

NON-SENSITIVE

COMPLIANCE PROGRAM

-KEY PROCEDURES-

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Introduction

As part of its **compliance program** designed to combat corruption and influence peddling, Naval Group has developed a **document repository** consisting of a set of policies, codes and procedures. This repository is applicable to any employee of Naval Group SA or any of its controlled companies, regardless of their hierarchical level, or any person (sub-contractor, consultant etc.) working at any of Naval Group's sites in France or abroad. It includes in particular:

- The **Compliance code of conduct**, which is annexed to the internal regulations of each Group entity in France. The purpose of this Code is to set out what is expected of all employees in order to combat corruption and influence peddling and, more generally, any form of fraud or unethical behaviour.
- The **Suppliers code of conduct** sets out the commitments expected for all suppliers and sub-contractors regarding, ethics, CSR and anticorruption matters.

The repository is applied operationally in the company's activities through **procedures** aimed at:

1. Carrying out **compliance due diligence** in the framework of contracts and agreements concluded between Naval Group and third parties;
2. Ensuring that **gifts, meals and other hospitalities** given and received by Naval Group's employees from or to external stakeholders are transparent and abide by the rules defined by the Group;
3. Defining a **whistleblowing hotline** aimed at collecting and processing reports relating to behaviours contrary to the ethics and CSR repository;
4. Defining internal measures and controls regarding the prevention of risks of **conflict of interests**;
5. Defining the conditions of application of a compliance program in **companies in which Naval Group holds participations**.

For foreign controlled companies, these procedures are adapted to the local context and to the specific risks they face. Controls intended to verify the correct application of those procedures are operated by the three lines of control of the Group. Their results are archived by the functions concerned in order to provide feedback intended for updating the group's risk mapping.

1. Compliance due diligence regarding contracts or agreements with third parties.

Naval Group carries out **compliance due diligence adapted to the potential corruption risks related to a business opportunity or an existing relationship with a third party**. A compliance due diligence is updated *a minima* every 36 months.

The most stringent level of compliance due diligence is for example applied to contracts or agreements with business advisors, offset partners, M&A, industrial partner, lobbyists and joint ventures projects. Naval Group has experienced management teams, specialised in managing relations with these stakeholders.

Compliance due diligence for these projects includes specific investigations (identification of natural persons ultimate owners, managers, judicial background etc.) in order to identify and treat potential red flags.; If the risks identified cannot be mitigated properly, Naval Group may decide to stop the contractualisation process or the existing business relation with the third party. The Group also adds business ethics clauses in its contracts mentioning a right of audit and a termination clause in order to ensure compliance with anti-corruption regulations and the application of the best CSR standards.

Compliance due diligence is embedded in the Group procedures and decision process, notably:

- **Assessing and managing the risk of corruption and influence peddling in the frame of agreements or contracts concluded between Naval Group and third parties:** Naval Group defines different levels of compliance due diligence and a specific methodology in order to assess the exposure of a business project to the risk of corruption and if necessary, to prevent them with a mitigation plan.
- **Managing partnership, merger & acquisition and joint venture projects:** Enhanced compliance due diligences are performed for all operations relating to this area. Potential red flags and alerts are reported at the partnership and M&A committee composed by members of the general management.
- **Qualifying, managing, evaluating and developing suppliers:** For new suppliers, compliance due diligence is embedded in the qualification and prequalification process managed by procurement organisation. At risk suppliers are monitored via specific software. Potential alerts are managed by the supplier's risks committee.
- **Selecting and managing business advisors and industrial partners.** Naval Group performs enhanced due diligence in its selection process for

business advisors and industrial partners, and oversees their remuneration. Periodic renewal of compliance due diligence is also required every 36 months, through to the end of the business relationship.

- **Supervising commercial activities related to obtaining contracts:** Naval Group develops competitive commercial proposals, in line with the constraints imposed by customers and in compliance with the applicable national and international regulations. In particular, it incorporates the regulatory requirements of the French Commercial Code, the French Defence Code and the "Sapin II" law on transparency, the fight against corruption and the modernisation of economic life.
- **Procedure relating to participation in associative and political life, and in charitable, philanthropic, patronage or sponsorship activities:** Naval Group requires compliance due diligence to be conducted for each application for membership of an association and for each charity, philanthropy, patronage and sponsorship project carried out on behalf of Naval Group. It also reaffirms the principle of the Group's political and religious neutrality in the conduct of its activities and formally prohibits any action that would run counter to this principle.

2. Procedure relating to gifts, meals, and other forms of hospitality.

This procedure is intended for all Group employees when they offer or receive a gift, meal or hospitality to or from a third party. Naval Group has set thresholds above which it is required to declare and ask for an internal validation to give or accept a gift, a meal or an hospitality.

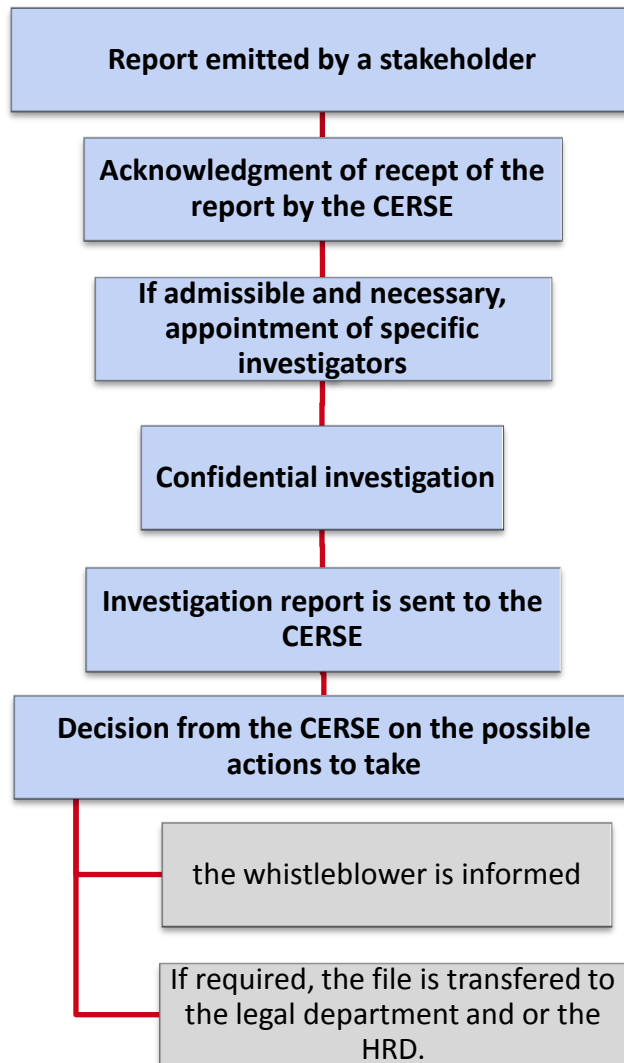
Tools such as the "**compliance software**" (accessible to all Naval Group SA employees), or the compliance register (for each of the Group's controlled companies), are available in order to assist employees in their mandatory formalities.

3. Collection and processing of reports relating to behaviours contrary to the Ethical and CSR standards.

In accordance with the specific procedure developed by Naval Group, dedicated contact persons and a **whistleblowing hotline** are available for any employees and stakeholders who are victims of or witnesses to inappropriate behaviour, and a secure and confidential internal alert e-mail (ethics@naval-group.com) enabling them to file a report and express their concerns in complete confidence. Dedicated staffs, properly trained and qualified are tasked to conduct investigations.

Naval Group guarantees that no employee or stakeholder who has filed a report in good faith and in accordance with the procedures provided for by the Group shall be subject to reprisals or any form of disciplinary action.

Whistleblowing line process



4. Defining internal measures and controls regarding the prevention of risks of conflict of interests.

Naval Group prevent and addresses the risks of conflicts of interest (real or potential) and includes those that may result from relations with public authorities, including Politically Exposed Persons. Among the planned measures:

- The integration of the risk of conflict of interest in the group's corruption risk mapping. This mapping notably establishes a list of positions identified as most at risk, updated at least every year.
- The integration into the hiring process of a position identified as at risk of a due diligence procedure on the candidate verifying the compatibility of his situation with the responsibilities and the position envisaged. In the frame of this procedure, the candidate signs of a sworn statement, confirming the absence of any form of real or potential conflict of interest related to his new position, or to commitments that he has subscribed to. He also undertakes to inform his manager without delay in the event that he finds himself in a conflict of interest situation. These declarations are archived by the human resources department and can be consulted as necessary by authorized persons.

If a problematic conflict of interests was identified in the framework of this due diligence, the hiring process with the candidate may come to an end.

Specific measures are planned for the Naval Group Board of Directors, which has its own internal regulations dealing, among other things, with questions relating to the identification and treatment of the risks of conflicts of interest of its members.

5. Defining the conditions of application of a compliance program in companies in which Naval Group holds participations.

Naval Group defines the procedures for implementing a compliance program in any company in France and abroad in which it holds participations. In this regards, procedures regarding the compliance program can be adapted to the specific local context of the country where it operates.