

THALES

**European agreement on:
“Improving professional Development through
Effective Anticipation”
(IDEA)**



SUMMARY

- A/ ANTICIPATION:** a fundamental right for each employee and the social responsibility of Thales, and the commitment of Trade Unions and Representatives Bodies
- B/ ANTICIPATING** medium-term trends by job families on a collective basis
- C/ SHARING** job and Career path information
- D/ PROPOSING** a professional development discussion for all employees
- E/ PROVIDING** training which is consistent with business needs and career paths
- F/ ENSURING** Men Women equality for Professional Development
- G/ PROMOTING** Diversity to better staff Thales
- H/ ATTRACTING,** welcoming and training newcomers
- I/ IMPLEMENTING** the Anticipation Process
- J/ MONITORING** Progress and Follow up of the Agreement

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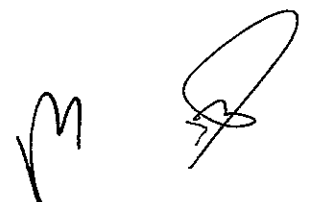


A - Anticipation: a fundamental right for each employee and the social responsibility of Thales, And the commitment of Trade Unions and employee representative bodies

Providing a diversified and enriched professional life for each employee in a context of permanent evolution is today one of the most important challenges for Thales. Technological breakthroughs, international competition, the economic situation, changing customer requirements; there are many factors faced by each employee willing to maintain or improve his/her employability and secure their future. Thales' Management and Unions are committed to supporting employees facing this challenging employment environment. Thales wants to be an Employer of Choice and prepare all its employees, whatever their job level or job family, for a real adventure by supporting better professional career paths.

Furthermore, as the labour market is also subject to these very rapid changes, this could soon result in a growing shortage of engineers and skilled technicians. Thales has to take the lead in responding to this new situation, and to develop its attractiveness in order to be able to respond to business and skill needs in terms of establishing resources and supporting growth.

Parties to the present agreement agree that the Concept of Professional Development is key for the success of each individual and the development of Thales. It aims at providing each employee with a learning environment to be efficient in present and future job and to develop full potential. Professional Development includes, orientation, learning on the job, networking, mobility, coaching, mentoring and training. It is a continuous effort and a shared responsibility between the

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company and each employee, regardless of his/her level of responsibility, age or job family.

The parties consider that each employee has the right to know what the Company anticipates for his job family*, job and place of work; the right to define a career direction with his/her manager and, in this context, to profit from a learning environment providing access to the training necessary to support his/her "Professional Development".

**Job Family :*

A Thales Job Family is a cluster of many Jobs which have common characteristics in terms of missions and responsibilities, skills and competencies. Thales has 62 different Job Families which are organised into 15 generic Job Families.(see job families presentation)

Anticipation relies on our collective joint capability to:

- Identify well in advance, key changes or breakthroughs and build collective action plans to address them
- Provide training and development opportunities and support to each employee so as to diversify experiences, allow for more opportunities and build better career paths
- Encourage staff to take up training opportunities

This agreement focused on anticipation, does not address short term strategic or industrial issues involving a quantitative employment effect which has to be treated, if the situation occurs, within the usual legal framework and social dialogue at the country level. The aim of this agreement is, by appropriate anticipation, to avoid, as much as possible, those situations.

The purpose of this, Thales' first European agreement, is to define, at the European level, common principles and give Thales companies and employees the most effective tools and processes which have to be implemented everywhere on a continuous basis and, as a minimum, for the first time in the 3 coming years.

This agreement will be implemented with respect to the national and local traditions and cultures of the countries concerned.

A1 - A Shared European ambition

Thales, as an international group, which is well positioned in Europe, has the ambition, whenever possible, to take on a leading role in social innovation within Europe.

This ambition of the parties of this agreement is consistent with the overall European framework where, for example, the Treaty establishing the European Community, provides in its article 125 (Title VIII Employment) that :

"Member States and the Community shall, in accordance with this title, work towards developing a coordinated strategy for employment and particularly for promoting a skilled, trained and adaptable workforce and labour markets responsive to economic change (...)"

In March 2000, Member States of the European Union launched the "Lisbon Strategy" aimed at *"a sustainable economic growth, with more and better jobs, a greater social cohesion along with long term employment targets"*.

To achieve this goal and sustain this common strategy, the European Council has recently proposed in a decision of 15 July 2008 key guidelines notably to:

- *“improve matching of labour market needs through a better anticipation of skill needs, labour market shortages and bottlenecks”*
- *“adapt training systems in response to new competence requirement”*
- *furnish workers with “lifelong learning opportunities”*

A2 - A European way based on shared good practices and transparency

This European agreement is also the expression of a shared will, by all Thales management and unions, to bring together different knowledge and energies, and to benefit from membership in the same group from the pooling of good practices in each country.

For this reason, the agreement is based on the collection, analysis and expansion of existing good practices, some of them being quoted in this agreement. Some actions will be conducted after the signing of the agreement with implementation through the appropriate national instances at a Country level.

The provisions of this agreement are inspired by selected existing good practices, discussed by parties.

It is also based on the choice of transparency which reflects one of the most important Thales values, “sharing knowledge”.

A3 - The promotion of social dialogue

A transnational body of social dialogue already exists. This has paved the way for a European vision of a new social policy for Thales. With the present agreement, the signatory parties express their commitment to apply tools and processes to Thales throughout Europe.

An on going social dialogue with the active participation of employees' representatives and trade unions at European and national level will be key to achieving the objectives of this European agreement.

B - Anticipating mid-term trends by job families on a collective basis

Good Practices :



1. Anticipation process (STEP)

The STEP – Skill tactical evaluation project – is a process based upon, on a bottom – up approach and a succession of open discussions in 4 phases, or STEPs introduced within the Surface Radar business line.

Based on the work of "Skills area coordinators", appointed for each job family, STEP aims at defining, within the BL, the skill profiles needed regarding the main business and technical challenges identified over the coming two years.

STEP then proposes an assessment between the current situation in the BL and the kind of skill profiles targeted from a quantitative and qualitative point of view (system of smiley).

An action plan and training priorities are then defined for each skill area to fill the gap between the skill mix target and the current situation.

Managers and HR are deeply involved throughout the STEP process.



2. Job families : Evolution and Anticipation in Thales Alenia Space

In order to have a strategic view of Job Families evolution in line with business strategy and with the technological trends as well as to anticipate needs about Job Families population and define a mid/long term action plan to meet Job Family evolution requirements, TAS has developed a specific methodology. At country level, it intends to analyse the current distribution of resources per Job Family, information about this population and involve Unit Managers in defining the short/mid term evolution (3/5 years) of certain Job Families (needs and criticalities).



3. Software job family anticipation

In order to respond in an innovative fashion and with a concern competitive performance to the major challenges the Software Job Family has to face, a group-wide management team "Software Architecture" Centre of Excellence, has been set up. Following a shared assessment of the Software Job Family 2007-2012, 3 possible career directions for each software engineer have been proposed :

- *maintain employment within the Software Job Family,*
- *develop within the Software Job Family*
- *mobility towards other Job Families.*

Furthermore, specific communication and involvement actions have been deployed towards four communities: representatives, Management, HR community, Job Family employees.



4. Anticipation of needs for domain specialists/experts

DAE-UK relies on a small group of Domain experts and specialists operating at a very senior and sometimes international level with a unique knowledge or expertise within a technical business domain. Given the age profile of these experts, the company has to deal with the difficulty to recruit niche skills or replace exact like for like skills. In order to insure the renewal of such a fundamental resource to the business, a PD plan allows time off for external and on the job training for identified individuals to transition into Domain Expert/Specialist roles. A review of process also takes place at the end of year one in order to improve and assess the effectiveness of actions.

The parties agree that discussions on "professional development" and career directions, which should be held between managers, and employees, (both parties will be trained to ensure the quality of this discussion), should be enriched by collective discussions and inputs. Those should be organized as follows:

B1 - A qualitative analysis by key job families at group and national level:

In a mid-term vision, technological trends, major breakthroughs or skillneeds will be identified and analyzed by key job families on a yearly basis between managers, HR and the best job family experts of the group. This knowledge, concretely presented by trends, will be shared with unions in a national appropriate instance at country level and at European level. Those bodies will have the possibility to elaborate their

own vision and debate these trends. In addition there will be a yearly information of the European Work Council (EWC).

These discussions will allow management , unions' representatives and members of EWC, to share a common vision on the potential consequences, qualitative, with some order of magnitude, on job families. This prospective view should clarify how the key requirements of jobs will change, but it is not a planning exercise because detailed headcount figures cannot be extracted from different business plans. This collective framework will provide an important context for each individual to build his/her own career path but the anticipation should be collective and discussed collectively in order to facilitate individual choices in the proposed orientations.

This analysis, being shared and, if needed, customized by business, should be then translated into potential career orientations and, for each of them training paths will be built.

B2 - Local inputs

The parties agree that a local inputs to job families analysis should be provided by units and countries.

This input takes into account qualitative analysis by job families and consequences on skills of business evolutions. This input will be presented to relevant local employee representative bodies (usually works councils) for information and consultation.

This information will then be made available to all relevant employees on a collective basis by appropriate means in the weeks before the launch of Professional Development Discussions campaign.

C - Sharing jobs and Career paths information

Good Practices :



5. Career Corners

The career corners allow each employee to have permanent and confidential information, either in free access, or within the framework of an interview with an internal or external consultant, on:

- *the evolution of jobs and professional families,*
- *the measures proposed regarding Management of Employment in the company,*
- *the opportunities of mobility opened within the Group THALES or outside of it*

Career corners are composed of Human resources teams of the Company and consultants specialized who intervene on a confidential basis.



6. Transparency & communication on open jobs

To answer the significant growth in its business and respect Company commitment to transparency, Thales Spain implements many initiatives in order to promote and communicate every job vacancy to all the employees for potential mobility and professional career evolution.

Works council is associated with these measures which mainly rely on: the publication of open jobs on monthly basis in different places and supports, a specific brochure delivered to employees before training and important events, meetings each week between HR and Operations to identify and anticipate the resources and profile needs, application of e-staffing and an important communication plan (internally and externally).



7. Career Days

Career Days are "orientation tools" consisting of open days during which the company presents Professional Careers Paths to all employees. Specifically addressed to young employees not fully aware of Company work organization, they also intend to keep employees informed of the internal labour market and career growth opportunities. Key representatives of the roles promoted within the Careers Days make presentations focusing on professional growth and success stories. Informational Brochures are also dispatched and qualitative time is spent on Questions & Answers.

These analysis, having been discussed and improved on, will be shared with employees. It is fundamental for each employee to have access to information to better build his/her professional future.

C1 - Information on trends by job family and Career Paths

The first right is to have access to knowledge about the future of job families and the potential career orientations.

Career Corners will be created gradually over the next 3 years in all Thales sites. This implementation will start immediately after the signing of the agreement. The adaptation and implementation of Career Corners will be defined as a part of the national implementation plans.

Career Corners are specific and dedicated places freely accessible to employees on a regular basis or several times a month depending on the size of the plant, and managed by a nominated person. Employees will find data, information, but will also be able to make contact with HR professionals and experts from the different job families; their own job family, or other job families if they wish to make a professional move and take advantage of the relevant available training programmes.

Career Corners areas are organized in order to welcome all employees who wish it in good conditions. Career Corners premise will provide to employees a welcoming information point, with large access to relevant information using adapted means (internet, intranet, brochures).

C2 - Information on open jobs

The parties agree on the fact that a successful mobility relies on a good communication on open jobs and an easy access for employees to the relevant information. A report on usage and results achieved by existing processes and tools will be made available to national Trade Unions or Employee Representatives' bodies in countries, and corrective actions will be defined.

Companies within the scope of this agreement will develop and deploy all the tools ensuring communication and transparency on open jobs, notably:

- Implementation of Thales computing tool e.g. e-Staffing, allowing employees, through intranet or internet site, to:
 - have a full overview of jobs, to be filled, including international jobs
 - Apply directly, under confidential conditions, or simply post their CVs when they have a mobility project
 - potentially move to another entity

Already working and used in 10 European countries, e-Staffing will be deployed in all other countries by mid 2009.

- Communication on open jobs, on a regular basis, by all other means used locally (Brochure, Magazine, Postings in the work place....)

D - Proposing a professional development discussion for all employees

Good Practices:



8. Professional Development Discussion for everybody

PDD is fully implemented at Thales RSS on the basis of a collective agreement with the works council. The main contents of the agreement are a yearly PDD for all employees, PDD between managers and employees, structured reporting, tracking by HR and works council, managers receive training on how to conduct the PDD+ toolkit, in case of conflicts HR and works council will solve the issue and managers and employees are responsible for ensuring that the PDD actually take place.



9. PDD preparation

A successful PDD is the result of adequate preparation beforehand. Each manager has to consider specific topics such as: the review of training completed over the previous year (relevance, etc), development (training) for the future, Career aspirations, potential mobility across job family, role and/or location, business needs and requirements in line with SBP1 and 2.

Furthermore, all new Managers are fully trained on the different aspects of the PDD process and all employees have access, each year, to the intranet site to relevant guidance and information in order to prepare an effective PDD.



10. Orientation session

For employees having 5 years of professional experience, Thales University in France offers a two day session, "Orientation Point", in order to help them conduct a deep reflection on the direction they want to give to their early careers. After these 2 days, the attendees gain visibility both on themselves and the company by assessing their personal and technical skills , developing a better understanding of their knowledge of Thales and considering the different possible options within Thales.

Following analysis and information being shared on collective basis, professional development should be customized to each person in the group. It is for this reason that Thales wants to provide the opportunity for each and every employee to take advantage every year of a Professional Development Discussion with his/her manager who is the spokesperson of the group. Considering the importance of the discussion about the future, the parties highlight the need to prepare the managers for such a discussion and underline the fact that this discussion should not be combined with the Annual Activity Discussion.

A training programme will be designed and proposed for all managers and this training will be mandatory for all new managers.

This discussion will be the opportunity to reach an agreement on a career direction taking into account the employee's wishes and the company's needs. Deploying this discussion and training will be a priority in all Thales units over the next 3 years.

The preparation of this discussion is fundamental :

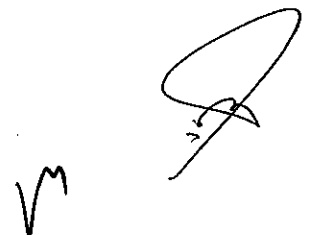
- for the management, it should be done through collective discussion with appropriate managers during the People Review at Spring time, in order to create a situation in which the manager will be in a position to commit Thales for the future .

- for employees, it requires collecting information on job families visiting Career Corners, adequate time for preparation and thinking carefully before expressing wishes for the future.

The outcome of this discussion should be to agree on a career direction, and thus on a customized learning path to make this possible. If there is a need to reorientate, then sufficient time should be allowed for this to prepare / consider alternatives.

In this discussion, both parties have rights and duties to listen and to find solutions. After the discussion both parties are committed to translating decisions into actions. However, in some cases, this discussion will not be detailed enough to reach a conclusion. Each time an employee, after a minimum of 5 years of professional experience, feels he/she is at a crossroads, he/she will have automatic access to a career orientation session proposed by Thales University. The aim of the career orientation session is to help employees conduct an in depth reflection on the direction they want to give to their career. The session will last two days during which employees will assess their personal and technical strengths and develop their knowledge of Thales. They will consider the different possible options within Thales.

In case of remaining disagreement about the action plan between the direct manager and the employee, the appropriate Human Resources (HR) generalist will be involved, at the request of the employee or the direct manager, to find a solution after discussion, with a colleague or an Employee Representative, if the employee wishes it.

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E - Providing training Which is consistent with business needs and career paths

Good Practices:



11. All employees have access to learning advisors

Besides making an inventory of training needs related to existing training modules, the annual professional development discussion between the manager and the employee could result in individual development questions needing further professional support from the organization. Through individual interviews and a customised approach, the learning advisors help define solutions for the individual development questions.

In most cases learning advisor's advice consists of some alternatives (e.g. training, coaching ...), which are then discussed between the employee and his manager.



12. External certification of experience

The UK Naval Division has actively promoted the sponsoring and support of employees wishing to achieve recognition/accreditation within their chosen field/professional body (institute) for many years. The process is initiated by the employee through a specific form which is then discussed between the Learning & Development Manager, the employee and the employees Manager.

If all parties agree on the conditions of the training, a Learning Contract is then signed by all three parties. The achievement of an external certification will no lead to automatic promotion or increase in compensation



13. Recognition of experience through certification

Accreditation of prior learning (APL) is the process of recognizing the knowledge and individual accomplishment an employee has gained through formal or informal learning in various settings. This implies that professional competences acquired by learning on the job are in principle comparable to those acquired in formal learning situations. Recognition means awarding certificates or diplomas on the basis of a generally recognized standard, such as the qualification structure for vocational education. External legitimacy is the key requirement for recognition and will improve employability.



14. Program Management Certification

Two initiatives have been set up concerning Program Management Certification: external certification (PMI) and internal/ peer certification (IPMA). The action of Thales University consists in supporting the candidates during the preparation phase before the official exam through a specific training process (over a 4 month period : 4 face-to-face sessions and an access to e-learning modules between the face-to-face training sessions with unlimited access for delegates). In addition to recognizing experience, the purpose of this action is also to better prepare the candidates, if they desire to, for a more formal external certification.



15. Passport by job families

In order to support mobility between job families, Thales University has designed and deploys all across Europe a specific offer within 15 "Passports". The purpose of these passports is to give the employee entering a job family or moving from one job family to another both the essential knowledge and skills to master in this job Family, as well as all the policies, tools, processes specific to Thales. All these passports are included in the list of mutualized funding programmes : this means that they are a powerful lever to adapt the budget allocations to business priorities.



16. Skill transfer

The transfer of expertise is all the more important in a context of growth.

In 2007 ATMS launched, a program for transferring critical technical skills, based on the principle of coaching and accompanied by an adapted management. The business line has three goals: protecting, by sharing them, the critical expertise; recognizing the skills of current experts; opening the way to the experts of tomorrow.

Coaches establish with every "coached person" an action plan based on precise objectives validated by their manager. This activity is integrated into the individual objectives of the experts. The HR and the operational manager follow by the consultants, as well as the progress of every plan during the executive committees of the business units.



17. Mobility rules

Mobility is a key milestone of our HR policy geographical mobility but also professional mobility. HR commitment is to provide support to employees & facilitate possibilities of mobility. The practice is :

- *An access to a booklet describing the various JF & outlining possible career moves*
- *A monthly corporate job review*
- *A central team where Thales employees can meet a mobility consultant*
- *Mobility guidelines defined (at French level by "Guide Je Bouge" & internationally)*
- *during a trial period, possibility for the employee to go back to in his/her prior entity/post*
- *E-staffing : a tool to publish vacancies & manage the recruitment process for internal and external candidates(deployed in Europe, Canada & Australia).*

Employees could apply directly, under confidential conditions, or to simply post their CVs when they have a mobility project

E1 - Training Plans

Each country, at national level, will ensure that the prospective analysis on breakthroughs and technological trends, job evolution and the expression of individual needs along with business needs are taken into account in the definition of companies' collective training plans built during the Autumn. Each year, this collective training plan and its budget will be presented to legal entity's work council (if it exists) or other Employee Representative body and / or to Trade Union.

E2 - Access to Learning Advisors

Transforming career orientation on a learning path may require the expertise of a learning specialist. For this reason, Thales will expand across Europe, over the next 3 years, a network of Learning Advisors; those experts in training and learning with an in depth knowledge of the existing offer from Thales University and other providers, who are able to mix classic training and on the job training, will be accessible, on a confidential basis, to all employees to be their personal advisor to build their own learning paths.

E3 - Guaranteed access to training for everyone

As the goal is to develop every Thales employee through customized paths, Thales will guarantee access to training for everyone; more specifically each employee should take advantage of a meaningful training program, in accordance with his/her plan and Thales' needs, at least every 3 years. By meaningful training, the parties mean a training consistent with the career direction and with a significant duration. Training will be provided preferably within normal working time .

To consolidate this guarantee, a check point will be organized each time an employee has received no training over a 3 years period. The HRIS system will provide a 3-year trigger that will notify line managers and HR regarding the absence of training during 3 years. A check point will be made as soon as possible after the trigger notice in order to decide appropriate actions.

E4 - Recognition of experience :

Recognition of experience is important to build customized career paths. Thales University will take it into account for individualized learning paths such as 'Architects of the future'. This is the Thales's passport by job family for all European countries or for re-training.

All training attendance and participation will be recorded within e-People1st.

In addition external certification will be promoted to dedicated employees, especially where external bodies (for example for bid and program management with certifications IPMA and PMI) exist. Additional training will be provided to individuals to prepare those certifications.

In any case in the framework of dual ladder, and for experts and specialists, recognition of expertise will be reinforced within Thales. Those promotions are decided through carefully prepared peer reviews.

Recognizing experience is especially key for experts and specialists; programs to stimulate innovation will be developed.

E5 - Mobility as a mean of professional development

Diversified and rich professional career paths allow employees to benefit from "lifelong learning". Learning on the job, short term missions, professional mobility, geographical and international mobility contribute the enrichment of employees knowledge and strengthen their professional development.

Mobility is one of the priorities of Thales Human Resources policy and is based on employee willingness. Career evolution of an employee can involve professional mobility and/or geographical mobility. The objective of this agreement is to promote

professional evolution of employees by accompanying them in their will of change or need of evolution.

Internal mobility will be encouraged and developed through :

- Identification and communication to employees of job paths (to facilitate mobility towards a new job family, towards a new job in the same family), or international moves
- Definition of a core of common principles to accompany mobility between two entities of the group:
 - The right to get information on open jobs on a confidential basis
 - The employee's suitability and motivation for the position should be determined and if agreed by all parties the employee should be given appropriate support to enable him/her to succeed in the new position
 - Support will include, but is not limited to, a training/development plan which will include a period of familiarisation to the unit and the site, provision of a mentor, regular meetings with the line manager to identify any issues during the 'settling in' period and provision of appropriate solutions.
 - An employee will be integrated immediately in its new entity, without trial period, but during the 3 first months of adaptation the employee could return to his/her previous entity.
 - If the mobility is not considered as positive, a discussion is organized between the two entities in order to reach an agreement on a common solution positioning the employee in the same conditions as the ones he had previously.
 - Seniority and qualifications will be maintained
 - compensation will continue to be reviewed and as a minimum maintained

- transparent process to the individual with appropriate feedback at each step

- Measures to support geographical mobility:

- during discussion or negotiation, each country will examine, with trade union or employee representatives at national level, the opportunity and the possibility to harmonize the accompaniment measures of geographical mobility

(moving expenses, travel, relocation, double residency indemnity, support to the spouse to find a new job at the new life location...)

- International mobility is considered as a skill's opportunity. It should become a logical step for all senior executives. Sharing experience and learnings should be developed.

E6 - Learning Environment

The Company will continue to create a continuous Learning Environment. This encourages skills and knowledge transfer between employees, on and off the job.

Some qualitative analysis by key job families have already shown that dedicated actions of knowledge transfer should be undertaken.

This is particularly the case for the hardware development job family, due to the high number of retirements that one can forecast for the years to come.

Also, knowledge transfers may be required in units where a limited number of people have skills and knowledge that are critical to the business and specially to bids and programs.

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On this basis, the parties agree that the expertise that has been developed by Thales University Consulting should be strengthened and used more systematically.

This expertise consists in the ability to identify key experts, to have them formalize knowledge they possess (and to help them in doing so) and to organize the transfer to people being able to receive it.

F - Ensuring Men/Women equality for Professional Development

Good Practices:



18. Action Plan for men women equality by company

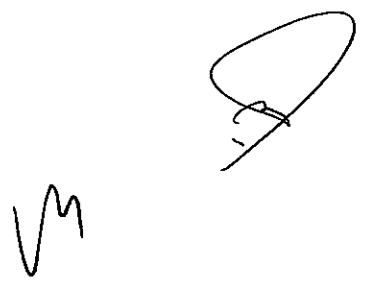
The actions introduced in French companies in 2004 and continued in 2008 were concretized by:

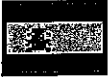
- the creation of annual reports by company, (a collective analyze and comparison of careers and compensations for women and men in the same jobs)
- specific attention given to women's evolution during People Review;
- evaluation of the needs of training on the return from a parental leave and specific action dedicated to women to help them participate in trainings programmes
- Favouing women's recruitment specifically in the scientific and technical sector. (hire a percentage of women equivalent to the women's proportion being awarded a diploma)
- Promoting the presence of girls in the scientific courses (program of mobilization of the parents-employees, kit of presentation adapted to young people, films, testimonials, goodies)
- opening of inter-enterprise day care centers (in certain companies)
- Certification in Thales Micro Electronics actions to reevaluate the level of the job



19. Maintaining a link with the company during maternity

Companies in Germany aim promoting diversity by creating an environment, which allows in particular women to better combine their professional and private lives. It contains for example bi-yearly information meetings about recent evolutions and reintegration perspectives in the company, the possibility to attend trainings during maternity leave and the provision of a remote access to the company intranet.





20 Equality between women and men/ Diversity/ Conciliation

Currently, 34,75% of Thales Spain employees are women and 35,5% of the managers are also women. There has been an increase of more than 10% each year and the Recruiting team knows that, if possible, we need to balance between women and men.

Thales Spain launched an Equality Commission (HR, Work representatives and Executive Committee) to define measures, improvements and follow-up for equality and labour conciliation initiatives.

A program called "Concilia Plan", supported by the Public State, encourages companies to promote conciliation. Another program, called "Mas Vida red" provides, through an external provider, support to all the employees to manage many daily personal activities

Most of countries transposed the European Directives in general anti-discrimination laws. These laws deal with gender equality, but not only.

European Governments implement action plans; most of them highlight for men and women the balance between work and personal life.

In all countries where Thales is located, there are difficulties to hire women in scientific and technical positions. Not enough women choose to study in engineering schools.

F1 - Annual report at National level on career and recruitment:

Article 21.4 of the European Directive 2006 / 54 / EC encourages employers « *to provide on a regular basis, to the workers and/or to their representatives, relevant information on equality of treatment between men and women in the company.* »

A follow-up of key indicators and monitoring of key actions will be carried out each year and discussed with the appropriate national body to define, on a permanent basis, action plans to improve equality.

These indicators, analysed on a collective basis, could be:

- Distribution between women and men at all Levels of Responsibility (LR) in the countries where it is implemented in Thales, Job families, age group,

employment contract (permanent/fixed term), employment type (full time/part time)

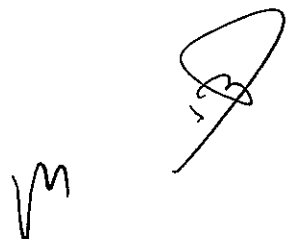
- Number of recruitments and departures by gender
- Average Time between two levels of responsibility for men and women (analysis through a minimum of 30 people by LR)
- Number of men and women trained by year
- Composition of Management Committees by gender for divisions and countries

F2 - Participation of the companies of the Thales Group in Europe in the gender equalization of industry jobs

The signatory parties commit themselves to contribute, by any action of their choice, adapted to the practices and the possibilities of every country covered by the agreement , to the promotion of the jobs of the industrial sector and of high Thales' technology to encourage student women to specialize in technical and scientific courses.

F3 - Recruitment

The Company commit itself to guarantee the right to access employment. This notably implies that job offers have to be drafted so that every person, whatever his or her gender, whose skills and experiences meet the requirements of the vacant position, may apply. The parties also agree that the objective is to significantly increase the percentage of women in overall recruitments.

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F4 - Career development

In application of this text, the signatory parties commit themselves to:

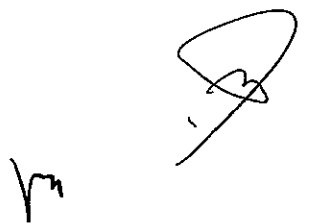
- Pay particular attention to the situation of women within people reviews; and when applying to a new position
- Accompanying through mentoring women who have just been promoted

F5 - Provisions for parenthood

Considering the work life balance is key and in order to ensure that employees return to the company after a maternity or a parental leave in good conditions, the parties will commit themselves to the following actions :

- Sensibilize management to those issues, in particular for working hours
- Ensuring women during maternity leave and men or women during adoption leave get at least the average individual increase of employees in their category during compensation review
- Right to have an interview with human resources and with management one month before the return of the maternity or adoption leave, by phone if needed, to assess the possible needs of training and development to allow her or him to resume her activity with good professional prospects,
- Flexible working time during the 2 first weeks after maternity or adoption leave
- Availability of mentoring after any parenthood leave,
- Access to information and the right to have, if so desired, annual activity and professional development discussions during maternity or adoption leave.

These rights are optional but Thales will commit itself to keeping the employee informed of any organisational or professional changes.

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- Wherever possible, and according to national guidelines and legislative requirements, an individual returning to work after Maternity or adoption Leave should be offered the same job or equivalent.
- Contribution to expenses relative to children care to ensure equal access of men and women to vocational training
- Support of local initiatives to provide to employees places in nurseries
- Harmonizing the "child sick" days by country

G - Promoting diversity to better staff Thales



21. Career point, a positive booster for the last third of a career

The career point is a professional development session and one of the most successful Key Programs proposed by Thales University. It is designed for employees after 20 to 25 years of professional experience. The purpose of this training is not to give trainees advice on their career direction, but during this collective session, they take a break to analyze (for instance thanks to a 360° feedback questionnaire) their past experiences, r strengths and motivations, and to structure their reflections on how to build the last third of their career. After the training, a personalized phone coaching sessions also provides them with the opportunity to talk more in depth with an external coach about their situation and their possible professional development.



22. Thales University Consulting

Thales University Consulting intends to answer to the consulting needs of most Thales Businesses and the need for a professional development tool. It offers a wide range of consulting activities to the units as well as an experience of internal consulting to Thales employees looking for a career change. 50 to 70 people are selected every year by senior consultants of TUC for a secondment period of 18 months as part of the TUC Team, during which time they conduct internal consulting missions helping them to take advantage and learn from their experiences.

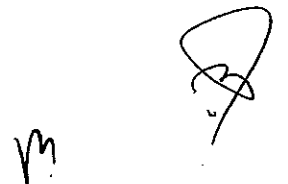
G1 - Fighting age discrimination

- Parties to the present agreement strongly affirm that any discrimination linked to employees' age is unacceptable.

- To avoid this risk, Thales will suppress all age references in all existing and future "People 1" databases.
- Conscious of the risk of discrimination for senior employee, Thales will propose to all employees, after 25 years of experience, to take advantage of a specific session to define the third part of their career.
- This career point will be proposed by Thales University. The aim of this collective session is to propose to employees to dedicate a specific time to analyze their past experiences, analyze their strengths and their motivations, and structure their reflection on how to build the last third of their career.
- Before the session, in an depth 360° feed-back questionnaire gives each participant the opportunity to better understand the perception of his/ her peers, manager, colleagues on his professional profile. After the training, personalized phone coaching sessions also provide them with the opportunity to talk more in depth with an external coach about their situation and their possible professional development.

G2 - Building European Career Paths to further mix teams

- Many young professionals will elect to build their professional lives at a European level. Thales aims at providing 100 jobs out of their home country to young professionals each year. A program that outlines terms and conditions, as well as Professional Development already exists. This is "Career1st" which provide pension and social coverage from home country. Other legal tools like VIE (Volontariat International en Entreprises) or PhDs will also be used.



G3 - Mixing training backgrounds

In Thales today, many teams are made up of people from different educational backgrounds. This diversity works well and has demonstrated added value. Recruitment plans will be built and discussed to ensure this diversity. This will translate in added new universities in our list of preferred partners

H - Attracting, welcoming and training new comers

Good Practices :



23. Buddies

ATMS management decided to involve all its employees in the process of integration, applying and communicating on the principle: "Integration everyone's concern". Based on the principle of voluntary service, the "Buddy Program" proposes to everybody to participate in the integration of a new co-worker by becoming his privileged interlocutor. Within the framework of a customised induction program, HR manager assigns a Buddy to each newcomer outside of his/her close environment. The Buddy is selected from a different job family (to encourage the employee to open up his network) but with a common profile (age, interest, hobbies...). The mission of the Buddies is to facilitate the practical life and the integration of a new colleague.

An evaluation has confirmed that this experience has been highly appreciated both by the new comers and the Buddies



24. Apprenticeship

Apprenticeships and Dual Study System (Berufsakademie = BA) are dual education systems, which involve a practical part, taking place in the company and a theoretical part at a vocational school or BA. In both cases the company pays the employee. The BA model is considered as highly successful by Thales Germany because the BA students have higher practical knowledge and are more aware of the companies needs than a regular student from university. Most of the apprentices and the BA students get a permanent contract with Thales.



25. Apprenticeship Schemes in the UK

Thales in the UK has been operated for several years apprenticeship schemes in several of its business units such as Optronics in Land & Joint and Training & Simulation and Transport and Security within D3S.

Acknowledging its ageing workforce and the need to train young people for specific roles, Thales has recruited its next generation of skilled technician employees through these apprenticeships. The scheme has reinforced links with schools in proximity to the business units. Upon students take up a permanent position within the business such as in Manufacturing, Hardware Engineering, Programme Management and Customer Support.



26. Interns forum

Each Spring, Thales France invites around 600 students currently doing their VIE, internship, thesis or apprenticeships within the company. To strengthen links with partner universities, a selection of students and people in charge of the career services of each university are also invited. The Forum enables students to discover the Group via presentations, work shops on our various job families, round tables discussion specific themes, corporate policy & initiatives. The recruitment fair organized is a unique opportunity for students to discover the Group, start their own Thales network, get in touch with other divisions and talk to HR and Managers from various businesses and even to apply directly for positions.



27. Graduate Development Programme

Thales UK recruits recent graduates into a comprehensive training programme known as the Thales Graduate Development Programme (GDP).

The Thales Graduate Development Programme has been established in order to introduce graduates to the wider company, its culture and processes, supplementing and further developing their academic achievements.

On recruitment, graduates are placed into GDP Streams depending on the job family of their particular role. This stream will determine both the training they receive (on job/of job training) and the professional qualification that they will work towards



28. Integration of new employees

Thales proposed a process of integration for all new employees, which contains preparation (Assignment of a Buddy, which will accompany the new employee through the entire integration process, announcement to the team of the arrival of the new colleague and legal task), newcomer arrival (Welcomed by his Buddy, introduced to his team and explanation of his task and objectives and company presentation), an intermediate evaluation after 3 months of integration and final evaluation at the end of the integration process involving all relevant people.



29. The Local Induction Process within Thales Rail Signaling Romania for all Newcomers

For every new employee Thales Romania provides an introduction training to ensure a smooth and successful integration in the company. The integration process contains support of buddy / mentor, participation on an "Introduction day", handing out an employee handbook containing useful information and participation in Thales Welcome Convention.



30. Partnerships with universities

In Belgium, Thales co-founded "Campus", a partnership between industry, unions and universities, with the objectives of providing the metal industry with the most qualified technical manpower, reducing the unemployment rate in "Charleroi" and initiating a positive effect on the economic development of the region. This "Campus" gathers on the same site all operators with technical backgrounds, with different level of knowledge.

In Romania, Thales signed a five year agreement with the faculty of Transportation, Bucharest, Polytechnic. It is a master's program designed for 2 years in the railway signalling domain, having as

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clear defined objectives increasing the knowledge & expertise and the number of signalling specialists on the market and developing and promoting new qualifications according to new regulations and European standards. The next step is to create a CENTER OF EXCELLENCY IN SIGNALLING, most probably applying for additional EU financing.

H1 - Apprenticeships

Discussions between parties on existing good practices put in light the fact that apprenticeships processes already exist in all European countries, with different forms and under different local regulations.

Parties to the present agreement agree on the necessity to continue to develop this type of dual education and commit themselves to examine, in respect of national constraints, all the measures which could lead to an increase of the number of apprentices and improve the quality of apprenticeships systems.

They will pay specific attention to Mentors with:

- the possibility to provide specific training for those mentors notably on educational and pedagogical aspects
- the way to ensure a valorisation of the function of mentor during the employee evaluation

H2 - Buddies and Induction

A successful Induction process is key to face important resource needs of Thales in the coming years and support the group's growth.

Parties recognize that the creation of Buddies, to ensure a warm and helpful welcome to newcomers during their first months of activity, is a good experience, which leads to positive results.

This is the reason why they propose to extend the "Buddy Program" to all European countries, on the basis of the principle of voluntary service.

Employees can volunteer to become a Buddy and participate in the integration of a new co-worker by becoming his privileged interlocutor.

The Buddy mission is to facilitate, during the three first months of activity, the practical life and the integration of a new colleague: briefing on the life of the site, lunch to the staff canteen during the first week, information on means of transport and so on.

The Buddy takes all the initiatives that he considers useful to help his colleague in his new professional life without substituting himself either to the manager, or to the technical coach. As far as possible, a Buddy will be selected from a different job family (for an interesting opening up) and with a common profile (age, interest, hobbies...) Buddies will be sponsored and supported in this activity by the Company.

H3 - From student to professional

A program to transition to professional life "From Student to professional" will be created for recruits joining Thales right after their education. This one year program structured by Thales University will support them beyond induction in the company to ensure their professional integration. This integration will include an introduction to social dialogue and knowledge with or by Employee Representative and/or Trade Union bodies.

I - Implementing the Anticipation Process

I1 - Annual Report of the European Work Council

Each year the European Work Council will review a report on the Anticipation Process .

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I2 - Annual Anticipation Process

To summarize the annual anticipation process will be as follows:

1. Elaboration at group level with job family experts, managers and Human Resources of a mid term vision on trends and skills required by job families.
2. Presentation - discussion of this vision, if needed customized: (Spring)
 - At European level with an European Anticipation Commission with the same composition than the current european negotiation group.
 - At a Country level with the national work council if it exists or National Anticipation Commission .
 - At unit level with local work councils or appropriate body.
3. Professional Development Discussion in Summer
4. Presentation and discussion by the European Anticipation Commission on the annual Thales University training priorities at the European level (Autumn)
5. Annual training plan by company elaborated and discussed in appropriate bodies (local works councils if exists) (Autumn)
6. Presentation and discussion of the annual report to the European Work Council (End of the year)

I3 - Responsible Management of Information

Participants to these bodies will ensure responsible management of sensitive information; in each meeting the list of those sensitive informations should be established.

J - Monitoring Progress and follow-up of the agreement

J1 - Action Plan in 4 steps

This agreement is a strong commitment for both parties in particular for the 3 years to come. This agreement sets some precise targets on many points and propose directions on others. To monitor progress to implement those targets and experiment with new ideas consistent with the defined directions we have build a comprehensive plan to be jointly conducted in 4 steps.

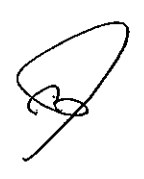
1. Detailed communication vis à vis management and each employee throughout Europe (with a joint kick off meeting)
2. Creation of a European Anticipation Commission (see above I2)
3. Build and monitor actions (starting immediately) in the 3 years to come by country through a national anticipation commission
4. Organisation of a European Convention, nine months after signing the agreement in order to collect new good practices and monitor implementation.

J2 - Social Indicators to monitor the agreement

List of indicators(not limitative list) :

Social indicators monitoring progress will be available at country and European level to help the implementation:

- Percentage of employees attending an annual professional developement discussion (PDD)

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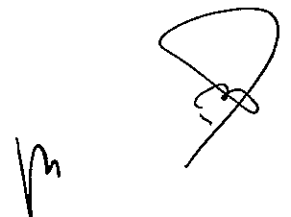
- Average hours of training per employee, per year
- Total number of employees trained per year
- Number of employees who did not benefit from a meaningful training during three years

- Total number of career corners created
- Total number of learning advisors (and qualitative description of their activities)
- Total number of apprentices per year (percentage of the total headcount)
- Number of internal mobilities (professional and geographical, national and international) per year
- Number of employees welcomed by a Buddy per year
- Number of employees participating in the program 'From student to professional' per year

- Indicators of men/women equality, for career and recruitment (see above)

J3 - Scope and validity of the European Agreement

1. This agreement applies to companies that fall within the scope of the Thales' European Work Council, as detailed in Annex 1 of the Thales Group EWC agreement.

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However, certain actions forecast in the agreement only make sense if the country has reached a certain critical size (e.g. inter-entity mobility). In other countries (such as Norway, Switzerland, Portugal or Austria), only the relevant actions will be implemented.. The provisions of this European agreement cannot supersede local laws, statutory provisions, agreements or practices in force in the European entity of Thales group which are more favourable for employees. The actual implementation of the agreement requires coordination between the Group level and the national entities. The Parties agree on the need to achieve good level of communication between national and European bodies.

2. The social partners of each country in the parameter of the European committee shall implement the present agreement at the relevant level with a view to ensuring its effective local application in respect of local regulations.
3. The signatory parties agree that it is the English text that is official authorised version.

The text shall be translated into all the languages of the countries represented on the European Committee.

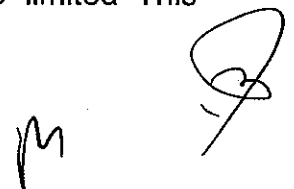
4. Interpretation and disputes:

The parties agree that any disagreement over its interpretation or implementation, shall be referred to the monitoring group.

The EMF and the General Management shall attempt to reach an amicable resolution of these disagreements within a reasonable period of time and in a spirit of cooperation.

5. Final Provisions

The parties agree that the provisions of this agreement shall take effect from the date of its signature. The validity of this agreement is not time limited This

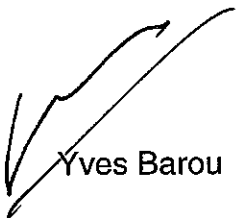


agreement may be denounced by each signatory party giving written notice of three months.

The signatories may jointly propose the revision of any part of this agreement, or of the entire agreement. The proposed revisions shall replace the previous text as soon as they receive the agreement of Management and the EMF.

Done at Paris , on June 11th 2009

For Thales Group

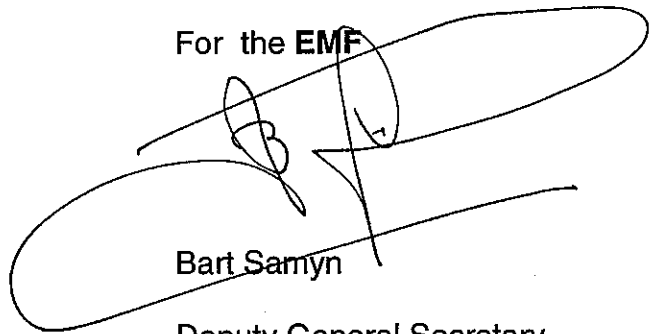


Yves Barou

Senior Vice President,

Human ressources

For the EMF



Bart Samyn

Deputy General Secretary