

# SUPPLIER CODE OF CONDUCT

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## Preamble

Naval Group is a world leader in naval defense and an innovator in the renewable energy sector. A high-technology company, Naval Group uses its exceptional know-how, unique industrial resources and **pioneer positioning in terms of business ethics** to meet its customers' requirements.

Naval Group has incorporated **an ethics and corporate social responsibility (CSR) policy** into its development strategy which reflects and promotes its values in the domains of fundamental freedoms, human rights, the environment, health and safety at work. The fight against corruption and influence peddling is also integrated into its values and is subject to a specific compliance program deployed within the group.

This policy and this system are part of an international movement, in compliance **with the standard ISO 26 000** and the **ten principles of the United Nations Global Compact**, of which the group has been a member since 2014 at an advanced level and in compliance with the guidelines of the United Nations Convention against Corruption. They also find their sources in compliance with French law, notably the **Sapin II law** and the law related to the corporate **duty of vigilance** for parent and instructing companies.

Naval Group has recorded the main principles of its commitment in terms of ethics and CSR in an internal baseline structured around a **code of ethics** and a **compliance code of conduct** which is available to all staff members and stakeholders. Furthermore, Naval Group has defined a vigilance plan based on risk mapping and including reasonable vigilance measures intended to prevent serious breaches of ethics and the CSR, resulting from the activities of the group and those of its subcontractors, service providers or suppliers (individually or collectively hereinafter called "supplier(s)").

In this perspective, **this supplier code of conduct** defines the minimum standards that Naval Group requires its suppliers to adopt and to comply with within the framework of their commercial activities. The full participation of suppliers in this plan must mean that Naval Group and its customers can be guaranteed that the delivery of products and/or services comply with contractual commitments and these standards, notably in terms of CSR.

## 1. General principles

Suppliers are committed to conducting the activities carried out for the benefit of Naval Group and its customers in compliance with this code and in strict compliance with the laws and other legal rules applicable in the countries where they operate. Like Naval Group, the suppliers are furthermore required to comply with the **standards and references of international law** and notably those issued by the United Nations (UN) (i.e. the United Nations Convention against Corruption), the International Labor Organization (ILO) and the Organization for Economic Co-operation and Development (OECD).

The suppliers shall develop and implement their own CSRs based on Naval Group's guidelines given below.

### 1.1 Governance

Suppliers support the principle of governance based on **transparency with respect to their stakeholders** and on risk prevention, and in line with their own areas of business; as such, they shall communicate clearly with their stakeholders, providing them with truthful information on their strategic objectives, financial positions and their social and environmental management systems.

Suppliers shall keep exhaustive and reliable accounts and are not permitted to engage in "off the books" transactions or those involving the payment or receipt of cash unless they are recorded in a dedicated cash book.

### 1.2. Preventing conflicts of interest

Suppliers shall prevent and avoid any situation that might create a conflict of interest. Such situations may occur when the private interests of an employee or a representative of the supplier (or a close relative of this employee or representative) interfere with the interests of Naval Group.

**Suppliers are required to inform all the parties affected in the event of a real or potential conflict of interest.** This includes any conflict between Naval Group's interests and the interests of personnel or those of close relatives, friends or associates.

### 1.3. Respect for competitors

Suppliers, in the countries where they operate, shall conduct their activities in compliance with the conventional laws and texts concerning free and fair competition, notably:

- suppliers are not authorized to agree upon prices or to manipulate the bids with their competitors;
- they are not authorized to exchange current, recent or future information about prices with their competitors;
- more generally, they must abstain from participating in any agreement.

### 1.4 Fight against counterfeiting

Suppliers must establish and implement a process to avoid and detect counterfeiting, mitigate its effects and eliminate counterfeit materials.

They contribute, where applicable, to the process implemented by Naval Group to fight against counterfeiting.

### 1.5. Information protection

Suppliers must ensure the adequate treatment of sensitive information, including **confidential information, personal data and data covered by intellectual property rights**. The information cannot be disclosed to a third party or used for any other reasons (advertising, etc.) other than commercial (for which it has been supplied), unless special permission has been granted by the information's owner or it is expressly allowed by contractual stipulation.

## 2. Principles in terms of ethics and CSR

### 2.1. Human rights and the social domain

Suppliers must meet legal local standards which apply to them respectively in the domain of employment and professional relationships and furthermore, agree to comply with international standards in the aforementioned domain, in particular:

- the OECD guidelines for multinational companies;
- the principles defined by the United Nations Universal Declaration of Human Rights, the Declaration on the Elimination of Discrimination against Women and the Declaration on the Rights of the Child;
- the principles established by the eight basic ILO conventions, i.e.:
  - Convention No. 87 on freedom of association and the right to organize and No. 98 on the right to organize and collective bargaining,
  - Conventions No. 29 and No. 105 prohibiting the use of forced labor,
  - Conventions No. 100 on equal remuneration and No. 111 on discrimination: employment and training,
  - Conventions No. 138 and No. 182 on child labor and the minimum age for admission to employment.

In particular, suppliers:

- are prohibited from employing children;
- are prohibited from employing anyone unlawfully, particularly a foreigner who does not have the documents and permits required under local law (and, for a European Union citizen, Community law);
- as a minimum, must pay **regular wages** and pay overtime at the legal rate imposed by the country of original manufacture and provide their workers with the benefits the law currently requires. If there is no minimum legal rate in terms of wages and overtime, the supplier **ensures that the salary is at least equal to the mean minimum of the industrial sector concerned**

and that the overtime is at least equal to the usual hourly remuneration. Wages shall not be deducted for disciplinary reasons;

- comply with the limits imposed by the laws of the manufacturing country in terms of working hours and overtime. Our suppliers **must not impose excessive overtime on employees**. The total number of working hours per week must not exceed 60 hours, including all overtime, and at least one day off for every seven-day period shall be provided and, in both cases, the maximum fixed by the applicable laws in the country;
- based on applicable legal requirements, comply with and recognize the right of each employee to collectively bargain, to form or participate in a **trade union** of their choice without any penalty;
- shall treat all their employees fairly, and will not discriminate on the grounds of origin, color, lifestyle, sex, age, political or religious views, trade union membership or disability; issues on the basis of a person's nationality shall be restricted to exceptions specified by applicable national legislation, in particular those relating to the protection of national interests;
- are committed to equal opportunity and diversity of all employees;
- provide a framework which favors **the employment of people with disabilities and health problems** (according to the applicable local legislation);
- protect the **health and safety** of their employees in the workplaces, by taking all reasonable measures to ensure the physical integrity of employees, to prevent work accidents and occupational diseases, especially about:
  - promoting the deployment of an health and safety management system that helps assessing and preventing the risks generated by their activities,
  - training their employees and their own suppliers about these risks,
  - providing appropriate personal protective equipment;

- are committed to complying with good local practices and to support progress in terms of social security and dialogue/consultation;
- shall prohibit all unacceptable behavior and actions against their employees, such as verbal or physical violence, threats, corporal punishment, moral or sexual harassment.

## 2.2. Preventing corruption

Honest trading in compliance with current laws and practices, including the **prevention of corruption** is a permanent requirement of Naval Group. Consequently, Naval Group expects its suppliers to comply in full with the obligations stipulated by national and international texts which are applicable in terms of **preventing corruption and money laundering** and to apply all necessary resources to prevent corruption and influence peddling.

When dealing with public and private bodies (including their employees and representatives), suppliers shall not **offer, promise, give or solicit either directly or indirectly any benefit of any sort** or payment of money to obtain a contract or obtain any improper profit or advantage.

The exchange of commercial gestures must not be made to obtain an unfair competitive advantage. Suppliers must ensure that in all their commercial relationships, **gifts or commercial gestures which are offered or received are authorized by the law and the regulations**, that these exchanges do not infringe upon the rules and principles of the recipient organization and that they correspond to acceptable business practices and customs.

Suppliers are required to exercise due diligence so that corruption can be prevented and detected in all commercial agreements.

## 2.3. Environmental protection

Suppliers shall take **appropriate, tangible steps** to assess, avoid, limit and attenuate the environmental risks and negative impacts of their activities and in particular shall:

- ensure their operations are conducted in strict compliance with current environmental laws and regulations in the countries where they operate;



as such, they must obtain and keep up to date all the environmental permits required to carry out their activities;

- **reduce their consumption of energy and natural resources as much as possible**, by producing as little waste as possible, by controlling their production of effluent and all other forms of pollution;
- prevent and mitigate the risks their activity may have on public health (dangerous materials, radiation, etc.);
- ensure that the products and/or services they deliver contain no substances or preparations that are harmful to humans and/or the environment and that are banned by applicable laws and/or regulations in the countries where they operate and where Naval Group uses these products and/or services;
- ensure the promotion of an environmental management system that will enable them to assess and prevent the risks associated with their activities and will raise the awareness of their staff members and their own suppliers.

## 3. Implementation of the supplier code of conduct

### 3.1 Contractual value and scope

Supplier support for this supplier code of conduct is an essential condition for the inclusion in Naval Group's supplier panel or to conclude a purchasing contract with Naval Group SA or one of the companies it controls (of which more than 50% of the share capital and/or voting rights are held directly or indirectly by Naval Group SA).

By signing or accepting an order governed by **Naval Group's general purchasing conditions** or a purchasing contract with Naval Group which refers to this supplier code of conduct, the supplier's legal representative agrees that all its activities and work performed with respect to the order or purchasing contract

for the benefit of Naval Group strictly complies with the provisions contained in this code.

The supplier code of conduct forms an integral part of the contractual documents which apply to the order or purchasing contract.

The standards established in this code are an addition to the stipulations in the orders and purchase contracts between a supplier and Naval Group and do not supersede them.

### **3.2 Commitment from suppliers**

Suppliers shall comply at least with the laws and other legal rules applying in their own countries. Where the principles enshrined in the Code of Conduct are more rigorous than the legal rules applying in a supplier's own country, the principles shall prevail, subject however to their compatibility with the mandatory legal provisions applying in that country.

### **3.3 Measurement of CSR performance - Consequences of failure to comply with the supplier code of conduct**

Naval Group requires its suppliers **to be transparent** with respect to their compliance with this code. As part of its supplier assessment and selection process, Naval Group measures the overall CSR performance and carries out the due diligence associated with the fight against corruption and influence peddling. Suppliers are required to reply to any CSR or anti-corruption questionnaire sent to them by Naval Group or a representative of Naval Group in this respect, throughout the duration of the commercial relationship between Naval Group and the supplier concerned<sup>1</sup>.

Furthermore, suppliers shall spontaneously report to Naval Group any event that might compromise the accuracy of the information which they provided during

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<sup>1</sup>The treatment of data collected on this occasion shall be performed in compliance with the law relating to personal data. In accordance with French Act n°78-17 of 6 January 1978 on Information Technology, Data Files and Civil Liberties and the European Parliament on General Data Protection Regulation 4.5.2016 L 119/1, any natural persons can request access and modification of the data relative to them or object to their processing by email at the following address [privacy@naval-group.com](mailto:privacy@naval-group.com).

the assessment and selection processes and/or any audits conducted by Naval Group.

Should it be discovered that a supplier is unable to comply in full with certain obligations under this code, the supplier and Naval Group may agree, depending on the difficulties involved, to set up a progress plan that will be run by the supplier over an agreed period with the aim of maintaining a successful and long-term relationship between that supplier and Naval Group.

Furthermore, in the event of a serious failure which prevents the progress plan from being carried out, the capacity of the supplier to be included in Naval Group's supplier panel may be called into question.

**Naval Group reserves the right to terminate the agreements, orders and purchase contracts signed with this supplier, without prejudice to any damages that may be claimed by Naval Group.**

### 3.4 Audits

Naval Group reserves the right to audit its suppliers to ensure they are complying with and implementing the Code of Conduct's principles.

Suppliers shall co-operate with audits which will be organized in a manner that shall be agreed, either by Naval Group or by external auditors mandated by Naval Group. However, if the supplier already regularly uses an independent auditing body with a respected international reputation in the CSR field, Naval Group may take into consideration the results of the audits carried out, subject to the corresponding audit reports being available for consultation by Naval Group and that the said body has received Naval Group approval.

Suppliers must maintain an archive which is sufficient to prove compliance with this code and so that complete, authentic and accurate archives are available to Naval Group's representatives.

## 4. Distribution of Naval Group's ethics and CSR policy

### 4.1. Promoting ethical and CSR values

Naval Group requires its suppliers to honor this commitment in the long term and to use their best efforts within their own spheres of influence to promote behavior that is in line with this code.

In particular, the distribution of these principles to their personnel, their training and the application of due diligence for which the supplier is responsible: Naval Group requires its suppliers to implement efficient programs encouraging their employees and those of their subsidiaries to make choices based on ethics and values in their commercial relationships - going beyond compliance with laws, regulations and contractual obligations. Suppliers are thus invited to draft their own **compliance code of conduct as well as their own ethics and CSR code** and to convey their principles to their subsidiaries and to companies which supply them with goods or services.

Naval Group's suppliers also undertake to use their best efforts to promote and apply the principles of this code to their own suppliers and to persuade them to implement these principles.

### 4.2. Right to notify

Naval Group shall make a **secured notification line** available to its suppliers so that they can pass on to an internal and independent body any question or any report relating to business ethics and compliance found within the framework of the business relationship with Naval Group:

[ethics@naval-group.com](mailto:ethics@naval-group.com)

Additional information is available on the group's internet site.

If any non-conformity is found with respect to one of the previously mentioned principles, suppliers are required to inform Naval Group. They can do this by addressing their contact person at Naval Group or use the notification line.

Suppliers are also required to supply their employees with the means to raise questions or ethical, legal or compliance problems without fear of reprisals. They are also required to take the necessary measures to prevent, detect and correct any retaliatory measures.