



Thales UK
**Modern Slavery
Statement
2024**

THALES
Building a future we can all trust

Table of contents

Introduction and scope	3	Risk mitigation –Operations	12
Our structure, operations and supply chains	4	Risk mitigation – Supply chain	12
Our modern slavery strategy	6	Potential and actual incidents	14
Progress to date	7	Next steps	15
Governance	8	Related activities	16
Risk assessment in our operations	9	Conclusion	19
Risk assessment in our supply chain	10		
Risk mitigation – Policies, processes and contracts	11		

Introduction and scope

Modern slavery is defined in the UK Modern Slavery Act (2015) and includes a range of offences such as slavery, servitude, forced or compulsory labour, and human trafficking. For detailed definitions please refer to the Transparency in supply chains: a practical guide' published on the UK governmental website.

Our purpose is to 'Build a Future We Can All Trust' which includes ethical considerations and trust in each other.

This Modern Slavery Statement (statement) is published in accordance with the UK Modern Slavery Act (2015) and sets out the steps taken by Thales UK during the financial year to 31st December 2023 to ensure there is no modern slavery in our business and our supply chain.

Thales UK refers to all legal entities, registered in the United Kingdom, that are wholly owned by the Thales Group, or other UK-registered entities where Thales Group is a major shareholder. Thales Group refers to Thales SA, registered in France, and all legal entities which are direct or indirect subsidiaries. Where we refer to 'us', 'our' and 'we' in this statement, we are referring to Thales UK. We refer to Thales SA as 'Thales Group' or 'Group'.

The following wholly owned businesses, operating as a single, integrated organisation within the UK and working to the same policies and management systems, are included in this statement:

- 1. Ground Transportation Systems UK Limited (formerly known as Thales Ground Transportation Systems Limited) until the 31st May 2024 when it ceased to be a wholly owned subsidiary.**
- 2. Thales DIS UK Limited**
- 3. Thales DIS CPL UK Limited**

Thales Alenia Space UK Ltd is included in this statement as a majority-owned, UK-registered joint venture subsidiary of Thales Group.

Separate statements are published by our joint ventures partners, where Thales UK has a shareholding of 50% or less. These companies include AirTanker and Aquila Air Traffic Management Services.



Our structure, operations and supply chains

Headquartered in Paris and generating revenues of €18.4 billion for the year ending 31st December 2023. Thales is a global technology leader with more than 77,000 employees on five continents operating in a variety of sectors including defence and security, aerospace and space, digital identity and security, and transport.

Thales' customers are large organisations, such as government agencies, administrations, institutions, cities, and businesses who all provide or operate systems, services and infrastructure that are vital to society in the areas of defence, security, air and rail transport, banking, and telecommunications.

Thales UK covers all the Group's key business sectors, and comprises 16 sites operating across the United Kingdom, with over 7,000 employees made up of highly skilled engineers, specialist functions and a range of support staff.

Thales values

As a strategic supplier to the UK, we deliver over £1bn in complex projects each year, both direct to the Ministry of Defence, and the Home Office, as well as via other key subcontractors to the UK Government and major multinationals in the civil and defence markets. This ranges from delivering the digital identity and security that underpins our connected world, to designing the Queen Elizabeth class aircraft carriers.

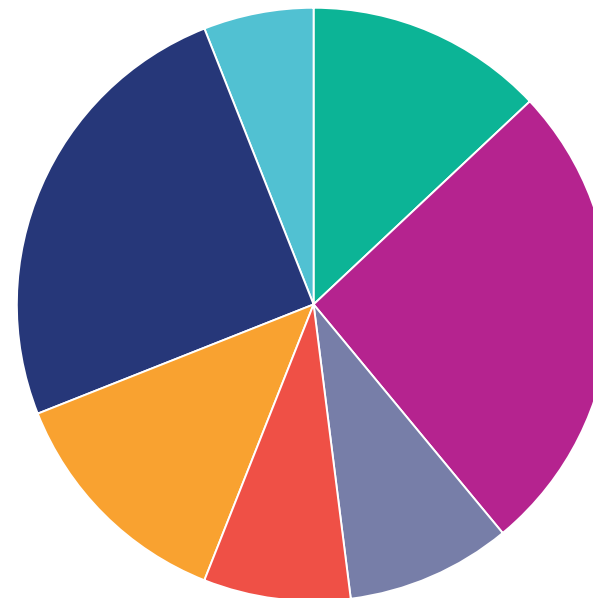
Thales UK procures materials, goods, and services from a wide variety of suppliers in the UK and overseas via a supply chain which, like many other organisations, is complex, and multi-tiered. Thales UK also acquires significant volumes of goods and services from other parts of Thales Group, predominantly in Europe.

In 2023, Thales UK placed orders in the region of c.£651 million, with c.1,250 tier-1 suppliers, 82% of which are based in UK and **73% of which are SME suppliers**. Outside of the UK, we have a small number of suppliers based in (list countries) who supply us directly with the following categories of goods and services:

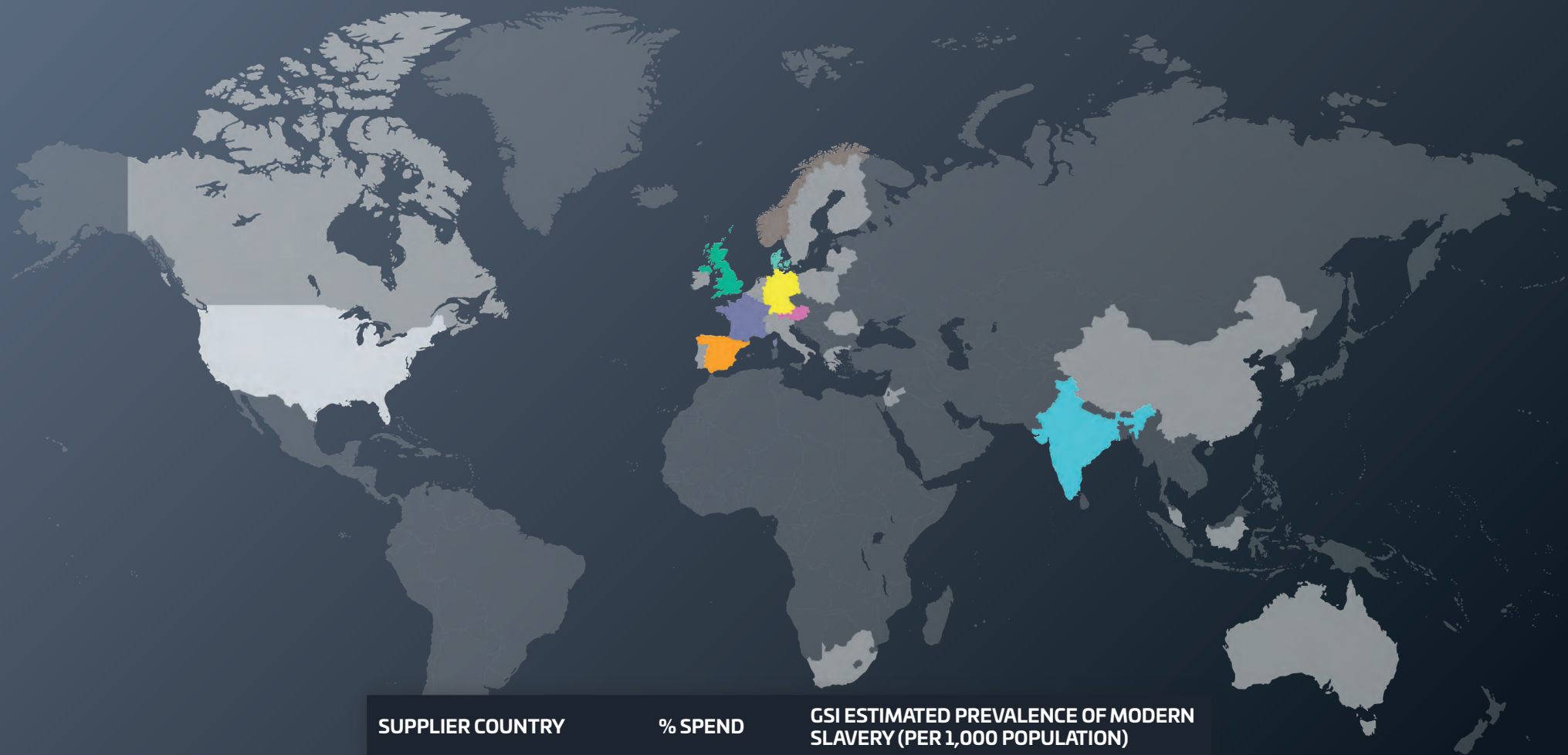
- IS/IT & Support Services
- Systems and Equipment
- Mechanical
- Electronics
- Systems and Software Engineering and Customer Support Services
- General Expenses

Our spend covers a wide range of goods, materials and services as illustrated.

PERCENTAGE OF SPEND BY SEGMENT



- IS/IT & Support Services
13%
- Systems & Equipment
26%
- Mechanical
9%
- Electronics
8%
- System & Engineering & Customer Support Services
13%
- General Expenses
25%
- Unknown
6%



SUPPLIER COUNTRY	% SPEND	GSI ESTIMATED PREVALENCE OF MODERN SLAVERY (PER 1,000 POPULATION)
UNITED KINGDOM	81.02%	1.8
NORWAY	4.80%	0.5
UNITED STATES	3.22%	3.3
FRANCE	2.83%	2.1
GERMANY	1.41%	0.6
AUSTRIA	1.10%	1.9
SPAIN	1.04%	2.3
INDIA	0.86%	8.0
DENMARK	0.58%	0.6

% ^ by percentage of total spend commitments in the reporting period

Our modern slavery strategy

As reported in our previous statement, in 2022 we initiated a wide ranging, review of our approach to tackling modern slavery with Stronger Together , a UK-based impact driven, not-for-profit organisation supporting business in the UK and internationally to ‘create a world where all workers are recruited responsibly and have fair work free from exploitation’.

The review resulted in a number of recommendations which were signed off as the basis of an improvement plan, to be implemented over the course of 2022 – 2024.

We started by piloting a range of enhanced risk assessment and mitigation measures in one area of our business, in order to test our approach before implementation across our UK business.

As part of the pilot, we took the following steps:

1. We developed and issued enhanced Supplier Self-Assessment Questionnaires to Tier 1 suppliers involved in the delivery of a key contract.
2. We invited the Tier 1 suppliers to attend bespoke modern slavery training, funded by Thales UK and delivered by Stronger Together.
3. During the training, we issued a range of corrective actions to Tier 1 suppliers to be completed within 6 months.
4. We then engaged with the Tier 1 suppliers to identify which of their suppliers were within the scope of the Thales UK contract, and, based on the training provided, we requested that they undertake a desk-top risk assessment of their Tier 1 suppliers.
5. Via the Tier 1 suppliers, we requested our Tier 2 suppliers to complete the Supplier Self-Assessment Questionnaires.

We analysed the data gathered during the pilot to:

1. Assess the potential risks and associated levels of mitigation.
2. Assess the current capability of suppliers with regards to tackling modern slavery.
3. Consider practical implementation issues.
4. Identify opportunities for improvement.

Progress to date

As outlined in our previous statement, below is a summary of the progress on different actions comprising our Modern Slavery Improvement Plan in 2023.

Identified Action	Update
Launch of Modern Slavery Working Group (MSWG).	The Modern Slavery Working Group (MSWG) successfully Launched with a specialist training session completed. In addition, we have reviewed our governance for Modern Slavery, see below.
Inclusion of external expert consultant to facilitate Modern Slavery Working Group in 2023.	The MSWG has been supported at each meeting by an external expert consultant.
KPIs and reporting.	A set of KPI's have been agreed and are included in this statement, see below.
Specific training on purchasing practices for key procurement roles.	Delivered in January 2024.
Review and update of UK Modern Slavery Policy.	Delivery in 2024.
Re-develop UK Supplier Standards for Modern Slavery.	Delivery in 2024.
Introduce new risk management process for Thales UK supply chain.	Risk management process implemented in October 2023.
Delivery of Modern Slavery training for highest risk suppliers.	Pilot sessions for Tier 1 suppliers delivered in 2023; further sessions for highest risk suppliers planned by July 2024.
Finalise supplier assessment questionnaire taking learning from the pilot.	Completed and updated questionnaire issued to first phase of highest risk suppliers in February 2024.
Distribute self-assessment questionnaire and develop corrective action plans as required – based on the results.	Phase 1 initiated in February 2024.

Modern Slavery KPIs:

We are pleased to report our progress against the relevant KPIs for 2023 as follows:

1. **Assessment against the UK Government Modern Slavery Assessment Tool: in 2023, Thales score was 77%, an increase of 11% from the previous year.**
2. **Modern Slavery training – new training rolled out to Procurement: 100% completion rate.**

We agreed the following Key Performance Indicators (KPIs) which will be rolled out in 2024 and reported in the future Modern Slavery statements:

- Adherence to MS Improvement Plan – percentage of planned actions completed within agreed timescale
- Percentage of identified high risk suppliers issued with SAQ
- Percentage of identified high risk suppliers with SAQ responses received
- Number of SAQ responses assessed and outcomes/next steps agreed
- Number of Corrective Action Plans in place
- Modern Slavery training - update and completion rate
- UK Government Modern Slavery Assessment Tool (MSAT) score

Governance

At the same time as relaunching our Modern Slavery Working Group (MSWG), we revisited our Modern Slavery Governance.

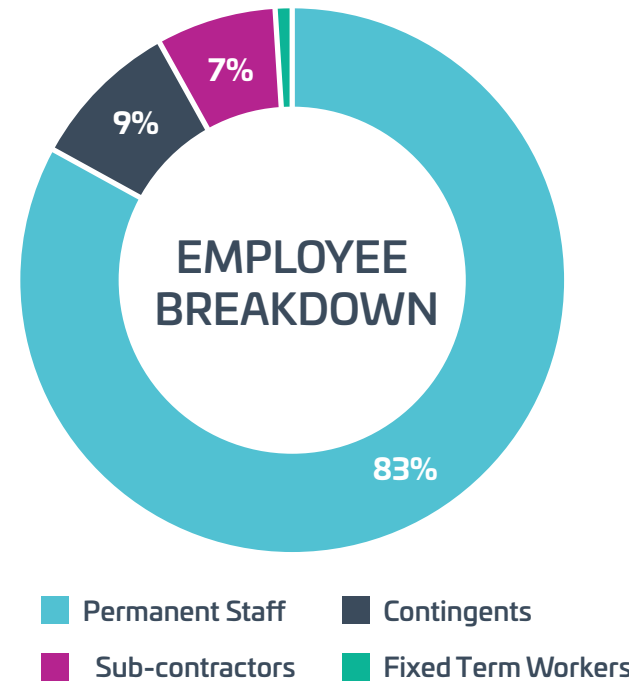
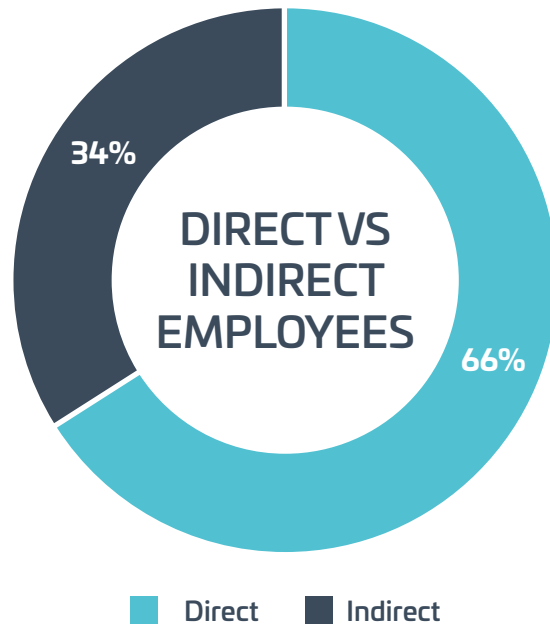
As previously reported, the Thales UK's Country Procurement Director leads on specific efforts to tackle modern slavery in our supply chain, and reports to the UK Chief Operating Officer (COO) who leads on broader efforts across the business. The COO in turn reports to the Thales UK Chief Executive Officer (CEO).

We have formalised and strengthened reporting arrangements so that the MSWG now reports to the Thales UK CSR Committee. The Committee meets quarterly, is chaired by the VP Strategy and Marketing UK and is attended by members of the UK Statutory Board, including the UK CEO and COO, plus key functional leads.

Modern Slavery and the work of the MSWG is a standing agenda item for the CSR Committee, to enable updates on progress, review of funding requirements, considerations of emerging issues and review of any potential or actual incidents in our operations or supply chain.



Risk assessment in our operations



This includes Fixed term, Apprentice/Intern/Trainee, Expats & Grads.

We believe that the risk of modern slavery in our Thales UK direct workforce is low. Most of our core business activities are technology intensive and this requires highly skilled, professional, and qualified employees who are less likely to be vulnerable to the threat of exploitation.

When we require temporary staff in our own operations, we use a single resourcing agency that is required to comply with our supplier standards and processes, including those relating to Modern Slavery.

The one area of potential risk in our operations is associated with facilities management services including cleaning and catering. We believe that the risk from these services is low given the security clearance process that is required for any personnel gaining access to our sites. These services are outsourced to suppliers and are therefore considered within our supply chain risk assessment as detailed in the following section.

Risk assessment in our supply chain

We are aware that there are areas of potential risk of modern slavery in our supply chain, for example, in countries where the prevalence of forced labour is considered to be inherently high and, regardless of location, for certain types of materials, goods and services which may involve workers who are vulnerable to exploitation.

For existing suppliers, we are also aware that our opportunity to influence change can be correlated to our spend with a supplier and therefore our risk assessment process involved capturing the top 80% of our planned spend which would normally equate to our top 20% of suppliers, or in this case 40 suppliers.

We have assessed those suppliers against a number of risk factors such as the provision of materials goods or services which are:

1. **Associated with lower skills and labour intensive work.**
2. **Likely to include potentially vulnerable workers such as migrant workers.**
3. **Associated with vulnerable employment types e.g. self-employed, sub-contracted, agency labour.**

Having undertaken our risk assessment, we believe that there are potential risks with the following types of purchases:

1. **Systems and Equipment**
2. **System and Engineering & Customer Support Services**
3. **General Expenses**

We are now in the process of issuing self-assessment questionnaires to those suppliers identified as highest risk in order to gain more information on their operations, workforce, supply chain, their risk assessment processes and mitigation activities.

As part of that process we assess the risk according to the country location of the supplier and the risk associated with the specific goods/services purchased, namely the likelihood of vulnerable workers undertaking low skill and low paid work. Whilst we are prioritising suppliers based on risk assessment we are aware that our opportunity to influence may vary across suppliers and in instances where there is a potential higher risk but a reduced level of influence we will look for opportunities to increase our leverage via a collaborative, cross-sector approach.

We have developed guidance for our procurement team on developing corrective action plans in response to completed questionnaires and will then monitor suppliers for improvement and completion of agreed actions.

Risk mitigation – Policies, processes and contracts



1. Vigilance Plan

Thales Group is required by French Law to develop a Vigilance Plan in accordance with the Duty of Vigilance Law (2017). The scope of the Vigilance Plan includes the environment, health, safety and human rights, including actions to address issues of forced labour.



2. Integrity & Corporate Responsibility Charter (ICRC)

To provide clarity for our supply chain partners, Thales Group has brought together the requirements of our Vigilance Plan with wide-ranging compliance issues such as anti-corruption and protection of information in our Integrity and Corporate Responsibility Charter (ICRC).

The ICRC states our commitment to Human Rights as set out in the International Labour Organisation (ILO) Conventions, including the elimination of forced labour.

Suppliers are requested to sign the charter to indicate their commitment to and compliance with the standards we expect of our partners.



3. Code of Ethics

Since 2001, Thales Group has published a Code of Ethics defining the guidelines of behaviour required within the Group, including those expected towards suppliers and employees. The Code of Ethics addresses Thales Group's responsibility to its staff including its obligation of equality of treatment, avoiding any discrimination and ensuring respect. It also addresses the requirement of all suppliers to comply with its principles in relation to human rights and labour standards and is fully implemented and applied within Thales UK. Thales employees in the UK are required to refresh and confirm their knowledge of the Code of Ethics on an annual basis.



4. Modern Slavery Policy

As part of our improvement plan, we are revising our Thales UK Modern Slavery Policy which is applicable to all our employees, suppliers, and subcontractors.



5. Modern Slavery Supplier Standards

To ensure that our suppliers and subcontractors are clear on our expectations and what good looks like, we are developing a set of clear and pragmatic standards to which our Tier 1 suppliers are required to adhere.



6. Supplier Terms and Conditions

We are going to update our supplier terms and conditions to reflect our new Modern Slavery Policy and Supplier Standards as soon as they are implemented.



7. Whistleblowing Policy

Thales UK is committed to conducting its business with honesty and integrity and encourages a culture of openness and accountability. To support this approach, we operate a "speak up" programme via the Thales Alert Line to enable issues, including concerns about modern slavery, to be reported in confidence, with the assurance that they will be investigated, and appropriate action taken.

The Thales Alert Line can be used by all employees, including occasional employees of the Group (temporary or contractor) and all third parties, such as a customer or supplier of the Group or members of the general public. We maintain a written process setting out the actions to be taken in the event that any unethical issues, including modern slavery, is reported.



8. Grievance Procedure

The Thales UK grievance procedure sets out how to deal with any grievances relating to employees' employment fairly and without unreasonable delay. It is the policy of Thales UK that all employees have access to a procedure to help deal with any grievances arising out of their employment, and it is Thales' aim to try to resolve all grievances informally in the first instance, and as close to its point of origin as possible. Where an informal approach does not resolve the grievance to the satisfaction of the employee, the employee may raise a formal grievance without unreasonable delay.

Risk mitigation – Operations

Based on our improvement plan, we have updated and extended our risk mitigation across our Operations, as follows:

1. We have delivered and will continue to roll out specific training for the Procurement function to raise awareness and enable our Procurement Teams to effectively assess and mitigate risk.
2. We have delivered a workshop, facilitated by Stronger Together, for our Procurement Policy and Process team to review our Purchasing Practices, and identify opportunities for improvement.
3. Thales UK communicates its Modern Slavery Policy as part of the UK Ethics, Integrity and Corporate Responsibility Programme:
 - **Induction training for new Procurement employee**
 - **Awareness Videos i.e. Gangmasters & Labour Abuse Authority (GLAA) video**
 - **Intranet articles (Procurement and Ethics & Integrity pages)**

Risk mitigation – Supply chain

As part of our improvement plan, and as set out above, we have updated our policies, processes, and systems for managing risk in our supply chain.

We are evaluating our highest risk suppliers to identify gaps in risk assessment and mitigation then agreeing corrective actions to ensure improvement. We will monitor progress and if necessary, where there is no evidence of a desire to improve, we will terminate contracts.

However, we believe that collaboration is key to addressing modern slavery and we are keen to work with our suppliers to identify opportunities for improvement, identify best practice and focus on capability development. To this end, and as part of our pilot in 2023, we funded training for our Tier 1 suppliers within the scope of the pilot project and will continue to invite our highest risk suppliers to attend complimentary training.

We are considering broader opportunities to develop supplier capability, including the production of a resource guide which we will share, together with our relevant policies, with all suppliers



Potential and actual incidents

In 2023, we were alerted to a potential case of forced labour in the supply chain of one of our Tier 1 suppliers. Whilst the incident wasn't directly related to goods purchased for Thales, we were keen to understand the circumstances of the incident, what investigations had taken place, the outcome and how our Tier 1 supplier was handling the issue.



INCIDENT INVESTIGATION AND OUTCOME

The incident alleged that forced prison labour had been used in garment manufacturing in China. The supplier refuted the allegation but advised that they had taken the reported incident very seriously and an immediate investigation was commenced.

Following a thorough investigation, the supplier confirmed that the garment was made in a fully compliant factory and that numerous inspections of the factory, including a certified third-party visit to the site, found no breaches of any policies.

The investigation found credible evidence that points towards this being an isolated incident by an employee who had spent time in prison before his employment with the factory. Our investigation showed no indicators that prison labour were present in the factory at any time.

The supplier has payroll documentation to show the person pictured on the ID was an employee who received a wage. The individual had an employment contract with the factory and was not working under forced or prison conditions. The supplier is continuing to investigate how the employee ID came to be sewn into the garment.

The supplier took advice from the Ethical Trading Initiative (ETI) in relation to this matter and the ETI was supporting the supplier in their ongoing commitment to ethical trading practices.



CONCLUSION

The approach taken by our Tier 1 supplier has provided us with sufficient confidence that this and any other potential incidents are taken seriously, and appropriate investigations are undertaken.

As a result of this incident, we are reviewing our process for identifying and reporting incidents in which we request that all potential or actual incidents will be raised directly with the Modern Slavery Working Group to ensure that where necessary, the appropriate remediation process is initiated and 'lessons learned' are captured.



Next steps

The next phase of our improvement plan includes:

1

Producing guidance for the procurement team on developing corrective action plans.

2

Capturing the end-to-end modern slavery process and associated RACI* roles for communication across the business.

3

Rolling out training to highest risk suppliers.

4

Reviewing corrective action plans to identify key trends and opportunities for further supplier development.

5

Producing a guide to supporting resources for highest risk suppliers.

6

Developing a remediation policy.

7

Delivering further training for procurement.

8

Carry out a communications campaign across our operations to raise awareness.

9

Introduce a programme of social auditing for highest risk suppliers.

Related activities



CONFLICT MINERALS

Although Thales is not subject to section 1502 of the US Dodd- Frank Act, since it is not listed on the financial market of the United States, the Group exercises a Duty of Care regarding minerals from conflict zones (Conflict Minerals) to fulfill the expectations of its clients. In addition, it has incorporated into its approach the obligations under the European Regulation (EU) 2017/821, which took effect on January 1st, 2021. Thales submits these queries to its supply chain to ensure that the origin of the metals covered by these regulations can be verified as far as possible. The Group requires its suppliers to commit to adhering to its “Integrity and Corporate Responsibility Charter”, which involves compliance with the applicable laws and regulations concerning the procurement of conflict minerals such as T3G (tungsten, tin, tantalum, gold). The Group also regularly carries out surveys among any suppliers concerned to collect information relating to the origin of the T3G present in their products.

At the request of customers, the Group’s entities fill in and share the “Conflict Minerals Reporting Template” form.

By signing our Integrity & Corporate Responsibility Charter, Thales suppliers and partners commit to comply with applicable laws and regulations regarding sourcing of minerals such as Tantalum, Tin, Tungsten, Gold and/or their derivatives (3TG) from conflict areas. Suppliers are expected to exercise due diligence, as may be directed by law or regulation, on the source and chain of custody of these minerals and at a minimum require the same from the next tier of their supply chain.



EXTERNAL ACCREDITATIONS

Vigeo Eiris, Moody’s ESG Solutions, has ranked Thales Group third in its sector with an Environment, Social and Governance (ESG) with an overall score characterised as “Advanced”.

In 2022, Thales reconfirmed its commitment to the **United Nations Global Compact**, to which it has been a signatory since 2003. The Group therefore implements the ten principles relating to human rights, labour laws, environmental protection, and anti-corruption advocated by this initiative through agreements and procedures. As a signatory to the United Nations Global Compact, Thales is therefore committed to implementing policies and processes that respect applicable law in the countries in which it operates, and which take into account the United Nations Guiding Principles on Business and Human Rights.

In 2020, Thales Group embarked on an ISO 37001 “Anti-Bribery Management System” certification process, which was successfully completed in March 2021. Thales Group was the first French company in its sector to be certified to the ISO standard and one of the first companies in its segment worldwide on the main stock market index in France (the CAC 40) to have obtained this certification. In May 2022, the ISO standard was successfully extended to cover Thales in the UK and was re-certified again on 2 May 2024.



THALES INVOLVEMENT IN INDUSTRY SECTOR GROUPS

ADS Human Rights Working Group: Thales UK is a member of ADS, the leading aerospace, defence, security and space trade organisation for companies in the UK. Activities are focused around the following key areas: influencing the policy debates of most importance to our industries; supporting UK manufacturing and industries’ supply chains; encouraging investments in technology and innovation and supporting business development opportunities.



The need to consider the human rights impact of an organisation's business activities is a subject of increasing significance for members of ADS. Since the launch of the UN Guiding Principles on Business and Human Rights (UNGPs) in 2011, ADS members are keen to work together to articulate what the salient issues for members are and what they are doing or need to do, to respond to these issues. It is not just regulation driven but part of our collective approach to responsible businesses delivering against the UN Sustainable Development goals, in this case Sustainable Development Goal Number 8 "Decent work and Economic Growth".

As part of ADS, Thales sponsors approximately 30 suppliers in the SC21 programme, which is designed to accelerate the competitiveness of the UK aerospace & defence industry by raising the performance of its supply chains. This community meets frequently and Thales has communicated to this community on many issues related to sustainability, including the MSA.

ADPG: Thales UK is represented on the Aerospace and Defence Procurement Group (ADPG) a sector wide group working in partnership with CIPS to promote cooperation and common solutions to the key challenges facing the sector.

MOD SPWG: The Ministry of Defence Sustainable Procurement Working Group (MOD SPWG) is a collaborative Industry and Government panel of which Thales UK is a member. The working group shares and discusses threats and opportunities within the defence industry relating to environment, economic and social issues, including modern slavery and human trafficking.



Conclusion

Thales does not tolerate modern slavery and considers it to be an abhorrent crime that inflicts unacceptable harm on vulnerable adults and children. For a company that is serious about acting responsibly, good intentions are simply not enough. Thales has recognised this for some time, progressively embedding corporate responsibility in all its business processes.

We are committed to maximising our efforts to tackle modern slavery, working in collaboration with our supply chain partners to ensure that we continue to develop our capability and understanding of this complex and challenging issue.

This statement was approved by the Thales UK Board on 20th June and is published in accordance with the UK Modern Slavery Act (2015).

Alex Cresswell

Thales UK
Chief Executive Officer

Chris Shaw

Thales UK
Chief Operating Officer

Lucy Boler

Thales UK
Country Procurement Director

THALES

Building a future we can all trust

350 Longwater Avenue
Green Park
Reading
RG2 6GF
United Kingdom
+44 (0) 118 943 4500
>thalesgroup.com<

