Thales position on Conflict Minerals
Context

By introducing an obligation of disclosure, the Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act aims at deterring — through increased transparency of companies’ sourcing practices — the human rights violations coming from exploitation and trade of certain minerals in the Democratic Republic of the Congo (DRC) and neighbouring countries.

This legislation requires the US quoted companies to determine whether their products contain minerals coming from conflict area, and when applicable, perform due diligence of their supply chain. Conflict Minerals currently are Tantalum, Tin, Tungsten, Gold and/or their derivatives (3TG).

Similarly, in 2017, the European Union adopted its own regulation concerning Conflict Minerals, Regulation 2017/821 of the European Parliament and of the Council of 17 May 2017. The regulation, entered into force on 1 January 2021, lays down supply chain due diligence obligations for Union importers of tin, tantalum and tungsten, their ores, and gold originating from conflict-affected and high-risk areas, according to the OECD Guidance” “Due Diligence Guidance for Responsible Supply Chains from Conflict-Affected and High-Risk Areas”. The European regulation does not impose any obligations upon “Downstream Users” of Conflict minerals, unless they also happen to be importing Conflict Minerals into the EU above threshold reported in the Annex I of the Regulation.

A responsible Supply Chain

Thales requires its suppliers around the world to adhere to its corporate responsibility approach by signing an Integrity & Corporate Responsibility Charter that requires them to uphold the principles of Thales’s Code of Ethics, the principles of the United Nations Global Compact and of the International Labour Organization.

By signing the Charter, Thales suppliers and partners commit to comply with applicable laws and regulations regarding sourcing of minerals such as 3TG from conflict areas. They should exercise, as may be directed by law or regulation, due diligence on the source and chain of custody of these minerals and therefore at a minimum require the same from their next tier Suppliers and Partners.

As a key player in Aerospace, Transport, Defence and Security, Thales works with thousands of companies that supply various types of products, from commercial-off-the-shelf (COTS) components, specific components, sub-assemblies, assemblies or systems, that may contain 3TG.

Thales is not subject to section 1502 of the US Dodd- Frank Act since it is not listed on the US financial market. Similarly, according to the European regulation, Thales is generally “downstream user” and thus does not have a direct relationship with Conflict Minerals smelters and refiners. In this respect, Thales commits to make its due diligence more transparent.

It is why, in addition to specific requirements regarding “Conflict minerals” flown down to its Supply Chains, Thales regularly surveys its suppliers, using the “Conflict Minerals Reporting Template” (CMRT) developed by “Responsible Minerals Initiative” (RMI), requesting them to identify smelters/refiners and countries of origin of the 3TG.

Moreover, for the few very specific needs and applications where Thales may directly buy 3TG metals from refiners located outside of Europe, a dedicated process is developed and continuously reviewed by Thales Group Procurement, to identify suppliers of 3TG metals and to ensure they are part of the “Conformant refiners list”, indicating that they are conformant to Responsible Minerals Assurance Process (RMAP) requirements, as defined by “Responsible Minerals Initiative” and available on its website.