

Gender Pay Gap UK Report 2020/2021



INTRODUCTION

Around one fifth of our Thales in the UK workforce are women, and whilst we continue striving to improve that gender balance, we also recognise the importance of supporting the women that have already chosen to be part of our organisation.

We know it will take time to improve gender diversity, given our long history of operating in male dominated sectors, but we firmly believe that meaningful change will come, in both Thales and the wider environment in which we operate. We don't, however, underestimate the importance of providing internal opportunities for progression, or developing policies and ways of working that allow all of our existing employees to thrive. In addition to taking action on the topics that our employees tell us matter to them, this year sees the launch of our Be You, With Us inclusion strategy, specifically designed to create new communication channels for dialogue across the business, and drive positive change.

Having analysed and reported on our gender pay gap for several years now, we've learned that the importance placed both on encouraging women to join us, and then stay with us, may not improve our gender pay statistics in the short term.

However, that doesn't change my resolve, or that of my colleagues, to do the right thing for our people both today and in the future.

Lynne Watson, VP HR



"Across the board, the defence, civil, engineering and technology sectors need to do more to attract women into STEM careers. We need to retain and enable them to reach their full potential, which in turn will support the goal of improving representation at all levels of the organisation."

"In support of our ambitions, on International Women's Day this year we've launched Thales in the UK's nationwide network, We in Thales (WiTH). The aim of the network will be to empower and engage our people to increase gender diversity within Thales in the UK, grounded in the values of commitment, open-mindedness and authenticity and involving all genders with our One Team, One Thales ethos that promotes solidarity and cooperation at every level."

"At Thales in the UK, we believe that a diverse and inclusive workforce is more collaborative, innovative and better at solving our customers' complex problems. Our aspiration is to provide a genuinely respectful and inclusive environment for all of our employees that embraces differences and allows everyone to be their best and authentic self."

"It is a business priority for Thales in the UK to increase the number of women in our organisation, including those in senior management positions, so that we can better reflect the wider society in which we operate."

"I'm proud to be an engineer by trade and I know what a fantastic career it can be. I'm determined that Thales in the UK will be a place where everyone can see themselves working as part of a successful and inclusive team."

"At Thales in the UK, we #ChooseToChallenge stereotypes that women cannot thrive in our sector and I look forward to our new network supporting colleagues in delivering that ambition."

Statement by the CEO and Chairman of Thales UK, Alex Cresswell



THE GENDER PAY GAP AND EQUAL PAY

It's important to remember that the gender pay gap is different to equal pay.

Equal pay is the right for women and men to be paid the same for doing the same or comparable work, and has been a part of UK law since the 1970s.

The gender pay gap is a calculation measuring the mean (average) and median (middle point) difference between the earnings of all men and women in an organisation. It includes the whole workforce from most junior to most senior, and takes no account of whether people perform the same or comparable work.

Having a gender pay gap does not mean that men and women at Thales aren't receiving equal pay



THALES IN THE UK OVERALL RESULTS

ADMINISTRATIVE NOTE

This overview covers two reporting periods, as defined in the Gender Pay legislation – 2020/21 and 2021/22. Although the requirement to report for the 2019/20 period was cancelled as a result of the Covid-19 pandemic, we published this voluntarily in August 2020. The information that follows refers to Thales in the UK, overall, while the individual legal entities that we’re required to report on separately are included at the end.

PAY GAP

The mean and median pay gaps for Thales in the UK have both reduced since 2019 and have been more or less maintained between 2020 and 2021 – with only the median pay gap showing a very slight increase from 15.2% to 15.5%. Our statistics for 2020 include the DIS (Digital, Identity & Security) businesses for the first time, previously reported under the Gemalto name. This, along with other natural workforce evolutions, accounts for the yearly changes in the pay gap percentages while the existence of our pay gap in the first place continues to be rooted in our demographic profile.

The number of female employees has increased in real terms by over 6% since our first gender pay report but, like many of our peers, still only around 22% of the total workforce is female. Behind that headline figure, we also know that when looking at more senior roles – women account for only around 15% of the population. By contrast, this increases to around 30% when looking at the more junior population. Whilst we remain committed to improving our gender balance, we know it’s going to take time to achieve real change, and possibly even longer until that change is reflected in our statistics. Women continue to be under-represented in our organisation, particularly in senior roles. This is partly due to the demographics of the sectors in which we work, which mean there are currently less women than men, especially at a senior level, who have the skills and experience to fill some of the roles we recruit for.

	2019	2020	2021
Mean	14.9%	13.9%	13.9%
Median	16.7%	15.2%	15.5%

BONUS GAP

The mean bonus gap has also reduced since 2019 and has generally been fairly stable at around the 25% mark since reporting began, with an increase to 30% in 2019 and then a decrease back down in 2020 and 2021. Our median pay gap continues to be more changeable. Again, 2020 statistics include the DIS businesses which come with some different legacy bonus arrangements, but despite this – the median bonus gap (and its movement) continues to be driven mainly by a combination of demographics and fluctuation in financial measures used for bonus composition across different business areas. The proportion of our workforce in receipt of bonus remains high, and consistent, for male and female populations.

	2019	2020	2021
Mean	30.3%	25.7%	25.9%
Median	36.2%	63.9%	40.6%

IN RECEIPT OF BONUS

The proportion of our workforce in receipt of bonus remains high, and consistent, for male and female populations.



Note: Thales in the UK: Overall Results on Page [X] include employees in Northern Ireland and in fully owned UK Thales companies with less than 250 employees. Consistent with the regulations, the results shown here do not.



THALES IN THE UK OVERALL RESULTS CONTINUED

PAY QUARTILES

Generally speaking, the proportion of women across all pay quarters has stayed fairly steady – showing a slight increase from 2019 consistent with the slight increase in our female population.

Whilst a significant increase of women in the upper quarter may drive down our pay gap, it will still be influenced by other workforce changes. As we hold firm to our principles of finding the right person for the job, of continuing to encourage women to join Thales at apprentice and graduate level and of continuing to provide opportunities for internal movement and promotion – we must accept that some of these principles will not help to decrease the gap in the short term but remain the right thing to do.

MALE	UPPER	FEMALE
2021: 85%		15%
2020: 84%		16%
2019: 86%		14%
	UPPER MIDDLE	
2021: 82%		18%
2020: 81%		19%
2019: 83%		17%
	LOWER MIDDLE	
2021: 78%		22%
2020: 78%		22%
2019: 79%		21%
	LOWER	
2021: 68%		32%
2020: 67%		33%
2019: 68%		32%

THALES IN THE UK OVERALL RESULTS CONTINUED

We recognise there are less female candidates in the market place in some sectors or for specific roles. As a result we're exploring new ways of increasing our profile to build a pipeline and attract more female candidates – for example sponsoring the Women in Business and Tech Expo in October and maintaining partnerships with external experts such as the Women's Engineering Society, which provides access to best practice industry standards. All of our job adverts are run through a gender decoder to ensure our language is accessible and our Talent Acquisition team is trained to recognise and remove bias in the recruitment process with the aim of increasing the diversity of our shortlists.

As well as action specific to increasing female representation in our workforce, an on-going area of focus for Thales is the positive evolution of our culture and working environments for all. We know that our people have better opportunities to perform at their best and grow their careers when they feel seen, heard and valued.

To make this vision a reality, we've recently announced our Be You, With Us inclusion strategy which is designed to improve and diversify representation in our organisation, increase awareness and understanding of the part we all play in the inclusiveness of our environments, create new communication channels for dialogue across the business and drive positive change.

We've long had inclusion groups at Thales and the introduction of a new Be You, With Us network offers representatives from across the organisation the time and space they need to work collaboratively with the organisation to amplify the voices of minority groups and help to identify priority actions.

As part of this commitment to understand and improve the employee experience, we're working with our people to build new policy positions on things that matter, and we've recently launched policies and awareness materials on fertility treatment support, gender identity and transitioning at work. We'll shortly be introducing our new Equality, Diversity & Inclusion (EDI) policy and placing focus on topics such as menopause, which has been highlighted by Thales people as something they'd like to be discussed more openly.

We've also made a commitment to ensure our people are provided with fantastic opportunities for growth and development. As a result, the mobility of our workforce around the organisation has significantly increased, recently reaching the point where 46% of our roles have been filled by internal candidates. This does mean, though, that the demographic make-up of the organisation is slower to change.

The gender pay gap is one measure of many which tells us primarily about the diversity of our organisation. Clearly, this is extremely important and we're also striving to build a clearer picture of the inclusiveness of the experience, because we believe that creating real inclusion is the most sustainable way to improve the diversity of our organisation, and the sectors we work in. Holding ourselves to account is vital which is why we're working with our people to improve the quality and completeness of our diversity data. Our data set for ethnicity/race is currently less than 60% complete but increasing this will enable us to understand, for example, our position as regards ethnicity and report on any pay gap, and set ourselves goals against which we can hold ourselves to account.

In summary, we're confident that we understand where and what the challenges are to creating a demographically balanced organisation and we know this will take time to resolve. However, we're already making positive strides in the creation of a more inclusive and respectful working environment to enable all our people to flourish. We're not where we'd like to be yet but we commit to keep listening, learning and working, until Be You, With Us is a reality for all.

STATEMENT OF ACCURACY

I can confirm that the data contained in this report is accurate and that the statistics have been calculated in accordance with current legislation.

Alex Cresswell

Chief Executive Officer and Chairman

OUR RESULTS

The Thales organisation in the UK operates as one and so our report reflects that and incorporates all our entities. However, the regulations require us to report separately for each legal entity with more than 250 employees. This is shown here along with the combined results for our transportation business.

THALES UK LTD

	MEAN	
	2020	2021
Pay Gap	12.9%	13.8%
Bonus Gap	36.2%	27.6%
	MEDIAN	
	2020	2021
Pay Gap	15.0%	14.7%
Bonus Gap	68.3%	29.3%

THALES GTS UK LTD,

	MEAN	
	2020	2021
Pay Gap	15.5%	13.3%
Bonus Gap	31.7%	16.0%
	MEDIAN	
	2020	2021
Pay Gap	17.7%	18.3%
Bonus Gap	39.6%	13.0%

THALES GROUND TRANSPORTATION LTD

	MEAN	
	2020	2021
Pay Gap	10.3%	10.4%
Bonus Gap	1.7%	13.9%
	MEDIAN	
	2020	2021
Pay Gap	10.4%	17.4%
Bonus Gap	4.4%	20.0%

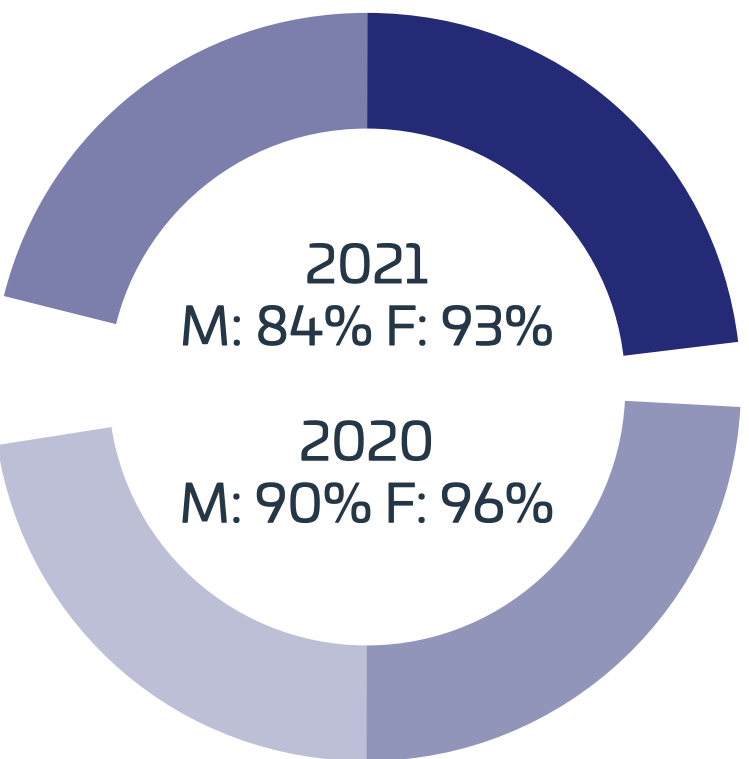
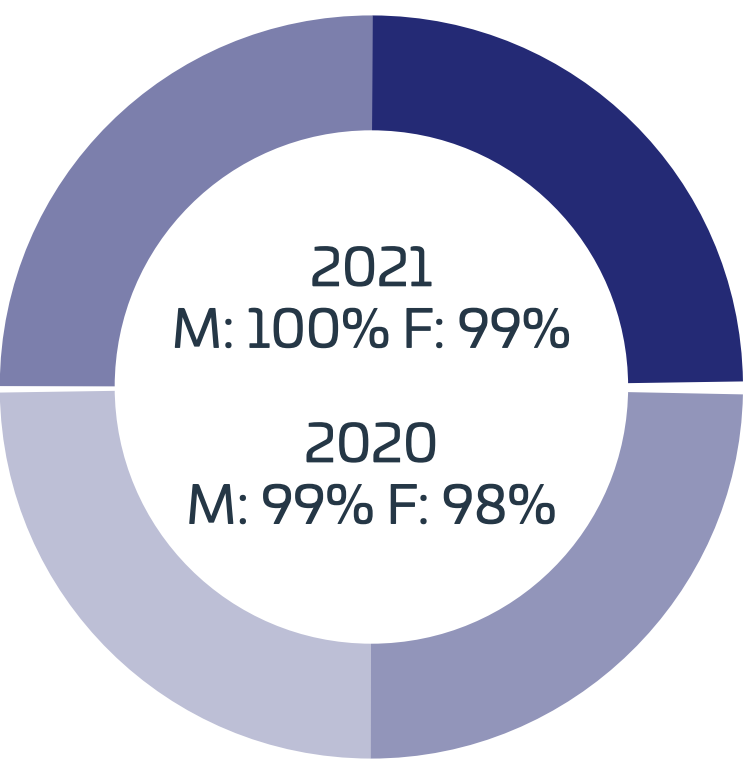
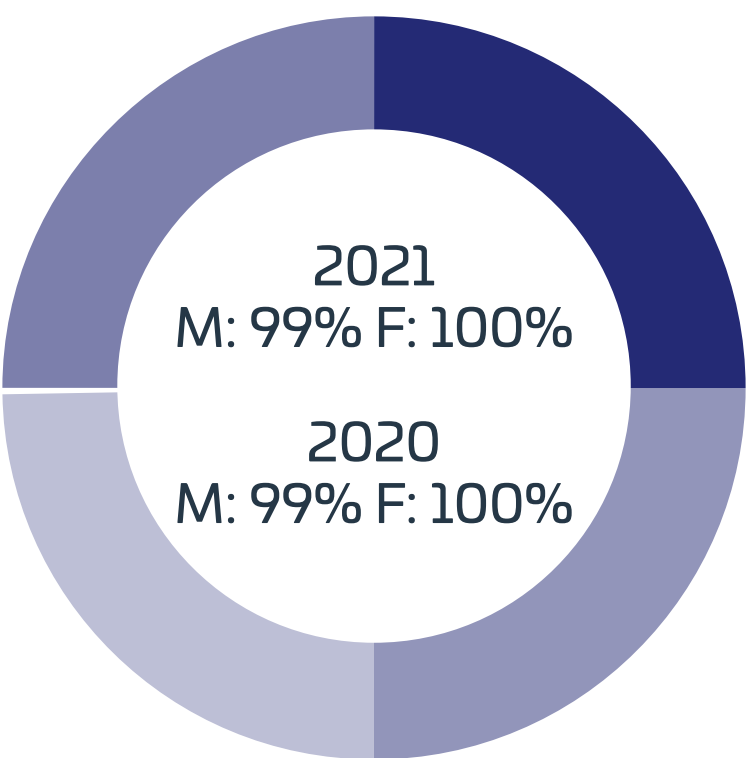
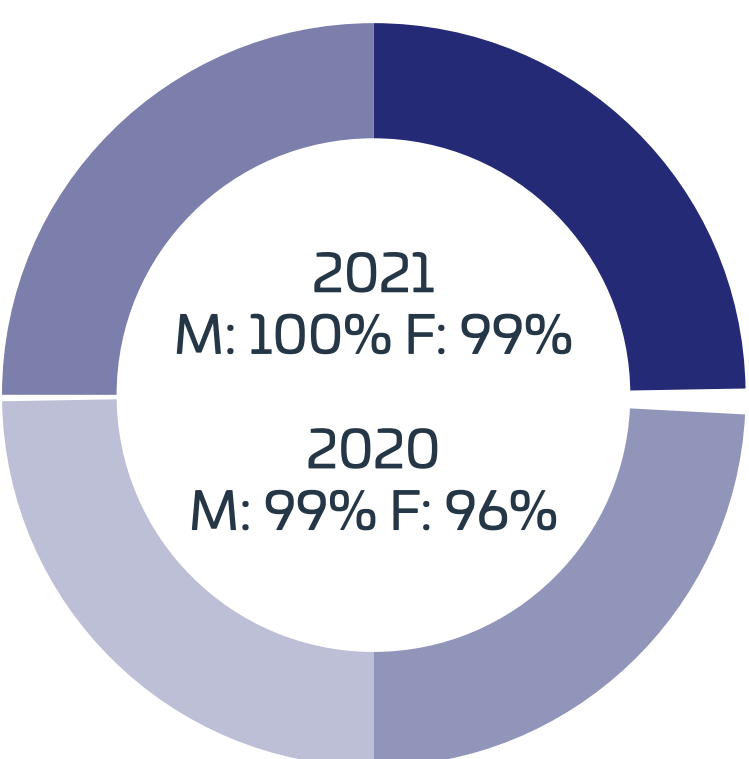
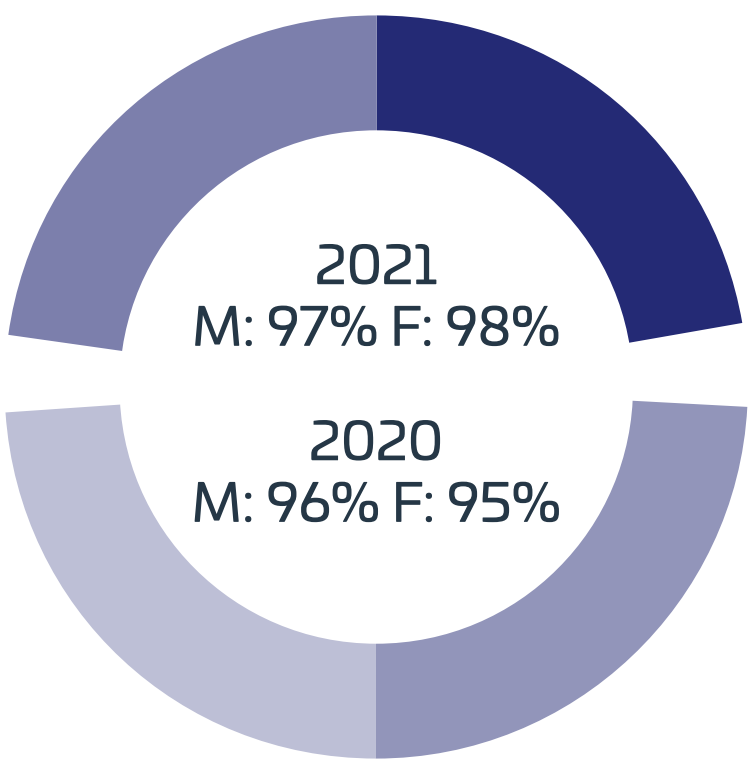
THALES GROUND TRANSPORTATION ENTITIES COMBINED

	MEAN	
	2020	2021
Pay Gap	12.1%	10.9%
Bonus Gap	19.1%	13.2%
	MEDIAN	
	2020	2021
Pay Gap	12.8%	12.2%
Bonus Gap	3.3%	34.3%

THALES DIS UK LTD

	MEAN	
	2020	2021
Pay Gap	29.7%	27.4%
Bonus Gap	50.6%	45%
	MEDIAN	
	2020	2021
Pay Gap	32.4%	29.4%
Bonus Gap	41.1%	38%

IN RECEIPT OF BONUS



PAY QUARTILES

MALE		UPPER	FEMALE
2021:	85%		15%
2020:	84%		16%
		UPPER MIDDLE	
2021:	82%		18%
2020:	82%		18%
		LOWER MIDDLE	
2021:	78%		22%
2020:	78%		22%
		LOWER	
2021:	69%		31%
2020:	66%		34%

MALE		UPPER	FEMALE
2021:	85%		15%
2020:	85%		15%
		UPPER MIDDLE	
2021:	84%		16%
2020:	89%		11%
		LOWER MIDDLE	
2021:	78%		22%
2020:	80%		20%
		LOWER	
2021:	74%		26%
2020:	71%		29%

MALE		UPPER	FEMALE
2021:	87%		13%
2020:	87%		13%
		UPPER MIDDLE	
2021:	95%		5%
2020:	93%		7%
		LOWER MIDDLE	
2021:	86%		14%
2020:	89%		11%
		LOWER	
2021:	77%		23%
2020:	78%		22%

MALE		UPPER	FEMALE
2021:	86 %		14%
2020:	88%		12%
		UPPER MIDDLE	
2021:	87%		13%
2020:	87%		13%
		LOWER MIDDLE	
2021:	86%		14%
2020:	87%		13%
		LOWER	
2021:	74%		26%
2020:	75%		25%

MALE		UPPER	FEMALE
2021:	80%		20%
2020:	81%		19%
		UPPER MIDDLE	
2021:	78%		22%
2020:	71%		29%
		LOWER MIDDLE	
2021:	64%		36%
2020:	54%		46%
		LOWER	
2021:	47%		53%
2020:	47%		53%

Note: Thales in the UK: Overall Results on Page 4 include employees in Northern Ireland and in fully owned UK Thales companies with less than 250 employees. Consistent with the regulations, the results shown here do not.