

Foreword



Lynne Watson VP, Human Resources

I'm pleased to share our **2024 Pay Gap Report**, a reflection of our ongoing commitment to fostering a fair, diverse, and inclusive workplace. At Thales, we know diversity is not just a value—it's the foundation of our success, enabling us to better reflect the communities we serve and the global markets we operate within.

True diversity goes far beyond representation. It's about embedding equity and inclusion into every part of our business. Our Equity, Diversity, and Inclusion (EDI) strategy continues to drive this mission, shaping an environment where everyone feels respected, valued, and empowered to achieve their full potential.

This year, we're celebrating a remarkable milestone: **our first-ever gender pay gap below 10%, with a mean and median gap of 9.1%.** This marks a significant reduction from our starting point in 2017, when our mean gender pay gap was 18.1% and the median was 15.8%. This achievement is a testament to the hard work and dedication of our people in challenging inequalities and creating a more inclusive workplace. It's encouraging to see that sustained, focused action delivers real change.

For the third consecutive year, we're proud to publish our ethnicity pay gap analysis. With an impressive 85% of our employees disclosing their ethnicity, we're building an increasingly robust dataset, allowing us to evaluate our progress more meaningfully. Transparency is key to building trust, and this data strengthens our commitment to inclusion at every level of our organisation.

Looking ahead, we are expanding our focus to include disability pay gap analysis, an important step in ensuring equity for underrepresented groups.

As we share our 2024 Pay Gap Report, we're proud of how far we've come and we're excited about the journey ahead. Our commitment to transparency, diversity, and equity remains steadfast. By sharing our progress and learning from our experiences, we aim to inspire industry-wide change and create a future where every employee feels empowered and valued. Together, we are shaping an inclusive workplace where everyone can thrive.

Terminology

As part of our commitment to equity, diversity, and inclusion (EDI), we strive to be as transparent as possible with our data and ensure that the information we share is accessible to all. This section provides a straightforward explanation of our pay gap calculations.

We recognise that mandatory gender pay gap reporting does not currently represent our Trans and non-binary colleagues. We are actively working to understand whether a pay gap exists within these groups, but we have decided not to report this at this time to ensure privacy and avoid any risk of identification.



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

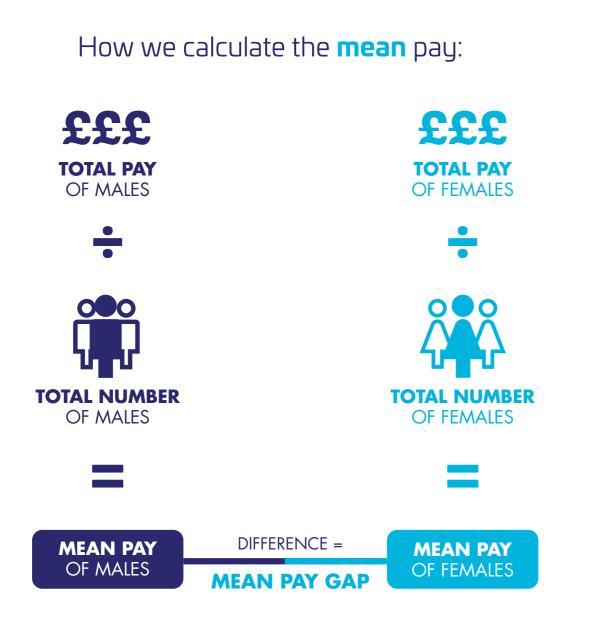
It's important to note that the gender pay gap is not the same as equal pay. Equal pay ensures that any pay differences between individuals in the same role reflect fair factors, such as experience, skills, or capability, rather than gender, age, or ethnicity. The gender pay gap, on the other hand, is different. It considers everyone's pay from the highest to the lowest earner, with the 'gap' being the difference between the pay of all men compared to all women, based on mean and median figures.

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

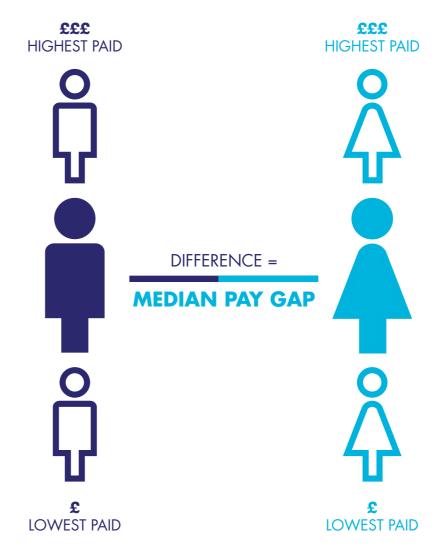
We are confident in our approach to equitable pay, without influence of gender, ethnicity, or other characteristics. In 2021, we conducted a comprehensive fair pay review across the organisation, assessing salaries in comparable roles. This analysis confirmed that our confidence is supported by data, showing no concerning trends across the organisation. We will be completing another review in 2025.

Terminology (continued)

There are two ways to measure the pay gap – the mean and the median. To illustrate, if we lined up all women and men in the organisation by pay and compared the midpoint for each gender, this would represent the *median* pay gap. The *mean* pay gap is calculated by dividing the total pay for all women by the number of women and comparing that with the same calculation for men. In both cases, the 'gap' reflects the difference between male and female results, expressed as a percentage.



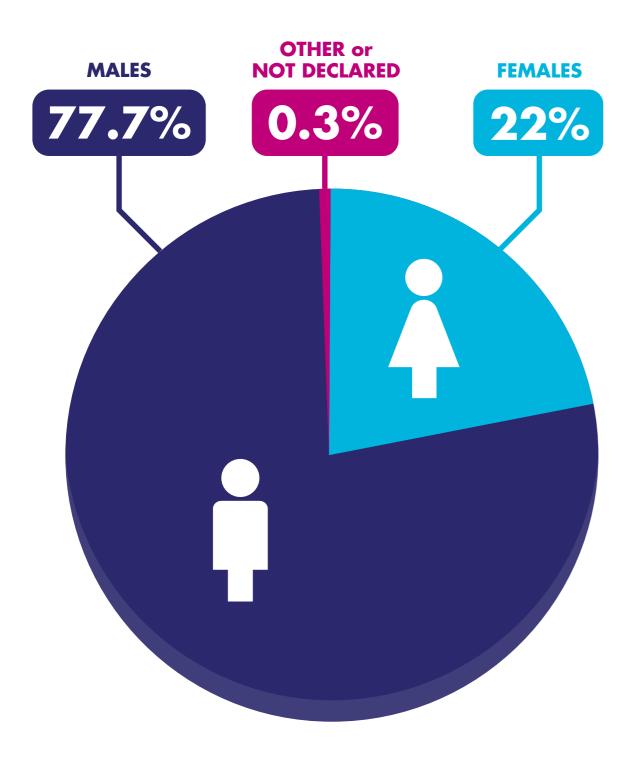
How we calculate the **median** pay:



To complete the picture, we measure the bonus gap separately, examining both the mean and median bonus pay gaps and the percentage of men and women who receive bonuses.

THALES

Gender Pay Data



The percentage of female employees in Thales UK continues to fluctuate around the 20% mark and has risen to 22% this year.

The evolving make up of our female population also continues to see an increase in the percentage of women in senior roles, which is good news and an important contributor to the overall trend we are seeing in our pay gap statistics.

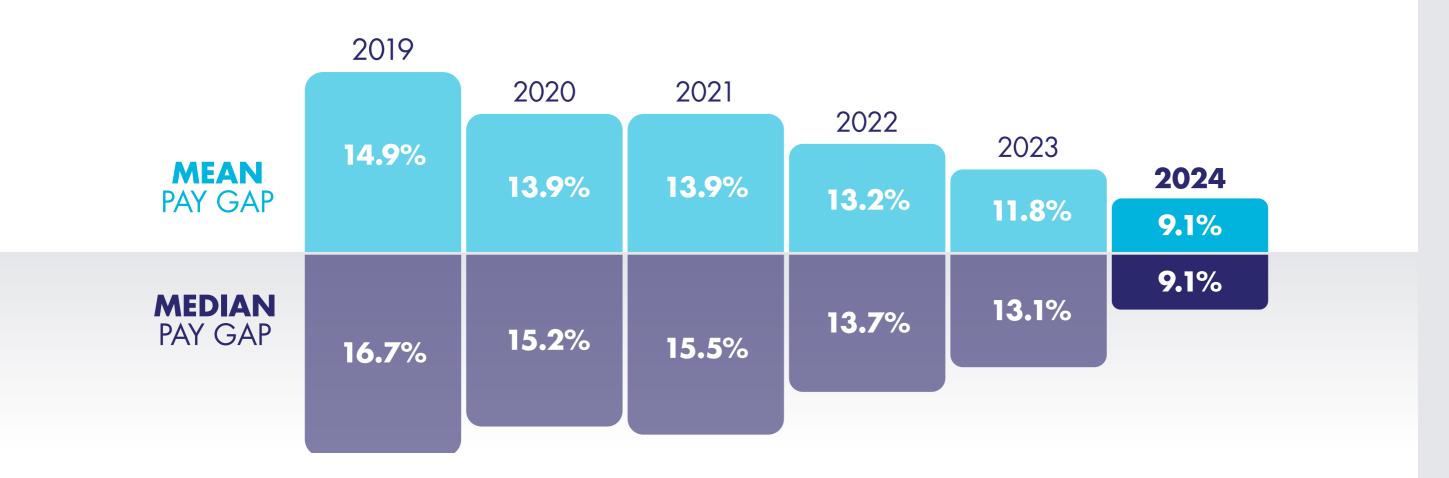
We recognise our responsibility to actively remove barriers to career progression, and we're proud to continue our partnerships with organisations like Code First Girls and Primary Engineer. Through Code First Girls, the largest provider of free coding courses for women and non-binary individuals in the UK, we sponsor places on the CFGDegree programme, supporting high-potential women and non-binary people in achieving their goals in data, software, or full-stack careers. Additionally, our Internal First Talent Acquisition Team ensures that all employees have the opportunity to apply for and progress into senior roles within our organisation.

Gender Pay Gap

While we recognise the presence of a pay gap in our organisation, we remain committed to building a more balanced demographic profile over time. Our current gap still reflects a lower proportion of female employees in senior leadership, even if there has been a slight increase. This is a factor we continue working to address. The external labour market also shapes our demographic profile, especially as we expand into sectors with anticipated vacancies in 2024, where there may be fewer women available in the candidate pool due to industry-wide gender imbalances.

Despite the specialised nature of many roles, which makes achieving gender-balanced shortlists a challenge, we are making significant strides through our Early Careers programmes and STEM partnerships. Our initiatives with organisations like Primary Engineer are key to expanding the talent pipeline and ensuring we reach a broader, more diverse pool of future professionals.

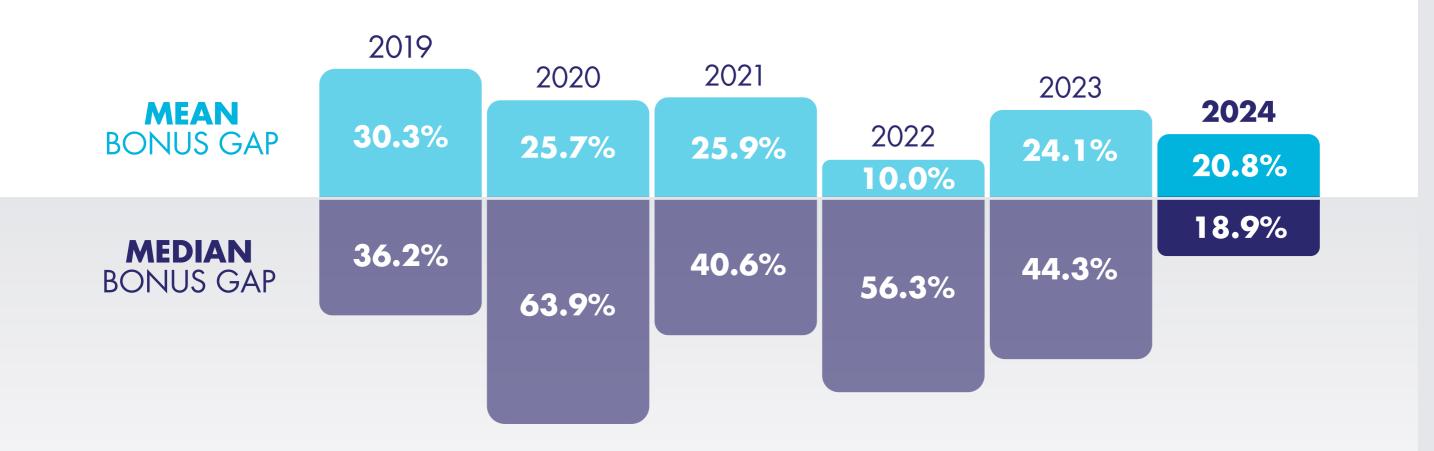
While some steps may initially impact the pay gap, they are essential for establishing a more equitable foundation. We are pleased to see a reduction in our gender pay gap in this report and are confident that, as our efforts continue, we will see a more diverse and inclusive workforce in the years ahead.



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Bonus Pay Gap

Our 'In receipt of Bonus' statistic shows that the vast majority of our employees consistently receive a bonus payment, with both male and female recipients at or above the xx% mark. In 2024, our mean bonus gap has reduced slightly, and our median bonus gap has reduced significantly from recent years. The change in the bonus gap is partially caused by some administrative changes in payment date. Generally speaking, the bonus gap remains driven by the gender balance within our organisation, and will continue to fluctuate linked to that. Sustained improvement in our bonus gap statistics can be expected when our gender diversity becomes more balanced and more women enter and progress into senior roles.



Pay Quarters

Our pay quarters have remained fairly stable, still with more women in the Lower Quarter than in the upper ones, consistent with the fact that we know we have a smaller proportion of women in senior roles. However, this year does maintain a positive trend, with the proportion of women in the Upper Quarter increasing again to 17%, up from 12% when Gender Pay Gap reporting began. This upward trend reflects our commitment to improving gender balance at senior levels, and we are dedicated to maintaining this progress.

This positive trend is further supported by our targeted initiatives, such as enhanced recruitment of female graduates, apprentices, and participants in the STEM Returners programme, all of which are contributing to a more balanced and inclusive workforce.

In Receipt of Bonus Measure

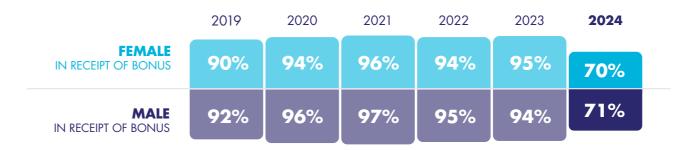
The percentage of men and women in receipt of a bonus shows a marked reduction from previous years. As referenced earlier in the report, an administrative change in payment date for a proportion of the workforce has caused this dip, affecting this year only. In fact, the remaining workforce received a bonus payment in the month outside the reporting period.







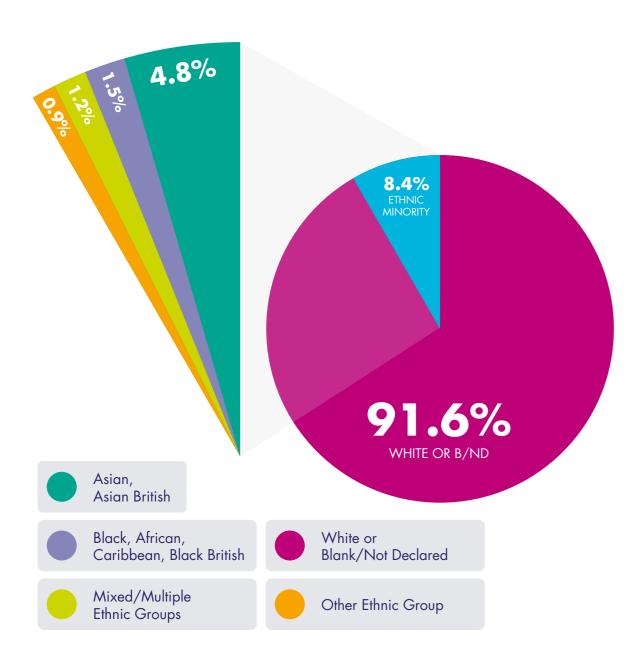




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Ethnicity Pay Data

Our Ethnicity Pay Gap Report is a valuable tool for monitoring our progress, shaping our strategies, and fostering open, meaningful conversations around ethnic diversity, inclusivity, and equality. Creating a more inclusive environment for our employees from ethnic minority backgrounds remains a key priority in our 2025 agenda and beyond, and we look forward to seeing the impact of our initiatives reflected in future reports.



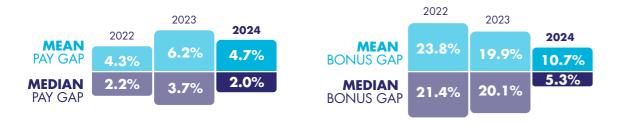
We are pleased to present our third Ethnicity Pay Gap Report, which will allow us to start tracking trends year over year.

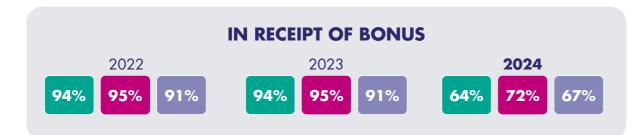
Currently, our ethnic minority representation in Thales UK stands at 8.4%, which is a slight increase from last year in both percentage and real terms. This level of representation is consistent across different levels of seniority except in the most senior roles, where it sits under 5%. Addressing this difference at senior levels remains an important focus in our ongoing commitment to equity.

As an organisation, we aim to be welcoming and inclusive for individuals of all ethnic backgrounds, working toward greater representation across all levels of our business. We are also committed to building a diverse future talent pool in engineering by encouraging and empowering young people from all backgrounds to pursue careers in STEM.

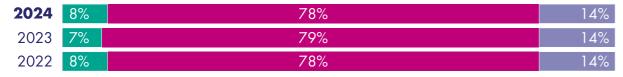
At 8.4%, our current ethnic minority representation compares to 18% across the UK. We are dedicated to bridging this gap through sustained, positive actions.

Ethnicity Pay Gap

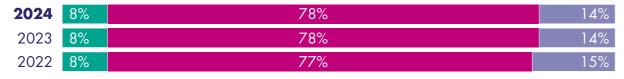




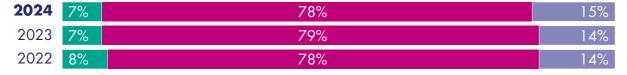
UPPER QUARTER



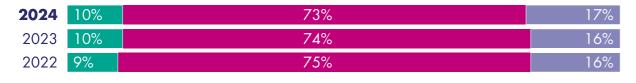
UPPER MIDDLE QUARTER



LOWER MIDDLE QUARTER



LOWER QUARTER









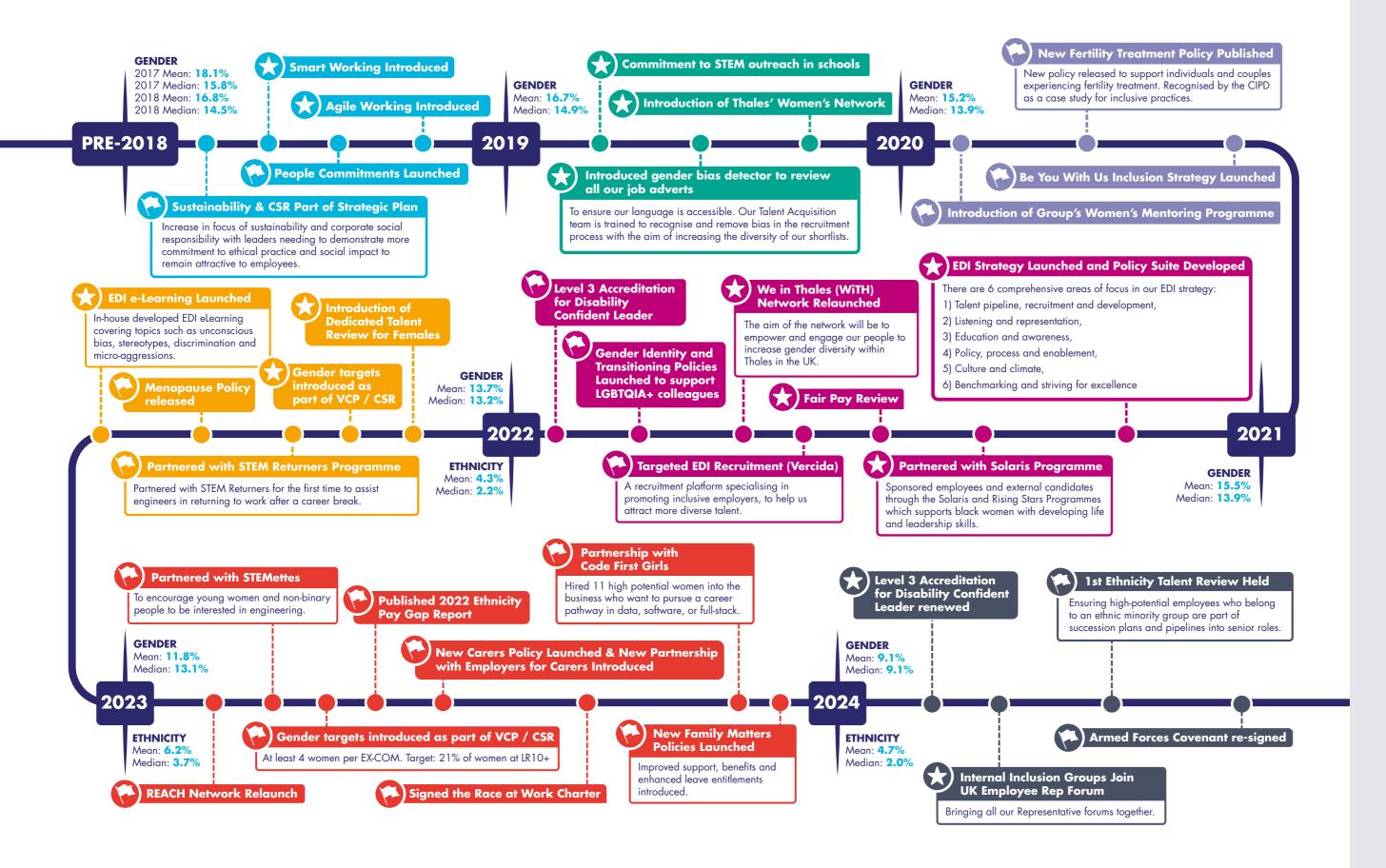
In our ethnicity pay gap analysis, we compare employees from the 'white' ethnic group with those from all other ethnic groups. While individual ethnic group details are not shared for data protection reasons, we conduct this detailed analysis internally and look forward to sharing more as our ethnic diversity grows and more employees feel comfortable sharing their ethnicity information.

To maintain consistency and align with industry best practices, we calculate the ethnicity pay gap using the same methodology as the gender pay gap. This year, our ethnicity pay gap stands at 4.7% mean and 2% median—a decrease from last year and still tracking lower than our gender statistics. This reflects the relatively even distribution of ethnic minority employees across our pay quarters compared to gender representation.

In reviewing the shifts from last year's data, we observed a slight increase in Upper Quarter ethnic minority representation with other quarters remaining consistent. Although these shifts are fairly small, they align with the pay gap results and are likely due to natural workforce changes.

Our ethnicity bonus gap has decreased this year in both mean and median terms and will naturally vary as demographics and seniority profiles across Thales UK's diverse business areas evolve. Differing financial outcomes across these areas also impact individual bonus payments, as outlined in pay reporting guidelines. The reduction in the ethnicity bonus gap, like gender, is partly linked to a change in payment date and we anticipate this moving up a little again next year. This also impacts the In Receipt of Bonus measure, which is lower than usual, as the balance of the workforce received a payment in the month after the reporting period. This will correct itself next year.

Pay Gap Timeline



EDI Strategy

Our commitment to creating a workplace where diversity thrives and talent is nurtured is at the heart of our Equity, Diversity, and Inclusion (EDI) strategy.

As we advance our EDI initiatives, we recognise the opportunity to expand gender pay gap reporting beyond binary categories. We are dedicated to capturing and analysing pay data across all gender identities, aiming for fairness for every employee. Although we are currently gathering this data and working towards higher disclosure rates, we look forward to publishing comprehensive and inclusive gender pay data in the future, once we can ensure both anonymity and statistical significance.

For the past three years, we've also been reporting on the ethnicity pay gap, and we are working towards introducing disability pay gap reporting as we continue to gather more comprehensive data.

We understand that some campaigns, like our Early Careers Programme, may initially widen our gender pay gap due to the higher proportion of women in entry-level roles. However, we see this as an investment in our future. By attracting more women into early career pathways, we're not only addressing talent needs but building a diverse and inclusive workforce for the long term.

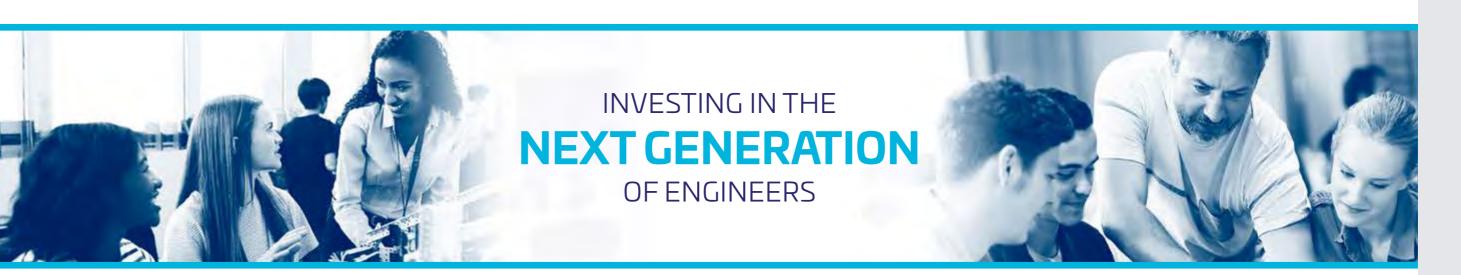
We're proud of the progress we've made in gender and ethnicity pay reporting and remain committed to reducing these gaps through evidence-based approaches. As we continue to expand our data collection efforts, we are paving the way for further inclusivity, including our future work on disability pay gap reporting.



Spotlight

Vocation Maker: Inspiring the Next Generation in STEM

This year, we are proud to highlight the success of our **Vocation Maker** initiative, which has been significant in inspiring and engaging young people across the UK in STEM. With a focused effort on reaching those who need it most, we have strengthened partnerships with local schools and organisations to bridge the gap between education and career opportunities.



A key achievement in 2024 has been our partnership with **Primary Engineer** through their national "If you were an Engineer, what would you do?" competition. This initiative reached over 75,000 students across the UK, with our support helping an additional 23,000 pupils from 113 schools to participate by removing barriers in providing prepaid postage. We've played an active role in the competition by grading entries, forming prototype teams to bring the ideas to life, and supporting award ceremonies, which celebrated the achievements of students from ages 3-19.

To inspire young people, particularly those from underrepresented groups, we collaborated with **The Smallpeice Trust** to host live-streamed sessions for over 1500 students. These interactive events allowed them to engage with industry experts and explore various STEM career paths. Many people reported increased awareness of the diverse opportunities available to them as a result of these sessions.

UK Pay Gap Report 2024

QUICK NAV

Spotlight (continued)

Vocation Maker: Inspiring the Next Generation in STEM

ENGAGE

Inspirational Contact

INSPIRE



High quality experiences Building cultural capital

ASPIRE



Meaningful experiences Context driven situations

ELEVATE



Teacher 1:3000 students Professional development STEM Governance

EARLY CAREERS



80 hours of paid volunteering Pay it forward

CULTURE



Focus on self-led learning Mentoring Safety to fail

Our **Aspire** phase focused on preparing older students for their first job, offering four virtual work experience session to 193 students. Supported by 65 Thales employees who dedicated 780 volunteering hours, these sessions were incredibly impactful and provided students with a real sense of what it's like to work in STEM industries, while also enhancing our volunteers' mentoring and communication skills.

Finally, our newest strand, **Elevate**, recognises the profound and lasting impact teachers have on students. We launched a leadership programme for 12 teachers from one of our partner schools, to help keep excellent teachers in the classroom and continue inspiring the next generation of STEM talent.

The social value created through Vocation Maker is significant, with our volunteer activities having a measurable impact on young people's attainment, aspirations, and social mobility. As we look to the future, we remain committed to growing this initiative and expanding its reach, ensuring that more young people are empowered to pursue rewarding careers in STEM.

Spotlight (continued) Talent & Ethnicity

This year, we reached a pivotal milestone in our commitment to being an inclusive workplace by conducting our first ever ethnicity talent review. This review allowed us to gain a more comprehensive understanding of our employees' capabilities and potential, especially within underrepresented groups. By closely examining talent data across diverse ethnic backgrounds, we are better equipped to identify and nurture a wide range of skills, perspectives, and leadership qualities within our workforce.



Through this review, we aimed to look beyond representation, seeking a nuanced perspective on how talent is distributed and developed across our organisation. This deeper insight helps us not only to recognise our employees' unique strengths but also to address any disparities in career progression, development opportunities, and access to key roles.

The results of the ethnicity talent review have provided us with valuable data to inform our ongoing Equity, Diversity, and Inclusion (EDI) strategy. With this clearer picture, we can more effectively tailor our development programmes including Solaris and Rising Stars Programmes, support career progression for all, and ensure that our leadership pathways are accessible and equitable for employees of every background.

Conducting this review marks a step forward in our journey towards a workplace where everyone, regardless of ethnicity, has the opportunity to reach their full potential. By continuing to review, learn, and adapt, we remain committed to building an environment that supports diverse talent, encourages authentic leadership, and reflects the communities we serve.

Afterword - Looking to the Future



Phil Siveter

Chief Executive Officer, Thales UK

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

Phil Siveter

Chief Executive Officer, Thales UK

As the new CEO, I am excited to be part of an organisation where Equity, Diversity, and Inclusion (EDI) are not just values but a commitment we actively pursue. This year's report underscores how our efforts are making a tangible difference, both in reducing pay gaps and in cultivating a workplace that is reflective of the communities we serve. It's clear that EDI is not only foundational to our culture but essential for driving innovation and long-term growth at Thales in the UK.

I am encouraged by the steady progress we've made, particularly in closing gender and ethnicity pay gaps, and I am committed to building on this momentum through initiatives like Vocation Maker and our Ethnicity Talent Review. These ongoing efforts are essential in creating a more inclusive and equitable organisation, and I look forward to sharing their continued impact.

Increasing representation across gender and ethnicity, and other areas of diversity remains a key part of our long-term strategy. We will continue to use an evidence-based approach to understand and close our pay gaps, ensuring that we drive equity across all levels of the organisation.

Our focus areas include:

- > Creating a workplace that attracts, retains, and supports the career progression of underrepresented groups.
- > Supporting career advancement, with a particular emphasis on increasing diversity in leadership roles.
- Actively listening to our employees and taking meaningful action to improve their experience at Thales.
- > Developing the next generation of diverse talent in STEM, ensuring equitable opportunities for all.
- > Fostering inclusive behaviours, with a strong focus on inclusive leadership practices.
- > Enhancing our diversity data collection.
- > Sharing experiences and best practices across our company to strengthen our approach to inclusion.
- > Engaging with external networks to learn and adopt industry best practices.

To solve complex problems for our customers, we need diverse talent. By supporting each of our employees in building rewarding careers and reaching their full potential, we aim for our workplace to be equitable and inclusive for everyone.

Appendix

Throughout this report, we have presented pay gap data from Thales in the UK. We are, however, required to report gender pay gap data separately for each legal entity. You can find this detail below.

