



# Naval Group supplier code of conduct

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## *Preamble*

Naval Group is a leading naval defence company that meets the needs of its customers through its unique industrial know-how and resources, but also through its pioneering position in business ethics.

Naval Group implements and promotes a **Corporate Social Responsibility (CSR) and anticorruption policy** that reflects its values in the areas of fundamental freedoms, human rights, the environment, occupational health and safety and anticorruption, in accordance with the ten principles of the United Nations **Global Compact** as well as **ISO 26000 and 37001** standards.

Naval Group commits to comply with the laws and regulations applicable to it (in particular the law on the duty of care of parent companies and principals and the so-called "Sapin II" law) and deploys a **vigilance plan and an anticorruption program** applying to all its stakeholders.

This **supplier code of conduct** sets out the minimum standards that Naval Group requires its suppliers, service providers and subcontractors (collectively or individually referred to hereinafter as "supplier(s)") to adopt and uphold in the course of their business activities.

The commitment from all suppliers to **strictly comply with this code** contributes to ensuring that Naval Group fulfill its own obligations with customers.

## 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).

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 accounting document.

### 1.2. Preventing conflicts of interest

Suppliers shall prevent and avoid any situation that might create a conflict of interest (actual or potential). 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 that amounts to cartel conduct or encourages anti-competitive behavior.

### 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

In compliance with applicable laws, 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.

### 1.6 Protection of personal data and respect for privacy

Naval Group, concerned about the protection of personal data and the respect of privacy, is committed to being a responsible actor in the processing of the data of

its employees but also of its suppliers and customers in compliance with the applicable laws and the policies deployed within Naval Group.

In this perspective, our suppliers must comply with all applicable laws and regulations regarding the protection of personal data as well as the associated policies implemented within Naval Group. These requirements apply whenever personal information is collected, stored, processed, disclosed, transferred and/or shared (including through the use of Naval Group's secure information exchange solutions).

## 2. Taking action on 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:

- outside local apprenticeship schemes in accordance with the above-mentioned conventions, **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);
- are prohibited from engaging in any forms of modern slavery, such as human trafficking, slavery, servitude, forced marriage, forced labor, debt bondage, deceptive recruitment for labor or services, and child labor;
- as a minimum, must pay **regular wages** and pay overtime at the legal rate imposed by the country in which their workers are located 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, sexual orientation, gender identity, 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 bullying, harassment, victimization, verbal or physical violence, threats, corporal punishment.

## 2.2. Preventing corruption and influence peddling

Honest trading in compliance with current laws and practices, including the **prevention of corruption** is a permanent requirement of Naval Group. To this end, the Group invites suppliers to read its anticorruption code of conduct, which is available on its website.

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, bribery and influence peddling** 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 that is intended to influence the recipient in the performance of their duties or is not legitimately due, or in order to obtain any improper profit or advantage.

### Gifts and hospitalities



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, that they correspond to acceptable business practices and customs and that they are of low value.

In their dealings with Naval Group employees, if they intend to make a gift, suppliers are asked not to do so and to allocate the amount to societal needs.

### **Due diligence**

Suppliers are required to exercise due diligence to prevent and detect bribery and influence peddling in their commercial agreements, partnerships, sponsorships and patronage.

Suppliers shall ensure the management and remediation of irregularities detected, in particular during internal controls, in the fight against corruption and influence peddling.

Suppliers are required to inform Naval Group of any financing of political parties.

## **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.

Suppliers must comply with applicable laws and regulations regarding sourcing of minerals such as, namely, tin, tungsten, tantalum and gold, from conflict areas (“Conflict Minerals”). Consequently, they should exercise, as may be directed by law or regulation, due diligence on the source and chain of custody of these minerals and therefore at a minimum require the same from their next tier Suppliers and Partners.

### 3. Implementation of the supplier code of conduct

#### 3.1 Contractual value and scope

Suppliers 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.

If necessary, Naval Group may provide suppliers with information or training on certain provisions or on this Code as a whole.

## **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 anticorruption 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 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

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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 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 and supervision**

Naval Group reserves the right to audit or supervise its suppliers to ensure they comply with and implement the Code of Conduct's principles.

Suppliers shall co-operate with audits or supervision 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 books and records which are sufficient to prove compliance with this code and so that complete, authentic and accurate documents are available to Naval Group's representatives

## **4. Promoting ethics and CSR principles**

### **4.1. Promoting Naval Group's ethical and CSR principles**

Naval Group expects the suppliers to strive to promote practices and behaviors among their personnel, suppliers and spheres of influence that are consistent with this Code. To this end, Naval Group expects suppliers to implement:

- due diligences in selecting their suppliers on the basis of ethical and CSR criteria consistent with this Code ;
- effective programs to encourage their employees and those of their subsidiaries to make ethical and CSR choices in their business activities - beyond compliance with laws, regulations and contractual obligations.

Suppliers are also encouraged to develop their own ethical and CSR reference codes and to share them with all their stakeholders.

## 4.2. Rights and protections for whistleblowers

Naval Group developed a **secure and confidential whistleblowing line** in order to allow any of its stakeholders to notify to an internal and independent body, any question or any report relating to behaviour contrary to the rules of the Group, to any applicable legislation or regulation, in particular those relating to business ethics and anticorruption, found within the framework of the business relationship with Naval Group<sup>2</sup>. The whistleblowing line can be accessed at the following address:

**[speakup.naval-group.com](https://speakup.naval-group.com)**

**No reprisals** can be taken against a whistleblower if he or she acts in good faith. Additional information is available on the group's web 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 corruption problems without fear of reprisals. They are also required to take the necessary measures to prevent, detect and correct any retaliatory measures.

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<sup>2</sup> In some jurisdictions in which Naval Group operates, local laws impose specific obligations and protections in relation to whistleblowers. Where that is the case, obligations and measures specifically related to the application of local legislation are in addition to those practised by Naval Group.