIALOGUE  
WITH ALL OF ITS INVESTORS.

The Thales Board of Directors is made up of 16 members, of whom 14 are appointed by the annual general meeting and two are elected by employees. Four of the Board members are independent directors. The Board has five female members, more than the percentage required by French law.

The Board of Directors has set up three committees, which meet regularly to review specific topics: an Audit and Accounts Committee, a Governance and Remuneration Committee, and a Strategy Committee.

The holdings of the French State and Dassault Aviation — 26% and 25% of shares respectively — are governed via three agreements: the Shareholders' Agreement, the Agreement on the protection of strategic national interests, and the Specific Agreement. In addition, employee shareholder associations in 17 different countries are members of FAST (Federation of Associations of Staff Shareholders of Thales). Employees hold 2% of shares.

As well as providing financial information, Thales actively communicates extra-financial data on ESG (environment, social and governance) commitments and business ethics issues, in particular the prevention of corruption and control of exports with a potential impact on the company's performance and reputation.

# Ownership structure and corporate governance

## THALES SHAREHOLDERS

(at 31 December 2014)

### Shareholders

Public sector	26.36 %
Dassault Aviation	25.28 %
Individual and institutional shareholders	48.36 %
of which employees	2.00 %

### Voting rights

Public sector	36.51 %
Individual and institutional shareholders	34.44 %
of which employees	2.70 %
Dassault Aviation	29.05 %

## Board of Directors

In 2014, the Thales Board of Directors comprised 16 directors, of whom 14 are appointed by the annual general meeting and two are elected by the employees of the Group's French companies.

The four outside directors have been declared independent directors as defined by the AFEP-MEDEF code of corporate governance. Thales's major shareholders are committed to appointing directors whose experience is both diverse and relevant to the Group's business.

Thales complies with the recommendations of the AFEP-MEDEF code of corporate governance for listed companies, except with regard to the proportion of independent directors on the Board (at least one-third is recommended for companies with controlling shareholders) and on the various governance committees. This is because of the shareholders' agreement between the French State (through TSA, which is wholly owned by the State) and Dassault Aviation.

The statutory auditors are invited to attend Board meetings held to approve the annual and interim financial statements and may be invited to other Board meetings when the Audit and Accounts Committee reports on its work.

## CONSTRUCTIVE DIALOGUE WITH STAKEHOLDERS\*

Investors — Shareholders / French financial markets regulator (AMF) / Banks and financial institutions / Rating agencies

EXPECTATIONS	RELATIONSHIPS	SPECIFIC INITIATIVES
<ul style="list-style-type: none"> <li>Financial performance</li> <li>Transparency in management</li> <li>Good governance</li> <li>Authentic, transparent and verified information</li> <li>Strategy</li> <li>Societal impact and consideration of sustainable development criteria</li> </ul>	<ul style="list-style-type: none"> <li>Information</li> <li>Annual general meeting</li> <li>Rating agency reports</li> </ul>	<ul style="list-style-type: none"> <li>Dedicated coverage on intranet and internet sites</li> <li>Annual report (company registration document)</li> <li>Roadshows</li> <li>One-on-one meetings</li> </ul>

\*In the 2000s, Thales established a formal corporate responsibility policy based on continuous dialogue with stakeholders. This policy is continuously improved to respond to an evolving and increasingly complex environment.



## BOARD OF DIRECTORS

(at 13 May 2015)

### Directors appointed by the General Meeting of Shareholders

- Patrice Caine  
Chairman and Chief Executive Officer
- Laurence Broseta  
Chief Executive Officer France, Transdev
- Laurent Collet-Billon  
Managing Director of French Defence Procurement Agency (DGA)
- Guylaine Dyèvre  
Global Head of CIB Compliance at BNP Paribas
- Charles Edelstenne  
Chief Executive Officer of Groupe Industriel Marcel Dassault
- Yannick d'Escatha  
Chairman of CNES
- Philippe Lépinay  
Representative of employee shareholders
- Jeanne-Marie Prost  
Former Credit Mediator
- Loïk Segalen  
Chief Operating Officer of Dassault Aviation
- Anne-Claire Taittinger  
Non-executive director on the boards of several companies
- Ann Taylor  
Member of the House of Lords
- Eric Trappier  
Chairman and Chief Executive Officer of Dassault Aviation
- Régis Turrini  
General Manager of the French Government Shareholding Agency (APE)
- Marie-Françoise Walbaum  
Non-executive director on the boards of several companies

### Directors elected by employees

- Dominique Floch  
Director elected by employees
- Martine Saunier  
Director elected by employees

The objectives set out in the AFEP-MEDEF code and in French legislation (Act no. 2011-103 of 27 January 2011) regarding increased numbers of women on the board of directors remain unchanged, although they have been put back by one year. The objectives specified in the applicable texts are 20% women members (excluding female directors elected by employees) by the date of the 2013 AGM (according to the AFEP-MEDEF code) or the 2014 AGM (under the Act) and 40% by the date of the 2016 AGM (AFEP-MEDEF code) or the 2017 AGM (Act).

As a result of the appointment of Jeanne-Marie Prost, Anne-Claire Taittinger and Ann Taylor as independent directors at the Annual General Meeting on 15 May 2012, 25% of the members of the Thales Board of Directors were women at that date, thereby exceeding the objective of 20% one year ahead of the AFEP-MEDEF timeline and two years ahead of the legal deadline. Marie-Françoise Walbaum was co-opted to the Board in 2013 and Laurence Broseta in 2014, increasing the number of female directors to five (out of a total of 16) at 31 December 2014 and bringing the proportion of women to 31%.

The Board of Directors has set up three committees, which meet regularly to review specific topics: an Audit and Accounts Committee, a Governance and Remuneration Committee, and a Strategy Committee.

## Employee share ownership: an integral part of corporate governance

Since privatisation in 1998, Thales has proposed seven share purchase offers to its employees. The most recent offer was in June 2013.

As of 31 December 2014, employees owned 2% of the company's share capital and had 2.7% of voting rights.

Employee share ownership is primarily structured through a company investment fund managed by a supervisory board, the majority of whose members are elected by employee shareholders, or are representatives of Thales management. Employee shareholders are represented on the Thales Board of Directors by a director nominated by the joint supervisory board for election by the annual general meeting of shareholders. This director is also a member of the Strategy Committee of the Thales Board of Directors.

Long before it became a legal requirement, Thales was one of the few major companies in France to have a representative of employee shareholders on its Board of Directors.

Several shareholder associations have been formed to help promote employee share ownership in 17 Thales countries throughout Europe, North America and Asia-Pacific. The employee shareholder associations are members of FAST (Federation of Associations of Staff Shareholders of Thales).

# Transparency and regular dialogue with investors



Thales policy is to provide all shareholders with regular, clear and transparent information in compliance with the reporting rules and practices applicable to listed companies.

As well as the **Registration Document**, filed with the French financial markets regulator (AMF), which provides complete information on the consolidated financial statements and associated analysis, business reports and results for each operational sector, key legal information about the company and corporate responsibility policy, Thales also produces an **interim report**, a **shareholders newsletter**, regular **press releases** and **financial notices**. Thales also publishes an Annual Report, with all the key information about the Group, as well as this **Corporate Responsibility Report** and a **Social Report**, with details about its commitments and achievements in these areas.

All of these documents as well as corporate presentations and financial press releases are published on the Thales corporate website at [www.thalesgroup.com](http://www.thalesgroup.com).

In addition, Thales holds **briefings** for the financial community, if necessary in the form of conference calls, particularly when announcing results (full-year financial statements, interim financial statements, quarterly information) and important strategic or financial operations.

Regular meetings between Thales executives and institutional investors are held in Europe and North America, typically as part of **roadshows**, **investor days** or **visits to operational sites** in order to provide more details about the Group's business activities and performance.

Thales also provides members of the financial community, particularly the **socially responsible investor** (SRI) community, with details about its corporate responsibility policy, including issues relating to labour relations, society and the environment, governance, international trade, corruption prevention and export control for defence and dual-use equipment and technologies (see p.41).

## CORPORATE RESPONSIBILITY: THALES'S FUNDAMENTAL PRINCIPLES

### Environment

- A proactive policy.
- A comprehensive approach to environmental risk management deployed at three levels: business line, process and product design.
- Participation in research and development programmes to support environmental monitoring and management and clean technologies.

### Social

- Leadership in transnational human resources policy.
- Pioneering Europe-wide labour agreements to promote professional development and more transparent employee relations.
- Constant dialogue and constructive relationships with employee representatives.

### Governance

- Rigorous governance and transparency standards.
- Government commissioner and external auditors invited to attend Board meetings.
- Proactive risk assessment and deployment of an appropriate internal control and compliance programme.

More broadly, the Group maintains permanent dialogue with international financial analysts and institutional investors to provide them with information about business activities and strategy.

## FINANCIAL TRANSPARENCY

Already recognised at the Financial Transparency Awards in Paris in 2012 and 2013, the quality of Thales's financial communication was singled out once again in 2014, with the Trophy for Best Investor Relations (all categories), awarded by a panel of judges representing the French Society of Financial Analysts (SFAF), the French Financial Management Association (AFG), Euronext and the French Institute of Directors (IFA).

## EXTRA-FINANCIAL INDEX

Thales is included in the NYSE EURONEXT® Vigeo Eurozone 120 index. This index is composed of the 120 listed Eurozone companies that perform best in social and environmental terms.

The stocks are selected on the basis of analyses by Vigeo, a French corporate responsibility rating agency.

## INDUSTRY MOVER



**ROBECOSAM**  
Sustainability Award  
Industry Mover 2015

For the first time in 2014, Thales was included in the Sustainability Yearbook, a global database published each year by investment specialists RobecoSAM, in conjunction with KPMG. Thales won the title of "Industry Mover", reserved for the company that has achieved the largest proportional improvement in its sustainability performance compared to the previous year, assessed on the basis of three criteria: economic, environmental and social.

To be listed in the Yearbook, companies must be within the Top 15% of their industry. The 2014 Corporate Sustainability Assessment included 59 industries and six of the world's largest groups in the aerospace and defence sector.



A thin, dark blue wavy line that starts from the left edge of the page, rises to a peak, and then descends towards the right edge.

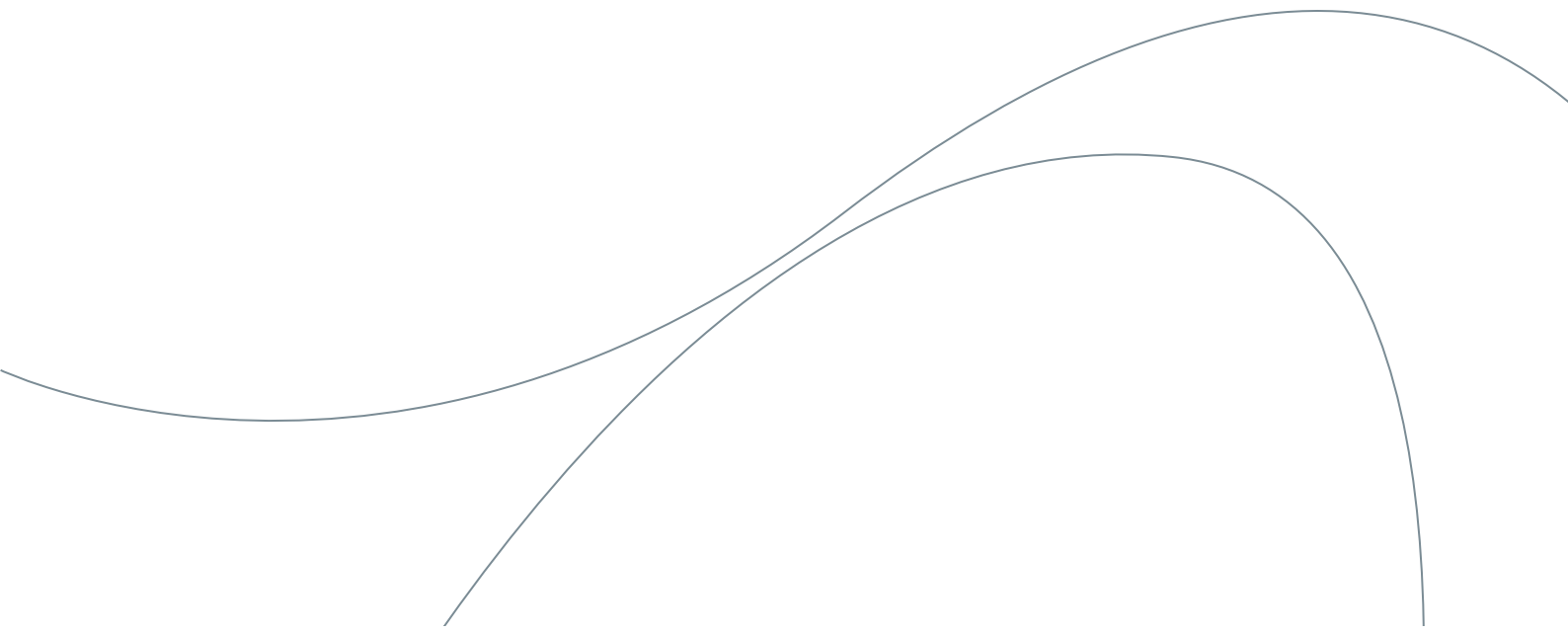
## EMPLOYEES

**THE PRINCIPLES OF SOCIAL RESPONSIBILITY GUIDE AND SHAPE THALES'S ACTIONS AND FORM THE BASIS OF THE GROUP'S APPROACH TO ITS PEOPLE AND BUSINESS ACTIVITIES.**

Because the Group's success hinges on innovation, expertise and effective teamwork, Thales invests in sustainable and responsible relationships with its employees as with its customers.

The ultimate objective of Thales's commitments to social responsibility, as part of its human resources policy, is to share a set of common values as a key differentiator to boost its performance.

Fostering social dialogue, supporting professional development, providing a safe and healthy workplace for employees, promoting gender equality, ensuring a culturally and professionally diverse workforce and overcoming discrimination are just some of the fundamental principles laid out in the Group's Code of Ethics, first issued to all employees in 2001.

A thin, dark blue wavy line that starts from the left edge of the page, rises to a peak, and then descends towards the right edge.

# Strategic commitments on social responsibility

## INCORPORATING CSR INTO SENIOR MANAGEMENT OBJECTIVES

To ensure that the Group's CSR (corporate social responsibility) commitments are applied effectively, Thales senior managers in France have included a CSR criterion in their 2014 targets, focusing on one of the following three areas of HR policy: the promotion of women, professional development and quality of life in the workplace.

Data on employment, working conditions, labour agreements, labour practices and human rights is provided by the HR departments in each country and included in the Social Report.

This data is gathered using the e-Social Responsibility Reporting tool. In each country or geographic area, contributors complete a **qualitative and quantitative questionnaire** based on indicators of compliance with applicable legislative provisions, or indicators proposed by the Global Reporting Initiative<sup>(a)</sup> or negotiated with employee representatives at European level.

Data is then submitted for consolidation by the Group's Human Resources department, which is responsible for ensuring consistency and producing the **Social Report**. This document is available on the Group's website at [sustainability.thalesgroup.com](http://sustainability.thalesgroup.com) and provides more complete information than the present report, together with a breakdown of all the actions and innovative measures that Thales has taken with respect to employee relations and social policy at country level.

## CONSTRUCTIVE DIALOGUE WITH STAKEHOLDERS\*

### Employees and union representatives

EXPECTATIONS	RELATIONSHIPS	SPECIFIC INITIATIVES
<ul style="list-style-type: none"> <li>• Responsible employer</li> <li>• Professional development and training</li> <li>• Incentives linked to the Group's results (recognition, compensation and employee share ownership)</li> <li>• Consultation and social dialogue</li> <li>• A safe and healthy workplace and quality of life at work</li> <li>• Diversity and gender balance in the workforce</li> <li>• Work-life balance</li> </ul>	<ul style="list-style-type: none"> <li>• Regular meetings and transparency with employees</li> <li>• Collective bargaining</li> <li>• Employee representation</li> <li>• Representation on the Board of Directors</li> <li>• Training</li> <li>• Information about social policy</li> </ul>	<ul style="list-style-type: none"> <li>• HR process, Annual Activity Discussions (AADs) and Professional Development Discussions (PDDs)</li> <li>• Europe-wide collective agreements (IDEA, TALK), Group-level agreements, company agreements</li> <li>• Employee representation at all levels (European Works Council, Central Works Council, national anticipation committees, etc.)</li> <li>• Thales University, the Group's in-house training centre</li> <li>• Specific action plans to support gender diversity, people with disabilities, Group-wide Generation Contract</li> <li>• Ethics alert facility</li> <li>• Employee share ownership</li> <li>• CSR included in the criteria for calculating the variable part of senior executive compensation</li> <li>• Social reporting and Social Report</li> </ul>

\*In the 2000s, Thales established a formal corporate responsibility policy based on continuous dialogue with stakeholders. The policy is constantly improved to respond to an evolving and increasingly complex environment.



## Promoting and respecting human rights

Thales signed the United Nations Global Compact in 2003 and adheres to its 10 principles on human rights and labour rights. These principles are implemented on the basis of agreements and best practices that ensure that the Group's activities are conducted responsibly. In 2012, Thales reached the Advanced Level of the Global Compact Differentiation Programme (see p.22).

## A responsible employment policy

With recognised technological expertise, a broad international presence, a wealth of talents and skills and a long tradition of success and innovation in all its areas of activity, Thales has been able to face the challenges of a fast-changing world.

The breakdown of Thales's 61,709 employees<sup>(15)</sup> worldwide by geographic area and level of responsibility shows the statistics that have helped shape the Group's employment policy:

- an international footprint, with 28,417 employees working outside France at the end of 2014, representing 46% of the global workforce,
- a highly skilled workforce, with 75% employed as engineers, specialists or managers,
- women accounting for 22% of the global workforce,
- a high proportion of permanent, long-term employment contracts (98%),
- a high proportion of full-time jobs (93%).

By tailoring its employment policy to the Group's requirements, and despite the slowdown in some labour markets and the need to adapt in certain countries, the Group recruited 5,297 new employees in 2014, including 3,230 on permanent contracts (over 60%).

## TOGETHER WE

Thales's success and performance depends on its ability to recruit the right people in the various employment markets in France and around the world, and on the commitment of its employees.

For this reason, the Group created a new Global Resourcing function in 2014, in line with its Ambition 10 strategic vision, to support the recruitment of top talent.

As part of this initiative, Thales also launched the new Together We employer brand, which was trialled in various countries in the last quarter of the year. Initial results are particularly encouraging. In the United Kingdom, for example, benefits have included a significant increase in the number of applications from female candidates, compared with the previous year. The employer brand will be rolled out in all of Thales's countries of operation in 2015.

**TOGETHER WE**  
EXPLORE A WORLD  
OF POSSIBILITIES

(14) The Global Reporting Initiative (GRI) is a not-for-profit organisation developing a common framework for sustainable development reporting.

Established in 1997, the GRI published a preliminary version of its guidelines in 1999. Compliance with these guidelines by companies is entirely voluntary.

(15) For the purposes of this chapter, "employees" refers to the total number of active employees.

# Developing our people

## INTERNATIONAL MOBILITY

As Thales pursues its strategy of expansion into emerging markets, international assignments make a key contribution. Depending on the needs expressed by the countries concerned, priority is given to employees with at least five years of professional experience.

In 2014, around 620 Group employees were working with expatriate status in all regions of the world: 22% in the Middle East, 33% in Europe (France included), 22% in Asia-Pacific, 10% in North America and 7% in South America.

Their countries of origin are mostly in Europe, most notably France (61%), but also in North America and Asia-Pacific (Singapore, Australia, etc.). In addition, 10 employees have recently been expatriated from other countries, such as Brazil, Chile, India, Singapore and South Africa.

## Employees: driving their own professional development

The specialised skills of Thales employees are a major asset for the Group. For this reason, all of the Group's job families have introduced a system of **Key Skills Management**, focused on identifying all available technical skills and sharing them throughout the organisation.

By structuring its skills management processes and identifying expertise across **15 job families**, Thales ensures that its employees' skills and expertise meet its needs as closely as possible. This approach helps to solve specific technical problems on ongoing programmes, and provides access to the specific skills needed to set up successful bid and project teams. It also provides day-to-day support for employees, helping them achieve their **professional goals** and develop their skill sets. To date, approximately 31,000 employees have listed their skills in the Key Skills Management system, which is progressively being rolled out on a global scale.

Based on the principle that employees are **responsible for driving their own professional development**, Thales has introduced a number of initiatives to help each individual build a personalised career plan, in line with changes in job requirements and associated skills. Thales ensures that each employee is offered an annual Professional Development Discussion (PDD), which is an opportunity to review career progress with their manager and discuss continued development in their current post as well as evaluate career choices and options. In 2014, 89.8% of employees worldwide attended a PDD.

In an increasingly competitive marketplace, **job mobility** and professional development enhance the Group's capacity to adapt and respond to change and offer its employees rich and varied career paths.

## A global training system

Thales believes that professional fulfilment comes from constantly maintaining and improving the skills of each of its employees with a view to maximising employability.

To ensure that all employees achieve their full potential, in 1988 it founded Thales University, which has since become a major pillar of the company's training policy. Thales University seeks to tailor individual and collective skills to the needs of each discipline, at the same time as supporting the Group's strategic objectives.



## THALES UNIVERSITY: PROVIDING TRAINING FOR ALL

Active in 10 countries — France, Germany, Italy, the Netherlands, the United Kingdom, the United States, Canada, the United Arab Emirates, Australia and Singapore — Thales University is tasked with supporting the professional development of the Group's employees in the various countries and building a common corporate culture to forge cohesion around its core values.

## A NEW LEADERSHIP MODEL

In 2014, Thales began promoting a new leadership model. Designed with the support of managers, it sets out the attitudes and conduct expected from those with leadership responsibilities. It comprises six key competencies, which are described in terms of desirable and undesirable behaviours. One of these key competencies, "Perform through cooperation", served as the basis for the targets set for Group managers in strategic functions.

The Europe-wide IDEA agreement (see p.58) has a significant training component, including the following provisions:

- all countries are required to ensure that collective training plans take into account forward-looking analyses of technological developments and innovations, as well as employment trends and the needs of employees and the company,
- a network of training advisers has been developed throughout Europe, with each employee assigned a personal advisor,
- at least once every three years, each employee has access to a relevant training programme lasting a significant length of time and corresponding to his or her training plan and the needs of Thales,

- individual training programmes take each employee's experience into account and address opportunities for obtaining independent certifications and qualifications.

**75% of employees attended a training course in 2014**, reflecting Thales's commitment to invest in its people.



# Constructive social dialogue

**In 2014, almost 70 new collective agreements were concluded within the Thales organisation, reflecting the importance the Group attaches to social dialogue.**

Constructive dialogue is an integral part of Thales's social policy, which seeks to promote the professional development of all employees. By the end of 2014, over 87% of Thales employees worldwide were covered by collective agreements.

In 2014, almost 70 new collective agreements were concluded within the Thales organisation, reflecting the importance the Group attaches to social dialogue. The main themes of negotiations in the countries concerned were conditions for salary increases (South Africa, Brazil), working hours (Germany), annual leave (Canada), skills development (Germany), data protection (Germany) and restructuring and change management (Belgium). As a reminder, collective bargaining in previous years has covered a range of issues, mostly in Europe, including the organisation and adjustment of working hours and health and safety in the workplace.

## Pioneering agreements in Europe

Working with employee representatives at transnational level, Thales has introduced a European dimension to its social dialogue since 2009, involving 11 countries and over 50,000 employees. This commitment has led to three ground-breaking agreements:

- The 1993 agreement establishing a **European Works Council** as part of an 'anticipation' agreement. The European Works Council has representatives from Thales's 11 main European countries of operation.
- **IDEA** (Improving **Professional development** through Effective Anticipation). Signed in 2009 as the first European agreement of its kind, IDEA is based on sharing existing best practices in countries involved, making it a ground-breaking agreement. In addition to setting out broad principles, IDEA establishes specific objectives for improving professional development opportunities, and includes a set of 30 corresponding measures.
- **TALK**: a Europe-wide social agreement that establishes a clear framework and practical guidelines to guarantee that the **Annual Activity Discussion** (AAD) with each Thales employee is conducted in a climate of social responsibility, mutual respect and listening.

In 2014, it was agreed to proceed with an assessment and report on how these agreements are being implemented as well as define a set of priority actions for the years ahead.



## A set of common standards in France

In France, the various Group-wide agreements that Thales has concluded since 2006 have helped establish a common set of employee relations standards for all Group companies. These include the Group-wide Anticipation agreement, renewed in 2013, which sets out a shared, transparent approach to **prospective employment and skills management**, the Group agreement on social provisions, which harmonises the various **applicable employee benefits**, and the Group framework agreement on **gender equality**.

Within this framework of constructive social dialogue, the Group signed four new and particularly innovative labour agreements in 2014:

- the measures introduced under the Group agreement on quality of life in the workplace in 2009 have been significantly expanded with a new agreement signed on 4 February 2014,
- the Group agreement on consultation on strategic priorities and implementation of an economic and social database, signed on 23 October 2014 by three trade union organisations,
- the Group agreement on union membership and social dialogue was unanimously signed on 18 November 2014. It consolidates and expands the Group agreement on these issues signed in November 2006,
- Thales renewed its commitment to people with disabilities with the eighth Group agreement on this issue, signed in July 2014. This agreement is part of Thales's proactive policy, pursued for more than 20 years, and further strengthens the initiatives in place to foster the recruitment, integration, continued employment and career development of employees with disabilities.



# A safe and healthy workplace



## QUALITY OF LIFE IN THE WORKPLACE

In France, the agreement on quality of life in the workplace signed on 4 February 2014 sets out a general framework for Group-wide health and safety policy and establishes a system for identifying and preventing workplace hazards and risks.

Workplace health and safety experts play a central role in the system, which focuses on risk prevention. In particular, the agreement seeks to minimise psychosocial risks through collective action and increased vigilance with respect to the wellbeing of individual employees.





One of Thales's key priorities is to ensure a safe and healthy working environment for its employees by meeting legal requirements, monitoring procedures, preventing health and professional risks and providing adequate training for employees. Thales has established a dedicated organisation, which has been in place for three years and applies to all countries worldwide, in order to prevent **health and safety risks in the workplace**.

The Human Resources Department and the Health, Safety & Environment Department share oversight responsibility for the many aspects of health and safety. They define the principles of the health and safety policies that are implemented in each country of operation, in accordance with national laws and requirements.

Coordinated by the Group's Risk Management Committee (see p.28), the risk management system covers all risks that could potentially affect employees around the world, both on-site and off-site. These risks are monitored annually on the basis of key indicators.

Procedures are also in place to anticipate and manage health risks that might occur at international and/or national level. These procedures were included in the Group reference system in 2012 to make them even more visible and readily accessible to all the parties concerned. They are based on:

- a permanent medical management unit,
- a crisis management unit for major international health risks,
- a procedure for managing missions in countries with major health risks.

In July 2012, each Group company in France appointed a two-person team, composed of an HR specialist and an HSE specialist, to assist the employer and occupational health and safety departments in preventing workplace-related health and safety risks.

## WORK-LIFE BALANCE

Thales has a long-standing attachment to improving work-life balance for all its employees, whether or not they have children, and therefore pays particular attention to part-time employees. The action plans negotiated at each individual company reflect the importance of applying best practices in the areas of working hours, meeting times and the use of new information and communication technologies.

# Encouraging diversity and equal opportunities

## BREAKING THROUGH THE GLASS CEILING: PROMOTING CAREER DEVELOPMENT FOR WOMEN

In 2014, Thales commissioned ANACT\* to conduct a year-long survey of potential glass ceilings within the organisation. Based on over 100 testimonials and analysis of statistical data, the study is helping the Group to identify new ways to support career development for women, in partnership with the trade union organisations.

\*French national agency for the improvement of working conditions



## Gender diversity, a key challenge

In a high-tech company with engineers making up the majority of the workforce, gender diversity represents a key challenge. Thales is rising to this challenge through constructive social dialogue and a strong commitment to specific objectives aimed at promoting closer involvement by women in the company's development.

Figures show that the Group is making headway in this area. As of 31 December 2014, **women accounted for 22% of the workforce worldwide**, 22.3% in Europe and 23.4% in France. As a result of efforts to increase the number of women in the workforce, women accounted for 28.9% of new hires worldwide (26.7% in Europe).

Most of the women who work at Thales occupy qualified full-time jobs, with 97% on permanent contracts and 62% employed as engineers, experts or managers (compared with 60% in 2013).

### Commitments

For many years, Thales has pursued a dynamic policy to promote gender equality in the workplace.

In France, for example, Thales has been working with employee representative organisations since 2004 to deploy action plans, negotiated and prepared on the basis of annual reports on gender equality and comparative data in each country. A new Group-wide framework agreement was unanimously concluded in June 2012, which sets new targets for sites in France and puts in place new resources to step up recruitment efforts, support the development of women's careers and enhance work-life balance.

In Europe, the IDEA agreement signed in 2009 (see p.58) includes a number of commitments on equal opportunities in areas including recruitment, career development, compensation and work-life balance. Countries signed up to the agreement are required to produce an annual report on gender equality and propose an action plan to improve performance where necessary.

In 2014, the Group's corporate management clearly reaffirmed its commitment to promote gender diversity at all levels of the organisation by introducing a specific action plan.

### Taking practical steps

In order to achieve a balanced representation of women within the Group, it is necessary to pay particularly close attention to recruitment — especially in technical and scientific sectors.

To ensure a **better gender balance in recruitment**, Thales companies pursued their actions with schools in 2014 and organised open days for female pupils at their facilities. Thales also implemented an anticipative approach to support equal opportunities at all Group companies in France.

In 2014, women represented 34% of new hires in France (compared with 31% in 2013). Some countries of operation are particularly proactive: Thales in Spain recruited 41% women, Thales in South Africa recruited 36% and Thales in Germany 32%. A specific initiative in Saudi Arabia resulted in the recruitment of six female staff members.

Actions to support **career development for women** were also stepped up in 2014. Awareness sessions focusing on gender stereotypes were conducted for 200 managers in France. Eco-development actions were conducted in Europe to encourage the promotion of women, with female staff members taking part in personal development sessions to support their career progression. Monitoring actions were launched in Germany and other countries. In addition, new forums for women were also set up in Germany and further developed in France (WIN-Women Initiatives Network).

### Breaking through the glass ceiling: promoting career development for women

Thales is committed to maintaining **equal pay for men and women**. In France, a specific budget equivalent to 0.1% of total payroll has been set aside since 2006 to rectify unwarranted discrepancies in compensation between men and women. In 2014, 832 women benefited from the policy and were awarded an average individual pay increase of 2.6% to close the gap in salaries with their male counterparts. This budget is also used to recognise experience through promotion.

Thales is also committed to improved integration of **parenthood** with career paths and a better balance between work and family life. Since 2010, Thales has helped create a dozen inter-company childcare facilities in France, which provide places for more than 310 children of Group employees. A similar initiative was launched in Germany in 2014. Since January 2013, the Group has also worked with a selected partner in France to offer Solu'Creche, an emergency childcare service that provides working parents with places in daycare centres when their usual childcare solutions are unavailable. In Italy, Thales contributes to the childcare costs of its employees.

## Fostering diversity and combating discrimination

The strong commitments made by the Group and formalised in its Code of Ethics demonstrate its willingness to act responsibly and fight all forms of discrimination.

### Promoting cultural diversity

As an international Group, Thales respects and encourages cultural diversity in the workplace. As labour markets become increasingly globalised, this cultural diversity is a **significant asset** for the Group. For this reason, Thales pays particular attention to recruiting local employees in all its countries of operation.

The Europe-wide IDEA and TALK agreements (see p.58) have fostered a better understanding of social practices in European countries and have enriched national social policies in terms of employment, professional development and the promotion of diversity and non-discrimination. To promote diversity, the IDEA agreement encourages companies to develop Europe-wide career paths in order to help make teams even more diverse and encourage greater openness to new profiles.

Thales's Ambition 10 long-term strategic vision aims to make the Group even more international by promoting greater diversity within teams.

In France, the Generation Contract also supports equal opportunities in education and encourages diversity. One example of this commitment is the partnership between Thales and the association *Nos Quartiers ont des Talents* signed on 27 November 2013 and deployed in 2014.

### Supporting employees with disabilities

In all countries of operation, Group companies make every effort to comply not only with legal requirements but also with local regulations and guidelines designed to promote the employment of people with disabilities.

Some countries (the United Kingdom, the Netherlands, Australia and Norway) explicitly prohibit all forms of discrimination, while others (Germany, Austria, Spain, Italy and South Africa) set mandatory employment quotas for people with disabilities and generally impose financial penalties on companies that fail to comply. Other countries (such as Portugal) take a different approach, offering financial incentives to companies with a policy of recruiting people with disabilities.



## INNOVATING TO SUPPORT PEOPLE WITH DISABILITIES

Thales supports the development of innovative products based on Thales technologies to provide practical assistance to people with disabilities. A few examples:

- The Eyeschool learning aid provides visually impaired students with audio readouts of course materials and interactive animations of notes written on the board by teachers. In 2014, Eyeschool continued to be rolled out in four regions of France (Paris, Pays de Loire, PACA, Midi-Pyrénées) under an agreement with the French Ministry of Education for the benefit of 400 visually impaired or dyslexic pupils. The Ministry plans to make the system more widely available in 2015.
- Guideo, an audio guidance system enabling the visually impaired to use a smartphone to find their way around buildings without assistance. The system was tested at Thales's Gennevilliers (France) site and will be deployed at the new Air Innov facility in Bordeaux (France) in 2016.
- A smart wheelchair guidance system, based on artificial intelligence technologies, which has been developed with the Fondation Garches under a three-year partnership agreement with the ISEN engineering school.

Many Group companies, based in various countries, have also adopted a series of measures aimed at going **beyond the legal requirements** and promoting the employment of people with disabilities.

In France, further to the Group's multi-year agreements concluded since 2004, disabled employees made up 5.8% of the workforce at the end of 2014, compared with 5.1% in 2011. In 2014, Thales signed a new agreement with all employee representative organisations with the aim of stepping up the various actions implemented under previous agreements. These included a commitment to hire 120 people with disabilities over the period 2012–14, 60% of them on permanent contracts, create openings for 240 interns, expand the Group's involvement in the *Entreprises Adaptées* programme and launch new projects drawing on Thales technology and expertise to promote access to learning and employment for handicapped people.

In addition, further to the rollout of specific action plans in 2013, four Thales facilities in France have since obtained a certificate of compliance with the AFNOR X50-783 (standard for disability friendly organisations).

### Combating age discrimination

In France, the Group-wide Generation Contract signed in 2013 includes a range of innovative measures aimed at prohibiting discrimination based on age, anticipating career changes, developing the skills of older employees, improving working conditions and taking individual situations into account with respect to employees in physically demanding jobs and those who may be unable to adapt to new practices. Under the agreement, Thales also undertakes to support end-of-career planning and the transition from employment to retirement.

Measurable targets were also set, aimed at increasing the percentage of recruitment of employees aged 57 and over to 2% and increasing the number of employees aged 55 and over to 15% of the total workforce by 2016.



## SCOPE OF DATA VERIFICATION

			DATA VERIFICATION	
INDICATORS	2014 DATA	SCOPE COVERED	REGISTRATION DOCUMENT	SOCIAL REPORT
<b>Total workforce<sup>(a)</sup> at 31 Dec. 2014</b>	<b>61,709</b>	<b>100 %</b>	✓	✓
<b>Employees by country</b>				
France	33,292	100%	✓	✓
Europe (France included)	50,725	100%	✓	✓
Outside France	28,417	100%	✓	✓
<b>Employees by gender</b>				
% women	22.04%	98.1%	✓	✓
% men	77.96%	98.1%	✓	✓
% women in France	23.4%	98.1%	✓	✓
<b>Employees by type of contract</b>				
% on permanent contracts	97.8%	98.1%	✓	✓
% on full-time contracts	93.5%	98.1%	✓	✓
<b>Employees by age bracket</b>				
< 30	9.9%	98.1%	✓	✓
30-39	23.3%	98.1%	✓	✓
40-50	30.9%	98.1%	✓	✓
> 50	35.9%	98.1%	✓	✓
<b>Employees by level of responsibility (LR)</b>				
LR 1 to 6	14,874	97.9%	✓	✓
LR 7 to 12	45,534	97.9%	✓	✓
<b>Number of temporary employees</b>	<b>2,327</b>	<b>98.2 %</b>	✓	✓
<b>Departures by type</b>				
Number of departures	3,998	98.1%	✓	✓
% resignations	40.4%	98.1%	✓	✓
% redundancies	21.6%	98.1%	✓	✓
% retirements	32%	98.1%	✓	✓
% other departures (including deaths)	6%	98.1%	✓	✓
<b>Recruitment</b>				
Total number of recruitments	5,297	98.1%	✓	✓
of which permanent contracts	3,230	98.1%	✓	✓
of which fixed-term contracts	973	98.1%	✓	✓
of which work-study placements	1,094	98.1%	✓	✓
% women	28.9%	98.1%	✓	✓



## SCOPE OF DATA VERIFICATION

			DATA VERIFICATION	
INDICATORS	2014 DATA	SCOPE COVERED	REGISTRATION DOCUMENT	SOCIAL REPORT
<b>Training</b>				
% of employees attending a PDD <sup>(b)</sup>	89.8%	97.1%	✓	✓
% of employees receiving training	75.22%	97.8%	✓	✓
% of women receiving training	78.2%	97.8%	✓	✓
Average training hours per employee	21.9	96.9%	✓	✓
Total training hours	1,308,278	96.9%	✓	✓
<b>% of employees covered by a collective bargaining agreement</b>	<b>87%</b>	<b>97.8%</b>	✓	✓
<b>% of employees covered by a regulation on working hours</b>	<b>89%</b>	<b>98.6%</b>	✓	✓
<b>Health and safety</b>				
Overall absenteeism rate (world)	2.63%	96.9%	✓	✓
Overall absenteeism rate in France (social report) excl. maternity / paternity leave	2.77%	100%	✓	✓
Overall absenteeism rate in France (social report)	3.11%	100%	✓	✓
Accident severity rate (world)	0.08	96%	✓	✓
Accident severity rate (France)	0.12	100%	✓	✓
Accident frequency rate (world)	2.32	96%	✓	✓
Accident frequency rate (France)	2.87	100%	✓	✓
Days lost for work-related illness (France)	1,919	100%	✓	✓
<b>Other</b>				
Staff costs (world)	€5.456 bn		✓	✓
Proportion of employees with disabilities (France)	5.83%		✓	✓
Jobs created by Géris in 2014	405		✓	✓
Start-ups or business acquisitions supported by Géris in 2014	61		✓	✓
EU suppliers as a proportion of total purchasing spend	78%		✓	✓
French suppliers as a percentage of total purchasing spend	43%		✓	✓
Industrial subcontracting	€1.3 bn		✓	✓

(a) Headcounts shown are active headcounts.

(b) PDD: Professional Development Discussion.

✓ Indicators reviewed by Mazars for the 2014 reporting period and included in moderate assurance conclusion.



Three thin, dark grey curved lines sweep across the page from the left and bottom edges towards the top right, creating a sense of movement and design.

## ENVIRONMENT

**AS AN INNOVATIVE AND RESPONSIBLE COMPANY, THALES IS STEPPING UP TO THE MAJOR ENVIRONMENTAL CHALLENGES OF OUR TIMES AND DEVELOPING SOLUTIONS THAT HELP CUSTOMERS IMPROVE THEIR OWN ENVIRONMENTAL PERFORMANCE.**

Environmental responsibility is one of Thales's core ethical principles. Thales implements an environmental policy at all Group sites around the world, with the aim of reducing our environmental footprint, fighting climate change, and encouraging the protection of natural sites as well as the preservation of biodiversity.

Thales systematically organises awareness and training programmes to embed a shared culture of environmental responsibility among all employees, enabling the Group to deliver continuous reductions in CO<sub>2</sub> emissions, waste volumes and consumption of natural resources since 2010.

Thales utilises its unique capacity for innovation to reduce the environmental impact of its products throughout their life cycle, from manufacture to recycling. An integrated approach to new product design. The Group is committed to the development of new eco-responsible solutions based on environmentally friendly technologies, particularly in the transportation and climate monitoring sectors.

Finally, Thales participates in a number of programmes to define international standards and improve understanding and protection of the environment all around the world.

# A history of environmental commitment

## ENVIRONMENTAL GOALS 2013-2015

EXPECTATIONS	PERFORMANCE 2012-2014	TARGET 2015
<b>Natural resources</b>		
- Energy consumption	-10.5	-10*
- Water consumption		
<b>CO<sub>2</sub> emissions</b>		
- Energy and substances per unit of revenue (scopes 1 and 2)	-7	-10*
- Business travel per unit of revenue (scope 3)		
<b>Non-hazardous waste</b>		
- Quantity per person	7.5	10*
- Recycling rate		
<b>Responsible purchasing</b>		
- Assessment of tier A suppliers (80% of purchases)	36%	100%
- Purchaser training	62%	80%
<b>Eco-design</b>		
- Product policies integrating environmental criteria	Not determined	20%
- Training for product line managers	66%	100%

\*Average index for both indicators

## Further action

Environmental responsibility is one of the Thales Group's core ethical principles, reflecting the strength of corporate management's commitment to environmental issues. To engage everyone involved in environmental management, Thales implements an environmental policy at all Group sites around the world.

In addition to ensuring compliance with applicable regulations and anticipating future regulatory changes, the policy has five key areas of focus:

### Prevention of impacts on people and the environment arising from the Group's activities:

- by reducing and controlling the impact of the environment on health;
- by respecting biodiversity and cultural heritage.

### Incorporation of environmental factors into the design of products and services:

- by limiting their environmental footprint whenever possible;
- by using the environment as a driver of innovation.

### Consumption of fewer natural resources:

- by limiting dependence on fossil fuels;
- by saving water.

### Significant reduction in CO<sub>2</sub> emissions:

- by leveraging the Group's expertise;
- by reducing business travel and increasing the use of greener modes of transport.

### Fostering a spirit of innovation with regard to the environment:

- by sharing expertise;
- by communicating transparently;
- by encouraging the involvement of employees, suppliers and other stakeholders.

This **pro-environment commitment** has been a guiding principle for the Group **for over 15 years**, and entails taking environmental impacts and risks into account in all of its activities and at every level of the organisation.

To reinforce this commitment, the Group sets performance targets for all of its entities, and more specifically for purchasing and product policy managers.

## Implementing environmental policy through a cohesive organisation

As part of its efforts to continuously improve its environmental performance and ensure effective mitigation of risks, the Group has implemented a three-tier organisation:

- a **corporate environmental team** responsible for formulating strategy, policy and processes and overseeing their implementation across the Group,
- a **global network of environmental managers** (359 as of December 2014) responsible for implementing Group policy at country and entity level, particularly with regard to sites (buildings, infrastructure, energy, etc.) and operations (industrial processes, substances, waste, etc.),
- a **network of "product environmental managers"** (182 people as of December 2014), responsible for applying environmental policy to our products.

Because dealing with environmental risks and challenges across the Group's different business lines requires employees with managerial and technical skills in environmental matters, these networks fall within a single, dedicated job family in order to enhance skills, determine recruitment and training needs, anticipate future changes and share expertise within a single community.

## Managing environmental risks

**Environmental damage** is one of the **risk factors** that could potentially affect the Group's financial health (see p.28). For many years, Thales has regularly updated its analysis of environmental risks to keep pace with changes in its business activities, scientific and technical developments, and emerging environmental challenges.

These analyses are used for risk mapping exercises, with the following aims:

- verify that site employees and local communities are not exposed to health and environmental risks,
- check that activities do not present a threat to the environment,
- ensure the compliance of activities and products,
- evaluate the impact of new regulations on product design and other activities.

Risk mapping provides an overview of areas for improvement, which are addressed via action plans either at Group level or locally.

Since 2007, the Group's Risk Management Committee has overseen an **annual analysis** of the risk management system by each of the Group's legal entities, leading if necessary to the development of a local improvement plan in collaboration with Group experts. Audits are conducted by internal and/or external auditors as part of the ISO 14001 certification process or within the scope of preventive reviews.

To reinforce this analysis, the Group has worked with an external partner to develop a **risk prevention engineering policy** designed to improve the risk profile of industrial activities at strategic sites. Preventive reviews carried out at more than 130 sites aim to characterise the risks — fire, natural events, pollution, breakdown of machinery, water damage, etc. — that could cause a major incident and severely disrupt the supply chain. The reviews also produce a series of recommendations in which the probability of incidents is assessed, and the associated consequences are anticipated.

Since 2011, Thales has also **assessed the risk of natural disasters occurring at its sites**. As well as identifying potential flooding, storm or earthquake risks, this analysis also enables us to anticipate the consequences of such events in terms of environmental impact, damage to property, impact on business, etc. **44 sites** have been assessed since 2011.

Thales has also **mapped existing and future risks related to water** at all of its sites worldwide. The analysis encompassed social issues (such as access to water/sanitation and per capita water availability) as well as economic aspects (conflicts over water rights) and environmental concerns (water consumption relative to the level of water stress in the catchment area). The risk was scored on the basis of a series of indicators, using international data to ensure a uniform assessment.

The mapping process determined that 10 sites were located in vulnerable areas. The majority of them are offices whose low water consumption has only a minor impact on the environment. At three of the sites, where some industrial activities are carried out, a more detailed analysis of water stress at a very local level will be conducted to assess the impact of their water usage.

# Engaging employees

## ENGAGING SUPPLIERS

As part of its commitment to extending its environmental responsibility policy to the supply chain, Thales requires suppliers to sign the Group's **Purchasing and Corporate Responsibility Charter**. This is a binding document designed to help suppliers align their policies and internal processes with a set of principles that Thales has adopted.

By the end of 2014, a total of **4,488 suppliers sites** around the world had signed up (an increase of 52% compared with 2013). To help drive this initiative forward, the Group Purchasing Department has set a target of evaluating the environmental maturity of 100% of the Group's tier A suppliers, who account for 80% of purchasing. By the end of 2014, 36% of the suppliers concerned had been assessed.

## A dedicated process

To meet its environmental objectives, Thales has underscored the importance of managing environmental issues in a number of ways in its Group reference system, which is available to all employees and in all entities worldwide.

An **Environmental Management System** has been deployed at **all sites** as part of a dedicated process that aims to manage and mitigate the environmental risks and impacts associated with operations (buildings, industrial facilities, equipment and construction sites) and products (design, bids and projects).

It provides best practices for managing environmental impacts and risks, as well as methodological guides and rules applicable at all levels of the organisation. The process has been integrated into various functions, such as Bids and Projects, Purchasing, Quality and Real Estate, and is being rolled out to cover all functions and activities within the Group, thereby helping to integrate environmental considerations into the design and development of all of Thales's products and services.

It also defines the **risk management and alert procedures** in the event of an accident. At the end of 2014, 117 entities were ISO 14001 certified, representing 88% of the Group's workforce. Of these entities, 80 include product design/development in their scope of certification.

## Training, informing and empowering employees

Thales strives to embed a genuine culture of environmental responsibility within its organisation worldwide.

To reinforce its expertise in environmental issues, the Group offers dedicated **training modules** in its Thales University training catalogue. These modules are specially designed for environment managers as well as for the different job families (Purchasing, Design, Sales, etc.).

In 2014, **692 purchasers** (or 62% of staff concerned) and **201 Product Line Managers** (or 66% of staff concerned) responsible for product policy were trained on how to integrate environmental concerns into their day-to-day work.

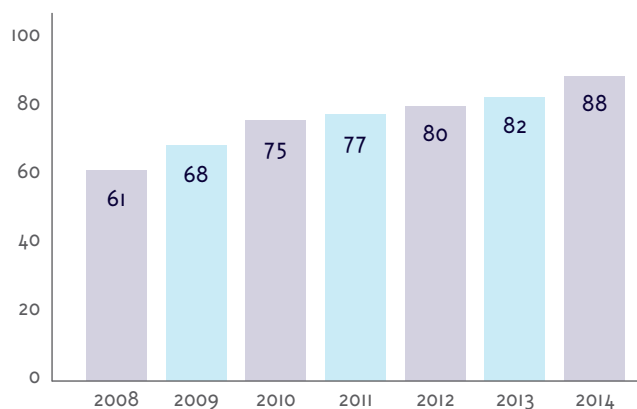


Because any environmental initiative requires the commitment of all employees, the aim is to encourage personnel to take a fresh look at the environment, and to incorporate environmental issues into their work at a day-to-day level. Thales provides employees with a variety of communication and information-sharing tools, including a dedicated intranet, posters, competitions, events, etc.

**Online e-learning modules** are also available to educate Group employees on basic aspects of environmental risk management, general topics such as eco-responsibility, and specific issues such as REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) regulations or the new labelling system for hazardous chemicals.

An **online collaborative platform** provides a forum for hundreds of members from around the world — working in areas such as design and communications as well as environmental management — to exchange news and information about the Group.

## EMPLOYEES WORKING AT ISO 14001 CERTIFIED SITES (in %)



# Thales's "green touch" for sustainable innovation



The Group's environment policy now includes a stronger focus on eco-design, confirming Thales's commitment to "design, produce and supply products and services that incorporate health, safety and environmental requirements, contribute to the development of environmentally friendly technologies, and participate in national and international programmes to improve understanding and protection of the environment"<sup>(16)</sup>.

The Group is committed to taking a **responsible approach** that aims to **minimise the impact of its products and services on the environment** in order to comply with the increasing number of regulations and meet the demands of the market and society at large.

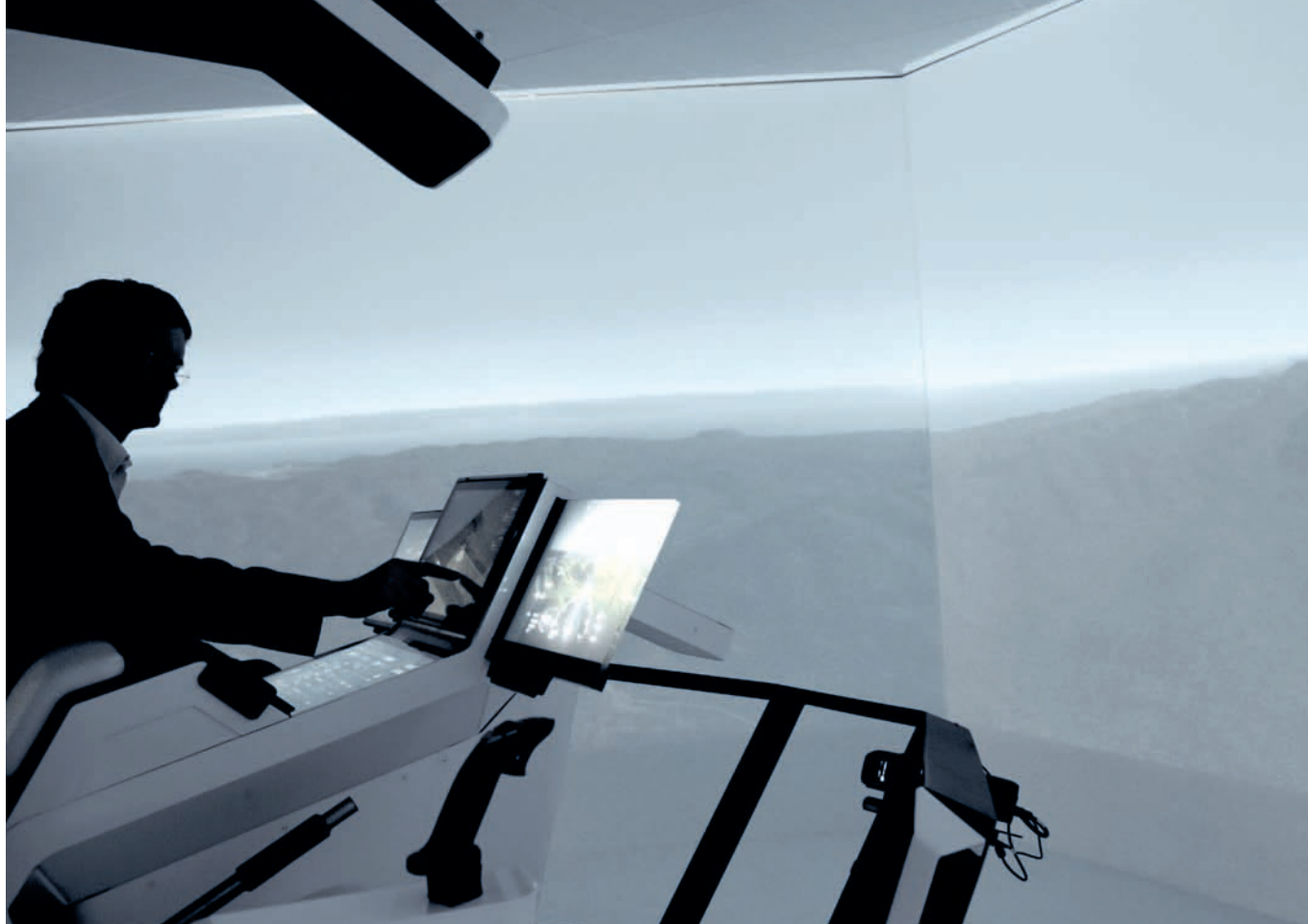
Incorporating environmental factors into our products from design to end-of-life disposal, without compromising on the strict performance, safety, security and reliability requirements of the markets we serve, is a driver of creativity and dynamic innovation.

Being technologically creative and innovative and turning environmental challenges into new opportunities is all part of Thales's "**green touch**". By developing new materials and new architectures to reduce the weight, size and power consumption of the products we deliver, identifying hazardous substances at the design phase, finding alternatives to restricted or prohibited substances, etc., Thales is progressively embedding environmental responsibility into its methods, processes and practices, while helping to drive constant innovation.

This proactive policy is producing results, as seen by the number of **product lines** that already integrate environmental criteria evaluations into their life cycle assessments. Thales has set a target of integrating environmental performance improvements into 20% of product lines by the end of 2015.

Thales has adopted a number of innovative ideas to reduce energy consumption in its **latest generation of radar systems**, such as the use of gallium nitride and low-consumption multi-layer processors, and the elimination of energy-hungry moving parts.

(16) Extract from Thales's health, safety and environment policy.



The development of **integrated modular avionics**, first used on the A380, has enabled onboard computer requirements to be rationalised, and delivered a 15-20% reduction in hardware weight, while at the same time boosting computing power and increasing equipment lifetimes.

DYON, Thales's **innovative hybrid-energy solution**, aims to provide a comprehensive system for managing energy production, storage and consumption in onboard systems in military vehicles and shelters. The solution uses the latest technologies from the commercial sector, such as lithium batteries, and adds numerous operational benefits, for example increased battery life, reduced noise and emissions, and no heat signature. It also reduces the logistical footprint by drastically cutting fuel consumption and thus the number of convoys needed to transport fuel. In terms of its impact on the environment, it reduces CO<sub>2</sub> emissions by tens of thousands of tonnes and does not require lead batteries.

In the area of public transport, the innovative **automatic fare collection system DreamGate** represents a technological revolution by providing increased safety and security for operators and passengers. The system offers greater operational performance along with a reduced environmental impact. The fact that it is smaller, lighter, more energy efficient and has fewer components (including a 3D camera and smart engines) also makes it easier to install and maintain.

**Incorporating environmental factors into our products from design to end-of-life disposal, without compromising on the strict performance, safety, security and reliability requirements of the markets we serve, is a driver of creativity and dynamic innovation.**



## Innovating for the environment

All of Thales's customers around the world in all sectors face the same environmental challenges: reducing the environmental impact of their activities, protecting the environment, preserving biodiversity and contributing to the fight against climate change.

Thanks to its technical expertise and potential for innovation, and its participation in an array of national and international programmes, Thales can help its customers meet these challenges.

### Monitoring the climate

As the global climatological and environmental crisis continues to unfold, with inevitable effects on the planet and on human life, the industrial and scientific community is mobilising to provide solutions. Thales is a key player in space-based Earth observation programmes, providing high-resolution optical and radar imaging systems that promote a better understanding of climate change and more effective environmental monitoring.

Edisoft, a joint venture between EMPORDEF and Thales in Portugal which has developed and supplied products and services for Earth observation and especially oceanography for more than ten years, has been chosen by the European

Maritime Safety Agency to contribute to the **CleanSeaNet** programme. CleanSeaNet analyses satellite images on behalf of EU Member States in order to identify illegal or accidental oil spills in territorial waters.

The European Space Agency has also selected Thales Alenia Space to supply the Sentinel-3 satellite, which will provide data on sea surface, ice and land topography for the European **GMES (Global Monitoring for Environment and Security)** programme, as well as carrying out monitoring in order to determine the condition of vegetation and manage its development more effectively.

Meanwhile, the **third-generation Meteosat system (MTG)**, for which Thales Alenia Space is prime contractor, will ensure the continuity of Eumetsat's geostationary weather monitoring capacity until the year 2030. With this system, Thales Alenia Space will continue to provide meteorological data to around half the world's population. The information based on imagery of the globe and hyperspectral sounding of the atmosphere that it provides will also deliver unprecedented quantities of data on water vapour and temperature profiling. The increase in the amount of historic data available will help climatologists better understand how the climate evolves.

In partnership with the African Union, Eumetsat, the European Union and others, Thales Alenia Space is contributing to the **AMESD (African Monitoring of the Environment for Sustainable Development) project**, designed to bring Africans the benefits of the latest space technologies, spawning a growing network of African experts trained to monitor and protect the environment for population groups throughout the continent.

## OPTIMISING MOBILITY

Bus, metro, bike or car?

A range of applications is already available to allow residents of the Paris Region to estimate travel times. Thanks to a journey planner app designed by Thales, smartphone users will soon be able to plan a route via any of the modes listed above, or even a combination of them.

Thales's app, currently at the pre-industrial prototype stage, is powered by data from transport operators (SNCF, RATP, etc.) and car-sharing/car-pooling services, as well as road traffic information systems. It is designed to track 41 million daily journeys in the Greater Paris region, with capacity to provide support for one million people in real time.

### Transport and environmental challenges

#### ON LAND...

In today's increasingly urbanised world, creating sustainable conditions for urban mobility and inter-city travel is an important way of reducing CO<sub>2</sub> emissions. Thales plays an important role by supplying transport operators with the systems they need to operate their infrastructures more efficiently while improving the service they provide to travellers.

For example, Thales deploys interconnected public transport fare collection systems that allow passengers to use different modes of transport at city, regional or national level with a single ticket.

Thales is the world leader in automated train control systems based on CBTC (Communications-Based Train Control) technology, having been the first company to develop it more than 25 years ago. CBTC **significantly increases the number of trains** that can operate on a given line, and can be deployed on new routes or as an upgrade on existing lines.

Thales's solutions also allow rail operators to cut their energy consumption, thereby further reducing the carbon footprint of rail transport.

The **Green SelTrac® CBTC** solution delivers a 15% reduction in train energy consumption by proposing economic speed profiles via the onboard system. A series of algorithms is used to minimise energy-intensive stop/start cycles and maximise opportunities for coasting — cutting the power at a pre-determined point and allowing the train to continue running under its own momentum. For an average metro line, the solution cuts CO<sub>2</sub> emissions by around 14,000 tonnes a year, the equivalent of taking 6,000 cars off the road.

The **ATSsoft Energy Saving** solution, meanwhile, reduces traction energy consumption thanks to its ability to optimise traffic management in real time: low speed profiles are applied when operating conditions allow, and energy recovery through regenerative braking systems is optimised by synchronising acceleration and braking by different trains.

#### ...AND IN THE AIR

Global air traffic is expected to grow to between 415 and 500 million passengers per year by 2030, double the figure recorded in 2005, while the world's aircraft fleet is set to expand from 15,000 to 31,500 planes over the same period. With a view to meeting these challenges, the air transport industry is working hard to raise levels of safety and efficiency — and improve the sector's environmental performance at the same time.

Thales is a market leader in avionics and air traffic management solutions and is a **key stakeholder in the major programmes** launched in the early 2000s to manage research and technological development projects with a view to enhancing aircraft operations.

Thales is a founding member of **Clean Sky**, one of the largest European research programmes ever. The environmental goals for the Clean Sky initiative have been set by **ACARE**, the Advisory Council for Aeronautics Research in Europe, for 2020. They include a 50% reduction of CO<sub>2</sub> emissions through a drastic reduction of fuel consumption, an 80% reduction of NO<sub>x</sub> (nitrogen oxide) emissions, a 50% reduction of external noise, and a green product life cycle (design, manufacturing, maintenance and disposal/recycling).

The Group is coordinating one of the six main research topics, "Systems for Green Operations", one of the objectives of which is to develop a flight management system that will allow aircraft trajectory to be optimized based on aircraft data, weather conditions, and desired arrival time, thereby reducing noise, emissions and fuel consumption during all flight phases.

Thales is also a major player on the **SESAR programme**, launched by the European Commission in 2004. One of SESAR's key objectives is to reduce aviation's environmental footprint. Several specific targets have been set:

- by 2020, reduce CO<sub>2</sub> emissions by 10% per flight (against a 2005 baseline),
- reduce aircraft noise emissions by 20 dB during take-off and landing,
- give local environmental regulations a greater role in ATM.

#### Smarter cities

Cities are the place where companies and their people, skills and resources come together. They are also the ideal place for innovation. Globalisation is intensifying competition between cities as well as other economic players. At the same time, a broader perception of climate change and the risk of depleting our natural resources could herald the demise of unbridled consumption. As they address the problems related to galloping urbanisation and changing demographics — more than half the world's population now lives in cities — cities are reassessing their growth models and development strategies.

While problems of social cohesion are becoming more crucial than ever, the growing use of social networks, think tanks and competitiveness clusters are enabling economic players to adopt more concerted, collaborative approaches. At the same time, cities must rethink sustainability and be smarter and more creative in their policies.

Present in the world's largest urban centres for several decades, Thales is at the heart of the transformation process, helping to build the smarter cities of tomorrow. The Group provides interoperable supervision and hypervision solutions which provide operators of transport systems, energy networks and major urban infrastructure with a real-time overview of key events and parameters. Operators are able to optimise flows and configurations, manage equipment status and allocate resources to enhance security, boost operational efficiency, save energy and speed decision-making processes, thereby improving the quality of life of local residents.

# Reducing our environmental footprint

## THE FIGHT AGAINST CLIMATE CHANGE: THALES AMONG THE BEST PERFORMERS

Thales is one of ten French companies ranked as performance leaders in the 2014 Carbon Disclosure Project Climate Performance Leadership Index.

This international non-profit organization is supported by 822 institutional investors managing assets of \$95 billion worldwide. Its aim is to assist investment decisions taken by its members by informing them of the effects of climate change on companies.

In 2014, the CDP identified 187 performance leaders at global level (out of a total of almost 2,000 companies assessed).

Find out more: [www.cdp.net](http://www.cdp.net)

## ENCOURAGING OTHERS TO HELP FIGHT CLIMATE CHANGE

In addition to reducing greenhouse gas emissions from its own activities, Thales encourages its partners to take a responsible attitude to climate issues. Since 2009, the Group has co-chaired the Carbon working group of the French aerospace industries association (GIFAS) and is a member of the Greenhouse Gas working party of the International Aerospace Environmental Group (IAEG) to define international standards.

Thales is also engaged in partnerships with other industry players as well as research laboratories and government agencies.

The Group is committed to reducing the environmental footprint of its activities by analysing their impact and the associated risks for people and the environment. Alongside technical and organisational measures, the most effective ways of delivering performance improvements are to share best practices and support behavioural changes.

## Reducing carbon emissions

Thales is responding to the major issue of **climate change** in ways that are directly relevant to its business activities. As well as implementing a strategy of at-source reduction of CO<sub>2</sub> emissions, the Group is helping to raise awareness of climate-related issues through a number of programmes and partnerships, while promoting products and services that support the emission-reduction initiatives of its customers and society at large.

Since Thales introduced indicators of CO<sub>2</sub> emissions and set emission-reduction targets several years ago, awareness of the impact of Thales's activities on climate change has grown, and a number of new opportunities have been identified. For example, refurbishing and renovating certain buildings to more stringent ecological standards and changing equipment and consumption habits are just some of the measures taken to improve energy efficiency and in turn reduce CO<sub>2</sub> emissions.

Ozone-depleting substances mainly used in refrigeration systems are being monitored and reduced under specific plans, particularly those cited in the Kyoto Protocol. Of these, SF<sub>6</sub> accounts for more than 57% of Thales's CO<sub>2</sub> emissions linked to Protocol substances. This gas, used in a specific industrial process to insulate electronic tubes during high-voltage tests, has a very high GWP (global warming potential). The few sites that use SF<sub>6</sub> have implemented ambitious plans, such as eliminating it altogether from tube manufacturing processes, or modifying installations that operate using the gas. This enabled emissions to be reduced by 67% between 2007 and 2014.

Thales has also stepped up initiatives to reduce emissions from business travel (by road, air and rail). Efforts have continued to encourage the use of videoconferencing and teleconferencing, car sharing, hiring vehicles with lower fuel consumption, etc.



## Reducing consumption of natural resources

Thales has been developing a natural resources strategy for several years and has introduced various programmes aimed at controlling and reducing consumption. These programmes focus on areas such as energy efficiency of buildings and industrial processes and optimisation of water use.

After reducing its energy consumption by 12% between 2008 and 2012, the Group continued its efforts by achieving a further cut of 5% between 2012 and 2014. The percentage of electricity from renewable sources now represents 18% of electricity consumption.

New energy-efficient buildings help to reduce energy consumption (see box). Green IT is also used to reduce the environmental footprint of IT equipment and of information systems in general. For example, the use of new-generation inverters and the optimisation of IT equipment have helped reduce energy consumption by over 10% in some cases.

Water is a fundamental resource that needs to be preserved. The Group's programme launched in 2000 to reduce water consumption continues to deliver results, with a 7% reduction achieved between 2012 and 2014 (and a 34% reduction since 2007).



## ENERGY-EFFICIENT BUILDINGS

Refurbishing and renovating certain buildings to more stringent ecological standards and changing equipment and consumption habits are just some of the measures taken to improve energy efficiency and in turn reduce CO<sub>2</sub> emissions. By choosing certain types of equipment and building features (including overall architecture, materials, technical building management, comfort, access, dedicated car parks for car sharing, vehicle recharging stations, etc.), we are contributing to the fight against climate change. At new Thales sites, environmental criteria must be met before the premises are made available.

The headquarters of **Thales Austria**, "Rivergate", houses the greenest offices in the country and has already obtained the EU Green Building certificate and LEED (Leadership in Energy and Environmental Design) Platinum certification thanks to a raft of initiatives encompassing water and energy use as well as materials.

The headquarters of **Thales USA** was certified LEED Platinum in 2012 thanks to its initiatives to reduce energy consumption and CO<sub>2</sub> emissions, recycle waste and use recycled and/or locally sourced construction materials.

In 2014, the new headquarters of **Thales Germany**, at Ditzingen in the suburbs of Stuttgart, joined the list of facilities awarded LEED Gold certification. Green features include recycling of rainwater for use in domestic and process water systems. The building is also equipped with energy production and distribution systems that can be fine-tuned to users' needs. Finally, dedicated parking places for car-share schemes and clean vehicles, as well as recharging stations for electric vehicles, are provided to support green mobility.

ENERGY	2010	2012	2013	2014
Total consumption (TOE x 1,000)	145	142	161	137
Fossil-fuel consumption (TOE x 1,000)	27	24	22.5	21
Ratio per unit of revenue (TOE x €1,000)	14.5	13.51	13.5	12.54

## Limiting discharges and reducing waste

In general, Thales's activities do not generate atmospheric discharges, with the exception of those linked to site operations (in particular heating). A few sites do generate industrial discharges to the atmosphere, which are collected and treated where necessary by means of air filters, gas scrubbers, etc. and are regularly checked.

The most frequent discharges involve solvents. With the exception of the Mulwala propellant manufacturing plant in Australia, the use of solvents is mainly linked to isolated individual activities such as paintwork detailing or small-capacity component degreasing baths. Many sites have eliminated solvents or use detergents instead.

Together, the Group's Australian facilities account for 91% of total emissions.

Thales's activities generate little in the way of industrial wastewater discharges. 90% of such discharges originate from just six sites, and 60% from the Mulwala facility alone. Despite increases in production at certain sites, wastewater discharges have fallen by 5% since 2013 as a result of ongoing plant optimisation and modernisation measures.

As part of its waste targets, Thales aims to reduce the quantity of waste it produces, as well as the amount sent to landfill. To further boost performance in this area, the target for 2015 is again aimed at reducing the quantity of waste produced per person as well as improving the recycling rate.

Having reduced the quantity of non-hazardous waste produced per person by 30% between 2008 and 2012, Thales went even further in 2014 and achieved an additional 6% reduction by introducing various waste sorting measures, finding optimum waste treatment streams and changing behaviours (for example through the introduction of a new printing policy, and the re-use of cardboard and other packaging to reduce waste production and improve waste treatment).

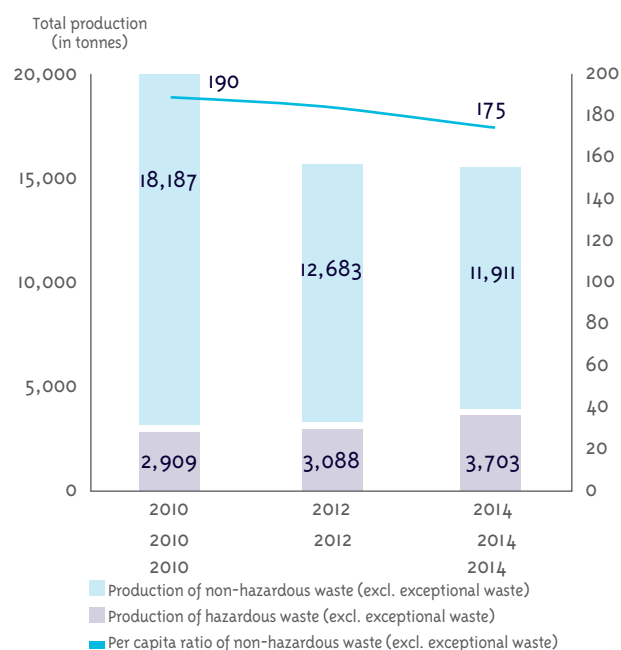
The recycling rate for non-hazardous waste stood at 51% in 2014. The Group focuses heavily on hazardous waste, which it manages using dedicated collection and storage areas. As a result of measures taken since 2007, 82% of all waste is now recovered.

## ELIMINATING EFFLUENT

Parts from some Thales production lines in Brazil require cleaning because of the use of cutting oils during machining. To resolve the problem of managing the resulting effluent, local teams hired in special equipment that uses **live bacteria** to biodegrade oils and greases.

The results have been simply spectacular: wastewater volumes have been slashed from 2,000 litres per month to around 0.3 litres per month, while treatment costs have been cut tenfold.

## WASTE PRODUCTION



	2010	2012	2014
Production of hazardous waste (excl. exceptional waste) (in tonnes)	2,909	3,088	3,703
Per capita ratio of non-hazardous waste	190	185	175
Production of non-hazardous waste (excl. exceptional waste) (in tonnes)	18,187	12,683	11,911

## Protecting natural sites and preserving biodiversity

Preserving species and their habitats, for example areas containing native flora, and protecting our natural and historic heritage must be a part of our day-to-day efforts to help protect the environment.

The Group has been working to address this major environmental challenge for many years, having drawn up an initial inventory of French sites located in or near protected areas containing rare or endangered flora, fauna and habitats in 2006. It also evaluated the impact of its activities on biodiversity at certain sites, and the extent to which the company is dependent on the "ecosystem services" provided by nature.

At the same time, as part of a macroscopic approach, Thales mapped biodiversity risks at 140 sites in 26 countries in order to obtain a cohesive overview of Group sites located in areas with the highest biodiversity risks.

Although the overall impact of the Group's activities on biodiversity is low, flora and fauna are of particular concern at a number of sites, and Thales encourages employees everywhere to preserve and promote biodiversity.

Inventories of species are carried out at certain sites, either on a volunteer basis or in partnership with the authorities or local biodiversity protection organisations, and tailored habitat management measures are put in place.

Other sites will focus on outdoor projects to preserve the natural habitat and protect fauna (including bird boxes, feeders, species survey by an expert, etc.) or re-establish native plant species, thereby providing a reasonably safe, protected haven for a huge variety of plants, fungi and animals.

For sites with large areas of open grassland or forest, particular precautions are taken to protect fauna and flora by using natural, low-impact mowing and grazing methods.

At other sites, employees are made aware of biodiversity issues through a range of initiatives, including photographic exhibitions devoted to the forest and to agroforestry or to species present on the site, beekeeping demonstrations, registers of local species and biodiversity blogs.

## BIODIVERSITY IS EVERYBODY'S BUSINESS

At **Lithgow (Australia)**, in close cooperation with the Lithgow Council for Endangered Species, a habitat management plan has been established for one of the rarest species of butterflies in Australia, the Bathurst Copper. The aim is to stabilise the butterfly population and then help it to expand as part of a wider programme set up by the National Parks and Wildlife Service.

Having won first prize in the 2013 Thales biodiversity contest, the **Cheadle Heath site (United Kingdom)** used the prize money to recreate a pond that had once been on the site according to a map dating from 1844.

It also set up beehives and habitats for small vertebrates, birds and insects.

As part of the grouping together of two of its sites near **Bordeaux (France)**, Thales is building a vast new 16-hectare site called Air Innov in line with the **Prevent- Reduce- Compensate principle**. To make up for tree clearance at the new site, Thales has set land aside to replant trees and recreate forest areas previously destroyed by storms. Wetlands affected by the project, meanwhile, are being recreated in alternative protected areas.

Finally, protected species such as newts and salamanders found on

the site have been relocated to a dedicated area nearby, while zones dedicated to amphibians have been recreated in another suitable area close to a nature reserve.

**Thales employees at Toulouse (France)** are supporting the regeneration of a degraded ecosystem by contributing financially to a reforestation programme initiated by small local tea producers in the Darjeeling region of India to ensure sustainability for their business activities. Thanks to the initiative, 2,000 trees — out of the 15,000 required — were planted during 2014.

## Environmental indicators

The information in the table below allows the Group's environmental performance to be assessed on a like-for-like basis. In 2014, the scope included 28 countries and 144 sites, representing 97% of revenues and 96% of the Group's workforce.

2012 is now the baseline year for 2013-2015 targets.

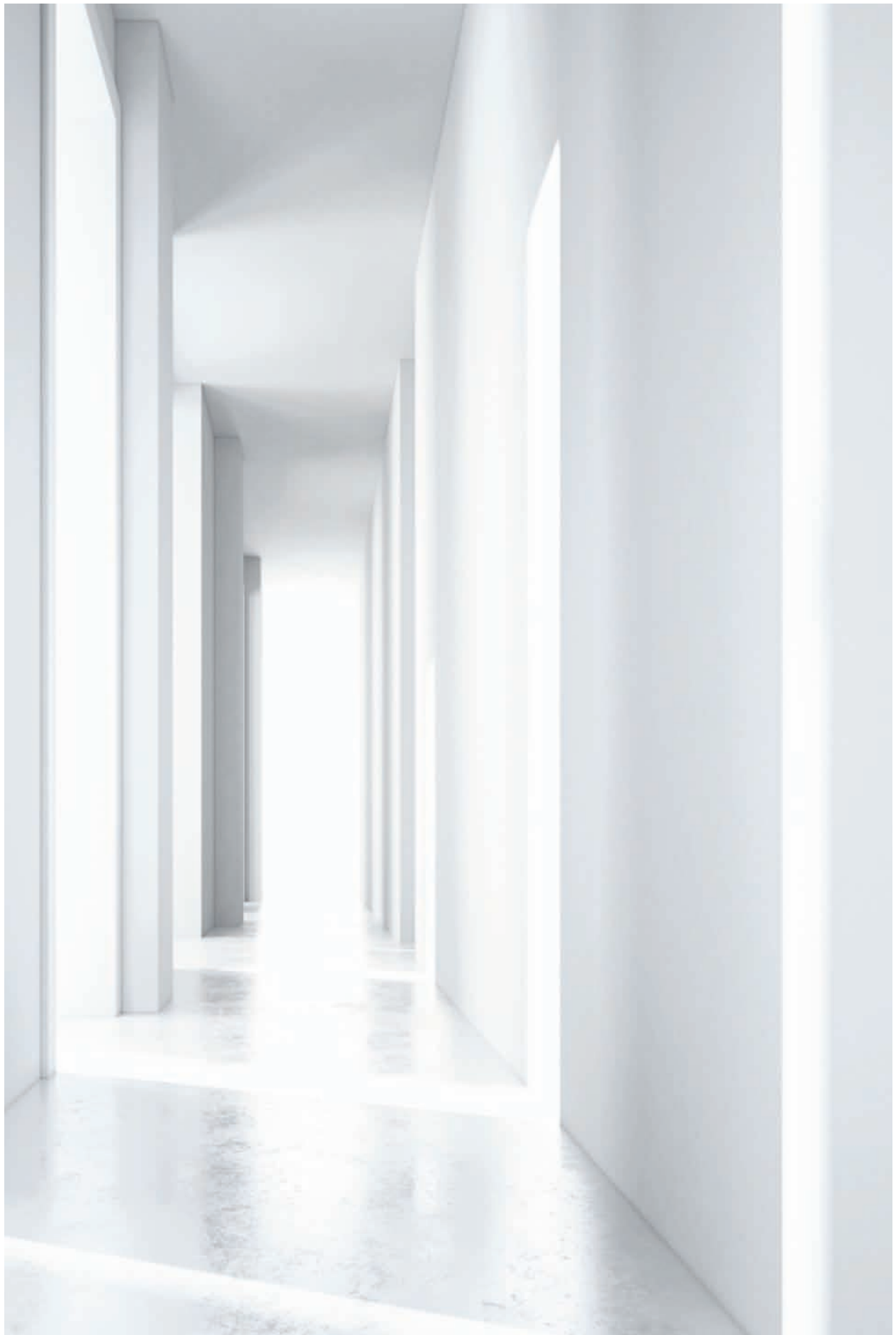
		UNITS	CHANGE 2007-2010	CHANGE 2010-2012	2012	2014	TREND 2012-2014
<b>ENERGY</b>							
Electricity consumption	✓	TOE x 1,000	-5%	-4%	139	135	-3%
Electricity consumption per unit of revenue	✓	TOE/€1,000	-	-5%	11.6	10.7	-7%
Fossil fuel consumption	✓	TOE x 1,000	-42%	-11%	24	21	-13%
Fossil fuel consumption per unit of revenue	✓	TOE/€1,000	-	-13%	1.99	1.65	-17%
Total energy consumption	✓	TOE x 1,000	-11%	-5%	166	158	-5%
Total energy consumption per unit of revenue	✓	TOE/€1,000	-	-6%	13.82	12.54	-9%
<b>WATER</b>							
Water consumption	✓	m³ x 1,000	-21%	-1%	1,768	1,636	-7%
Water consumption per unit of revenue	✓	m³/€1,000	-	-2%	146	130	-12%
<b>WASTE</b>							
Total production of waste**	✓	tonnes	-14%	-20%	15,771*	15,614	-1%
Total production of waste per unit of revenue**	✓	kg/€1,000	-9%	-21%	1.31*	1.24	-5%
Percentage of non-hazardous waste**	✓	%	-	-	80	76	-5%
Non-hazardous waste per person**	✓	kg/pers	-20%	-11%	185*	175	-6%
Non-hazardous waste recycling rate	✓	%	39%	8%	52	57	9%
Hazardous waste recycling rate	✓	%	10%	-8%	29	34	43%
<b>DISCHARGES</b>							
Industrial wastewater discharges	✓	m³ x 1,000	-57%	47%	782	638	-18%
Atmospheric discharges	✓	tonnes	-	-30%	862*	919	+7%

		UNITS	CHANGE 2007-2010	CHANGE 2010-2012	2012	2014	TREND 2012-2014
<b>CO<sub>2</sub></b>							
CO <sub>2</sub> emissions from energy use	✓	CO <sub>2</sub> tonnes x 1,000	-18%	-5%	228	211	-7%
CO <sub>2</sub> emissions from energy use per unit of revenue	✓	kg of CO <sub>2</sub> /€1,000	-33%	-6%	19	17	-11%
CO <sub>2</sub> emissions linked to Kyoto Protocol substances	✓	CO <sub>2</sub> tonnes x 1,000	-10%	-49%	19.1	21.5	+12%
of which CO <sub>2</sub> emissions linked to SF6	✓	CO <sub>2</sub> tonnes x 1,000	-28%	-56%	11.4	12.2	+7%
CO <sub>2</sub> emissions from business travel (Group-wide)	✓	CO <sub>2</sub> tonnes x 1,000	-15%	-4%	107	110	+3%
CO <sub>2</sub> emissions from business travel per unit of revenue	✓	kg of CO <sub>2</sub> /€1,000	-	-5%	8.9	8.8	-1%
<b>CO<sub>2</sub> SCOPES according to GHG Protocol</b>							
Scope 1 (gas, fuel oil, coal, substances, mobile energy sources)	✓	CO <sub>2</sub> tonnes x 1,000	-31%	-21%	99	95	-4%
Scope 2 (electricity, steam)	✓	CO <sub>2</sub> tonnes x 1,000	-6%	-1%	168	159	-5%
Scope 3 (business travel by air, rail, road)	✓	CO <sub>2</sub> tonnes x 1,000	-15%	-4%	107	110	+3%
Total scopes 1, 2 and 3	✓	CO <sub>2</sub> tonnes x 1,000	-16%	-8%	374	364	-3%
Total scopes 1, 2 and 3 per unit of revenue	✓	kg of CO <sub>2</sub> /€1,000	-	-	31	29	-7%
<b>OTHER</b>							
ISO 14001 certified entities	✓	-	70%	-	124	117	-
Staff concerned as percentage of total workforce	✓	%	15%	-	80%	88%	-

\* Values adjusted following a reporting error.

\*\* Excluding one-off waste.

✓ Indicators reviewed by Mazars for the 2014 reporting period and included in moderate assurance conclusion.





## COMMUNITY ENGAGEMENT

THE THALES FOUNDATION, SET UP IN 2014, REFLECTS THE GROUP'S GLOBAL COMMITMENT TO GREATER ECONOMIC AND SOCIAL SOLIDARITY. THALES COMPANIES AROUND THE WORLD, AS MAJOR PLAYERS AT LOCAL LEVEL IN THE GROUP'S MANY COUNTRIES OF OPERATION, ARE PERFECTLY PLACED TO CHAMPION THIS COMMITMENT.

The Thales Foundation leverages the engagement of its employees to develop innovative programmes and projects in the areas of education and humanitarian action. It reflects Thales's commitment to innovating for people and meeting the major societal challenges of the day.

Education projects supported by the Foundation aim to arouse young people's interest, encourage their curiosity and improve their capacity to learn about science, while stimulating a spirit of innovation and making them more adaptable and better equipped to cope with a fast-changing world. In the area of humanitarian action, the Foundation will draw on Thales technologies and the expertise of Thales employees to help to anticipate natural disasters and environmental emergencies and reduce the impact they have on communities.

It also invests in communities in the Group's 56 countries of operation by establishing educational partnerships, donating to health and educational charities and, on a more local level, supporting veterans and military families.

All around the world, Thales's activities support local economies, and are part of the larger ecosystem of local authorities, partners, subcontractors and suppliers. Everywhere it operates, the Group aims to act responsibly in order to foster lasting relationships with all of these players.

# The Thales Foundation: innovating for people

## THE FOUNDATION BOARD OF TRUSTEES

The Thales Foundation, established under French law, is governed by a board of trustees responsible for general policy.

The board meets twice yearly. It has **12 members**:

- **7 from Thales**
- **2 experts:**
  - **Patrick Meier**,  
Director of Social Innovation at the Qatar Computing Research Institute, expert in technologies and humanitarian action;
  - **Kiran Bir Sethi**,  
founder of The Riverside School and the Design for Change movement, providing expertise in education.
- **3 outside trustees:**
  - **Albert Fert**,  
Nobel prize-winner and researcher at Thales/CNRS research lab
  - **General Jean-Louis Georgelin**,  
Chief of the French Defence Staff (retired)
  - **Jean-Marc de la Sablière**,  
Ambassador of France.

**THALES**  
Foundation

Thales aims to make the world a safer place through innovation and new technology.

The Thales Foundation, launched in September 2014, supports this commitment by encouraging a spirit of innovation and the use of technological expertise to benefit society.

Its work focuses mainly on two areas:

- **education**, where the priority is to support science education and classroom innovation,
- support for professionals in the area of **humanitarian action**, concentrating on natural and environmental risk prevention and disaster preparedness.

Both of these areas, which were identified following a joint consultation exercise involving more than 200 employees around the world, sit well with our corporate culture. Thales people — researchers, engineers and technicians — are passionate about technology; we believe that education and collective intelligence are crucial to making the world around us better.

## Fostering employee engagement

The Foundation provides support for charity or community projects in which employees are involved, encouraging them to become engaged in local communities in the countries where Thales does business.

A first call for projects was launched in September 2014, aimed at employees from all Thales entities around the world. 73 applications from around 20 countries were submitted to a dedicated platform.

Following a rigorous assessment, focused in particular on the credentials of the organisation, social impact, alignment with the Foundation's key areas of focus, employee involvement, budget, etc., the international selection committee chose **13 projects** in 7 countries. These projects will receive financial support from the Foundation in 2015-2016, and Thales employees are welcome to help on a voluntary basis.

Most of the projects selected so far have a focus on education, trying to rekindle young people's interest in science subjects. Some of them are developing new digital tools to improve access to education in developing countries. Others are testing new ways to meet the educational needs of children who have dropped out of school. One humanitarian project has also been selected to provide basic first aid training to communities at risk (see table opposite).

The next call for projects is scheduled for June 2015.

## Pilot programmes

The Foundation also engages in **pilot programmes**, which are developed jointly by Thales and recognised partners in each focus area. Pilot programmes are the Foundation's flagship initiatives. They are ambitious, innovative and designed to have a real social impact. They will be based around the Thales Foundation's core criteria — social innovation, collective intelligence and international feasibility — and will draw on the skills of Thales employees.

At the first meeting of the Foundation's board of trustees in November 2014, for example, the decision was taken to support **Bâtisseurs de possibles**, a movement aimed at encouraging children to become actors in their own educations, lives and society. The movement encourages children to express and put into action their ideas for improving their schools, neighbourhoods or society at large, teaching them that they can become active members of society (find out more: [www.batisseursdepossibles.org](http://www.batisseursdepossibles.org)).

Thales will help to develop the movement's platform, recruit project sponsors (30 projects are already under way), expand the pool of teachers involved (700 teachers are already active in the movement), and organise an annual event.

## A network of ambassadors

The Foundation relies on a **network of ambassadors across all of Thales's sites** to promote its actions, identify skills and projects that meet its criteria, feed back relevant information, and lead the network of employees involved in community projects. The Foundation ambassadors will support projects within their respective areas, and will forge precious links with Thales employees. 18 ambassadors have already been appointed.



## SUCCESSFUL "SELFIE" CAMPAIGN

A selfie campaign launched in October 2014 raised €12,000 for Thales Foundation projects. The principle was simple: for every selfie showing two employees posted on the intranet photo wall, Thales donated 20 euros to the Foundation. The campaign soon became a big hit all around the world, with more than 600 photos posted.

### THE FIRST EMPLOYEE PROJECTS SUPPORTED BY THE FOUNDATION

PROJECT DESCRIPTION	ORGANISATIONS SUPPORTED
<b>Access to education in developing countries</b>	
Accelerated Education Method (Cambodia)	Pour un sourire d'enfant (PSE)
Development of interactive scientific teaching and training (Haiti)	Solidarité Sorbonne
Development of an e-learning platform (Cambodia)	Passerelles numériques
Indradhanush, the Rainbow Project	The Kutumb Foundation
Mobile science lab (Mali)	France Mali Initiatives Développement
<b>Rekindling interest in science subjects at school</b>	
Operation "Launch your satellite"	Planète Sciences
Light at your fingertips	Savoir Apprendre
Tech success Florida	Children's Home Society
Space career toolbox	Science Animation Midi-Pyrénées
Bringing science and technology to all with a microscope s	PREST
<b>Teaching initiatives for pupils who have dropped out of school</b>	
Street workshops: a new educational landscape	Art & Développement
Progressive teaching at Cours Alexandre Dumas	Association de Gestion du Groupe Scolaire indépendant de Montfermeil
<b>Natural disaster prevention and impact reduction</b>	
Basic first aid training (Haiti)	Dordogne Departmental Civil Protection Association

For more information, please visit the Thales foundation website: [foundation.thalesgroup.com](http://foundation.thalesgroup.com)



# Policy at country level

**In many of the Group's countries of operation, Thales companies have a prominent role in the community and are major players in the local economy and employment market.**

Thales's policy in each country is to develop close, authentic ties with economic and other players in society, local institutions and communities. Local subcontractors and suppliers are used wherever possible to support economic activity in the area.

## Activities of Geris Consultants in France

Thales aims to involve all of the relevant players in its different employment areas in France in the development of regional employment and skills management plans. This strategy takes account of the specific features of the regions concerned, as well as Thales's local challenges.

Thales has created seven employment areas in order to coordinate its actions more effectively. In each area, a Thales correspondent is responsible for coordinating activities in partnership with local and regional authorities, economic and other players in society (including Geris), schools, universities and training centres.

The Thales entity **Geris Consultants** helps create permanent, sustainable job opportunities in areas affected by industrial job losses by making its expertise available to other companies and local authorities in order to provide guidance and financial assistance to developing SMEs/SMIs. Through its regeneration programmes, Geris has helped create over 3,800 jobs in France since 2009, including 405 in 2014 alone, with around 570 SMEs/SMIs.

Geris Consultants also provides free, confidential services to assist Thales employees who have plans to set up or buy a company. A total of 61 employees were supported in new start-up projects in 2014, boosting the number of ongoing projects to 135.

It also conducts trial programmes in the field of human resources, with the aim of developing the skills of SMEs/SMIs working in its industries or the regions where it operates. The Pass'Compétences programme, for example, is aimed at boosting the development of SMEs by assigning them experts from major groups (e.g. Thales, Alcatel-Lucent, Schneider Electric, etc.) for secondments lasting between 12 and 18 months.

Geris Consultants also works with Thales's HR teams on the Parcours Partagé d'Apprentissage programme, which organises apprenticeships alternating between major groups and SMEs/SMIs.

## Engagement at local level

A number of Group companies provide financial and material support to non-profit bodies in their countries of operation. For example:

- In Spain, Thales supports projects in which staff are directly involved. Any employee of Thales España can apply for funding to set up a charitable project under the Thales Commitment programme. In 2014, Thales partnered 10 projects run by different foundations and associations helping children and the underprivileged.
- In Australia, Thales is continuing its national partnership with Legacy and SoldierOn to help wounded veterans and their families benefit from professional development and employment opportunities. Training programmes aimed at young people affiliated to the organisations are run several times each year.
- In the United States, Thales has provided support and funding to help a team of students take part in the Team America Rocketry Challenge. At Arlington (Virginia), Thales has supported an elementary school classroom innovation project aimed at improving science education. As part of the scheme, Group employees are invited to talk to pupils about the benefits of a scientific career. Around thirty Thales employees have also taken part in the Army Ten-Miler race and the Air Force Cycling Classic in support of veterans associations.
- In 2014, Thales was one of the sponsors of an initiative organised by the Institut Français to celebrate the 50th anniversary of the establishment of diplomatic relations between France and China, which involved more than 400 events held throughout the year in the two countries.



# For more information, visit



[sustainability.thalesgroup.com](http://sustainability.thalesgroup.com)  
or contact the Ethics & Corporate Responsibility  
Department:

By email: [ethics.cr@thalesgroup.com](mailto:ethics.cr@thalesgroup.com) By telephone: +33 (0)1 57 77 86 49



**Dominique Lamoureux**

VP, Ethics and Corporate Responsibility  
[dominique.lamoureux@thalesgroup.com](mailto:dominique.lamoureux@thalesgroup.com)  
+33 (0)1 57 77 82 07



**Sylvain Masiéro**

Director, Corporate Responsibility Development  
[sylvain.masiero@thalesgroup.com](mailto:sylvain.masiero@thalesgroup.com)  
+33 (0)1 57 77 85 88



**Stéphane d'Aura**

Ethics & Corporate Responsibility Standards Manager  
[stephane.daura@thalesgroup.com](mailto:stephane.daura@thalesgroup.com)  
+33 (0)1 57 77 83 74

**Cathy Floret**

Coordination / Administration /  
Communication support  
[cathy.floret@thalesgroup.com](mailto:cathy.floret@thalesgroup.com)  
+33 (0)1 57 77 86 49

**Régine Poidevin**

Document management / Copy desk /  
Back office  
[regine.poidevin@thalesgroup.com](mailto:regine.poidevin@thalesgroup.com)  
+33 (0)1 57 77 86 61

Photo credits: © Q. Reytnas (p. 5); ©THALES (p. 6); E. de Malglaive/Capa Pictures ©THALES (p. 14, 23, 26, 33, 39, 43, 57, 59, 62, 64, 73, 75, 89); Publicorp (p. 16-17); ©Shutterstock (p. 8, 20, 30, 46, 52, 68, 84); Y. Bourdin/Photopointcom ©THALES (p. 50); Robert A.M. Stern Architects & Sra- Architectes (p. 60-61, 74, 79); N. Gouhier/Abaca Press (p. 90).

**Thales would like to thank Group employees for their contributions.**

Design and production: **MaxaSar** - Publication date: June 2015.







**THALES**

---

[www.thalesgroup.com](http://www.thalesgroup.com)

Tour Carpe Diem - 31 place des Corolles - CS 20001 - 92098 Paris La Défense - France - Tel. : +33 (0)1 57 77 80 00