

Loyalty **Ethics** Responsiveness Conformity Collegiality  
COMPLIANCE Diversity **Transparency** Expertise  
EXCELLENCE **Trust** Respect for the commitments  
ETHICS Sharing **Values** Loyalty Control LISTENING  
Expertise Trust **Integrity** Commitment  
ARBITRATION Rigour Leadership **Responsibility**

THALESGROUP.COM

# COMPANY POLICIES TO PREVENT CORRUPTION: A FRENCH EXAMPLE

UN STATES PARTIES CONFERENCE

PANAMA – OCTOBER 26, 2013

D. Lamoureux

THALES

# THALES AT A GLANCE



**Trusted partner for a safer world**



Global reach, local expertise

66.000 employees in  
56 countries

# THE IMPERATIVE OF A STRICT COMPLIANCE POLICY

- ▶ **A continuous improvement process since 2000**
- ▶ **Strict compliance with international and domestic regulations**
- ▶ **Integration of major anti-corruption standards**

**Rigorous processes to mitigate risks,  
embedded in a Corporate Responsibility policy**

## « ZERO-TOLERANCE »

A zero-tolerance approach to all acts of bribery and corruption

## ORGANISATION & RESOURCES

Dedicated organisation and associated resources to implement corruption prevention measures

## INDUSTRY-WIDE ACTIONS

Promote Best Practices sharing and level playing field

## COMPREHENSIVE INTEGRITY POLICY

with corruption risk prevention procedures embedded in business processes

## INTERNAL AUDIT & CONTROL SYSTEM

Business ethics audits  
Field of experience / lessons learned

## ETHICS ALERT

Internal whistleblowing procedures for employees

## RISKS MAPPING

Mapping and regular assessment of risks of exposure to corruption

## INFORMATION & TRAINING

Raise awareness and provide the necessary information and training  
Promote Best Practices to third parties

# COMPLIANCE POLICY: SOME HIGHLIGHTS





© Denis Allard - REA

Thales's growth and performance hinge on irreproachable conduct, in line with the Code of Ethics, by all Group employees.

Jean-Bernard LEVY  
Chairman & CEO

**ZERO TOLERANCE: THALES CONDEMNS  
ALL FORMS OF BRIBERY AND CORRUPTION,  
AS DETAILED IN ITS CODE OF ETHICS**

*"Thales operates in strict compliance with the rules of fair trading and with applicable legislation and codes of practice. Under no circumstances may the Group grant any undue direct or indirect advantage, whether direct or indirect, to any public official or customer employee in order that they might act, or refrain from acting, in the performance of their official duties to Thales's benefit."*



**Strong, explicit and visible commitment from  
the Senior Management**

## Risks addressed

Selecting & contracting third parties

Gifts & Hospitality

Sponsorship charity & donations

Conflict of interest

M&A

## Process implemented

Business Adviser Instruction

Manage Acquisition Instruction

Key Industrial Partners Instruction

Offsets Instruction

Gifts & Hospitality Guide + domestic procedures

Lobbying Guide

M & A Instruction

Agents, consultants and other intermediaries

Local Key Industrial Partners

Other suppliers

Other third parties (Offsets traders...)

Clients

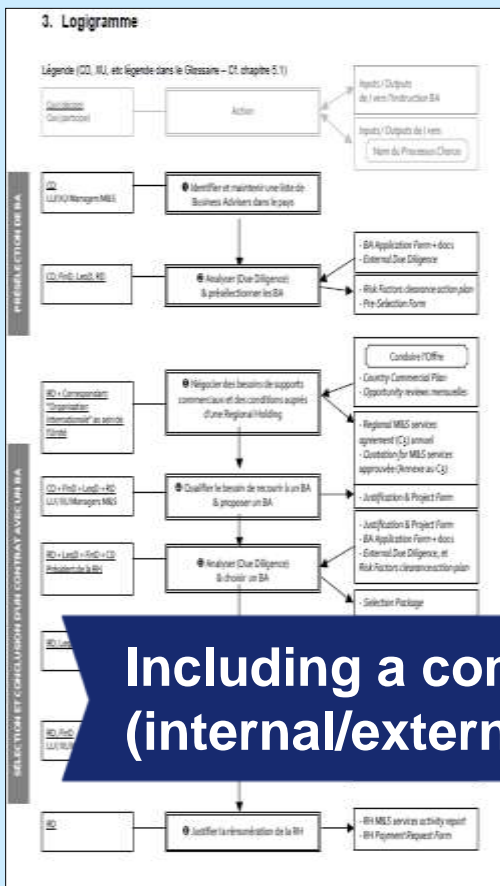
Agents, consultants  
and other intermediaries

Business  
Adviser  
Instruction

## THIRD PARTIES INSTRUCTIONS

### Risk mitigation processes

- Describes how to appoint and manage third parties.
- Specifies prerogatives and duties of each party involved: Operation Units vs. Support Entities
- Every operation is analysed, justified and documented.
- Fully embedded in the “Manage Acquisition process” and business processes



Including a comprehensive due diligence process  
(internal/external due diligence, red flags, etc.)

## Clients

## Gifts and hospitality

A comprehensive approach: gifts, meals, events, travels, entertainment.

G&H Guide +  
domestic  
procedures



## Based on

- a set of key questions to address
- behaviour to apply
- advise and records

Complemented by domestic guides and procedures

## 4R

[R1]

Comply with the **REGULATIONS**  
Comply with limits set by local laws and regulations.

[R2]

Be **REASONABLE**  
Respect the local culture and customs of each country, company and organisation.  
Do the "newspaper test".

[R3]

Be **RESPONSIBLE**  
Act within the limits of your authority and use common sense.

[R4]

Keep **RECORDS**  
Record expenses transparently, and keep specific registers when local legal requirements or management decisions require this.

## WHEN IN DOUBT

Speak out, share, and ask for advice

## Group Risk mapping systems

- ▶ Mapping of 18 major risks manage by a risk owner

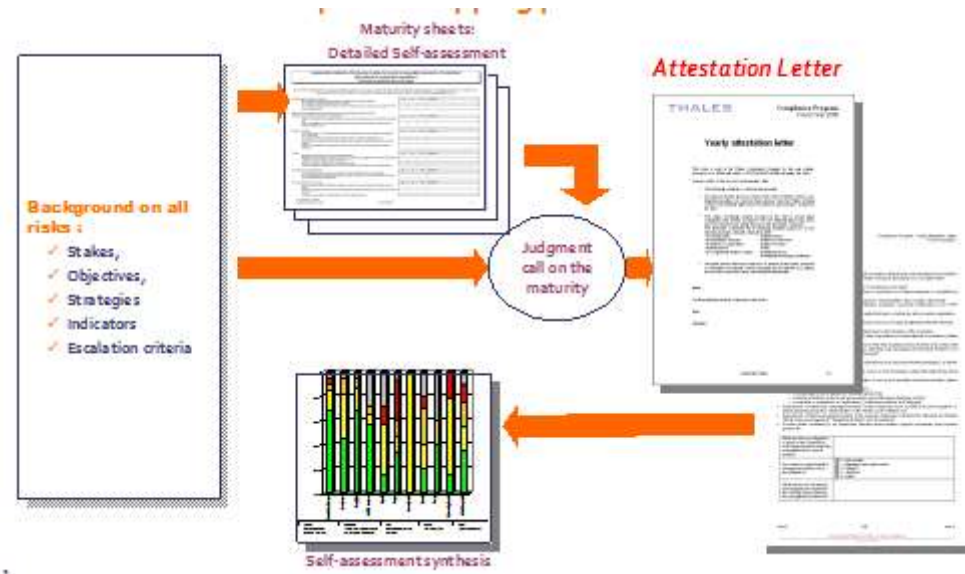
7 operational risks

4 financial risks

7 compliance risks

- Company law
- Delegations
- **RISK OF CORRUPTION**
- Breach of export control rules
- Loss of data confidentiality
- Misappropriation of intellectual property
- Non compliance with competition & commercial laws

## An annual process review



## Employees

## Information &amp; awareness



- Reference Guide: Business Ethics, Prevention of Corruption
- Guidelines
- Dedicated Intranet portal

## Training

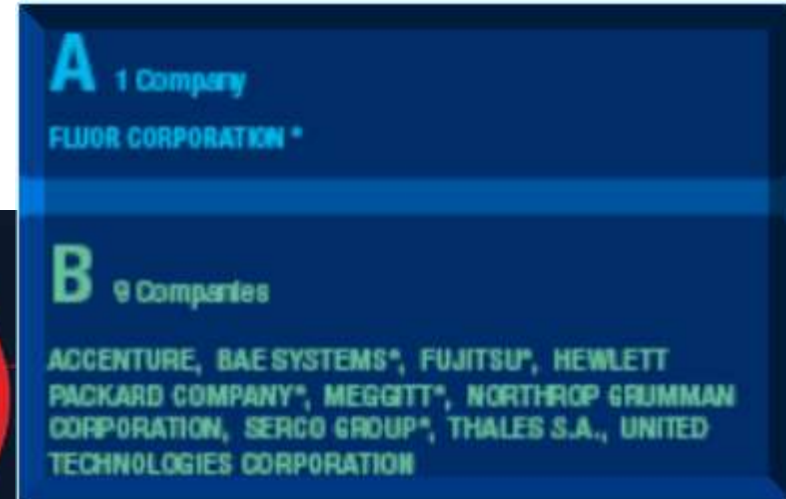
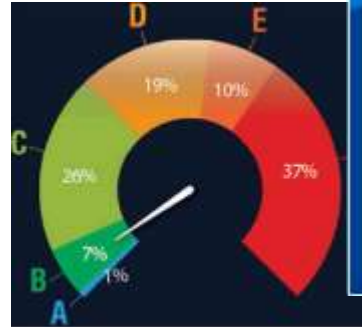


- E-learning: 3 modules directed to all employees
- Face to face training: Thales University 4-hour face-to-face course and experience sharing
- Process-centric trainings (instructions & procedures)

**The critical issue: accountability and buy-in**

## A comprehensive compliance policy

- ▶ Transparency International Defence Company Index



- ▶ UN Global Compact Advanced status for Thales
- ▶ Anti-Corruption Agency of the French Ministry of Justice: Thales leader among major French companies



Reputation is a critical part of corporation goodwill

# HOW TO GO FURTHER?



## Innovative approaches must be initiated

- ▶ Many companies have developed huge efforts to prevent bribery and corruption. This need to continue
- ▶ However, bribery is still endemic: solicitation and extortion are not effectively tackled:
  - Corporations are more and more often the victim' of bribery
  - 'Passive corruption' must be recognised as a major issue
- ▶ Moreover a level playing field is essential
  - With international coherent and harmonised norms
  - Shared by all exporting countries and every competitors

**Governments should incentivise those corporations with strict integrity programs (procurement, financement,...)**

## Corporations can contribute to integrity standards

- ▶ **'Responsible' companies are willing to promote proactive actions to develop international norms**
- ▶ **Business can also develop self-regulation processes**
- ▶ **The legislator needs to say 'why' and 'what' but companies are often better qualified to say 'how'**
- ▶ **Large companies have an invaluable experience for conducting international and global operations**
  - **Concept of Collective Action Hub decided during the last G20 Summit**

**An example: the AeroSpace and Defence sectorial initiative**

**"THE MAN WHO MOVES A  
MOUNTAIN BEGINS BY  
CARRYING AWAY SMALL  
STONES"  
*CONFUCIUS***