



UK Tax Strategy

This document sets out the tax strategy, and strategic tax values of the Thales Group (“Thales”)

Tax Strategy

1.1 Tax Strategy Statement

Thales develops and delivers complex systems, products, equipment and related services for governments as well as major companies and organisations globally. Our vision is to innovate with our customers to build smarter technical solutions, in a tax compliant way. To support this we focus on implementing our strategic tax values listed below.

1.2 Tax Strategy Values

1.2.1 Governance and Level of Acceptable Tax Risk

We are accountable and committed to excellence, operating effective tax governance to ensure we comply with applicable laws and regulations: To do this, we ensure that we are compliant in our tax filing obligations and are proactively mitigating tax risks to acceptable levels. Our Senior Accounting Officer sign-off process, together with the operation of a robust risk management framework, ensures that all key tax processes and controls are designed and operate effectively. The Thales risk management system is a comprehensive and integrated management tool. For each of the risks identified, the Risk Management Committee specifies the acceptable level of risk for the Group, with a detailed analysis performed by the Risk Assessment Committee. To aid the assessment and review of our internal controls system, the Thales Audit, Risks and Internal Control Department (DARCI), conducts an extensive programme of audits and consultancy visits annually.

We have a zero tolerance policy towards tax evasion and it's deliberate facilitation.

We have a low risk approach in relation to tax matters, and compliance with our UK Tax Strategy is regularly reviewed. The Board of Directors is ultimately responsible for establishing the overall tax governance, and any issues are escalated by the Head of Tax as appropriate.

In order to achieve our commercial objectives, we form active links between tax personnel and the wider business. This ensures sufficient tax knowledge and support is available for the Group to make informed business decisions. We invest in our people by providing them with training and development opportunities, ensuring they are equipped with the necessary knowledge to support the business. Encouraging dialogue and promoting knowledge-sharing are critical to ensuring our employees are empowered to support the wider organisation from a tax perspective, and that the tax team are consulted prior to any significant business decisions being made.

1.2.2 Attitude towards Tax Planning

To develop a sustainable business, we consider the most tax efficient way to complete any commercial transaction, however our activities will always have a primary business purpose which will drive decision-making. Our agile and pro-active approach allows us to take advantage of government-approved tax reliefs and incentives as appropriate. All intercompany transactions follow OECD arm's length principles and are supported by up to date documentation. External tax advice is sought where tax law is unclear or subject to interpretation. Any engagement with external tax advisers is supported by the Thales tax department, and approved by the Tax Director.

1.2.3 Relationship with HMRC and foreign tax authorities

Thales pursues a relationship built on transparency, trust and constructive dialogue with all relevant stakeholders, including HMRC and foreign tax authorities: We are committed to acting with integrity, loyalty, accountability and professionalism in everything we do. In particular, we maintain an open, transparent and pro-active relationship with tax authorities in the jurisdictions we operate in. We interpret tax law using relevant guidance and discuss points of interpretation with tax authorities in advance, where appropriate. If a tax dispute arises, we will maintain a constructive dialogue with tax authorities, to achieve a timely resolution.