

European Collective Agreement

**A Transparent annual Activity Discussion for mutual Listening
and developing professional Knowledge (TALK)**



June 2010

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I. Introduction

Social dialogue within Thales Group, at both the level of trade unions and employee representatives, is part of a tradition of transparency. The annual activity discussion, an opportune meeting for an exchange between manager and employees, plays an important role in this process, in which there is a common interest for both parties to carry out together an evaluation of the previous year and identify any possible areas of improvement and set the major objectives for the year to come.

Considering the importance of such a discussion the unions and the employee representatives as well as the management, through the negotiation, wanted to create a clear framework and comprehensive points of reference to facilitate a real and lasting improvement, both on an individual and collective level. More precisely, the signatories wish to define the fundamental principles ensuring that the Annual Activity Discussion is realised in a socially responsible atmosphere of mutual respect and listening.

II. Principles of the Annual Activity Discussion at Thales

Creating a European Framework

This agreement has the aim to create an European framework for the Annual Activity Discussion at Thales. The AAD process and its results are at any point transparent to the employees.

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 a good level of communication between national and European bodies.

Aim of the AAD

- The AAD applies to all Thales employees including management.
- The collective process of work is and must remain fundamentally a human process during the annual interview.
This implies, first of all, that every Annual Activity Discussion must be conducted on a face-to-face basis.
Mutual listening is indispensable here and must lead to progress to a much greater extent than two monologues.
Each person has to have the opportunity to follow the process in his or her mother language.

This also requires the two parties involved to consider this discussion as the focal point of an ongoing dialogue and an opportunity to clearly spell out the manager's and the employee's point of view even though they might have already been expressed on a daily basis.

- In the framework of the management prerogatives, this dialogue may reveal areas for improvement and corrective actions. These actions must contain an individual dimension, which could take the form of training, tutoring, coaching or teamwork, among other possibilities. Management of Thales engages itself to the largest possible transparency in evaluating these individual actions. In parallel, the collective dimension of these actions will be systematically examined in order to make collective progress possible. This can manifest itself in a better work organization, a better fit between objectives and resources and more effective cooperation. For both the individual and collective dimensions, everyone will be encouraged to learn lessons from the past. For each person, these should manifest themselves into objectives for improvement which the manager undertakes to support and facilitate.
- The goal is here to improve the real work of each employee and each team, in order to increase over time the contribution of each employee to this team and of each team to Thales.

There are 2 approaches here which are of equal importance:

- The collective approach, resulting from team work, taking advantage of experience and cooperation
- The individual approach, focused on mastering one's job

It is the manager's responsibility to ensure consistency between those two approaches.

- The discussion aims at a balanced appraisal that accounts not only for last year's objectives, but also looks at an employee's overall mastering of the job over time.
- The goal is to measure not only the annual contribution of each employee but also his / her professional knowledge, that is to say the level of mastering the job. It is therefore deliberately guided towards sustainable results as well as professional development for each person.

Preparation of the AAD meeting and the description of the process

The signing parties agree that the AAD at Thales is an ongoing process. As such the good preparation of the AAD is a part of this agreement also. The phase of the preparation of the annual meeting like this helps to create an open atmosphere and avoids one way communication.

The Annual Activity Discussion is a complement to the professional development discussion and is the individual stage of a process which aims to be collective. It is very opportune moment to review and recognize accomplishments during the year, while at the same time identify objectives for the year to come along with the means and resources to be used.

The annual cycle is organized around the following stages:

- The establishment of the annual major collective objectives of the team as well as the roles within the team, is the first step. These main objectives could be adjusted following dialogue within the team during the year. A collective evaluation of work organization and of work objectives is carried out during a team meeting.

- Individual objectives are then set during the discussion of objective phase of the Annual Activity Discussion (along with a re-examination of permanent responsibilities) with the aim as far as possible to reach consensus. An employee has the right to know what role he or she plays and what means he or she has to achieve this, as well as the corresponding key planned criteria driving the evaluation.
- The objectives have to be updated and evaluated on a regular basis.
- As the AAD is a part of an ongoing process, the individual self-evaluation has also to be part of this continuous process from which improvement, advice and guidance can be established. This self-evaluation, which creates a basis for the dialogue, will be available at the latest, at the beginning of the discussion.
- Careful and structured action, in compliance with Group policies, has to be preventively taken if a negative individual evaluation is about to take place.
- Since it creates long-term perspectives for each employee including an adequate career path, the AAD could also be seen as a preparation of the Professional Development Discussion.
- Self-evaluation, like the written analysis carried out by the manager on each employee, is accessible with transparency and confidentiality for each party.
- Part of the evaluation of the management performance is based on the handling of this process with particular attention to the quality.

The AAD and the national collective wage systems

National /regional / local or other collective wage systems will be respected and nationally existing agreements, – specifically collective increases, which will be continued, will not be impacted by this agreement.

Appeal Procedure

A necessary part of the AAD process is the creation of an atmosphere of trust. Nevertheless disagreements about the results or the process can occur. In order to solve disagreements that might occur, an appeal procedure will be established without changing or replacing nationally existing procedures. This yearly procedure is organized as follows:

- The parties try to solve the disagreement by meeting a second time.
- If they cannot settle their disagreement, there can be a third meeting where each of them has the right to bring a person of his or her choice.
- Potential remaining disagreement, could be, if needed, transmitted by the employee to the HR Generalist to be recorded.

Wherever appeal procedures in the concerned countries exist (for instance in the Netherlands, the UK, Germany), we invite the social partners of these countries to bring it to the attention of the European level in order to create a database of good practices.

Alarm Process in case of significative drifts to the framework

Significative drifts to the framework may create concern to employees. Therefore there will be an alarm system implemented without replacing already established processes, with the following rules:

- In every country the social partners will discuss how this alarm process will be implemented. This will be evaluated regularly.
- The national systems will be gathered in a European database of good practices.
- As needed, and presented to, and discussed by the National Anticipation Commission, an audit could be conducted to analyse the AAD campaign.
- The signing parties of this agreement will follow these developments on a yearly basis.

Job Description

Each employee has the right to know what he/she has to do, to have a clear description of how he/she could be able to master the job. In order to clarify each employee's role two actions will be completed:

- Generic job description will be defined and discussed with the National Anticipation Commission or appropriate body and made available in the Thales reference system
- Within this framework and as needed, permanent responsibilities will be previewed during the Annual Activity Discussion, made available for the team, and specifically reviewed during the annual activity discussion

Training

There will be mandatory e-learning modules for managers to help them fulfill their roles. Additionally every employee has the right to be trained in order to prepare the discussion in the most effective manner. Thales University will propose face-to-face training held by HR as well as e-learning sessions.

The training guidelines of the agreement IDEA will co-exist with already existing national agreements.

Joint follow up of the agreement

Parties to this agreement agree on the necessity to ensure a regular joint monitoring and follow up of the implementation of the principles foreseen in the agreement in the countries.

Each year a report will be issued and presented to National Anticipation Commission to measure the improvements in the realisation of the AAD process.

This report will notably be composed of the number of trainings realised per year, the number of annual activity discussions per year and their quality (documentation) and the number of appeal procedure.

As a consequence, potential correction or improvement actions could be discussed.

- Exchange of good practices in the framework of a collective continuous improvement:
Benefiting from the positive experience of the European agreement "IDEA", the parties to the current European agreement want to share the good practices and the best experiences identified in the European countries concerning the following topics:
 - tools, processes and examples of communication in preparation of AAD
 - successful training on AAD

III. Scope and validity of the European Agreement

1. This agreement applies to companies that fall within the scope of the Thales' European Works Council, as detailed in Annex 1, which is only for information and could be automatically enlarged when a new company enters the Group in a Country already covered by the agreement.
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 a good level of communication between national and European bodies.
2. The social partners of each country, in the perimeter of the European Work Council, shall implement the present agreement at the relevant level with a view to ensuring its effective local application in respect of local regulations. The way and means to implement this European Agreement, on some specific points like training, job descriptions, or appeal process, may require if needed, at the specific request of National Trade Unions or company management, a specific country addendum.
3. The signatory parties agree that it is the English text that is the 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 European Anticipation Commission.
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.

Signed, July 6, 2010 in Hengelo, the Netherlands

For Thales Groep

For the Central Works Council

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Director Human Resources

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J.H.E. Soepenber
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Assigned member "FNV Bondgenoten"

Signed, - - 2010, Hengelo, the Netherlands

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