Building a future we can all trust
Safer, greener and more inclusive

Thales’ inaugural ESG Investor Day
5 October 2021
Agenda

3:00 pm  Vision and key priorities
          Patrice Caine

3:15 pm  Accelerating our strategy for a low-carbon future
          Jean-Loïc Galle, Yannick Assouad, Marko Erman

4:05 pm  Developing smarter solutions for a sustainable world
          Hervé Derrey, Alex Cresswell, Philippe Vallée

5:00 pm  10-minute break

5:10 pm  Strengthening our ESG culture to foster our development
          Philippe Knoche, Isabelle Simon, Clément de Villepin

5:30 pm  Final Q&A session
          Patrice Caine, Isabelle Simon, Philippe Knoche, Clément de Villepin, Jean-Loïc Galle, Pascal Bouchiat

6:00 pm  End of ESG investor day
3 panels today

- **Accelerating our strategy for a low-carbon future**
  - Jean-Louis Galle
    Senior EVP, Chief Operating Officer and Chief Performance Officer
  - Yannick Assouad
    EVP, Avionics
  - Marko Erman
    SVP, Chief Scientific Officer

- **Developing smarter solutions for a sustainable world**
  - Hervé Derrey
    EVP, Space
  - Alex Cresswell
    Chairman and CEO, Thales UK
  - Philippe Vallée
    EVP, Digital Identity and Security

- **Strengthening our ESG culture to foster our development**
  - Philippe Knoche
    Independent board member
    Chairman of the governance and remuneration committee
  - Isabelle Simon
    Group secretary & General counsel
  - Clément de Villepin
    Senior EVP, Human Resources
Vision and key priorities
Sustainability ambitions anchored in our purpose

**Our purpose**

“Building a future we can all trust”

**Our ambitions**

Maximize the sustainability impact of our portfolio of solutions

Embed ambitious sustainability commitments in all processes

Working to make the world safer, greener and more inclusive
Taking our performance to the next level

### Strategy for a low-carbon future
- **Reduction of operational CO₂ emissions**
  - - 35% in 2023
  - - 50% in 2030
  - **NET ZERO** in 2040
- **Boosting product innovation and eco-design across portfolio**
- **Robust engagement plan with supply chain**
- **Action plan to be submitted to SBTi certification**

### Diversity & inclusion
- **75%** of management committees with at least 3 women in 2023
- **20%** of women in senior management in 2023

### Ethics & compliance
- **Anticorruption**
  - 100% of exposed employees trained every 2 years in 2021
  - New digital ethics charter in 2023

### Health & safety at work
- **Frequency rate of accidents at work with subsequent lost work time**
  - - 30% in 2023

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**70% of workforce incentivized on sustainability KPIs**

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(a) Scope 1 + Scope 2 + Scope 3 business travel, target in absolute terms vs 2018 reference including Gemalto. Previous target: -20% by 2023 and -40% by 2030

(b) Top 13% of global workforce. Percentage of women in total workforce: 26%

(c) Compared to 2018 frequency rate
Addressing major societal issues through a unique portfolio of solutions

Safer: ~60%
Keep citizens safe in both physical and digital worlds
- Defence
- Digital security
- Infrastructure security

Greener: ~20%
Design solutions to observe and understand climate phenomena and to reduce the environmental impact of our customers
- Environmental monitoring and navigation satellites
- Optimization of aircraft operations
- Air Traffic Management
- Training and simulation

More inclusive: ~20%
Grant universal access to fundamental rights: legal identity, bridging the digital divide
- Telecom satellites
- Identity documents
- e-Government

Percentage based on 2022 consensus sales, excluding transport

Working to make the world safer, greener and more inclusive
Accelerating our strategy for a low-carbon future
What are we talking about?

Thales already the lowest CO₂ emitter among large European A&D companies

Thales estimated scope 3 “use of products” emissions: less than 1% of commercial aircraft industry

Multiple very large opportunities across Thales portfolio

Operational CO₂ emissions

Emissions under company control: direct (scope 1) and indirect (scope 2 and scope 3 business travel)

<table>
<thead>
<tr>
<th>Country</th>
<th>Operational CO₂ emissions (2020)</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU</td>
<td>32.6</td>
</tr>
<tr>
<td>UK</td>
<td>31.8</td>
</tr>
<tr>
<td>France</td>
<td>26.5</td>
</tr>
<tr>
<td>Germany</td>
<td>25.0</td>
</tr>
<tr>
<td>Thales (Full Group)</td>
<td>16.1</td>
</tr>
<tr>
<td>Thales (Commercial aircraft only)</td>
<td>13.2</td>
</tr>
</tbody>
</table>

Thales’ operational CO₂ emissions (2020) 8
Boeing (Commercial aircraft only) 158
Airbus 440

Other CO₂ emissions

Emissions related to other processes in the corporate value chain, mainly linked to supply chain and use of products (scope 3)

<table>
<thead>
<tr>
<th>Company</th>
<th>Disclosed scope 3 ‘use of products’, million tons of CO₂, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thales</td>
<td>8</td>
</tr>
<tr>
<td>Boeing</td>
<td>158</td>
</tr>
<tr>
<td>Airbus</td>
<td>440</td>
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</table>

Avoided CO₂ emissions

Benefit to other players in value chain from the use of products developed by the company (“scope 4”, not accounted for in GHG protocol)

<table>
<thead>
<tr>
<th>Company</th>
<th>Million tons of CO₂</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thales’ other CO₂ emissions (2020)</td>
<td>0.2</td>
</tr>
<tr>
<td>Example: aircraft operations optimization</td>
<td>9.6</td>
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<tr>
<td>10 times larger</td>
<td>100+</td>
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</tbody>
</table>

Operational carbon intensity of European A&D companies

(a) Scope 1 + 2 + 3 business travel, tons of CO₂ per €m of sales, 2020

Operational CO₂ emissions

Emissions under company control: direct (scope 1) and indirect (scope 2 and scope 3 business travel)

- Thales already the lowest CO₂ emitter among large European A&D companies
- Thales estimated scope 3 “use of products” emissions: less than 1% of commercial aircraft industry
- Multiple very large opportunities across Thales portfolio
Accelerating our strategy for a low-carbon future

- Reduce operational CO₂ emissions faster, aiming for net zero by 2040
- Step up engagement with supply chain
- Boost product innovation and eco-design

Full responsibility  
Cooperation  
Support our customers and society

Overall action plan to be submitted to SBTi certification
Operational emissions: over-performance since 2018

Thales’ operational CO₂ emissions

Carbon intensity (tons of CO₂ per €m sales)

Operational CO₂ emissions (ktons)

2010 2018 (b) 2020 2023 2030
412 344 ~280 (c) -20% vs 2018 -40% vs 2018
18.4 16.5 (c)

2018-2020:
2 key reduction levers

1. Optimization of energy efficiency:
   - Energy consumption of buildings
   - Heat recovery for cold units
   - Replacement of top consuming equipment
   - Further reduction of energy consumption

2. Green electricity strategy

(c) 2020 operational emissions corrected for Covid-19 impact on business travel. Reported operational emissions: 225 ktons of CO₂, reported carbon intensity: 13.2 tons of CO₂ per €m of sales.

Targets in line with 2°C trajectory

(a) Scope 1 + Scope 2 + Scope 3 business travel
(b) 2018 including Gemalto
(c)
Thales’ operational CO₂ emissions\(^{(a)}\)

<table>
<thead>
<tr>
<th>Year</th>
<th>CO₂ Emissions (ktons)</th>
<th>Change vs 2018</th>
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<tbody>
<tr>
<td>2018 (^{(b)})</td>
<td>344</td>
<td>-35%</td>
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<tr>
<td>2023</td>
<td></td>
<td></td>
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<tr>
<td>2030</td>
<td></td>
<td>-50%</td>
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<tr>
<td>2040</td>
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New targets in line with 1.5°C trajectory

<table>
<thead>
<tr>
<th>Year</th>
<th>Net zero</th>
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<tr>
<td>2023</td>
<td></td>
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<td>2030</td>
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<td>2040</td>
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Thales’ operational CO₂ emissions\(^{(a)}\): now targeting -50% by 2030, net zero by 2040

2021-2030:
Robust action plan based on 4 pillars

1. Further reduction of energy consumption
   - Real estate footprint optimization and energy efficiency programs in every country
   - Industrial equipment upgrade and deployment of solar panels

2. Extensive move to green energy supply, based on a country by country plan

3. Elimination of high emitting coolant gas used in clean rooms

4. Breakthrough initiatives with respect to business travel
   - Massive reduction of internal business travel thanks to new communication and engineering tools
   - All new company vehicles: electric or hybrid as of 2022

(a) Scope 1 + Scope 2 + Scope 3 business travel
(b) 2018 including Gemalto
Targets in absolute terms vs 2018 reference
Stepping up engagement with supply chain on environmental challenges

CO₂ emissions related to goods & services delivered to Thales: supplier action plans

- Well advanced engagement with 150 most emissive suppliers
  - Tracking of estimated CO₂ emissions for goods and services delivered to Thales
  - Review and challenge of supplier action plans
  - 60% of action plans already reviewed
  - 2023 goal: 100% action plans reviewed and challenged

- Engagement with other suppliers to be launched in 2022

Eco-design with suppliers

- Eco-design for all subsystems included in Thales’ products

Sustainability criteria progressively included in supplier selection process

Ambition: engaging suppliers on aiming to achieve -50% reduction by 2030
Boost product innovation and eco-design: 3 illustrations

Accelerating our eco-design initiatives

Aerospace: inventing a sustainable future together

Making digital technologies environmentally friendly
Accelerating our eco-design initiatives

Our objective

- **2020**: 44% of new products developed with eco-design requirements
- **2023 target**: 100%

Through extensive training...

1,500 product policy & engineering managers
50% trained to date – 100% in 2022

... and supported by specific tools

Eco-design options: CLOE\(^{(a)}\)

- from user value description to engineering requirements

CO\(_2\) emissions: PETER\(^{(b)}\)

- featuring a unique database of mobility platforms models

System engineering: 4E\(^{(c)}\)

- ongoing action on CO\(_2\) modeling in EDGE computing architecture

Developing attractive green products that customers will prefer

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\(^{(a)}\) CLOE: Check List for Orienting Ecodesign
\(^{(b)}\) PETER: Product Evaluation Tool for Ecodesign and Reporting
\(^{(c)}\) 4E: Ecodesign Enriched Engineering Environment
Aerospace: inventing a sustainable future together
Thales’ actions are fully aligned with the aviation sector’s 2050 ambition.

**AVIATION SECTOR’S DECARBONIZATION LEVERS**

**THALES’ CONTRIBUTIONS**

**APPROACH**

- **CO₂ footprint reduction in the operational use & flight performance of all aeronautical platforms**
  - Avoided
  - Very large

- **CO₂ footprint reduction on Thales’ products, mostly achieved through weight reduction**
  - Induced (Scope 3 “use of products”)
  - Limited

**EMISSION TYPE**

- Induced
- Avoided

**POTENTIAL IMPACT**

**EMISSION TYPE**

- Induced
- Avoided

**POTENTIAL IMPACT**

- Very large
- Limited
Significant near-term opportunities through weight reduction

**Purpose**
- Gain safety and reliability, reduce weight and lower production and maintenance costs on A320 rudder control system
- New system architecture and move from 7 to 4 computers enabling 30% weight gain (~25 kg)
- Contracted with Airbus for 2023 entry into service, undergoing certification process

**Contribution**
- Integrate more reliable, high resolution 4K displays with lower size, weight and power consumption in Avant IFE seatback system offers
- New generation IFE solution: 20% weight and power gains vs previous generation
- Future product (after 2025): 50% weight and power gains

**Environmental benefit**
- Up to 400,000 tons of CO\textsubscript{2} saved as of 2024 (scope 3 ‘use of products’)
- ~3% of 2018 other Group CO\textsubscript{2} emissions
- Up to 150,000 tons of CO\textsubscript{2} saved by 2023, 700,000 tons of CO\textsubscript{2} by 2030 (scope 3 ‘use of products’)
- ~5% of 2018 other Group CO\textsubscript{2} emissions
Aircraft operations optimization: a major CO₂ reduction opportunity for aviation

Major CO₂ emission reduction achievable through operations optimization

- 10 to 15% CO₂ reduction
  - CO₂-optimized trajectories
  - Weather-related optimization ("windsurfing")
  - Other optimization levers: ground, fuel load
- Non-CO₂-related benefits: condensation trails

Lever: combined digital transformation of avionics and Air Traffic Control systems

- Development of breakthrough AI-based tools
- Adoption of new flight and ATC procedures
- Applicable to existing in-service aircrafts
- Cumulative with other initiatives

Possible CO₂ emission reduction via aircraft operations optimization
(avoided emissions, million tons of CO₂)

Thales is uniquely positioned to address this massive opportunity
Addressing aircraft operations optimization through continuous innovations in both avionics and Air Traffic Control

**Purpose**

- Improve flight trajectories (climb, cruise, descent) via end-to-end optimization functionalities/applications from both certified avionics and non-certified sources

**Contributions**

- Digitally-connected avionics & cloud-based services delivering up-to-date traffic and weather data
- Climate-based route design
- Certification and first sales expected in 2024

- Deliver civil Air Traffic Control solutions that promote safe, orderly and expeditious air traffic flow while minimizing environmental impacts

- Green airspace optimization solutions
- Collaborative optimization tools
- Secure digital air/ground data exchange
- First capabilities introduced in TopSky ATC One as of 2025

**Capitalizing on Thales’ unique capabilities to deliver on this major opportunity**
Making digital technologies environmentally friendly
Big data and cloud: from big to smart

Big is beautiful?

Big Data

Collect as much data as possible and store them in the cloud

Smart is useful!

Smart Data

~10x data and communication reduction at each stage

Reduce the volume of collected data, store and process them where they need to be used

Adopting these approaches strongly minimizes energy consumption while providing superior service to customers
Artificial Intelligence: data vs knowledge

Deep Learning & Machine Learning
- Data-based
- No a priori knowledge
- Black box
- High power consumption

Symbolic Artificial Intelligence
- Knowledge-based
- Reasoning
- Explainable / Formal proof
- Energy-efficient

Psibernetix
A Thales Company

200x faster than human pilot on a low-power computer

Hybrid AI – data & knowledge based – is at the core of Thales’ TruE² AI strategy: Transparent, Understandable, Ethical and Environmentally-friendly
Quantum antennas

**Current technologies**

Antenna dimension depends on frequency. At low frequency, an antenna can measure 10 – 100m or even more.

**Quantum technologies**

A quantum antenna surface is ~1 square cm and detects ALL frequencies.

Quantum technologies have the potential to revolutionise sensors and reduce sensor sizes by several orders of magnitude (10x to 1000x).
Accelerating our strategy for a low-carbon future: key takeaways

Reducing operational CO₂ emissions faster, aiming for net zero by 2040
- Based on detailed action plans
- Plan to be submitted to SBTi certification

Increased focus on product innovation and eco-design
- Uniquely positioned to address optimization of aircraft operations, a massive decarbonization lever
- 100% of new products eco-designed by 2023
- Investing in low-carbon digital technologies

Stepping up engagement with supply chain

Commitments in line with Thales purpose, supporting customers and society

Significant growth and differentiation opportunities across Group portfolio
Developing smarter solutions for a sustainable world

Hervé Derrey
EVP, Space

Alex Cresswell
Chairman and CEO, Thales UK

Philippe Vallée
EVP, Digital Identity and Security
Thales Alenia Space: “Space for life”
Thales Alenia Space’s vision for a safer, greener and more inclusive world

Space for life

Thales Alenia Space believes in space as the new horizon of humankind, which will enable to build a better life on Earth

~75% of portfolio
Today’s focus

~25% of portfolio
Unique expertise to serve important missions

Space to observe & protect
- Key role of earth observation in mitigation and adaptation to climate change
- 75% out of 54 essential climate variables measured from space

Space to navigate
- Precise satellite-based positioning delivering major efficiency benefits in transport (journey times: -10%+) and agriculture (pesticides and fertilizers: up to -20%)

Space to connect
- Digital divide reduction and acceleration of global citizen connectivity
- Key role in disaster emergency communications

Focus of space missions
- Prime contractor on all European Meteosat weather satellites
- On board 11 out of 12 EU Copernicus missions

Selected references
- At the avant-garde of satellite navigation in Europe over the past 20 years
- Major partner on Galileo and EGNOS programs
- Developed all LEO\(^{(a)}\) constellations in full operational service today: GlobalStar2, O3B and Iridium NEXT
- SATRIA: delivering connectivity to 145,000 areas, including 90,000 schools in Indonesia

[\(a\)] LEO: Low Earth Orbit

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Sustainability: a strong market growth driver, notably in Europe

Space projects at the heart of European Union political priorities, driving significant budget increases

- Unprecedented European Space Agency and EU budgets already secured
- Additional opportunities arising from new plans
  - 30% of Next Generation EU recovery plans to be dedicated to sustainability initiatives
  - “Secure connectivity initiative” under discussion, targeting space-based high-speed connectivity everywhere

Double-digit market growth forecasts for space-based commercial Internet connectivity market

Sustainability-focused European space budgets
(€bn per year)

- 3.4
- Up to 5.5

Sources: ESA Financial Obligations (ESA Stakeholders); EC MFF; estimates for NGEU recovery plans and EC’s secure connectivity initiative; EUMETSAT; national agencies.
Scope: navigation, observation, telecom, space situational awareness

Up to 5.5
CAGR 2020-27
+5 to +7% NGEU recovery plans, secure connectivity initiative

EU, ESA and EUMETSAT space budgets

2014-20
2021-27

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Thales Alenia Space leadership driving market outperformance

Partner of choice with proven technological and industrial competencies

Space to connect
- Technological leader in geostationary Very High Throughput Satellites
- Space Inspire: flexible software-defined satellite
- Global leadership in LEO constellations

Space to observe & protect
- Selected for 5 out of 6 new EU Copernicus missions thanks to unique technological capabilities
- World leader in altimetry
- Export opportunities with Earth observation solutions

Space to navigate
- Prime contractor on 6 of the 12 satellites of Galileo 2nd generation system
- Opportunities for worldwide deployment of EGNOS

Space sales trend (€bn)

- 2020: ~2.5
- 2021: ~+7% CAGR 2020-24
- 2022
- 2023
- 2024

(a) Trajectory excluding potential major telecom constellation projects
Accelerating initiatives towards a sustainable space ecosystem

Delivering major improvements in end-to-end satellite system performances

- Pioneer in transition from chemical to electric propulsion, enabling major savings on launch mass
- Miniaturization of onboard electronics

Preventing debris, monitoring and cleaning space orbits

- Proactive on space debris mitigation including with early application of precursor French law
- Space Situational Awareness: prime manufacturer of Northstar’s constellation program
- Leading EU EROSS+ project to validate technologies for future orbital support services (satellite life extension, in-orbit refueling)

Improvement in telecom satellite weight performance
(launch weight to deliver 1 Gb/s)

Division by 9+ over 6 years
Thales Alenia Space: key takeaways

Space for life: vision for a safer, more environmentally-friendly and more inclusive world

Sustainability: a strong market growth driver, notably in Europe

Thales Alenia Space leadership driving market outperformance

Accelerating initiatives towards a sustainable space ecosystem

Sustainability drives major growth opportunities for Thales Alenia Space, underpinning ~7% annual organic growth over 2020-24
Thales’ defence capabilities: strongly contributing to more sustainable societies
Defence is essential to safe, stable and prosperous societies

We live in a globalised and increasingly unpredictable world, facing emerging threats.

Combining military capability, diplomacy and development assistance is necessary to achieve stability, resolve disputes non-violently and prevent conflicts.

The protection offered by defence to wider society provides the foundation for sustainability and protection of the planet.

Thales supports nations around the world to achieve these aims and counter the physical and virtual threats they face.
Thales: leading in one of the most regulated global industries

What we stand for

Operating ethically; selling our products and services responsibly

Strict compliance with laws of the countries and regions in which we operate

Core priority to be proactive with developing and sharing best practice; striving for continuous improvement

Strict export controls
Committed and certified to stringent export control regulations
Processes integrated in day-to-day business through training, audit, and focus on continuous improvement

Zero-tolerance on corruption
Clearly defined policy, shared with all employees and audited regularly
ISO 37001 certification

Involvement in nuclear and controversial weapons
White phosphorous phase out by mid 2022
French nuclear missile program: < 0.1% of group sales

Making AI trustworthy
Transparent, Understandable, Ethical and Environmentally-friendly AI - putting humans at the center

TrUE² AI

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The changing nature of defence requires new operational capabilities

**Changing nature of warfare**
- International forces cooperating pan-domain
- Hybrid warfare

**Creation of social value and prosperity**
- Economic prosperity
- Economic equality
- Fighting climate change
- Humanitarian assistance and disaster relief

**Defence and sustainability**
- Climate change impacting the operational environment
- Sustainable defence solutions that give operational advantage

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Thales’ smart and digital solutions positioned to address these emerging needs
Thales’ solutions deliver both enhanced performance and reduced environmental footprint

Increasing mission performance whilst reducing size, weight, power and logistics

- **Sensors** 45%
  - Sonoflash sonobuoy
  - Sophie Ultima thermal imager
  - Talios multi-function pod

- **Defence systems** 23%
  - Collaborative combat
  - Synaps-H radios

- **Networks and C4ISR\(^{(a)}\) solutions** 32%

- **Increased efficiency through improved asset collaboration across all domains**
  - Autonomous mine warfare
  - Synthetic training & flight simulators

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(a) C4ISR: Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance
Thales’ defence solutions contribute to a more sustainable future in many civil markets

Expertise in unmanned defence systems applied to civil drones

Thales drone solutions

Building traffic management solutions to support safe adoption of unmanned systems in wider society

Cybersecurity solutions addressing similar threats across defence and civil markets

Thales end-to-end solutions for critical national infrastructures

Providing protection for critical national infrastructure

Defence innovations to solve challenges in other industries

Thales Halcyon Unmanned Surface Vessel and holographic radar

Unmanned Surface Vessels, electro-optic imagers & holographic radars to support windfarm operation and expansion
Defence capabilities: key takeaways

Defence contributes to safe, stable and prosperous societies

Thales implements best-in-class ethics & compliance practices

The nature of warfare has changed, requiring smart and digital solutions in which Thales excels

Thales’ solutions deliver both enhanced performance and reduced environmental footprint

Thales’ defence solutions enable a more sustainable future in many civil markets

Defence innovation fuels growth for Thales, strongly contributing to more sustainable societies
Digital Identity & Security: building trust in an increasingly digital future
Digital Identity & Security: building trust in an increasingly digital future

Physical and digital identity for all

Privacy and cyber-security for everyone

Enabling a digital transformation of businesses and governments that is socially responsible and has a low-carbon footprint

Sustainable growth and a better future ahead
Contributing to society by providing a legal identity for all

We support UN Sustainable Development Goal 16

TARGET 16.9

Legal identity for all by 2030

An identity gives access to education, health services, social benefits, voting and government services

Thales: civil register projects benefiting 300m+ people in more than 20 countries

Civil register projects: a €100m opportunity by 2025 in a double digit growing market

A major program funded by the World Bank with over $1.5bn committed so far
Trusted digital identities and data privacy for all

Cybersecurity is key to sustainability

- Increasingly impacting identity thefts, data leaks, ransomware attacks undermine trust in digital transformation
- Privacy and sovereignty build trust

Thales: recognized global leader in data protection and identity & access management

- Total cybersecurity sales: €1bn+ in 2020
- 2,800+ cybersecurity engineers

€500m+ high margin incremental growth opportunity by 2025

Cybersecurity product market growth (€bn)

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<th>2020</th>
<th>2025</th>
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<td>53</td>
<td>85</td>
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+C10% CAGR

Source: Gartner, IDC

Cybersecurity framework

Identify Protect Detect Respond Recover
Eco-design as a driver of differentiation

Eco-design at scale across full product portfolio

► New products deliver 50 to 85% carbon savings (purchase of plastic, transport)
► Ambitious target: eSIM and eco-designed smart cards to represent ~35% of smart card volumes by 2025

Certified carbon neutrality for existing products, whenever valued by customer
Migrating to eSIM: a major low-carbon / plastic-less product

eSIM-equipped smartphone market growth
(Million units shipped)

Base scenario: supplying and activating 200m eSIMs in 2025
- ~900 tons of plastic saved every year
- ~15,000 tons of CO₂ saved every year

Attractive software and services business model
- High margin / high growth revenue opportunity
- Target: ~€150m+ by 2023 and €300m+ by 2025

The eSIM occupies 60 times less volume than the nano SIM

Source: Counterpoint

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Digital identity and security: key takeaways

Digital identity and security: key building blocks of a sustainable digital future

Thales: recognized global leader in data protection and identity & access management

Setting ambitious targets for eSIM and eco-designed smart card businesses

Thales: best positioned to enable a digital transformation that is both socially responsible and with a lower carbon footprint
Strengthening our ESG culture to foster our development

Philippe Knoche
Independent board member
Chairman of the governance and remuneration committee

Isabelle Simon
Group secretary & General counsel

Clément de Villepin
Senior EVP, Human Resources
Building a future we can all trust

Final Q&A session
Conclusion
Building a future we can all trust: safer, greener and more inclusive

Portfolio addressing key societal needs

Sustainability: a key lever in Thales’ growth strategy

Accelerating sustainability initiatives to deliver on ambitious commitments

Compelling ESG strategy aligned with purpose

Sustainable value creation with enhanced resilience
Updated materiality matrix based on comprehensive third-party led discussion with stakeholders

- Research conducted in May-July 2021 by an independent third party
- Identification of 80+ sub-topics grouped into 13 main categories
- Detailed discussions with key Thales stakeholders: customers, employees, unions, investors, suppliers, and NGOs
### Full list of topics assessed in research

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<th><strong>ENVIRONMENTAL</strong></th>
<th><strong>SOCIAL</strong></th>
<th><strong>GOVERNANCE</strong></th>
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<tr>
<td><strong>Climate change strategy</strong></td>
<td><strong>Talent attraction and retention, diversity &amp; inclusion</strong></td>
<td><strong>Corporate governance</strong></td>
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<td>• Solutions to Address Climate Change Risks</td>
<td>• Diversity &amp; Inclusion</td>
<td>• Board Structure &amp; Composition</td>
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<tr>
<td>• Research and Investment in Clean Technology</td>
<td>• Employee Wellness &amp; Benefits</td>
<td>• Board Diversity</td>
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<td>• Indirect &amp; Supply Chain Emissions Management</td>
<td>• Human Capital Development</td>
<td>• Board Independence</td>
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<tr>
<td>• Operational Emissions Reduction Strategies</td>
<td>• Pay Practices &amp; Equity</td>
<td>• Board Expertise</td>
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<td>• Reputational &amp; Regulatory Risk from Climate Change</td>
<td>• Retention &amp; Hiring Efficacy</td>
<td>• Remuneration &amp; Incentives</td>
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<td>• Operational Emissions Management</td>
<td>• Labor Relations &amp; Collective Bargaining</td>
<td>• Shareholders’ Rights</td>
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<tr>
<td><strong>Environmental impact of operations</strong></td>
<td><strong>Employee health &amp; safety</strong></td>
<td><strong>ESG &amp; general risk oversight</strong></td>
</tr>
<tr>
<td>• Waste Generation &amp; Management</td>
<td>• Compliance with Third Party Standards</td>
<td>• ESG Discussion at Board Level</td>
</tr>
<tr>
<td>• Water Use &amp; Management</td>
<td>• Safety Training &amp; Compliance</td>
<td>• ESG Education for Board of Directors</td>
</tr>
<tr>
<td>• Resource Use and Circularity</td>
<td>• Business Continuity Procedures</td>
<td>• Material Topic Identification</td>
</tr>
<tr>
<td>• Energy Consumption</td>
<td>• Workplace Injuries &amp; Ill Health</td>
<td>• ESG Program Oversight &amp; Accountability</td>
</tr>
<tr>
<td>• Hazardous Materials Management</td>
<td>• Corporate engagement and citizenship</td>
<td>• Regulatory Risks</td>
</tr>
<tr>
<td>• Greenhouse Gas Emissions</td>
<td>• Local Workforce Development</td>
<td>• Audit Oversight</td>
</tr>
<tr>
<td><strong>Compliance with environmental regulations</strong></td>
<td>• Impact of Products &amp; Human Rights</td>
<td>• Stakeholder Engagement</td>
</tr>
<tr>
<td>• Environmental Management System</td>
<td>• Responsible Trade Management &amp; Illicit Trade Risk</td>
<td><strong>Ethics &amp; compliance</strong></td>
</tr>
<tr>
<td>• Supplier Environmental Standards</td>
<td>• Public Policy Transparency &amp; Disclosure</td>
<td>• Anti-Bribery &amp; Corruption</td>
</tr>
<tr>
<td>• EHS Audits</td>
<td>• Conflict Mineral Management</td>
<td>• Responsible Tax Policy</td>
</tr>
<tr>
<td>• Emergency Hazard Preparedness</td>
<td>• Community Relations &amp; Engagement</td>
<td>• Data Security &amp; Privacy</td>
</tr>
<tr>
<td>• Raw Material Traceability</td>
<td>• ESG Discussion at Board Level</td>
<td>• Public Sector Relations &amp; Lobbying</td>
</tr>
<tr>
<td><strong>Environmental product lifecycle management</strong></td>
<td><strong>Product Safety &amp; Quality</strong></td>
<td>• Ethical Conduct &amp; Compliance</td>
</tr>
<tr>
<td>• Responsible Product Disposal</td>
<td>• Product Audits &amp; Quality Assurance</td>
<td>• Export Control Management</td>
</tr>
<tr>
<td>• Recycled Materials in Production</td>
<td>• QMS Certification</td>
<td>• Whistleblower Protection</td>
</tr>
<tr>
<td>• Lifecycle Assessments</td>
<td>• Counterfeit Prevention &amp; Management</td>
<td><strong>Benefits of digital innovation</strong></td>
</tr>
<tr>
<td>• Environmental Impacts of Product Use</td>
<td>• Product Airworthiness</td>
<td>• Business &amp; Solution Continuity</td>
</tr>
<tr>
<td>• Eco-design Strategies</td>
<td>• Recall Management</td>
<td>• Digital Access &amp; Adoption</td>
</tr>
</tbody>
</table>

**Sentinel: Topics identified as most material**

**Environmentally friendly**
Gender diversity scorecard and targets

Gender diversity ratios
(large European A&D companies)

Board of directors

<table>
<thead>
<tr>
<th>Year</th>
<th>Thales</th>
<th>EU</th>
<th>US</th>
<th>UK</th>
<th>Rest of World</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>50%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>42%</td>
<td>39%</td>
<td>33%</td>
<td>27%</td>
<td>25%</td>
</tr>
<tr>
<td>2018</td>
<td>39%</td>
<td>33%</td>
<td>27%</td>
<td>25%</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>33%</td>
<td>27%</td>
<td>25%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>27%</td>
<td>25%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Executive committee

<table>
<thead>
<tr>
<th>Year</th>
<th>Thales</th>
<th>EU</th>
<th>US</th>
<th>UK</th>
<th>Rest of World</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>20%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>17%</td>
<td>12%</td>
<td>11%</td>
<td>9%</td>
<td>0%</td>
</tr>
<tr>
<td>2018</td>
<td>12%</td>
<td>11%</td>
<td>9%</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>11%</td>
<td>9%</td>
<td>0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>9%</td>
<td>0%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Global workforce

<table>
<thead>
<tr>
<th>Year</th>
<th>Thales</th>
<th>EU</th>
<th>US</th>
<th>UK</th>
<th>Rest of World</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>28%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>26%</td>
<td>22%</td>
<td>19%</td>
<td>18%</td>
<td>16%</td>
</tr>
<tr>
<td>2018</td>
<td>22%</td>
<td>19%</td>
<td>18%</td>
<td>16%</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>19%</td>
<td>18%</td>
<td>16%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>18%</td>
<td>16%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2023</td>
<td>16%</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

Glass ceiling KPIs and targets

Percentage of management committees with at least 3 women (44 committees)

- 2016: 14.9%
- 2017: 15.5%
- 2018: 16.5%
- 2019: 17.2%
- 2020: 18.0%
- 2023 target: 75%

Percentage of women in senior management positions (top 13% of global staff)

- 2016: 28%
- 2017: 26%
- 2018: 22%
- 2019: 19%
- 2020: 18%
- 2023 target: 20%
Thorough approach to product safety and security

1. Compliance with stringent industry standards for avionics (DAL), air traffic management (SWAL) and transportation (SIL)

2. Dedicated safety/security organizations in place in all business units, independent from engineering organizations

3. Comprehensive internal reference system (Chorus 2) applied throughout the company, supported by senior management, to meet quality, safety, security, health and environmental requirements
   - Management system describing all company processes (including designing, purchasing, producing and providing solutions, products and services) and associated practices
   - Systematic monitoring to control its correct application and to identify improvement opportunities

4. External certificates issued by recognized independent organizations to guarantee system reliability
   - ISO 9001 (quality management), EN 9100 (aeronautics, space & defense), IRIS (International Railway Industry Standard)
Involvement in controversial and nuclear weapons

Thales does not manufacture:
- Nuclear weapons
- Controversial weapons as defined in all treaties signed by the majority of European countries

Responsible policy regarding controversial topics
- White phosphorous: complete phase-out by mid-2022
  - Production of final batch of smoke shells to protect French army
  - Less than 0.1% of total group sales
- Proactive position on use of Artificial Intelligence in weapon systems
- Digital ethics charter

Thales: one of the 140+ direct suppliers on the French nuclear missile program
- Electronic systems in line with main areas of expertise
- Not specific to nuclear nature of missile
- Less than 0.1% of total group sales
Digital ethics charter: outlining commitments with respect to 3 major societal challenges

**Human dimension**
Placing humans at the center of digital technologies and helping to build a more inclusive, more caring world

- Keeping humans in control
- Promoting diversity by tackling discriminatory bias and related issues
- Promoting inclusion through digital technologies
- Training our people

**Safety and security**
Helping to make the world safer and more secure by increasing the safety and security of our solutions

- Strengthening data governance
- Ensuring the security and resilience of our solutions
- Promoting transparency
- Enabling explainability

**Environmental protection**
Using digital technologies to help build a more environmentally-responsible world

- Developing the positive environmental impact of digital technologies
- Reducing the environmental impact of digital technology usage
This presentation contains certain forward-looking statements. Although Thales believes that its expectations are based on reasonable assumptions, actual results may differ significantly from these forward-looking statements due to various risks and uncertainties, as described in the Company’s Universal Registration Document, which has been filed with the French financial markets authority (Autorité des marchés financiers – AMF).

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