

Supplier Code of Conduct

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1. PREAMBLE

Naval Group is a world leader in naval defense and an energy innovator. As an international high-tech company, Naval Group uses its extraordinary know-how and unique industrial resources to meet its clients' requirements. Naval Group designs, builds and maintains submarines and surface vessels and their systems and infrastructures. It also supplies services to shipyards and naval bases. In addition, Naval Group offers a wide range of civil nuclear energy and sea-based renewable energy solutions.

Naval Group's Corporate Social Responsibility (**CSR**) policy (*) reflects the values set out in its Code of Ethics (*) and is incorporated into its strategy. The Naval Group's CSR policy lies within the guidelines of the international standard ISO 26 000.

Naval Group makes sure that its suppliers, service providers and subcontractors (hereinafter collectively referred to as "**Suppliers**" or individually as "**Supplier**") are associated with Naval Group's performance, which means their close involvement in the Group's CSR policy.

Naval Group suppliers shall play a full and comprehensive part in this strategy. As part of its CSR policy, Naval Group wishes to provide its clients with products and services that meet contractual commitments, are sensitive to their lifecycles and are ecodesigned. Naval Group expects its Suppliers to contribute to the achievement of these aims.

The Code of Conduct for Suppliers to Naval Group (the "**Code of Conduct**") sets out the principles Naval Group expects its Suppliers to commit to as part of their joint effort towards continuous progress and sustainable development.

(*) accessible from the Naval Group website

2. CSR PRINCIPLES

Suppliers shall strictly comply with the laws and other legal rules applying in the countries in which they operate and shall comply with international laws and standards, particularly those issued by the United Nations (**UN**), the International Labour Organisation (**ILO**) and the Organisation of Economic Co-operation and Development (**OECD**).

Suppliers shall also develop and implement their own CSRs based on the following guiding principles:

2.1 Governance

- 2.1.1 Suppliers shall apply a principle of governance that is based on transparency to their stakeholders and risk prevention and is suitable for their own areas of business. They shall therefore communicate clearly with their stakeholders, providing them with truthful information on their strategic objectives, financial positions and social and environmental management systems.

Suppliers shall keep exhaustive and reliable accounts and shall not engage in off the books transactions or pay in or out cash that is not recorded in a dedicated cash register.

2.1.2 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 all national and international legal prohibitions intended to prevent corruption and money laundering and to apply all necessary resources to prevent conflicts of interest, corruption and influence peddling.

a. Prevention of conflicts of interest

Suppliers shall prevent and avoid any situation that might create a conflict of interest. Such situations may appear especially where the private interests of one of the Supplier's employees or representatives (or of a close relative of that employee or relative) conflict with the interests of Naval Group.

b. Prevention of corruption

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 or payment of money to obtain a contract or obtain any improper profit or advantage.

c. Respect for competitors

The Suppliers, in the countries in which they operate, shall conduct their activities in compliance with the conventional laws and texts in force with respect to free and fair competition.

2.2 *Environment*

Suppliers shall take appropriate, tangible steps to assess, avoid, limit and attenuate the environmental risks and 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 in which they operate;
- limit the environmental impact of their activities, particularly by reducing 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 attenuate the risks their activity may have on public health (dangerous materials, radiation etc.);
- ensure that the products and services they deliver contain no substances or preparations that are harmful to man and/or the environment and are banned by applicable law and/or regulations in the countries in which they operate; and
- ensure the promotion of an environmental management system that will enable them to assess and prevent the risks associated with their activities and will develop the awareness of their collaborators and suppliers.

2.3 *Human rights and the social domain*

Suppliers shall meet the local legal standards applying to them in the areas of employment and professional relations and the international standards applying in the same areas, particularly:

- OECD guidelines for multinational companies,
- the principles enshrined in the Universal Declaration of Human Rights, the UN Declaration on the Elimination of Discrimination against Women and its Declaration of the Rights of the Child,
- the principles set out in the eight fundamental ILO conventions:
 - Conventions 29 and 105 prohibiting the use of forced labour;
 - Conventions 138 and 182 on child labour and minimum working age;
 - Conventions 87 on freedom of association and right to organise and 98 on the right to organise and collective bargaining;
 - Conventions 100 on equal remuneration and 111 on discrimination (employment and occupation).

Suppliers shall:

- not employ anyone illegally and shall not employ foreigners who do not hold the documents and authorisations required under local law (and, in the case of EU citizens, Community law);
- treat all their employees equally and shall not discriminate on the grounds of origin, customs, sex, age, political or religious belief, trade union membership or disability. Nationality may be taken into account only in exceptional areas specified by applicable national law, particularly with respect to the protection of national interests;
- provide a working environment that promotes the employment of the disabled (depending on applicable local legislation);
- promote the health and safety of their employees in the workplace by taking all reasonable steps to ensure their physical protection and to prevent accidents at work and job-related illness (personnel training, introduction of health and safety at work procedures etc.);
- comply with good local practice and promote progress in the areas of social security and dialogue/agreement; and
- prohibit all unacceptable behaviour and actions against their employees, such as verbal and physical abuse, moral and sexual harassment etc.

3. IMPLEMENTATION OF THE CODE OF CONDUCT

3.1 *Contractual validity and scope*

Once Suppliers have undertaken to apply the Code of Conduct under a duly signed contract agreement, the contract agreement itself (including the Code of Conduct) shall form an integral part of the purchase agreements signed by any member of Naval Group with the Supplier concerned (hereafter together the "**Purchase Agreements**" or individually the "**Purchase Agreement**").

"**Naval Group entity**" shall mean:

- Naval Group SA, a French company, registered office 40-42, rue du Docteur Finlay 75075 Paris, France; or
- any French or foreign company where more than 50% of the share capital and/or voting rights are held directly or indirectly by Naval Group SA.

3.2 *Suppliers' commitments*

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 public law legal requirements applying in that country.

By signing a Contract Agreement concerning the Code of Conduct, Suppliers shall accept its terms and become liable to Naval Group for strict compliance with it.

Naval Group expects its Suppliers to honour this commitment in the long term and to use their best efforts within their own spheres of influence to promote behaviour that is in line with the Code of Conduct.

3.3 *Measurement of CSR performance - Progress plan*

As part of its supplier assessment and selection process, Naval Group measures the supplier's overall CSR performance. Suppliers are required to reply to any CSR questionnaire sent to them by Naval Group in this respect.

Furthermore, suppliers shall spontaneously report to Naval Group any event that might compromise the accuracy of the information which they provided during the assessment and selection processes and/or audits conducted by Naval Group.

Should it be discovered that a Supplier is unable to comply in full with certain obligations under the Code of Conduct, 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.

3.4 *Audits - Consequences of failure to comply with the Code of Conduct*

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

Suppliers shall co-operate with the audits which shall 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 good 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.

In the event of serious or repeated failure by a Supplier to comply with the Code of Conduct, Naval Group may terminate all Purchase Agreements with the Supplier, without prejudice to the right of Naval Group to claim compensation for damage suffered.

4. DISSEMINATION OF THE CSR PRINCIPLE

Naval Group Suppliers shall also use their best efforts to promote and trickle down the principles of the Code of Conduct to their own suppliers, providers and sub-contractors and to persuade them to implement said principles.