



GLOBAL COMPACT Good practices 2017 (Financial Year 2016)

Dassault Aviation is among the major players in the global civil and military aircraft industry.

A reasonably sized and financially secure private international group, with a presence in more than 70 countries across 5 continents, Dassault Aviation has been profitable ever since its creation in 1936.

Structured to adapt its production to market cycles, Dassault Aviation encompasses a rich industrial network of high-tech companies in France, Europe, and many countries worldwide.

In order to achieve its objectives in a highly competitive and increasingly global economy, Dassault Aviation builds on strong values, a clear identity and strict ethical standards.

Its values are customer spirit, human qualities, technological excellence and innovation, economic performance, openness to the world, environmental protection measures.

Commitment

Dassault Aviation joined the UN Global Compact initiative in 2003.

The Group, whose Chairman and Chief Executive Officer is Mr Eric Trappier, supports the ten principles relating to human rights, labour standards, environmental protection and the fight against corruption. It is through this commitment that Dassault Aviation has progressively incorporated the Global Compact principles into its strategy, culture and daily operations.

The following 'Good Practices' document illustrates a few actions undertaken by the company as a commitment to the Global Compact.

Dassault Aviation renews its commitment to the Global Compact for 2016.

The CEO , Mr Eric Trappier :

A handwritten signature in blue ink, appearing to be "E. Trappier", with a horizontal line underneath.

Human rights (principles 1 &2)

Dassault Aviation is committed to the respect of Human Rights as stated in Principle 1 and 2 of the Global Compact, whether in France where Dassault Aviation designs and manufactures aircraft or in the United States where the company makes the completion of some of its business jets.

Dassault Aviation is also watchful regarding its suppliers which are mostly located in industrialised countries.

Labour (principles 3-6)

A number of measures taken in 2016 are illustrative of a strong and steady orientation in favour of social progress and equality at work (principles 3 and 6). They also belong to Principle 1 (human rights) of the Global Compact.

In order to improve sex equality in an industrial sector that has only still 17,22 % (16,85% in 2014) of women employees, Dassault Aviation had set a target for hiring women at 20% for non-management and 25% for management level employees. In 2016, these hires accounted for over 38,71% for non-executives and 26,17% for executives. In addition, on 16 December 2014, the company signed a new agreement with all union representatives for promoting women's employment for 2015-2016-2017.

Dassault Aviation has also encouraged its female employees to join two major in-house management and leadership training programs ("Dassault Management" and "Dassault Leader") to increase the number of female employees in the management pool.

Dassault Aviation is a founding member of the association "elles bougent" (Moving Up) which helps women discover engineering and technical careers. Over 54 female employees of Dassault Aviation are sponsoring this association and provide mentoring to female school and university students. In 2016, the Company has established a network of men and women to act ambassadors to promote our technical careers among female students. This network strengthens the parallel actions of the association "elles bougent". (for more explanations see annual report pages 69)

Regarding handicapped employees, Dassault Aviation has signed on 17 June 2014 a new agreement (for 2015-2016-2017) with union representatives for promoting the employment of handicapped persons, including hire policy, adaptation of working conditions (post / time), allowance for vacation days gift to parents with seriously ill

children. Dassault Aviation raised the share of handicapped employees from 7,5% in 2010 to 8,32 % in 2016(6,3% plus majoration for employment retention). In France, the minimum share of handicapped employees in the workforce has been fixed by law at 6% but the effective rate is closer to 4% which make Dassault Aviation among the most dedicated to the employment of handicapped persons. This pro-active policy is supported by a strongly mobilized internal network comprising coordinators, leading committees, local oversight commissions and a specific budget. (for more explanations about diversity , see annual report pages 70 , 71)

In addition, Dassault Aviation is a founding member of HANVOL, a non-profit organisation helping the training and employment of handicapped persons in the aircraft industry

For Dassault Aviation policy about employee relations, see annual report pages 68, 69

For Dassault Aviation good practices relating to health and safety at work (occupational risk prevention, workplace conditions, ergonomic improvements in all relevant sectors) see annual reports pages 71, 72.

For further information, please follow these links

<https://www.dassault-aviation.com/en/group/finance/publications/>

<https://www.dassault-aviation.com/en/group/about-us/>

<https://www.dassault-aviation.com/en/group/careers/>

Environment (principles 7-9)

In 2016, Dassault Aviation has taken several environmental steps related to Principles 7, 8 and 9 of the Global Compact.

For several years, Dassault Aviation has gradually developed an environmental policy and an organizational structure that helped reinforce environmental considerations at all its sites.

Dassault Aviation is developing "green aviation":

We are funding our own research into "Future Falcons" based on innovative technologies such as integrated systems, advanced composites and aerodynamics.

We are also participating in major European research programs. As member of the Clean Sky program since 2007, we are part of the Smart Fixed Wing Aircraft (SFWA) and Ecodesign Integrated Technology Demonstrators (ITD). In the follow-on program Clean Sky 2, whose ambitious research will continue through 2022, we are contributing to the development of the future aircraft configuration, in particular as coordinator of the aerostructures facet.

With the follow-on Clean Sky 2 program, we are developing a second generation of materials and manufacturing, maintenance and recycling technologies that will

further reduce environmental impact. (for more explanations see annual report, page 29).

Through the Hycarus project, we are participating in research on aviation applications for fuel cells. By the end of 2017, a demonstrator will be flight tested.

Dassault Aviation is also working to reduce the environmental impact of aircraft through involvement in several projects via CORAC platform:

- for the development of the “more electric” aircraft (GENOME project)
- for the development of biocide coatings without Chrome VI (RING project).

Dassault Aviation subscribed to the objectives dedicated to environmental protection defined by the Advisory Council for Aeronautics Research in Europe (ACARE), i.e.:

- 50% reduction of noise levels on the ground,
- 50% reduction of CO2 emissions
- 80%reduction of NOx emissions
- reducing the environmental impact created by the production and withdrawal from service of aircraft.

Based on these objectives, Dassault Aviation has defined an “Eco –approach 2021 “plan grounded on two key points: eco-design (green aircraft) and eco-production (green manufacturing)

In 2005, Dassault Aviation production sites obtained the ISO 14001 certification. In 2007, the whole company processes were certified. And in 2009, Dassault Aviation obtained integrated quality and environmental management ISO certification.

Hence, Dassault Aviation has already achieved major actions in favour of the environment, as illustrated in its 2016 Environmental Report, and keeps a highly responsible environmental policy

Improving the higher level is now the order of the day, with the following actions undertaken in 2016:

- continuation plan of setting up a central management to enhance energy consumption and identify axes of progress based on the results of energy audits on all Parent Company sites in 2015 (action plan for 2016-2018 to reduce the carbon footprint),
- plans for “greening” industrial processes to substitute the most environmentally impacting processes by friendlier ones such as chemical machining or surface treatments,
- optimisation of power consumption: lighting(LED) heating pump, IT work-station compressed air , installation of heaters, etc,
- thermal insulation and building phonics,
- replacement of refrigerant R22 air conditioners,

- along with new construction, actions to promote biodiversity by the Merignac site as an environmental offset: reforestation, restoration of wetlands and habitat of protected species (butterfly, amphibian, orchid),
- water consumption (plastic micro-bead washing machines) decrease,
- reduction of industrial processes through oiling cabins , VOC-free paint gun washers , perchloroethylene-free washing machines, replacement of chemical machining by mechanical machining and reduction of use of methyl ethyl ketone,
- 36% reduction in VOC emissions/production time compared to 2012,
- development of new technologies, which involves replacing metal parts with composite parts and developing new processes such as direct manufacturing , which consumes less raw material (for more explanations see annual report pages 75, 76, 77).

Over the last fifteen years, the mitigation and preservation plans for environmental impact have obtained results such as 28% decrease in overall energy consumption. The recycling rate for waste has been over barely 80% in 2016.

In its General terms of purchase, the Company recommends to its suppliers to respect the 10 principles of the Global Compact and to obtain ISO 14001 certification. Dassault Aviation helps its main suppliers to improve environmental awareness through conducting on-site environmental audits.

Compliance with the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) European Union Regulation has again been a priority in 2016. Based on transparency and precaution, REACH is to improve the protection of human health and the environment through the better and earlier identification of the intrinsic properties of chemical substances. It also calls for the progressive substitution of the most dangerous chemicals when suitable alternatives have been identified.

Since 2012, actions for substituting substances of concern (substitution plans for chromates, cadmium and lead) and for reducing chemical risks were reinforced, particularly with regard to the processes using hexavalent chromium-based mixtures. This five-year plan has continued in 2016. Since 2013, for instance, we have replaced, or are in the process of replacing 307 products.

Dassault Aviation is also one of the founder members of the IAEG (International Aerospace Environmental Group) created in 2011. IAEG is a non-profit corporation comprised of a global group of aerospace companies, established to facilitate harmonization of compliance amongst aerospace companies and their supply chains with the existing and emerging laws and regulations protecting human health and the environment. IAEG will achieve that by promoting the development of voluntary consensus standards published by an independent standards organization harmonizing environmental requirements applicable to aerospace companies. IAEG

aims to address such issues as chemical material declarations and reporting requirements, greenhouse gas reporting and management, and to create a forum for dialog and information exchange on industry optional approaches for implementation of environmental requirements.

In 2016, the main lines of work of the IAEG were focused on :

- Standardisation of all chemicals throughout the supply chain
- Determination of which chemical substances to be substituted as a priority
- Greenhouse Gas inventories
- Standardisation of REACH authorisation process,
- Standardisation of suppliers' environmental evaluation
- ISO 14001:2015 Implementation Guide
- Reach Registration 2018.

For further information, please follow these links

<https://www.dassault-aviation.com/en/group/finance/publications/>

<https://www.dassault-aviation.com/en/group/about-us/environmental-responsibility/>

Anti-corruption (principles10)

Dassault Aviation follows a proactive policy against corruption. This is in compliance with the French law which, ever since 2000, has enacted and applied stringently numerous international conventions under the OECD, the UN and the European Union against foreign corruption practices.

The Dassault Aviation policy is stated in its Chart of Ethics and is in accordance with Principle 10 of the Global Compact.

For many years, the Company has implemented strict internal procedures to prevent corruption and ensure the integrity, ethics and reputation. (For more explanations, see annual reports page 82).

In order to promote business ethics, Dassault Aviation has initiated within the AeroSpace and Defence Industries Association of Europe, ASD, a committee in charge of elaborating European business ethics standards. These "Common Industry Standards" have been approved by the Council of the ASD then chaired by Dassault Aviation CEO Charles Edelstenne and signed by Dassault Aviation.

Within GIFAS, the French aerospace industries association, Dassault Aviation contributes to good governance standards through several committees.

In 2012, Dassault Aviation joined the international Forum of Business Ethical Conduct (IFBEC).

The purpose of IFBEC is to:

- promote and foster through “the Global Principles“, the development of global, industry-wide ethical standards for the companies that are active in the aerospace and defense business sector.
- organize opportunities for industry and relevant stakeholders to exchange information and best practices concerning ethical business challenges, practices and opportunities worldwide.

The IFBEC organized its 7th international conference in London UK (15-16 November 2016) in association with the Aerospace and Defense Industries Association of Europe (ASD) and the Aerospace Industries of America (AIA). The purpose of this conference was to share best practices and interact with representatives from various industry stakeholders such as NATO, SFO, the Basel Institute of Governance and OECD.

The IFBEC has published in 2014 a “Public Accountability Report”. This Report provides both members and non-members with data on IFBEC members compliance with “the Global Principles” and best practices that align with “The Global Principles “.

For more information, please click here: www.ifbec.info

Dassault Aviation participated in building up the Global Principles or shared ethics principles between European and American industry professionals, which is under ratification.

For the Dassault Aviation values, ethics, reports, please click:
<https://www.dassault-aviation.com>

Attached documents:

-2016 annual report

-Dassault Aviation Ethical Charter