

The background of the entire page is a vibrant blue with a complex, futuristic design. It features a stylized world map composed of white dotted lines, overlaid with glowing blue lines and circular patterns that suggest a digital or technological theme. In the top left corner, the word "THALES" is written in a bold, white, sans-serif font. Below it, the tagline "Building a future we can all trust" is written in a smaller, white, sans-serif font. On the right side of the image, there is a vertical gradient bar that transitions from a darker blue at the top to a lighter blue at the bottom. The overall aesthetic is modern and high-tech.

THALES

Building a future we can all trust

UK Pay Gap Report 2022

Foreword



At Thales UK we understand how important it is to have a diverse workforce, reflective of the communities we operate in and the customers that we serve. We also recognise that without equity and inclusion, diversity cannot thrive. It is critical to our success that our people feel they are treated with dignity and respect at work, always. We are proud of the efforts we have made to create that diverse, inclusive and equitable workplace where our people can succeed.

At the core of our ambitions is our Equity, Diversity and Inclusion (EDI) strategy (more on page 8). The best way to determine how effective this strategy is, and to hold ourselves to account, is through feedback, measurement and data. This pay gap report is one of the important measures that help us determine whether the actions we're taking are making a difference.

This is the 6th year we have published our gender pay gap, so I now feel confident to say that we are demonstrating a positive downward trend; from 15.8% in 2017 to this year's reported pay gap of 13.2%. This has been delivered through dedicated and focused actions around EDI and will require ongoing sustained commitment to ensure this trend continues. This long-term improvement in our pay gap data gives me confidence that we are taking the right actions and our strategy is the correct one.

I am delighted that for the first time, our report includes our ethnicity pay gap. This year we believe we have enough data to make this statistically meaningful as we now have 85% of our employees declaring their ethnicity. It's encouraging that so many of our employees feel confident in our strategy and comfortable to share this information with us. We are committed to expanding our pay gap report even further; we hope next year to include our disability pay gap and to use the data we have to gain new insights about the intersectionality of our people, for example examining the impact of ethnicity on the gender pay gap.

I'm pleased to share our latest pay gap report with you, to highlight the work we've done to bring our strategy to life and to reveal what we have planned for 2023. We are committed to providing even more data that can help inform the wider defence, civil, engineering and technology sectors and ultimately improve diversity in our industry.

Lynne Watson

VP, Human Resources

EDI Highlights 2022

Jobs posted on D&I focused recruitment platform Vercida

Applications from women 2% above industry average

Applications from people who care for children 7.7% above industry

Sponsorship on the SOLARIS programme

3 Thales employees and 1 external candidate sponsored to date

New EDI strategy published

Published a brand new suite of EDI policies

Published Menopause policy and support

85% of employees have shared their ethnicity with us

Mandatory EDI e-learning rolled out to all employees so far 63% completed

Over 20% of women received a promotion in 2022

Terminology - what exactly is the pay gap?

TERMINOLOGY BUSTING

As part of our commitment to equity, diversity and inclusion (EDI) we aim to be as transparent as possible with our data and we want to ensure that the information we share is accessible to all. If you're unfamiliar with pay gap calculations and what it means, this section aims to provide a simple explanation.

Thales UK employees who haven't shared their gender with us or whose gender is outside the male-female binary were excluded from our pay gap calculations, which only measures the gap between male and female employees.

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

The gender pay gap isn't the same as equal pay. Equal pay is ensuring that any pay difference between two people with the same role is because of a genuine and fair reason, such as experience, skills, or capability, and not for example due to gender, age, or ethnicity.

The gender pay gap is more complex and looks at everyone's pay from the very top earner to the very lowest. The 'gap' is the difference between the pay of all men compared to the pay of all women, taken on a mean and median basis.

For example, if a company has a large percentage of male employees in more senior, higher paid roles and a large percentage of women in more junior, lower paid roles, the pay gap will be wider.

It's important to consider this when interpreting the gender pay gap in STEM (science, technology, engineering and maths) organisations. Many STEM charities and social enterprise organisations, including those that Thales UK partner with, are focused on encouraging young women about to enter the workforce to pursue careers in STEM. This is creating a more equal workplace in terms of demographics, but the pay gap will be wider until these women have time to advance their careers into more senior roles.

We've always felt confident that our approach to pay allows our people to be paid equitably, without influence of gender, ethnicity or other characteristics. In 2021, a comprehensive review of pay across the organisation was completed. Salaries across comparable roles were assessed to ensure that our confidence was backed up by fact and data. This analysis confirmed that there were no concerning trends across the organisation.

There are two ways to measure the gap - mean and the median

If you lined up all the women in the organisation in order of how much they're paid and did the same with all the men, then you took the woman who was standing in the middle of her line, and the man who was in the middle of his line, and compared their pay, this would be the median pay gap.

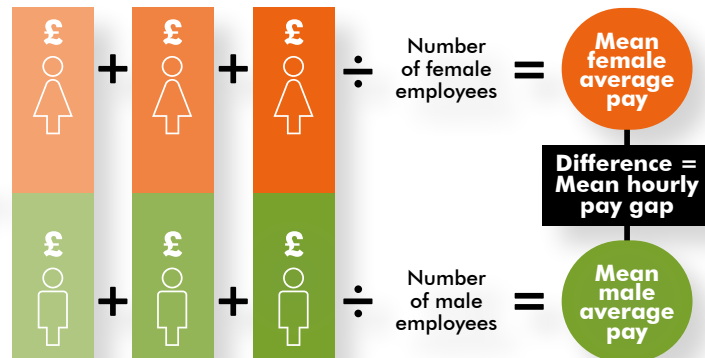
The mean pay gap is calculated by adding together every woman's pay and dividing that number by the number of women in the organisation, then comparing the result to the same calculation for men's pay.

In both cases the 'gap' is the difference between the result for men and the result for women, turned into a percentage.

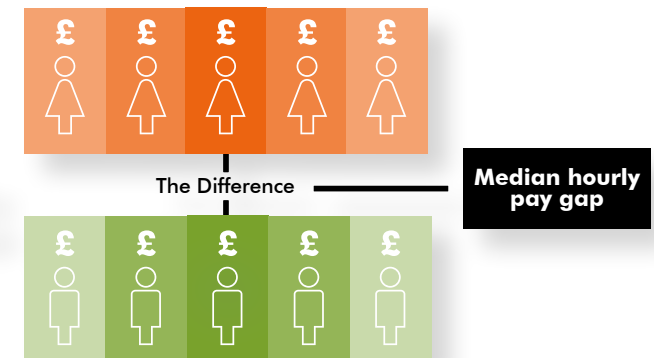
Bonus pay is measured separately

In order to get a complete picture bonus gap is measured separately. Again we look at the mean and median bonus pay gap as well as the percentage of males and females that receive a bonus.

How we calculate the mean gap



How we calculate the median gap



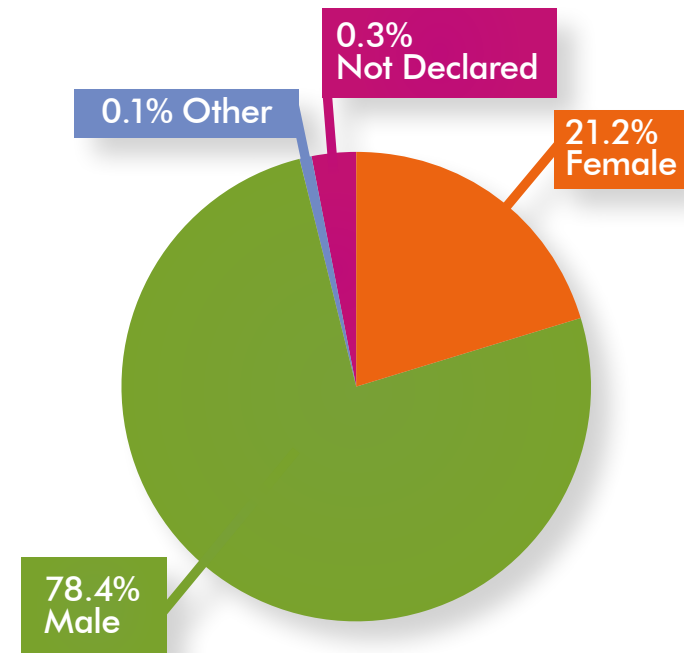
Gender Pay Data

GENDER PAY DATA

The percentage of female employees in Thales UK has decreased slightly since last year from 21.7% to 21.2%. This is disappointing as we are striving to achieve a more representative gender balance. When we released our first gender pay gap report, 20% of our organisation was female, and since then this number has fluctuated between 20-22%. While we're pleased it hasn't gone below 20% we'd like to see a long-term trend of that percentage increasing.

This year the decrease in the percentage of women in the organisation can be seen in both junior and senior roles. In senior roles the actual number of women has remained stable, but there's been an increase in the number of men in senior roles, which means the ratio has changed. The sectors in which we operate mean we need to overcome certain barriers to make improvements happen; when we need to recruit someone for a senior role, there are less women than men across the industry who have the skills and experience we need.

We recognise we that have a responsibility to actively remove these barriers. This year we've partnered with [Code First Girls](#), the largest provider of free coding courses for women and non-binary people in the UK. As a partner company we'll sponsor places on their CFGDegree programme, allowing 10 high potential women or non-binary people who want to pursue a career pathway in data, software, or full-stack to achieve their goals. Our Internal First Talent Acquisition Team ensure all Thales UK employees have the opportunity to apply for and progress into senior roles within the business. In last year's pay gap report, we shared that the mobility of our people had significantly increased to the point where 46% of our roles were filled internally; in 2022 this rose to 54%.



Gender Pay Gap

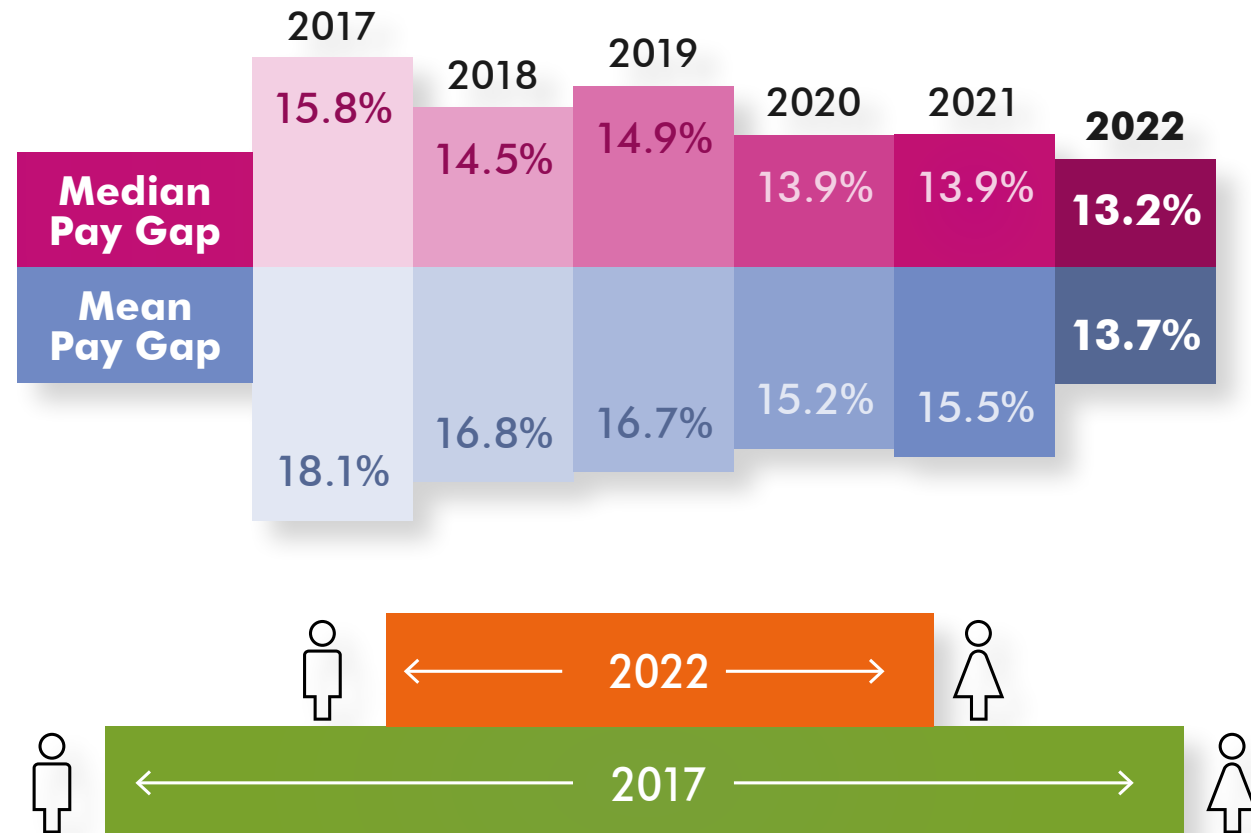
It's disappointing to see any pay gap but we have to remain realistic and accept that we'll continue to have a gender pay gap for a number of years because our demographic profile is so unbalanced. This is reflected across most of our functions and is further exacerbated by a lower proportion of female employees in more senior roles.

The greatest influence on our demographic profile is the external market. Thales UK is growing, and we've predicted 1,050 vacancies for 2023. For many of our roles, presenting gender-balanced shortlists to hiring managers isn't achievable.

The specialist nature of some of the work we do means we need to bring in people with relevant skills and experience, and with less women in the engineering industry as a whole, the female talent pool available to us can be limited.

We're determined to reduce the pay gap but we know it's going to take time to achieve real change, and possibly even longer until that change is reflected in our statistics. Ensuring that our culture and our policies create a positive environment where women can thrive won't close the pay gap immediately, but we're convinced that looking after all our employees today will ensure a more diverse workforce in the years to come. Some actions we take might actually increase our pay gap in the short term, for example increasing the number of women hired into junior roles. We're pleased this report shows our gender pay gap is decreasing over time and we're confident this will continue.

GENDER PAY DATA



Bonus Pay Gap

Each year, the majority of our employees, both male and female, receive a bonus. In any calculation, the mean value is easily affected by some outliers in the data; in this case some very high or very low bonuses have led to our mean bonus gap reducing significantly. The median bonus gap continues to fluctuate as it has in previous years.

The way our bonus scheme is structured leads to these increases and decreases each year. It could be influenced by, for example, the financial results of the organisation, the distribution of men and women across the different business lines, and eligibility for bonus schemes. Eligibility is linked to level of responsibility so the gap is therefore impacted by the lower proportion of female employees at senior level.

Pay Quarters

The proportion of women in each pay quarter changes little year on year, but over time progress is being made; in particular in the upper quarter, where 15% of our people are women compared to 12% when we first reported this data. These percentages are mainly driven by the natural movement of employees in and out of the organisation as well as moving through the quarters as they progress in their careers. Some of this is due to targeted interventions such as increasing recruitment of female graduates and apprentices.

	2017	2018	2019	2020	2021	2022
Mean Bonus Gap	24.3%	26.0%	30.3%	25.7%	25.9%	10.0%
Median Bonus Gap	26.6%	61.7%	36.2%	63.9%	40.6%	56.3%

	2017	2018	2019	2020	2021	2022
In Receipt of Bonus (F)	62%	97%	90%	94%	96%	94%
In Receipt of Bonus (M)	74%	96%	92%	96%	97%	95%

Male	Upper Quarter	Female
85%	2022	15%
85%	2021	15%
84%	2020	16%
86%	2019	14%
87%	2018	13%
88%	2017	12%

Male	Upper Middle Quarter	Female
82%	2022	18%
82%	2021	18%
81%	2020	19%
83%	2019	17%
84%	2018	16%
84%	2017	16%

Male	Lower Middle Quarter	Female
78%	2022	22%
78%	2021	22%
78%	2020	22%
79%	2019	21%
80%	2018	20%
80%	2017	20%

Male	Lower Quarter	Female
69%	2022	31%
68%	2021	32%
67%	2020	33%
68%	2019	32%
69%	2018	31%
68%	2017	32%

Ethnicity Pay Data

Creating a more inclusive environment for our employees who belong to ethnic minority groups is a key part of our activity for 2023 and beyond. We hope the positive impact of the actions we take will be evident in our future pay gap reports. Unlike the gender pay gap, we aren't legally required to publish our ethnicity pay gap. It's important that we don't wait to examine this data, so we can take informed actions and demonstrate our commitment to making improvements for our employees.

In last year's pay gap report, we stated the percentage of people who had shared their ethnicity with us was less than 60%, and this has now increased to 85%, enabling us to report on our ethnicity pay gap as we'd hoped. This report demonstrates what this data can be used for and how significant it is in enabling us to make positive change happen. It's important that our people feel they can trust us with this data and we hope this report encourages more of our employees to share it.

Throughout this report we've chosen to use the term ethnic minority to refer to all ethnic groups except for the 'white' group. This includes employees who have shared with us that their ethnicity is 'Asian or Asian British', 'black, black British, Caribbean or African', 'mixed or multiple ethnic groups', or 'other ethnic group'.

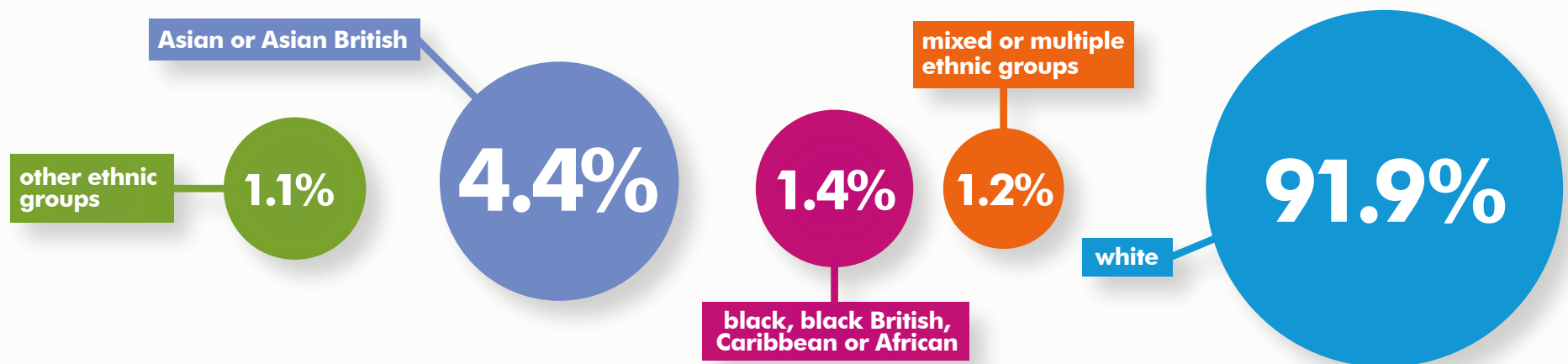
8.1% of our people belong to an ethnic minority group, compared to 13% across the UK. To understand the actions we need to take to make our Thales UK community representative we'll be:

Drawing on external expertise, for example through our partnership with Business in the Community (BITC)

Engaging with REACH (Race, Ethnicity and Cultural Heritage), our internal employee network

Examining regional variations across the UK across Thales UK

ETHNICITY PAY DATA



The Ethnicity Pay Gap

To ensure consistency, and as recommended by many organisations, our ethnicity pay gap has been calculated using the same method as the gender pay gap. These values might change slightly as the number of people sharing their ethnicity increases.

In our pay gap calculations we're comparing employees who are in the 'white' ethnic group, to employees who are in all other ethnic groups. We understand we can make more targeted interventions if we examine each ethnic group separately, but the low percentage of employees who belong to each ethnic minority group and data protection regulations means this isn't straightforward. This is something we'd like to develop in future pay gap reports, especially if more employees share their ethnicity with us.

This is the first time we've had enough data to report on our ethnicity pay gap, which is currently 4.3% mean and 2.2% median. We can't yet comment on the ethnicity pay gap over time but in future reports we'll be able to discuss the trends we're seeing. As with gender, an ethnicity bonus gap does exist and is similarly impacted by variables such as eligibility, demographics and financial results of individual businesses, as well as demographics at the most senior level. However, the proportion of ethnic minority employees is similar across all pay quarters, including the upper pay quarter, at around 8/9%. This presents a very positive picture for ethnic minority employees, especially compared to the same data for gender, because this is consistent with the percentage of ethnic minority employees in the organisation as a whole (8.1%).

Pay Gap

Mean Pay Gap	4.3%
Median Pay Gap	2.2%

Bonus Gap

In Receipt of Bonus (EM)	94%	Mean Bonus Gap	23.8%
In Receipt of Bonus (W)	95%	Median Bonus Gap	21.4%

Pay Quarters

Upper Quarter EM	8%
Upper Middle Quarter EM	8%
Lower Middle Quarter EM	8%
Lower Quarter EM	9%

Upper Quarter W	79%
Upper Middle Quarter W	77%
Lower Middle Quarter W	78%
Lower Quarter W	75%

Upper Quarter B/ND	14%
Upper Middle Quarter B/ND	15%
Lower Middle Quarter B/ND	14%
Lower Quarter B/ND	16%

W = White

EM = Ethnic minority

B/ND = Blank or not declared

Our UK Equity, Diversity and Inclusion (EDI) Strategy

2022 was a milestone year for us. We launched a new Equity, Diversity and Inclusion (EDI) Strategy built upon our Be You, With Us Inclusion Strategy, and expanded to cover six comprehensive areas of focus. Each includes activity that will improve the employee experience for all our people and enable them to bring their best selves to work. Providing equitable opportunities for our female employees and those in ethnic minority groups will increase the diversity of our organisation and create a more inclusive culture. Click on each section below to read highlights of our achievements in each area of focus in the past year.



EDI STRATEGY

Policy, Process and Enablement

In last year's pay gap report, we committed to producing an EDI policy and increasing our focus on menopause, which was raised by our people as something they'd like us to highlight. Since then, we've released an entire renewed suite of EDI policies including an EDI Policy, Gender Identity Policy, Disability and Long-term Conditions Policy, Workplace Adjustments Policy, Equal Opportunities Policy, and Transitioning in the Workplace Policy. We've also published a Menopause Policy along with signposting to line manager guidance and further information. We're now updating our entire suite of policies to ensure they're fully accessible and that our offering is fair and inclusive, reviewing all existing policies and creating new ones where we've identified a gap.

Culture and Climate

As part of the EDI eLearning, a video was launched highlighting our aspirational 'Be You, With Us' (BYWU) culture, where all employees feel they have the freedom and confidence to be themselves at work. In partnership with [Speak out Revolution](#) we have gathered insight from our graduates and apprentices to understand what our culture feels like to young people joining Thales UK and to provide an opportunity to anonymously inform us of any inappropriate behaviour that we need to address.

Thales UK's strategic objectives include specific targets to increase the percentage of women in senior roles and the percentage of women recruited into the organisation, as well as a target to increase the number of employees sharing whether they have a disability or long-term condition. Leadership teams across each of our business lines are invested in understanding what needs to be done to embed the BYWU culture in their areas.

Click any of the focus area titles to go back to the EDI Strategy

Benchmarking and Striving for Excellence

To ensure we're taking the right actions we consult with specialist expertise partners such as [Genius Within](#), [Business in the Community](#), [Women in Tech](#) and [Business Disability Forum](#). We aim to use data more effectively to drive our strategy going forward and issuing our first ethnicity pay gap report this year was one of our priorities. In 2023 we will be signing the Business in the Community Race at Work charter and will be working towards achieving more accreditations that demonstrate our commitment to EDI and the action we're taking.



Talent Pipeline, Recruitment and Development

We've partnered with [Vercida](#), a recruitment platform specialising in promoting inclusive employers, to help us attract more diverse talent. 30% of our job applicants through Vercida are female, compared to 28% average across the industry. We're also attracting a larger number of people caring for children, and the number of applicants from ethnic minority backgrounds has grown significantly. All hiring managers are now better equipped to ensure their selection process is fair following the roll out of unconscious bias training and publication of guidance on making reasonable adjustments.

We continue to promote STEM careers (science, technology, engineering, and maths) with young people through our work with schools and colleges and with our partner organisations. We have run [STEMettes](#) events on our sites, giving young female and non-binary people visibility of STEM role models and future potential career options, and hosted the Stemettes Certification Academy where attendees gain an Agile Certification.

Internally, high potential employees have the opportunity to be nominated for one of our many corporate development programmes. Each programme is designed to accelerate the personal growth and progression of its participants and the programmes range from those open to junior employees up to development for the senior leaders in the organisation. To ensure these opportunities for career progression are provided in an equitable manner, it is our aim for at least 30% of the attendees on our development programmes to be women. Externally, we sponsor places on [SOLARIS](#), a leadership programme for black female executives. 3 Thales employees and 1 external candidate have been sponsored to date, with plans to continue this partnership in 2023.

Click any of the focus area titles to go back to the EDI Strategy



Listening and Representation

We have a much better understanding of the demographics of our employee population because an additional 30% of employees have shared their diversity data with us. We hope this increases even more next year, as we also plan to expand on the questions we ask employees and candidates so we can better understand equity in our recruitment process and the demographics of our people.

In last year's pay gap report, we announced the creation of our Be You, With Us (BYWU) Inclusion Network. We continue to support all our inclusion networks and utilise them as a valuable source of insight into how we can improve. We are committed to investing in the role of our network leads and providing opportunities for upskilling and development to ensure they're equipped to succeed in this role.

Education and Awareness

EDI is becoming part of everyday conversations, through the launch of our EDI podcast feed to elevate and promote our people's voices, and through taking an active part in significant events in the year such as Pride Month and Black History Month. In addition, all employees are required to complete new mandatory EDI eLearning covering topics such as unconscious bias, stereotypes, discrimination and micro-aggressions. So far over 63% of employees have completed the learning and it's one of Thales UK's strategic objectives for this to reach 100%. We have provided practical guidance to employees around inclusive language through our Words Matter guide. We'll soon be moving into the next phase of our education and awareness strategy which aims to equip employees with the confidence and tools to address non-inclusive behaviour.

Afterword



I'm very proud of the progress we've made at Thales in the UK in reducing our gender pay gap over the last few years. 2022 was a significant year where we launched our new Equity, Diversity and Inclusion (EDI) strategy. Through dedicated effort across the organisation we've made significant progress in each area of focus, bringing us closer to our vision where everyone at Thales in the UK can 'Be You, With Us'. I've been proud to share our new EDI policy with our customers and I'm looking forward to the publication of other new policies and support for our people as the year progresses. There is still work to do and, against the backdrop of a challenging labour market, I believe that being an inclusive and diverse employer is the key to attracting and retaining people who reflect our communities and have the skills our business needs to thrive.

2023 sees us publish our ethnicity pay gap for the first time. This is a significant milestone because it is important for us to understand as much as possible about the ethnic groups within our organisation in order to enable us to take action to close gaps. This is part of our EDI strategy and will be bolstered further when Thales UK signs the Race at Work Charter.

We also expect our partners and suppliers to share our commitment to encourage diversity, promote equal opportunity and foster an inclusive and ethical culture. Thales Partners and Suppliers Integrity & Corporate Responsibility Charter represents the minimum expected standard of best practice.

Our EDI strategy will touch every individual in our business but will only succeed through strong leadership and role modelling of behaviours. This is a key priority for the senior leadership team at Thales UK who are held accountable for bringing the strategy to life, ensuring we are all striving for excellence and embedding EDI into our culture. Variable Compensation Plan (VCP) payments for all eligible employees are directly tied to the achievement of the Group's Corporate Social Responsibility (CSR) objectives. Gender diversity and inclusion remains a core part of the strategy and we are continuing to recognise and develop the talent of the women in our business, breaking down stereotypes and ensuring they can develop fulfilling and successful careers with Thales in the UK.

We are on a journey but I feel confident and excited about the future of EDI both at Thales UK and across our industry as a whole.

AFTERWORD

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 & Chairman



Appendix

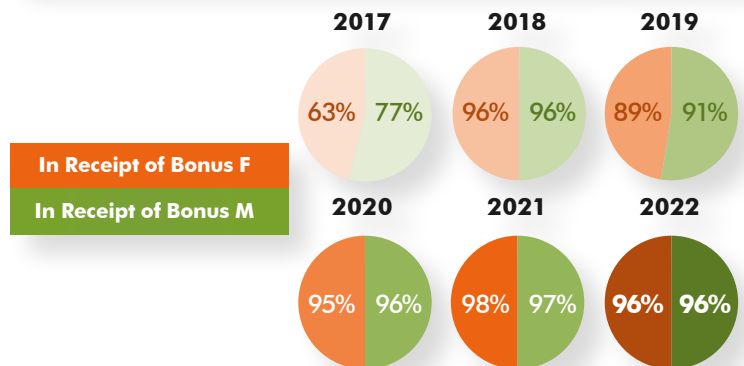
Throughout this report, we have presented pay gap data from Thales in the UK. Thales in the UK includes three separate legal entities that we are required to report gender pay gap data on. You can find the separated data for each of those below.

After data capture, Thales Ground Transportation Systems Ltd changed with Companies House to Ground Transportation Systems UK Ltd.

Thales UK LTD

	2017	2018	2019	2020	2021	2022
Mean Pay Gap	17.1%	15.3%	15.8%	12.9%	13.8%	12.4%
Median Pay Gap	19.5%	18.6%	19%	15%	14.7%	13%

Upper Quarter F	13%	14%	15%	16%	15%	15%
Upper Quarter M	87%	86%	85%	84%	85%	85%
Upper Middle Quarter F	17%	17%	18%	18%	18%	19%
Upper Middle Quarter M	83%	83%	82%	82%	82%	81%
Lower Middle Quarter F	22%	22%	22%	22%	22%	21%
Lower Middle Quarter M	78%	78%	78%	78%	78%	79%
Lower Quarter F	34%	33%	36%	34%	31%	30%
Lower Quarter M	66%	67%	64%	66%	69%	70%

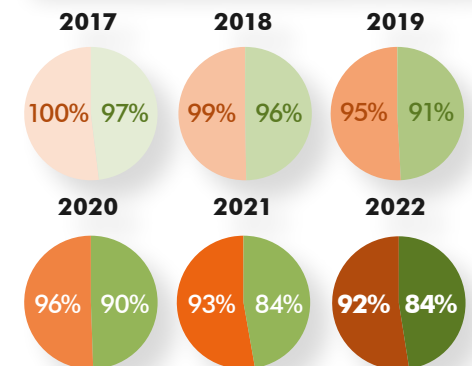


Mean Bonus Gap	25.7%	27.8%	31.8%	36.2%	27.6%	27.3%
Median Bonus Gap	29.2%	58.9%	42.5%	68.3%	29.3%	35.5%

Thales DIS UK LTD

	2017	2018	2019	2020	2021	2022
Mean Pay Gap	38%	28%	28%	29.7%	27.4%	26.4%
Median Pay Gap	39%	35%	35%	32.4%	29.4%	31.2%

Upper Quarter F	21%	23%	21%	19%	20%	17%
Upper Quarter M	79%	77%	79%	81%	80%	83%
Upper Middle Quarter F	32%	32%	35%	29%	22%	27%
Upper Middle Quarter M	68%	68%	65%	71%	78%	73%
Lower Middle Quarter F	56%	48%	48%	46%	36%	38%
Lower Middle Quarter M	44%	52%	52%	54%	64%	62%
Lower Quarter F	50%	52%	55%	53%	53%	54%
Lower Quarter M	50%	48%	45%	47%	47%	46%

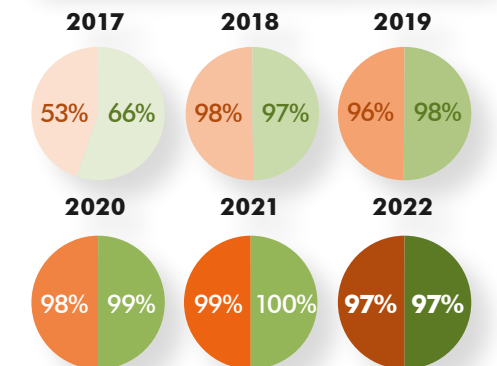


Mean Bonus Gap	62%	59%	59%	50.6%	44.5%	31.6%
Median Bonus Gap	40%	38%	40%	41.1%	37.6%	37%

Thales Ground Transportation Systems LTD

	2017	2018	2019	2020	2021	2022
Mean Pay Gap	11.1%	13.9%	13.9%	12.1%	10.9%	11.9%
Median Pay Gap	14.6%	14.7%	16.4%	12.8%	12.2%	17.1%

Upper Quarter F	11%	11%	11%	12%	14%	11%
Upper Quarter M	89%	89%	89%	88%	86%	89%
Upper Middle Quarter F	13%	11%	13%	13%	13%	11%
Upper Middle Quarter M	87%	89%	87%	87%	87%	89%
Lower Middle Quarter F	18%	16%	15%	13%	14%	16%
Lower Middle Quarter M	82%	84%	85%	87%	86%	84%
Lower Quarter F	23%	26%	27%	25%	26%	25%
Lower Quarter M	77%	74%	73%	75%	74%	75%



Mean Bonus Gap	18.4%	24.2%	29.1%	19.1%	13.2%	8.5%
Median Bonus Gap	9.3%	20.5%	13.9%	3.3%	34.3%	10.7%