Integrated Report Corporate Responsibility 2022–2023

THALES
Building a future we can all trust

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2022
KEY FIGURES

€17.6bn
Sales

77,000
Employees*

68
Countries

€1,064m
Self-funded R&D

€2.5bn
Free operating cashflow

-40%
Operational CO_2 emissions**

BUILDING A FUTURE WE CAN ALL TRUST

Thales is a global technology leader investing in digital and deep tech innovations – connectivity, big data, artificial intelligence, cybersecurity and quantum technology – to make the world safer, greener and more inclusive and in turn build a future we can all trust, which is vital for the development of our societies. The company provides solutions, services and products that help its customers – businesses, organisations and states – in the defence, aeronautics, space and digital identity and security markets to fulfil their critical missions, while keeping human intelligence at the heart of the decision-making process.

BREAKDOWN OF SALES BY GEOGRAPHIC AREA

*Not including the Transportation business (currently being divested).

**Operational emissions: Scopes 1 & 2 and Scope 3 (business travel). In absolute values against 2018 baseline.

FOREWORD
SECURITY MOVES UP THE AGENDA

PATRICE CAINE, CHAIRMAN & CHIEF EXECUTIVE OFFICER, THALES

As we look back on 2022, one thing is for certain: our vision of sustainable development remains forever changed. When war broke out in Ukraine, the eyes of the world turned momentarily away from the climate crisis and towards another key priority: keeping people safe.

Since 1945, developed nations – especially in Europe – have become increasingly desensitised to the terrible human and economic cost of conflict. But the events of last year brought those memories flooding back.

The war in Ukraine is shifting long-held perceptions of the defence sector: the public are once again starting to recognise its key role in maintaining global peace and stability and protecting democracy, while previously sceptical regulators and policy-makers are beginning to look at the industry in a more favourable light. For our employees, many of whom helped develop the systems and technologies that are defending the skies above Kyiv, the ongoing conflict brings an added sense of pride in working for a noble cause: protecting lives.

That said, we should remember that **sustainable development priorities cannot – and indeed should not – be ranked or compartmentalised**. Maintaining peace, fighting climate change, protecting biodiversity, addressing poverty and tackling gender inequality: goals like these form an indivisible whole bound by a complex web of interlinkages.

For this reason, holistic thinking is the only viable path to keeping our planet liveable and our societies prosperous.

This is the very essence of the United Nations Global Compact, which Thales signed 20 years ago. The principles it espouses – such as standing up for human rights, protecting the environment and stamping out corruption – are reflected in the values that underpin the Group's engagement with social and societal issues. These principles form the basis of the United Nations Sustainable Development Goals, and they are occupying an increasingly prominent place in our strategy.
With this in mind, we are continuing to execute our strategy for a low-carbon future – which is advancing faster than expected thanks to the hard work and dedication of our people – with a particular focus on improving energy efficiency and reducing usage. And we are continuing our efforts to lead by example on matters of ethics and integrity, diversity and inclusion, and workplace health and safety.

Above all, we will continue to unlock the potential of innovation to provide our customers with the tools they need to make the world safer, greener and more inclusive – the three pillars of our Group's corporate social and societal responsibility (CSR) strategy.

Innovation and research will prove increasingly decisive as we look to the future. The challenges ahead are many and varied, from mounting geopolitical tensions and supply-chain disorganisation, to competition for increasingly scarce resources such as energy and vital raw materials for batteries and electronic components – to name but a few.

There is no doubt in my mind that innovation holds the key to many of these challenges, helping us to develop more energy-efficient technologies, better understand climate phenomena, keep people safe from harm and put knowledge and information within reach of all. With our 33,000 engineers and researchers, and our extensive network of public, private and academic partners, we intend to play our part in harnessing the power of technology to shape a better world and build a future we can all trust.

"THALES IS CONTINUING TO UNLOCK THE POTENTIAL OF INNOVATION TO PROVIDE CUSTOMERS WITH THE TOOLS THEY NEED TO MAKE THE WORLD SAFER, GREENER AND MORE INCLUSIVE."

CORE BUSINESSES

AEROSPACE

Making aviation safer, more efficient and more eco-friendly. Designing satellites for telecommunications, Earth observation and climate monitoring.

AERONAUTICS

- Flight avionics
- Electrical systems
- In-flight entertainment
- Simulation and training

SPACE

- Telecommunications
- Earth observation
- Orbital infrastructure and transport systems
- Satellite navigation
- Exploration

GROWTH DRIVERS

- Significant upturn in air traffic after the Covid-19 pandemic.
- Strong demand for connectivity and higher operational and environmental performance.
- Unique value proposition in space systems to meet new communication and observation needs.
- Military satellites have become a priority for many countries.

NO. 3 WORLDWIDE
Commercial avionics

NO. 2 WORLDWIDE
Civil satellites

27%
of Thales's total sales*

€4,705m
+5.4% vs. 2021

EBIT margin: 5.0%

DEFENCE AND SECURITY

Helping governments, armed forces and major organisations to protect citizens and critical infrastructure, and guarantee their own security.

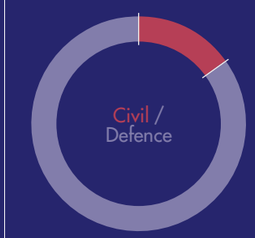
- Radar, sonar and optronic systems
- Secure communication networks
- Networks and infrastructure systems
- Cyberdefence solutions
- Air traffic management
- Command-and-control systems (C4ISR)

GROWTH DRIVERS

- Geopolitical tensions forcing western forces to review their short- and medium-term requirements.
- Rapid digitisation of the armed forces.
- Growing demand for cybersecurity solutions.
- Increasing adoption of disruptive technologies (artificial intelligence, quantum technologies).

NO. 2 WORLDWIDE
Military communications

NO. 1 IN EUROPE
Defence electronics



52%
of Thales's total sales*

€9,154m
+6% vs. 2021

EBIT margin: 12.9%

DIGITAL IDENTITY AND SECURITY

Protecting critical infrastructures and essential digital services from cyberattacks. Building trust in a connected world.

- Banking and payment services
- Cloud protection and identity and access management
- Identity and biometrics
- Mobile user and device authentication

GROWTH DRIVERS

- Strong market growth (data protection, biometrics, etc.).
- Rapid shift to the cloud: need for authentication and data protection.
- Synergies with other Thales businesses.
- Faster digital growth driven by increasing demand for connectivity and contactless applications.

NO. 1 WORLDWIDE
Data protection

NO. 1 WORLDWIDE
Payment cards and SIM cards

21%
of Thales's total sales*

€3,618m
+21% vs. 2021

EBIT margin: 13.7%

TRANSPORTATION

Business currently being divested

Controlling and supervising transport networks with maximum efficiency.

- Rail signalling and traffic regulation systems
- Communication systems
- Ticketing solutions

GROWTH DRIVERS

- 60% of the world's population living in cities and urban centres by 2030 (Source: UN-Habitat).
- Shift towards more automated and fully autonomous transport solutions.
- Sharper focus on green mobility in national post-pandemic stimulus plans.

NO. 2 WORLDWIDE
Rail signalling and supervision

€1,772m
+6.4% vs. 2021

EBIT margin: 7.4%

*Not including the Transportation business (currently being divested).

STRATEGIC PRIORITIES

1 Increasing our production capacity to meet strong demand

In a context of strong demand, the solid growth in order intake, which rose by 18% to €23.55 billion in 2022, calls for a progressive ramp up in the Group's production capacity.

As part of this effort, we hired around 11,500 people in 2022 (not including the transportation business), and we expect to recruit at least an additional 12,000 in 2023. To meet these targets and attract the best talent, we updated our Employer Value Proposition and transformed the "Talent Acquisition" organisation. Ambitious gender equality and training programmes are in place to support talent retention.

As for the Group's industrial operations, we plan to increase capital investment by 24% to €650 million in 2023 to add floorspace and increase production capacity at our main sites.

Specific measures are also being taken to help suppliers meet incrementally higher output targets.

2023 PRIORITIES

- Ramp up production capacity to meet strong demand.
- Secure supply chains.

2 Investing in R&D to consolidate our technological leadership

More than ever, Research & Development (R&D) is a key differentiator for Thales and one of the mainstays of our competitive performance. In 2022, the Group committed €1,064 million – which represents 6.1% of sales – to self-funded R&D.

Today, our research programmes focus on quantum technologies, artificial intelligence, cybersecurity and, more broadly, the technologies that will help customers in the Group's countries of operation to meet their security and sovereignty challenges.

Thales filed more than 350 new patent claims in 2022 – 45% of them for digital innovations – and currently holds more than 22,000 patents in its portfolio.

Listed in Clarivate's Top 100 Global Innovators™ for the 10th time in 2023, the Group is ranked among the seven most innovative French companies and institutions worldwide.

2023 PRIORITIES

- Accelerate investment in technologies of the future (quantum, 6G, edge computing).
- Expand R&D financed by customers, the European Union and other external sources.

3 Staying the course on our ambitious CSR strategy

Thales's purpose – building a future we can all trust – places Corporate Social and Societal Responsibility (CSR) firmly at the centre of our strategy. The CSR programme's two main objectives are to maximise the role of Thales solutions to create a more sustainable world, and to achieve a set of ambitious quantitative targets in four priority areas (climate, diversity, compliance, and workplace health and safety).

One important development in 2022 was the creation of a dedicated CSR department to coordinate Group-wide deployment of our CSR policy and consolidate last year's excellent CSR performance, when all the targets for environmental impact, diversity and inclusion, ethics, and workplace safety were met or exceeded.

In 2023, we will establish a medium-term CSR roadmap aimed at embedding social and societal considerations even more strongly into the Group's growth strategy, and at setting more ambitious extra-financial objectives for the coming years.

2023 PRIORITIES

- Accelerate our low-carbon strategy.
- Establish new medium-term CSR roadmap.

4 Strengthening our portfolio of solutions through targeted acquisitions

Our growth trajectory also hinges on continued expansion of the Group's capabilities and technology expertise through targeted acquisitions in cybersecurity, digital technologies and other strategic areas.

The external growth strategy focuses exclusively on complementary businesses with the potential to create synergies, expand our geographical footprint and accelerate growth in markets where we are already well-established. In 2022, Thales acquired four new businesses with a combined value of over €450 million.

Despite these acquisitions, Thales was able to draw on strong cashflow to fuel continued investments in the future and offer balanced returns to shareholders, with a higher dividend and a new share buyback programme.

2023 PRIORITIES

- Accelerate targeted acquisitions to strengthen the Group's leadership in key areas.

A RESILIENT BUSINESS MODEL

MEGA TRENDS

SHIFTING GEOPOLITICAL BALANCE < > ASSERTION OF SOVEREIGNTY < > RECONFIGURATION OF GLOBAL SUPPLY CHAINS < > GROWING CYBER THREATS < > FASTER CLIMATE DISRUPTION < > GLOBAL COMPETITION FOR TALENT

RESOURCES

INTELLECTUAL CAPITAL

€1,064m* in self-funded R&D.
Portfolio of more than **22,000** patents.
More than **33,000** engineers and researchers.

HUMAN CAPITAL

76,776 employees (85,253 including the Transportation business).
Over **31,000** employee shareholders (including former employees).
Payroll of **€7.7bn***.
12 hours of training per employee per year (average).
94% full-time contracts.
98% permanent contracts.

ENVIRONMENTAL CAPITAL

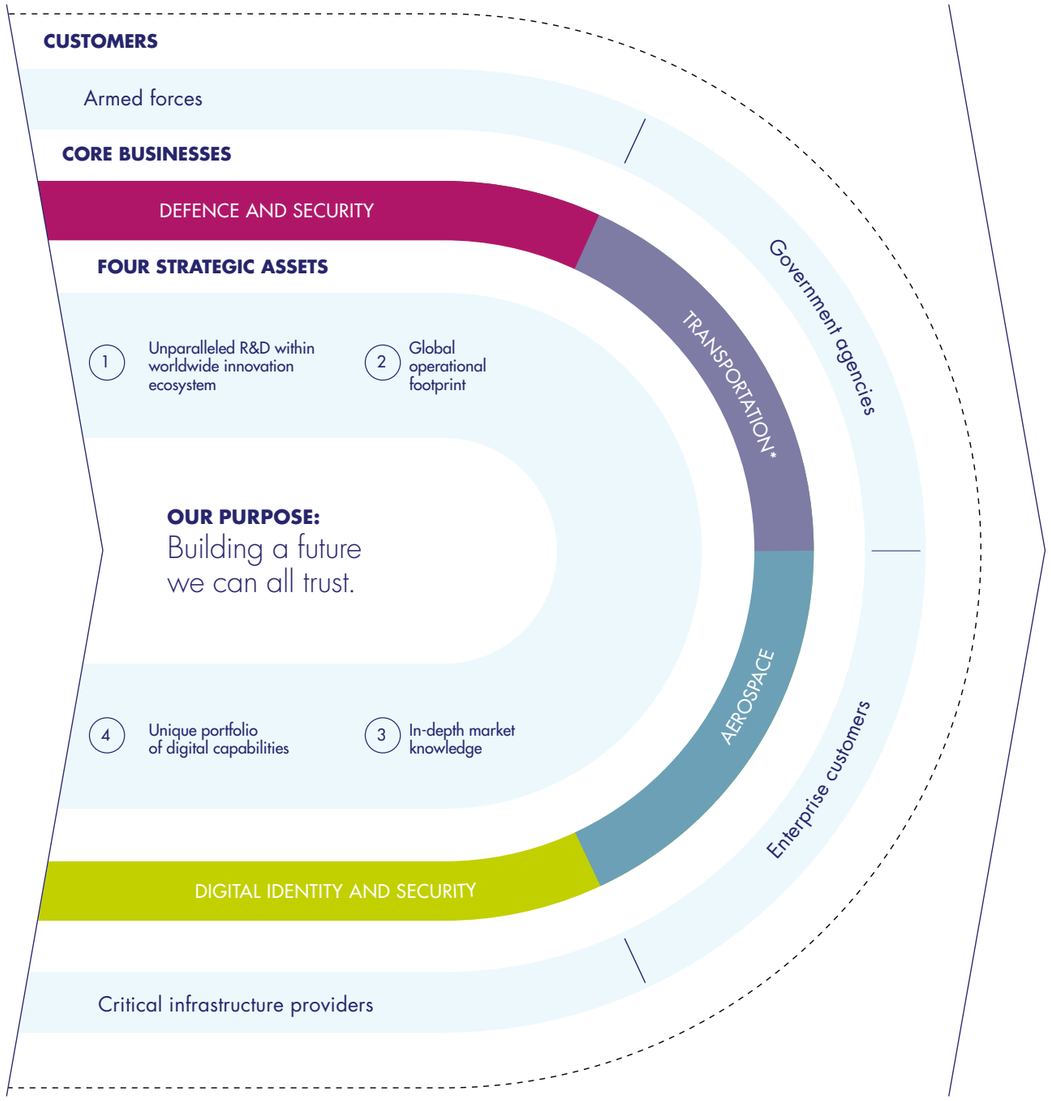
Strategy for a low-carbon future aligned with Paris Agreement target of 1.5°C for operational emissions.
Adoption of **French government Energy Sufficiency Plan** (-10% energy consumption between 2018 and 2022).

SOCIETAL CAPITAL

ISO 37001 certification (anti-bribery management systems) extended to include Thales operations in the UK and the Netherlands.
Procurement spending in excess of **€10bn** in 2022.
Responsible Supplier Relations and Procurement certification renewed in 2022.
10 community investment projects funded by Thales Solidarity in **five countries**.

FINANCIAL CAPITAL

Virtually no debt: **€35m** at 31 December 2022.
Long-term generation of free operating cashflow.
Solid credit ratings (S&P: BBB+; Moody's: A2).



VALUE CREATION

INTELLECTUAL VALUE

350 new patent claims in 2022.
6.1%* of sales invested in self-funded R&D.
Listed among the world's **100 most innovative companies** in Clarivate's Top 100 Global Innovators™ for the 10th time since 2011.

HUMAN VALUE

11,500* new hires in 2022, including **32%** women.
50% women on the Thales Board of Directors.
Rated the **third most attractive company** by engineers and second most attractive by engineering students (Universum France 2022).
2.8% absenteeism rate.

ENVIRONMENTAL VALUE

40% decrease in operational CO_2 emissions, in absolute values against 2018 baseline (Scopes 1 & 2 and Scope 3 "business travel").
74% of electricity from renewable sources.
84% of new product developments incorporating eco-design principles (target of 100% by 2023).
73% of non-hazardous waste recycled.

SOCIETAL VALUE

75% of procurement from European suppliers, including **42%** in France.
100% of at-risk employees trained in corruption prevention in 2022.
€331m* in income tax (average tax rate: 20.6%).
Nearly **€320m** invested in solidarity funds by more than 20,000 employees through Thales savings schemes (No. 2 in France by value).
More than €2m raised through the MicroDon payroll-giving programme in seven years.

FINANCIAL VALUE

29* large orders with a unit value of more than **€100m**.
Strong increase in global sales.
Free operating cashflow of over **€2.5bn**.
Double-digit EBIT margin.

*Not including the Transportation business (currently being divested).

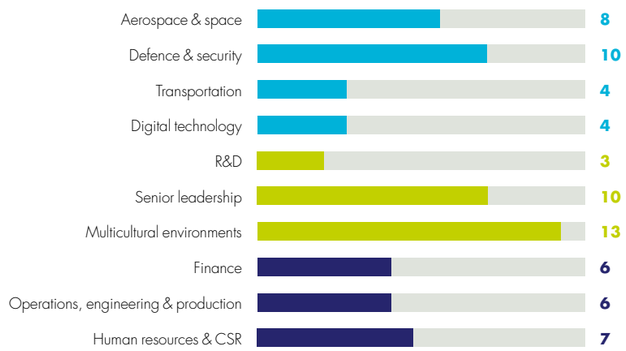
BUSINESS MODEL

FIT-FOR-PURPOSE **GOVERNANCE**

Thales is a public limited company with a Board of Directors. The composition of the Board is governed by the shareholders' agreement between the Group's two main shareholders: the French State and Dassault Aviation (the industrial partner). This agreement stipulates that the Chairman & CEO must be selected by mutual agreement and that the Board must have four "independent" directors in the meaning of the AFEP-MEDEF Code of Corporate Governance for Listed Corporations. —

BOARD OF DIRECTORS: BALANCE AND EXPERIENCE [1]

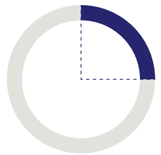
Number of directors (excluding the Chairman & CEO) with expertise in the following areas:



LEGEND

- Knowledge of the Group's business activities
- Functional expertise
- Multi-domain expertise

16
directors



25%
independent directors

50%
women

[1] Correct as of 7 March 2023.
[2] Compensation paid to Patrice Caine versus the median salary at Thales in France, expressed as a ratio.
[3] No amount is due if the reported figure is more than 2% below the sales target.
[4] No amount is due if the reported figure is 90% or less of the target.
[5] Airbus, Atos, BAE Systems, Capgemini, Dassault Aviation, Leonardo, Rolls-Royce and Safran.
[6] Amount due for the financial year; amount paid in the financial year including annual variable compensation due for the previous financial year.

AN ACTIVE AND ENGAGED BOARD

10
meetings in 2022

95%
attendance rate

3
Board committees

- Audit and Accounts Committee
- Governance and Compensation Committee
- Strategy & Corporate Social Responsibility Committee: this committee, which comprises five Board members and is chaired by the Chairman & CEO, is tasked with reviewing the Group's CSR strategy and monitoring related performance. In 2022, the committee was expanded to include two women Board members with expertise in CSR matters.

WORK OF THE BOARD IN 2022

In addition to strategy questions and the renewal of the Chairman & CEO's term of office, the Board of Directors addressed the following topics:

- The proposed disposal of the Transportation business
- The share buyback programme
- Acquisition opportunities
- The conflict between Russia and Ukraine and its impact on the Group
- The roll-out of the annual performance-based long-term incentive (LTI) plan for all Group employees
- Talent attraction and retention
- New gender-balance targets for the Group's management bodies by 2026
- Financing of the pension plan in the United Kingdom.

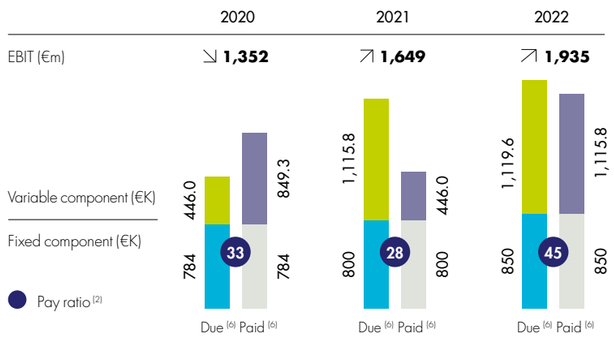
EXECUTIVE COMMITTEE: DIVERSE MEMBERSHIP

15
members

- **12** men and **3** women
- **2** non-French members
- **7** executive vice-presidents in charge of global business units
- **6** executive vice-presidents in charge of corporate departments

COMPENSATION PRINCIPLES

Compensation paid to the Chairman & CEO and pay ratio, 2020–2022



Criteria for variable annual compensation, 2022

Financial criteria

- Free operating cashflow [3] **20%**
- Order intake [4] **20%**
- EBIT [3] **35%**

Extra-financial criteria 25%

- Disposal of the Transportation business
- Supply chain tensions
- Group-wide recruitment plan
- CSR criteria (gender balance, health & safety, climate and compliance)

Criteria for long-term compensation plans ending in 2023

40%
Cumulative free operating cashflow, 2020–2022

40%
Average order intake, 2020–2022

10%
Total shareholder return when compared to a panel of European companies [5]

10%
Total shareholder return when compared to the EURO STOXX index

FINANCIAL PERFORMANCE AND SUSTAINABILITY

2022 RESULTS

Despite a complex operating environment, Thales returned excellent full-year financial results for 2022 and made solid progress towards its CSR objectives. The Group once again demonstrated the strength and resilience of its business model and its ability to create long-term value for stakeholders. —

SALES

€17.6bn

5.5% organic growth

EBIT

€1,935m

17.3% increase

ECO-DESIGN

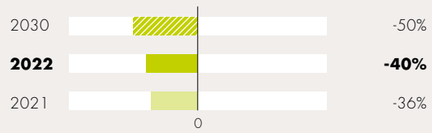
84%

of new products apply eco-design principles.

OPERATIONAL[2] CO_2 EMISSIONS

-40%

Compared with 2018. Target of net zero by 2040.



DIVIDEND PER SHARE

€2.94

15% increase

ORDER INTAKE

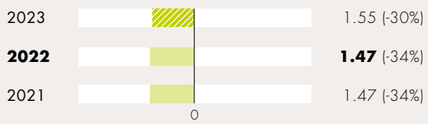
€23.6bn

16% organic growth

HEALTH AND SAFETY

-34%

Frequency rate of workplace accidents with lost time. 2023 target of -30%.

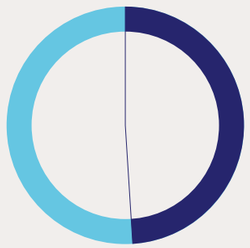


ETHICS AND INTEGRITY

100%

of at-risk employees trained in corruption prevention.

BREAKDOWN OF SALES



51%

Defence customers

49%

Civil customers

ORDER BOOK

€41bn

17% organic growth

GENDER EQUALITY

19.4%

Proportion of women in senior management[3].

DIVERSITY AND INCLUSION

75.6%

of management of committees include at least three women.

[1] The 2021 and 2022 figures (except dividend per share) do not include the Transportation business, which is currently being divested.
[2] Scopes 1 & 2 and Scope 3 ("business travel"). Target compared to 2018, including DIS/Gemalto.
[3] Levels of responsibility 10 to 12 (top 13% of global workforce). The proportion of women in the total workforce is 27%.

TACKLING THE CHALLENGES OF OUR TIME

6 MAY 2022

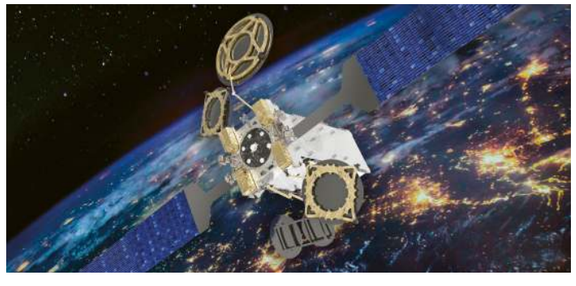
Airbus has chosen to equip its commercial airliners with a new flight management system from Thales, which will optimise flight operations by calculating shorter, more fuel-efficient routes, thereby reducing CO_2 emissions. The system is based on Thales's PureFlyt technology and has been specially adapted for the European manufacturer's A320, A330 and A350 models, with service entry from end-2026. With its expertise in avionics, connectivity, cybersecurity and air traffic management, Thales is the only European company to offer end-to-end onboard and ground-based solutions that help meet ambitious carbon-footprint reduction targets for the air transport sector.

12 JULY 2022

A WARM WELCOME TO ONEWELCOME!

Continuing its strategy of expansion in cybersecurity, Thales announces the acquisition of OneWelcome, a European leader in the customer identity and access management market. Its platform empowers organisations in highly regulated industries to connect customers and business partners securely to online services. OneWelcome's capabilities will complement Thales's existing identity and access management services in order to offer the most comprehensive identity platform in the market.

23 NOVEMBER 2022



EUTELSAT COMMUNICATIONS SATELLITES IN ORBIT

Thales announces the successful launch of the Eutelsat 10B and KONNECT VHTS satellites. Built by Thales Alenia Space, the two satellites are designed to deliver high-throughput services across Europe, the Middle East and Africa. Eutelsat 10B is intended for the aviation and maritime sectors. KONNECT VHTS, meanwhile, is the largest and most capacitive satellite of its kind ever built in Europe. It will help bridge the digital divide by providing internet access in isolated regions with poor coverage.

9 DECEMBER 2022

MAJOR CONTRACT WITH FRENCH DEFENCE MINISTRY

The French defence procurement agency (DGA) has entrusted Thales with the design of the ASTRIDE 3 high-speed communications network for theatres of operations, a major asset for collaborative combat. Rapid to deploy and compliant with NATO interoperability standards, ASTRIDE 3 will enable France to command coalition forces as a framework nation, as well as provide the French armed forces with an autonomous multi-brigade force projection capability.

29

orders with a unit value of more than €100m.

22,000

active **patents**.

350

patent claims in 2022.

ENGAGED WITH **REAL-WORLD CONCERNS**

Still reeling from the Covid-19 pandemic, the world faces mounting tensions on all fronts. The shifting geopolitical balance, with its impact on the global economy, raises new concerns for governments and businesses already fighting to address issues such as the climate crisis, major technological disruptions and global competition for talent. At Thales, we are bringing our technology and expertise to bear as we continue to tackle this complex set of challenges. —

1/ SHIFTING GEOPOLITICAL BALANCE

In recent years, competition between nations has spilled over into open confrontation as they vie for control over shared resources such as space, cyberspace, the airways, maritime corridors, and the seabed. There can be no doubt as to the growing importance of these resources, operationally and geographically. Yet the common rules that govern them are insufficient, vulnerable and under threat.

At Thales, we stand shoulder to shoulder with states and international organisations to provide the capabilities they need to fulfil their responsibilities, monitor and defend their territory, and keep their citizens safe from harm.

2/ ASSERTION OF SOVEREIGNTY

For states, the Covid-19 crisis and mounting geopolitical tensions have served as a salutary reminder that **maintaining the integrity and functional independence of critical infrastructure is an essential precondition for sovereignty and economic growth**. Around the world, major powers are bolstering their defence budgets as they look to protect their key national, regional and global interests.

At Thales, strong commercial performance across our defence programmes in 2022 confirmed that our strategy is effectively aligned with the concerns of our military customers.

3/ RECONFIGURATION OF GLOBAL SUPPLY CHAINS

Recent geopolitical, public-health and climate crises have fundamentally undermined global supply chains, with long-lasting impacts. States and companies alike are relocating or onshoring manufacturing operations for critical products such as medicines, car batteries and semiconductors. The path to restoring trust in the future lies in building a more agile and responsive value chain, and in upholding the very highest standards of social and environmental responsibility.

At Thales, we have always been mindful of the importance of resilience in our supply chain and ensuring we have the parts and components we need to support our customers' systems throughout their life cycle.

4/ GROWING CYBER THREATS

The growing threat of cyberattacks is a particular concern in today's increasingly online world. As these attacks become ever more sophisticated and virulent in nature, threat detection and risk prevention are crucial to keeping information systems and infrastructure up and running, whatever the circumstances.

Thales cybersecurity solutions help governments and organisations guarantee their digital sovereignty and maintain control of their cyberspace.

5/ FASTER CLIMATE DISRUPTION

The changing climate poses an existential threat to the future of our planet. As citizens and legislators alike call for urgent action at every level of society, there can be no doubt that the climate emergency is shaping public policy and business practices like never before. Measures such as onshoring manufacturing, recycling and reusing more waste, and reducing energy consumption make good business sense. But they also act as an insurance policy against future climate risks – because the shape of tomorrow depends on what we do today.

At Thales, we are confident of meeting our target of carbon neutrality by 2040 for our operational emissions (scope 1, scope 2 and scope 3 "business travel" emissions)

6/ GLOBAL COMPETITION FOR TALENT

Job applicants with expertise in electronics, cybersecurity and artificial intelligence are in high demand. Businesses with big ambitions in terms of innovation, production capability and sales growth therefore need to think seriously about their strategy for attracting and retaining new talent. In today's market, candidates are increasingly attracted to employers with substantive policies on corporate social responsibility, quality of life at work, and diversity and inclusion. Likewise, companies at the forefront of innovation can future-proof their business by aiming for more gender balance in scientific and technical roles.

In the 2022 Universum rankings, French engineering graduates listed Thales as the second most attractive company to work for. The Group offers opportunities to work on cutting-edge technologies that address the major challenges of our time.

RESPONSIBLE INNOVATION

At Thales, we see R&D as a key factor in our long-term success. Innovation is how we develop safe, sustainable products and technologies that set us apart from the competition and continue to raise the bar for performance and reliability – the very qualities our customers trust us to deliver. —

Our customers manage critical operations, infrastructure and services – which is why their trust in our solutions is absolutely essential. At Thales, we maintain this trust through our unrelenting focus on innovation. For us, innovation is a two-pronged approach. First, we make sure our systems and technologies meet increasingly exacting standards of performance, safety and sustainability. And second, we conduct research into critical technologies such as trusted artificial intelligence, quantum, edge computing, open-source hardware, and cutting-edge communication networks and human-machine interfaces.

A UNIQUE CAPACITY FOR INNOVATION

The Group has earned worldwide acclaim as a powerhouse of innovation. In 2022, we invested €1,064 million in self-funded research and development (R&D), on top of the €3–4 million in innovation funded by our customers. At Thales, innovation is spearheaded by 33,000 engineers – including 3,000 researchers – backed by a global network of Thales Research & Technology (TRT) laboratories and competence centres.

Another factor underpinning our potential for innovation is our unrivalled network of academic and industrial partners. In France, we work with the French National Centre for Scientific Research (CNRS), Sorbonne Université and École Polytechnique, while our partners outside France include Nanyang Technological University (Singapore), IVADO (Canada) and the Alan Turing Institute (UK). We also work with 1,700 accredited SMEs and start-ups in most of our countries of operation, and conducted 200 proof-of-concept projects with these partners over the space of eight years. This collaborative approach is also helping to drive progress on open-source hardware – a new pillar of Thales's innovation strategy that makes hardware designs freely available to all in order to shorten development cycles, bring down costs and address growing reliance on global manufacturers of semiconductors and other critical components.

BERNHARD QUENDT
CHIEF TECHNOLOGY OFFICER, THALES

EMBRACING ECO-DESIGN

Thales's customers are increasingly looking for ways to reduce their energy consumption and limit the environmental impact of their operations. In response, we are embedding eco-design principles in our product development processes: 84% of the new products we launched in 2022 integrate eco-design principles, and we aim to apply these principles to 100% of new releases in 2023. One way we are doing this is by systematically optimising our products for size, weight and power (SWaP) in order to shrink their carbon footprint.

MILESTONES IN 2022

In 2022, Thales stood out for its innovation across a range of fields. In quantum sensors, we won the International Euronaval Award for Naval Innovation for our superconducting quantum antenna, which offers wide frequency coverage, low power consumption and a 10,000-fold reduction in size when compared with a conventional antenna. The Group also helped develop the Falcon algorithm, which was selected by the US National Institute of Standards and Technology (NIST) following a five-year competition to establish a new post-quantum cryptography standard.

"WE ARE INVESTING HEAVILY IN DIGITAL AND DEEP TECH INNOVATIONS – CONNECTIVITY, BIG DATA, ARTIFICIAL INTELLIGENCE, CYBERSECURITY AND QUANTUM TECHNOLOGY – TO BUILD A FUTURE WE CAN ALL TRUST, WHICH IS VITAL TO THE DEVELOPMENT OF OUR SOCIETIES."

€1,064m
in self-funded R&D.

350
new patent claims in 2022.

84%
of new products apply eco-design principles.

SAFER DISRUPTIVE TECHNOLOGIES FOR COLLABORATIVE COMBAT

Under the SCORPION programme, which kicked off in 2014 and will run until 2034, the French Army will take delivery of a new generation of light armoured vehicles equipped with advanced digital technologies. The core vehicle electronics architecture developed by Thales is ushering in a new age of collaborative combat.

GÉRARD HERBY
VICE-PRESIDENT, PROTECTION SYSTEMS BUSINESS LINE, THALES

New technologies are disrupting the battlefield. Today's armed forces are increasingly deploying drones and other unmanned systems and making use of quantum technologies, artificial intelligence, big data analytics, collaborative tools, and digital platforms for command-and-control and combat operations. In combination, these systems give coalition forces an all-important edge in theatres of operations.

Anticipating these developments, the French defence procurement agency (DGA) began work on the SCORPION programme in 2010 to stay ahead of the curve. As well as equipping the French Army with a new generation of armoured vehicles, the programme aims to enhance the efficiency and operational performance of the armed forces by making collaborative operations the norm.

"Artificial intelligence will be the beating heart of collaborative combat, recommending modes of action and proposing optimal indirect fire options from the vehicle best placed to neutralise a target. This technology will provide vital support to commanders, who will of course stay in control of the final decision."

The digital revolution is also disrupting the battlefield in other ways, as new technologies continue to enhance land forces operations. By interconnecting combat and command vehicle systems, for example, Thales's Combat Digital Platform brings real-time data exchange and analysis capabilities to the front line, giving forces the speed and efficiency they need to maintain a decisive tactical advantage. As more sensors make their way into the theatre of operations, and as artificial intelligence advances in leaps and bounds, Thales's focus in the coming years will be to continue refining and building out its Combat Digital Platform to create a complete combat cloud architecture.

This solution will interface with sensors, effectors and communication systems on manned and unmanned vehicles, delivering a wealth of functions covering protection, observation, local situational awareness, command, augmented reality, decision support, interoperability and more.

Data from every source will be processed near-instantaneously, bringing advanced collaborative capabilities to forces deployed at battlegroup level and, from 2035, on joint operations.

Thales's blueprint for a unified combat cloud is attracting interest from armed forces around the world. "Our goal is to design a resilient, sovereign, secure and open environment that is compatible with different countries' technologies and military cultures and supports the operational functions and command systems of each individual force," explains Gérard Herby, Vice President, Protection Systems Business Line at Thales. Building on its experience on the SCORPION programme and with the Combat Digital Platform, Thales is positioned as a European leader in collaborative combat.

A Griffon multi-role armoured vehicle during a military exercise.

GREENER

A SMARTER, MORE SUSTAINABLE AEROSPACE INDUSTRY

Reducing carbon emissions is a key priority for the aerospace industry. At Thales, we are playing our part through our flight path optimisation and climate monitoring solutions.

In 2021, International Air Transport Association (IATA) member airlines pledged to achieve net-zero carbon emissions by 2050, in line with the Paris Agreement goal of limiting global warming to 1.5 °C. As the only company involved in both avionics and air traffic management (ATM), Thales has a key role to play in flight path optimisation – a measure that, on its own, could cut aviation-related CO_2 emissions by 10%.

In September 2020, we brought together dozens of Thales avionics and ATM experts for Green Operation, a project to identify sustainability-focused solutions that can be deployed across existing aircraft fleets and control centres. One initiative to emerge from the project is Flight Footprint, which lets airlines and air traffic control centres estimate an aircraft's environmental footprint for each flight segment. The system, which is already used to cut emissions from aircraft on approach to Singapore Changi Airport, is now being trialled by several airlines as a way to measure and reduce their impact in other areas, for example by limiting the production of environmentally harmful condensation trails.

LAURENT LAFONTAN
SENIOR VICE PRESIDENT, FLIGHT OPERATIONS TECHNICAL DEVELOPMENT, AIR FRANCE

"The success of the Octavie project shows how crucial it is for all the stakeholders to work together to achieve realistic, ambitious and highly demanding CO_2 emissions reduction targets like those adopted by Air France."

SIMONETTA CHELI
DIRECTOR OF EARTH OBSERVATION PROGRAMMES, EUROPEAN SPACE AGENCY

"With more accurate data delivered faster than we have had before from geostationary orbit, the MTG satellites are going to take weather forecasting to the next level, which will bring safety, environmental and economic benefits to millions, including the aviation industry on which many rely."

The Green Flag service, meanwhile, helps reduce aircraft fuel consumption by identifying flight path optimisation opportunities in a given portion of airspace with moderate traffic levels. Air France successfully trialled this real-time technology on two flights between Paris and Toulouse as part of the Octavie project, and the airline will run larger-scale testing on European routes in 2024.

On top of these new technologies, we are building advanced features into our critical products. For example, we have added new traffic flow optimisation capabilities to TopSky–ATC, our air traffic control automation solution, and our PureFlyt flight management system is now capable of optimising flight paths in real time. Airbus has chosen to equip its A320, A330 and A350 commercial airliners with this technology, with service entry from end-2026.

Thales Alenia Space's weather satellites are also making a key contribution to flight path optimisation and aviation safety. The first of three satellites in the Meteosat Third Generation (MTG) programme, which entered orbit on 13 December 2022, offers faster and more granular climate monitoring capabilities, giving airlines and pilots advance warning of storms, volcanic ash clouds and other impending dangers. This is just one example of how, at Thales, we are leveraging strong synergies between our space and aerospace businesses to help build a safer and greener world.

Thales's systems and technologies are helping to optimise flight operations.

MORE INCLUSIVE

DIGITAL ACCESS FOR ALL

Thales's innovative connectivity, security and digital identity solutions are helping to make interactions between people and organisations more secure, more efficient and more inclusive.

RAPHAËL DE CORMIS
VICE-PRESIDENT,
THALES DIGITAL FACTORY

Digital technology is a key driver of the global economy, revolutionising the way we live, travel, communicate and stay informed. Yet according to the United Nations, 2.7 billion people – one third of the global population – lack dependable access to the internet. As the world's leading satellite manufacturer, Thales Alenia Space is helping to bridge this digital divide. The Eutelsat KONNECT VHTS satellite, which entered orbit in September 2022, is delivering high-speed broadband services across Europe, the Middle East and Africa, providing internet access in isolated regions with poor coverage. The deployment of 5G Non-Terrestrial Networks (NTN) will soon allow 5G-ready smartphones, tablets and in-vehicle systems to switch seamlessly between terrestrial and satellite communication networks, no matter where they are on the planet.

At Thales, we are continuing to develop secure, high-performance technologies to build users' trust in the digital services that keep our societies up and running. One example is the Digital ID Wallet, a digital portfolio that makes it easy for anyone to prove their identity – in the physical and digital worlds – and control their personal data: users have the freedom to choose what information they share, when they share it and who has access. This solution also offers important benefits to public administrations, making it quicker and easier for citizens to log into their accounts to access services, while helping to tackle identity fraud and reduce the red tape associated with public service delivery. In late 2022, Thales launched the Voice Payment Card, an assistive technology solution for people with visual impairments that offers greater control and a more secure payment experience. The card is paired with an app on the cardholder's smartphone, which vocalises the transaction details via headphones or the in-built speaker.

"We believe a more "responsible" approach is not only desirable but critical. Digital technology should be conceived not as an instrument of subjugation, but rather as something that enriches our society, raises our standard of living and delivers the progress it promises."

We are also transforming the airport experience with our Fly to Gate solution: passengers create a unique, temporary biometric ID token at check-in, which allows them to pass seamlessly through each touchpoint using facial recognition, thereby eliminating the need to show travel documents. This technology is already used in automatic border control gates at several airports in France and Spain. Fly to Gate also reduces boarding time by one third, enhancing security and operational efficiency for both airports and airlines.

These are just some examples of how Thales is leveraging innovation to build a safer, more accessible and more inclusive digital world.

"Connectivity, security and digital identity are cornerstones of the digital transformation. Billions of people around the world rely on these technologies for work, travel and entertainment, and to exercise their civic rights. As a trusted leader in the field, Thales stands ready to help businesses and governments shape a more responsible digital future."

PHILIPPE VALLÉE
EXECUTIVE VICE-PRESIDENT,
DIGITAL IDENTITY AND SECURITY,
THALES

WHY THALES IS A TRUSTED PARTNER

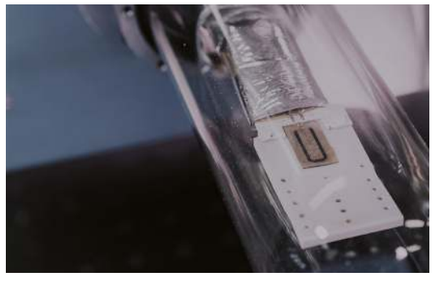
16 FEBRUARY 2023

In 2022, Thales was named as the European leader in research in the physical sciences by Nature, the international journal of science, topping the ranking of companies "making the biggest impact and contribution to science".
Today, more than 50% of new patent claims filed at Thales are in key areas: artificial intelligence, cybersecurity, big data, and cloud and quantum technologies.

19 OCTOBER 2022

EURONAVAL: RECOGNITION FOR THALES'S QUANTUM ANTENNA

Thales has won the International Euronaval Award for Naval Innovation for its superconducting quantum antenna, which offers wide frequency coverage and promises a potential thousand-fold reduction in the size, weight and power consumption of tomorrow's sensors.



30 NOVEMBER 2022

THALES ALENIA SPACE AND ESA TO JOINTLY DEVELOP DISRUPTIVE EARTH OBSERVATION SOLUTIONS

Thales Alenia Space and the European Space Agency (ESA) have signed a letter of intent to jointly develop disruptive space-based solutions for earth observation. Thales Alenia Space will cooperate with the ESA Φ-lab to explore innovative technologies based on artificial intelligence.

14 APRIL 2022

THALES BECOMES THE FIRST GROUP TO THE JOIN CAMPUS CYBER IN PARIS

Campus Cyber, in the La Défense district of Paris, is a new hub aiming to create synergies between public and private entities active in the field of cybersecurity. Thales, a global leader in advanced technologies and "deep tech" innovations, has become the first group to join the campus, illustrating its commitment to wider sharing of cyber expertise and more effective management of digital risk.

75%

of procurement from European suppliers, including 42% in France.

6.1%

of sales invested in self-funded R&D (€1,064m).

2nd

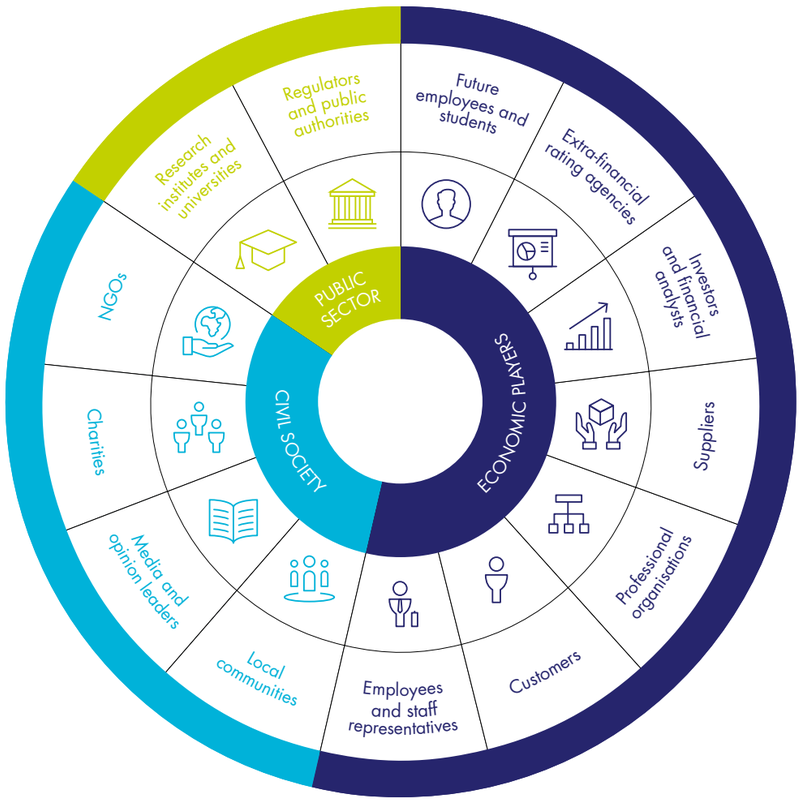
most attractive employer for French engineering graduates.

ENGAGING OUR STAKEHOLDERS WITH CONFIDENCE

Recognising the value of diverse perspectives in the decision-making process, Thales upholds a policy of continuous engagement with all of its stakeholders. —

A BROAD SPECTRUM OF STAKEHOLDERS

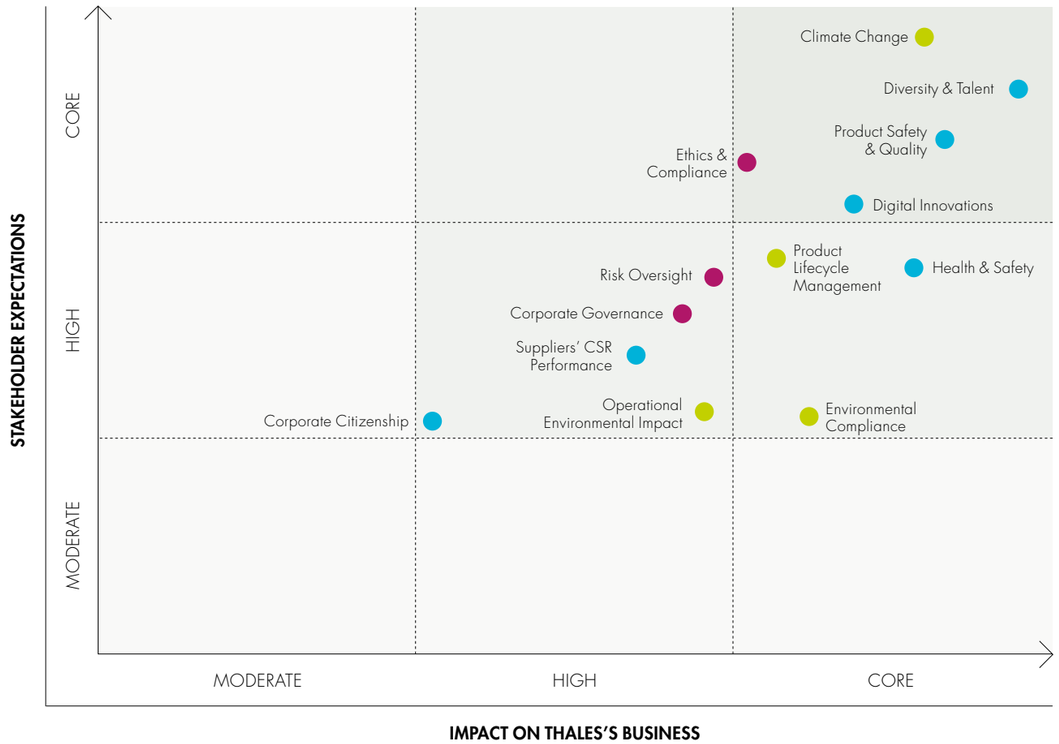
Due to the Group's international dimension and the breadth of its activities, Thales interacts with a wide range of stakeholders. We have identified the economic players and representatives of the public sector and civil society that are liable to influence the Group's businesses or be affected by its activities. For each of these stakeholder groups, Thales adopts a structured engagement policy tailored to reflect their expectations and concerns, and designed to convey our purpose of "building a future we can all trust".



MATERIALITY MATRIX

Regular interactions with stakeholders are the key to a meaningful and effective CSR policy. Based on these interactions, Thales has established a materiality matrix that classifies the Group's environmental, social and economic objectives in terms of their impact on our business and the expectations of our stakeholders.

Thales revised its materiality matrix in 2021 with input from outside specialists. Based on industry reports and benchmarking exercises, the process first identified 18 main concerns for the industries served by the Group. Representative lists of stakeholders were then drawn up with the help of our outside partner, and a total of 90 people took part in a survey. Based on their responses, the 18 concerns were organised into 13 themes and positioned on the matrix to reflect their importance for stakeholders (vertical axis) and the impact they may have on the Group's activities and business performance (horizontal axis). In 2022, Thales's CSR Department reviewed the matrix and determined that no significant changes were warranted.



ENVIRONMENTAL CONCERNS

Thales's ability to meet the challenges of climate change, manage the life cycle of its products and limit their environmental impact, and comply with stricter environmental legislation.

SOCIAL & SOCIETAL CONCERNS

Thales's ability to meet its product safety and quality requirements, provide digital innovations that benefit society, implement a rigorous health and safety policy, work with responsible suppliers and develop a coherent community investment policy.

GOVERNANCE CONCERNS

Thales's ability to implement a rigorous ethics, integrity and compliance policy, manage risks responsibly and align its governance model with applicable standards and requirements.

BUILDING LONG-TERM TRUST WITH OUR CUSTOMERS

Thales's solutions and services are designed for high-tech environments where the human stakes are high. Our success, now and in the future, hinges on the long-term trust of our customers and our ability to meet uncompromising standards of safety and security. —

We strive to build trust with all our customers by investing in local operations and relying on a network of 250 dedicated key account managers working across all Thales entities and business lines. As part of our global feedback and customer relationship management system, we run surveys every 18 months to two years to gauge customer satisfaction and confidence and better understand how we are performing and where we can improve. Some 73% of customers who took part in our 2021–2022 survey said they were satisfied or very satisfied with the Group's services, up one percentage point on the previous score.

AVIATION SAFETY: A COLLECTIVE ENDEAVOUR

For decades, Thales has been helping to raise the bar for aviation safety through its avionics and air traffic management solutions. Every product we develop for the industry is certified by national and global bodies (EASA [1], FAA [2], DGA [3], DGAC [4]) for compliance with international standards. We have also set up an in-house aviation safety management system to promote a safety-first culture at all levels of the Group's aerospace business. Employees are actively encouraged to share information and to report any safety incidents without delay, helping to foster a climate of trust in which everyone takes their share of responsibility for aviation safety. From an organisational perspective, aviation safety matters are overseen by three units within Thales's Avionics Global Business Unit (GBU): the Certification and Airworthiness Department (within the Technical Department), the Quality Department and the Operations Department. The Safety & Security Review Board, which is chaired by the head of the Avionics GBU, periodically reviews product-related safety indicators and determines how improvements can be made. The leadership team of the Avionics GBU is committed to applying the Group's safety and security policy across all aspects of the aerospace business.

Like other major players in the industry, Thales contributes to the regulatory activities of civil and military aviation authorities (the EASA in Europe, the FAA in the United States, and the DGAC and the DGA in France), as well as to the standard-setting work of bodies such as EUROCAE [5], RTCA [6] and SAE [7].

CYBERSECURITY: STAYING AHEAD OF GROWING THREATS

The growing threat of cyberattacks is a particular concern for companies and organisations in today's increasingly online world (see page 18). In line with our commitment to building our cyber resilience, we implement risk-management processes that comply with the ISO/IEC 27000 series, the NIST Cybersecurity Framework and other leading international standards. The Group's cybersecurity policy is supported by nine Security Operations Centres (SOCs) and an extensive network of specialists around the world, which was expanded in 2022 to include more than 1,000 additional cybersecurity experts. We also provide solutions to help our employees, customers and partners stay safe online – from secure communication platforms (Citadel and Cryptobox) and password management systems (EasyPass) to cyber threat detection tools.

The Group Information Systems Security Department comprises a multi-disciplinary team with expertise in auditing, risk and vulnerability management, training and awareness, incident response and crisis management. On top of this, every country of operation and Global Business Unit has a Chief Information Security Officer (CISO), who is ultimately responsible for the security of solutions and projects within their scope. Working in coordination with other CISOs, they head up communities of interest comprising dozens of cybersecurity experts

Although technology is the first line of defence against cyber threats, we take a holistic view of cybersecurity. To help embed this vision across the Group, we have developed a cyber risk training and awareness programme, which includes e-learning modules on cyber crisis preparedness and response, multi-unit crisis simulations, and special exercises and serious games for use during internal events.

[1] EASA: European Union Aviation Safety Agency
[2] FAA: United States Federal Aviation Administration
[3] DGA: *Direction générale de l'Armement* (French Defence Procurement Agency)
[4] DGAC: *Direction Générale de l'Aviation Civile* (French Civil Aviation Authority)
[5] EUROCAE: European Organisation for Civil Aviation Equipment
[6] RTCA: Radio Technical Commission for Aeronautics
[7] SAE: Society of Automotive Engineers

1 MILLION
Thales products and systems in service in civil and military aircraft fleets worldwide.

100,000
Thales products and systems delivered and installed in aircraft every year.

73%
of Thales customers satisfied or very satisfied with the Group's services.

1,000
cybersecurity experts hired in 2022.

9
Security Operations Centres worldwide.

SUPPORTING A RESPONSIBLE, RESILIENT SUPPLY CHAIN

Procurement is a strategic priority for Thales. With its focus on value creation, innovation, resilience and operational excellence, our procurement policy is designed to give the Group a long-term competitive advantage. In 2022, our sourcing reflected our industrial footprint, with suppliers in France, Europe and North America accounting for 84% of our procurement spend. —

In 2022, Thales introduced a global action plan in response to rising inflation and shortages of certain raw materials. Building long-term trust with strategic suppliers forms a central plank of this action plan and enables us to maintain both business performance and customer satisfaction. As part of this approach, we work with our suppliers to help them manage major operational risks such as sudden spikes in energy and raw material prices, but also to navigate cybersecurity risks and labour shortages.

At Thales, we recognise that integrity and compliance are cornerstones of a resilient supply chain, and strict procedures are in place to prevent corruption and influence peddling involving any of our suppliers. In addition, we perform due diligence to identify any risks related to human rights, environmental protection, and workplace health and safety in our supply chain. In 2022, we completed assessments of 97% of the 1,600 Thales suppliers deemed "at risk" in these areas. We also have a policy in place on conflict minerals.

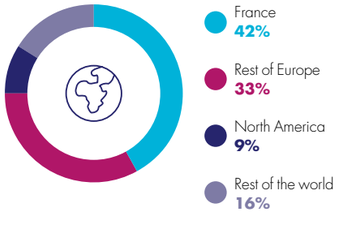
BUILDING LASTING PARTNERSHIPS WITH OUR SUPPLIERS

Thales's Suppliers' Conference in March 2022 was attended by 400 large companies and SMEs from 40 countries and focused on the Group's three procurement priorities: operational excellence, competitiveness and corporate social responsibility (CSR). For 2023, we have built a extra-financial (CSR) performance criterion into our supplier selection process – a move that exemplifies our ongoing focus on the social and environmental impact of our supply chain. Also in 2022, our Responsible Supplier Relations and Procurement certification was renewed for the 12th year in a row. This certification is based on ISO 20400, the international standard for sustainable procurement.

CREATING VALUE WITH SMES

Our businesses play a vital role in preserving our customers' sovereignty. We recognise the importance of the economic fabric that supports our operations, and our supply chain in particular, which is why we actively support the small and medium-sized businesses in our supplier base. In France, for instance, Thales has been a member of "Pacte PME", an organisation working to boost business opportunities for SMEs, since 2010, and signed the "Convention Action PME", an agreement pursuing similar aims, with the French Ministry of the Armed Forces in 2019. And in 2022, we took part in the "PME Tour DGA", a travelling road show organised by the French defence procurement agency to meet small and medium-sized defence suppliers throughout France. We also involved SMEs in a number of projects financed by the European Defence Fund, helping them to expand their business outside France. On top of this, we have long-standing partnerships with sheltered work and vocational rehabilitation centres, which provide employment opportunities for people with disabilities. Our procurement spend with these organisations amounted to almost €4m in 2022.

Origin of procurement by region (%)



JEAN-LOÏC GALLE
SENIOR EXECUTIVE VICE PRESIDENT, CHIEF OPERATING OFFICER AND CHIEF PERFORMANCE OFFICER, THALES

"A RESILIENT AND EFFICIENT SUPPLY CHAIN IS CRITICAL TO THE GROUP'S OPERATIONAL SUCCESS. ABOVE ALL, THIS REQUIRES US TO BUILD LONG-TERM TRUST WITH OUR SUPPLIERS AND SUBCONTRACTORS, AND TO FULLY UNDERSTAND THE LOCAL AND INTERNATIONAL BUSINESS ENVIRONMENT."

99%
of new suppliers signed up to Thales's Integrity and Corporate Responsibility Charter.

97%
of "at-risk" suppliers assessed (risk classification based on Thales's due diligence mapping).

HOW AN AMBITIOUS CSR POLICY MAKES A DIFFERENCE

ISABELLE SIMON, GROUP SECRETARY & GENERAL COUNSEL, THALES

"2022 was marked by a strengthening of the Group's Corporate Social Responsibility organisation and governance, reflecting Thales's growing commitment to environmental, social and governance issues."

6 APRIL 2023

SBTI ENDORSES THALES'S STRATEGY FOR A LOW-CARBON FUTURE

The independent Science Based Targets initiative (SBTi) has endorsed Thales's greenhouse gas emissions reduction targets for 2030, confirming that the Group's objectives are compatible with the Paris Agreement. In pursuit of these targets, Thales is reducing emissions from its own operations, working with its suppliers to shrink their footprint and developing innovative solutions to help its customers meet their own climate goals.

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

16 DECEMBER 2022

SWOT: THE NEW EARTH OBSERVATION SATELLITE

The SWOT (Surface Water and Ocean Topography) satellite has been launched successfully. SWOT's ocean topography mission will help scientists analyse and understand the impact of coastal circulation on marine life, ecosystems, water quality and energy transfers.

27 FEBRUARY 2023

THALES TO PRESS AHEAD WITH RECRUITMENT DRIVE

In 2023, Thales plans to hire more than 12,000 new employees to support its strong growth trajectory. The recruitment plan follows a record-breaking year in 2022, when the Group welcomed 11,500 new hires.

5

countries certified to ISO 37001:2016 (Anti-Bribery Management Systems): France, United Kingdom, Netherlands, United States and Canada.

19.4%

of senior management positions held by women.

40%

reduction in CO_2 emissions in absolute terms (scopes 1 & 2 and scope 3 "business travel").

CSR EMBEDDED IN OUR BUSINESS STRATEGY

Thales's corporate social responsibility (CSR) policy meets the highest international standards. With a networked governance model and a set of ambitious objectives, the policy reflects an unrelenting commitment by the Group to help build a sustainable future and make the world safer, greener and more inclusive. —

"THALES'S CSR POLICY IS NOW FUNDAMENTAL TO THE GROUP'S SUCCESS. IT IS FULLY EMBEDDED IN OUR STRATEGY AND OUR PURPOSE OF BUILDING A FUTURE WE CAN ALL TRUST."

ANNE BOLOT-GITTLER
CHIEF SUSTAINABILITY OFFICER, THALES

In 2022, Thales strengthened its CSR organisation and governance in response to the growing prominence of social, societal and environmental issues and shifting stakeholder expectations.

BUILDING A MORE SUSTAINABLE WORLD

In 2022, Thales submitted its greenhouse gas emissions reduction targets to the Science Based Targets initiative (SBTi). Our targets for 2030 were endorsed in March 2023, underscoring the credibility of our climate policy, and confirming that our emissions reduction goals are reasonable and realistic.
On the human resources front, we have set ourselves significantly higher gender balance targets. This move, which aligns with our long-standing workplace equality policy, is designed to help us attract the talent we need to support our growth.
In 2022, we built a climate target into our long-term incentive plans for senior managers, adding to the existing arrangement under which 10% of the variable compensation paid to eligible employees (63% of our workforce) is contingent on attainment of the Group's CSR targets.

A COMPREHENSIVE NEW MODEL OF CSR GOVERNANCE

In 2022, Thales overhauled its CSR organisation and governance model with the aim of embedding a set of ambitious objectives in its business strategy and operational processes at the highest level.

The **Strategy and CSR Committee** on the Board of Directors is tasked with reviewing and overseeing the Group's strategy in this area. Chaired by Patrice Caine, Thales's Chairman & Chief Executive Officer, the committee comprises five directors plus two women Board members who contribute their expertise on CSR-related agenda items.
At executive level, the **Strategic CSR Committee** is chaired by the Chairman & Chief Executive Officer and comprises several members of the Executive Committee. It approves the Group's CSR policy, priorities and action plans, as well as the associated indicators and quantitative targets. The committee periodically reviews Thales's CSR aims and objectives and ensures that the necessary resources and investments are in place.
To ensure that CSR considerations permeate every level of the Group, this new model also includes 23 CSR correspondents from the management committees of Thales's Global Business Units and Major Countries, and from the International Development Department and the Group's corporate functions. The Corporate CSR Steering Committee and the CSR Network Steering Committee play a coordinating role and help to define the key issues, priorities and initiatives that underpin the Group's CSR policy.

A DEDICATED CSR DEPARTMENT

At the heart of this model is Thales's central CSR Department, led by the Chief Sustainability Officer, which is tasked with coordinating all aspects of the Group's CSR policy. The department reports to the Group Secretary and General Counsel, who manages the CSR portfolio on the Executive Committee. The Chief Sustainability Officer draws on the knowledge and expertise of three specialised offices (the Health, Safety and Environment Office, the Social and Societal Responsibility Office, and the CSR Performance and Project Management Office) and the above-mentioned CSR correspondents.
This organisational model allows CSR initiatives to be rolled out quickly and consistently across the Group, while ensuring they are tailored to local needs and cultures.

CSR TARGETS

GENDER BALANCE

75%
of management committees with at least four women in 2026.

22.5%
of senior management positions held by women in 2026.

CLIMATE

HEALTH AND SAFETY

30%
reduction in frequency rate of workplace accidents with lost time by 2023 relative to 2018.

ETHICS AND INTEGRITY

100%
of at-risk employees trained in corruption prevention in 2023.

LOWER CARBON EMISSIONS ACROSS THE VALUE CHAIN

At Thales, we take our responsibility to the planet seriously, and we have been actively working to protect the environment for close to two decades. In 2019, we developed our strategy for a low-carbon future and adopted a set of ambitious CO_2 emissions reduction targets. —

In March 2023, the independent Science Based Targets initiative (SBTi) endorsed Thales's greenhouse gas emissions reduction targets for 2030, confirming that our objectives are aligned with the Paris Agreement.

Taking 2018 as our baseline, we are targeting a 50.4% reduction in CO_2 emissions from our operational processes and energy consumption (scopes 1 and 2) in absolute terms, which is compatible with the goal of limiting global warming to 1.5 °C. We are also aiming for a 15% reduction in emissions linked to our supply chain and the use of our products by our customers (scope 3).

CUTTING EMISSIONS FROM OUR OPERATIONS

In 2022, our operational CO_2 emissions – comprising scopes 1 and 2, plus scope 3 "business travel" emissions – were 40% lower than 2018 levels. This result reflects a 10% reduction in energy consumption versus the 2018 baseline, which we have achieved by improving energy efficiency, reducing demand and increasing the share of renewables to 74% of our energy mix.

TAKING ACTION WITH OUR SUPPLIERS

In October 2021, Thales opened talks with 150 of its highest-emitting suppliers on drawing up action plans – with measurable goals and timelines – for reducing their carbon footprint. We pledged to complete this exercise by the end of 2023, and more than 110 of these plans were reviewed and approved in 2022. Some of these suppliers have also signed separate letters of intent signalling a joint commitment to follow a strategic roadmap in support of Thales's low-carbon trajectory.

Thales is asking its suppliers to formally express their support for our strategy for a low-carbon future. The first letters of intent were signed at an event held on February 17, 2023.

SHRINKING THE FOOTPRINT OF OUR PRODUCTS AND SERVICES

Our scope 3 emissions – i.e. CO_2 emissions linked to the use of our products and services by our customers – are 43% lower than 2018 levels. This reduction can be attributed to both technological enhancements and cyclical changes in business conditions affecting some of our customers, such as the impact of the Covid-19 crisis on aircraft operators.

As part of our commitment to responsible innovation, whenever we develop a new product, we favour compact, lightweight structures and look for ways to keep raw material use to a minimum. These eco-design principles were applied to 84% of new product developments in 2022.

ENLISTING EMPLOYEES ON CSR

At Thales, we know that having a knowledgeable and informed workforce is crucial to meeting our CSR targets. To date, we have held nearly 50 hands-on "Fresk" workshops with close to 1,000 participants, covering climate, biodiversity and digital technology issues. From 2023, all Thales employees will have access to these workshops via Talent & Culture, the Group's training platform.

ADAPTING TO A CHANGING CLIMATE

Climate risks and their potential impact inform Thales's strategic thinking. A formal assessment conducted in 2022 found that the Group's sites were resilient to future physical risks associated with climate change: just 46 of our 365 locations worldwide were assessed as being at high or very high risk. The Group Insurance Department has drawn up a timeline to visit Thales sites with a view to reducing the probability of climate-related loss events of all kinds. A total of 75 sites received such visits in 2022, bringing the total number visited to date to 232 (out of 282). The Group experienced no loss events related to climate phenomena or natural disasters in 2022.

ROQUE CARMONA
SENIOR VICE-PRESIDENT, GROUP CHIEF PROCUREMENT OFFICER, THALES

"AS A LEADER IN OUR RESPECTIVE FIELDS AND A MAJOR PLAYER IN NATIONAL AND INTERNATIONAL MARKETS, WE WANT TO ACCELERATE OUR DECARBONISATION PROCESS AND THAT OF OUR SUPPLIERS BY WORKING WITH THEM TO REDUCE THE CARBON EMISSIONS OF OUR VARIOUS SUPPLY CHAINS."

40% reduction in operational CO_2 emissions.

84% of new products fully or partly apply eco-design principles.

74% of electricity from renewable sources.

NATURAL RESOURCES AND BIODIVERSITY

On top of our climate aims and objectives, Thales's policies on waste, water and biodiversity are helping to limit our environmental impact. —

At Thales, we are taking steps to generate as little waste as possible and manage it responsibly. As well as separating waste and making sure it is properly recycled or reprocessed, we also aim to phase out plastic, print as little as possible and reuse more of the waste we do produce. We are working with our packaging suppliers to limit the environmental impact of packaging waste, for example by redesigning our packaging to make it smaller and lighter, switching to less harmful materials and using recyclable alternatives wherever possible. And we routinely measure and report on our progress using a certified tool provided by our main packaging supplier. Thanks to the measures we took in 2022, some 89% of all the waste we produced (excluding special waste) was recovered and 73% of our non-hazardous waste (again excluding special waste) was recycled. For comparison, the 2018 figures were 80.3% and 55% respectively.

As the Covid-19 crisis subsided, business activity rebounded and people returned to work on our sites. As a result, we generated 8% more non-hazardous waste in 2022 than in the previous year. However, most of this increase can be attributed to a special operation to clean out settling basins at one of our sites. Excluding the impact of this operation, the amount of non-hazardous waste (excluding special waste) we produced was around 1% higher than in 2021.

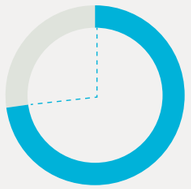
In France, we have rolled out the "Green Initiative", a platform for donating unwanted industrial equipment for reuse within the Group, which has avoided 550 tonnes of CO_2e emissions in the space of 17 months.

SAVING PRECIOUS WATER RESOURCES

Our demand for water is consistently lower than in the past. We have reduced our consumption through a series of measures such as fixing leaks, upgrading pipes, replacing older equipment, managing water use centrally, and introducing recycled water into our industrial processes. In 2022, Thales consumed 1,529,000 cubic metres of water in total, which is 14% less than in 2018. Getting to this point has been a team effort by all our sites, including the Mulwala site in Australia, which alone accounts for 31% of all the water the Group uses and has reduced its consumption by 16% since 2018.

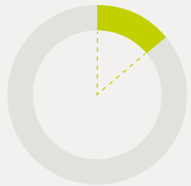
PROTECTING BIODIVERSITY

At Thales, we are especially mindful of the need to protect natural ecosystems and the vital services they provide, such as climate regulation, food, raw materials, wildlife habitats and cultural benefits. Whenever we embark on a new project, we conduct a biodiversity impact assessment. This includes taking inventories of local plant and animal species and drawing up a plan of action to avoid the identified impacts and determine how we will manage plant cover and green spaces, and deciding what employees training and awareness programmes are required. In 2022, over 100 people attended hands-on "Fresk" workshops on biodiversity organised by the HSE France network. Also last year, we helped French non-profit Cœur de Forêt plant 6,000 trees in the endemic forests of north-eastern Madagascar through the payroll-giving component of our Thales Solidarity community engagement programme.



73%
of non-hazardous waste recycled.

28%
of hazardous waste recycled.



14%
reduction in water use since 2018.

A SAFE, INCLUSIVE AND ATTRACTIVE PLACE TO WORK

With operations in 68 countries, Thales is inherently multicultural. Promoting diversity and inclusion has always been central to our strategy, because we believe diversity drives innovation and engagement, helps us attract new talent, spurs collective performance, and ultimately makes Thales a place where people can do their best work. —

Creating a truly inclusive work environment is a priority for Thales. We are working towards this objective by promoting gender balance at all levels of our organisation, by welcoming people with disabilities, by fostering inclusion of the LGBT+ community, and by embracing social, cultural and ethnic difference as a source of strength.

PROMOTING GENDER BALANCE AND THE NEXT GENERATION OF EMPLOYEES

At Thales, we aim to provide a working environment free from all forms of discrimination, violence and sexism. Amid an acute shortage of women in science and intense competition in the labour market, the Group is continuing its efforts to increase the proportion of women in its workforce and to encourage women to advance to senior roles.
In 2022, women held 19.4% of senior management positions, and we are aiming to achieve 20% in 2023. In addition, 75.6% of management committees included three or more women in 2022, which already exceeds our target of 75% for the end of 2023. Last year, we set ourselves even more ambitious gender-balance goals: by 2026, we aim to have 22.5% of senior positions held by women and to have four or more women on 75% of management committees.

All around the world, we are fostering women's career development in a variety of ways, from running mentoring and development programmes, to training managers on inclusive practices and on combating sexism in the workplace. Some 4,000 employees – women and men – have joined WiTh (We in Thales), our in-house network to promote gender balance. Thales is also a member of Cercle InterElles, a network of women working at a total of 16 French digital and technology firms.
In 2022, Thales representatives attended job fairs, took part in panel discussions and gave presentations as part of our ongoing relationships with schools and universities. Through our long-established partnership with Elles Bougent, a French voluntary organisation, over 450 Group employees share their experiences and career insights as a way to persuade more young women to go into careers in science, technology, engineering and mathematics (STEM). And in the United Kingdom, we have partnered with Women in Tech and Women in Engineering, two organisations pursuing a similar goal that send speakers into schools and higher education institutions.

DISABILITY INCLUSION

Every year, thanks to our disability inclusion policy, we hire a growing number of people with disabilities and keep more of them in their jobs. People with disabilities made up 6.69% of our direct employees in France in 2022, which is well above the national average of 3.5%[1].

A RESPONSIBLE APPROACH TO EMPLOYEE RELATIONS

Through our long-standing culture of constructive dialogue with employee representative bodies, collective labour agreements are in place for all Group employees in France, covering matters such as healthcare and insurance, working conditions, employee benefits, workplace equality and disability. In 2022 alone, a total of 72 collective labour agreements were signed for employees at Thales companies and entities in France. Worldwide, all Group entities abide by the International Labour Organization's conventions on freedom of association and collective bargaining. As of the end of 2022, 82% of Thales's global workforce was covered by at least one collective labour agreement.

A NEW EMPLOYER VALUE PROPOSITION

In 2022, Thales reimagined its employer value proposition to bring it in line with the Group's purpose, and because we believe that human intelligence is the most valuable asset underpinning our unique capacity for innovation. The new employer value proposition places a premium on people and corporate social responsibility, while recognising that technology continues to play a key role in setting us apart from our competitors, and emphasises the rich and varied career opportunities we offer our employees to enhance our collective expertise.

PUTTING SAFETY FIRST

In 2022, as business levels returned to pre-pandemic levels, the frequency rate of workplace accidents with lost time – expressed per million hours worked – remained stable at 1.47, thanks to the day-to-day preventive efforts of our people on the ground, as well as the in-person and online health and safety training we continue to provide.

77,000
employees, with women representing **27%** of Thales's workforce and **32%** of new hires in 2022.

19.4%
of senior management positions held by women in 2022.

75.6%
of management committees with three or more women members.

6.69%
of employees in France with a disability in 2021.

34%
reduction in the frequency rate of workplace accidents with lost time between 2018 and 2022.

[1] Source: Directorate of Research, Economic Studies and Statistics (DARES), French Ministry of Labour, November 2022.

A POSITIVE IMPACT ON SOCIETY

Beyond its business activities, Thales remains committed to fulfilling its role as a corporate citizen. We support local communities through our Thales Solidarity programme and continue to contribute to various international community investment initiatives. —

Thales Solidarity, our overarching community engagement programme, covers initiatives in three focus areas: education and professional integration, digital citizenship, and environmental protection. Last year, more than 50 charities, foundations and social enterprises in around a dozen countries received support from the programme's dedicated charitable fund and thanks to the generosity of our employees.

In 2022, the charitable fund backed 10 eligible projects across the programme's three focus areas: two initiatives to help women enter the digital workforce (France and Senegal), three skills development projects promoting careers in science, technology, engineering and mathematics (France and Zambia), three projects focusing on digital citizenship and the inclusive and responsible use of technology (France and Brazil), and two initiatives geared towards supporting the green transition (France and Spain).

ENCOURAGING EMPLOYEES TO SUPPORT GOOD CAUSES

We actively encourage Group employees to volunteer their time for good causes. Our staff regularly share their knowledge, expertise and professional experience with partner organisations and the people they support.

On top of this, we have set up charitable giving programmes in our countries of operation, allowing employees to donate money and essential items, often with matching contributions from the company. These include both one-time initiatives for local charities and longer-term fund-raising drives for partner organisations. For instance, employees in France can get involved through a payroll-giving programme designed by the social enterprise microDON. Last year, 4,650 staff donated a total of €374,000, which was distributed among 10 organisations chosen by employees. Over the past seven years, this programme has raised more than €2 million, with matching contributions by the Group accounting for almost half of this amount.

In 2022, for the second year running, the Group also took part in Giving Tuesday, an international day of donating, volunteering and other forms of giving. Employees at 46 sites in 11 countries helped out in all sorts of ways: some organised collections of food, toiletries, toys, clothing, books and eyeglasses for those in need in their communities, while others took part in charity events with local organisations. And through our employee savings scheme, over €320 million in contributions from more than 20,000 employees has been invested in socially responsible funds, making Thales the number-two investor of this kind by value in France.

CONTRIBUTING TO THE WORK OF INTERNATIONAL ORGANISATIONS

Thales signed the United Nations Global Compact in 2003, and we also participate actively in discussions on CSR-related topics in global forums, helping to shape international standards and advance corporate best practices. As part of our engagement with the Organisation for Economic Co-operation and Development (OECD), for instance, we sit on the organisation's working groups on topics including corruption prevention and ethical artificial intelligence. In 2015, we embedded the United Nations Sustainable Development Goals (SDGs) in our CSR policy, and take active measures to promote progress towards the goals.

€374,000

in employee donations to our payroll-giving programme and matching contributions from Thales distributed to 10 organisations.

7,262

hours spent volunteering during the working day by employees in the United Kingdom, a 469% increase on the 2021 figure.

STANDING BY THE PEOPLE OF UKRAINE

— Starting in March 2022, following the outbreak of the war in Ukraine, the Group introduced a series of initiatives to help relieve the suffering on the ground. We donated €1 million to three of the charities spearheading the humanitarian response in the Czech Republic, Poland and Romania, and launched fundraising campaigns in 12 countries with a pledge to match employee donations to local organisations.

THE HIGHEST STANDARDS OF **ETHICS, INTEGRITY AND COMPLIANCE**

At Thales, we take a proactive approach to integrity and compliance, with strict procedures and a zero-tolerance policy in place. Given the high-stakes nature of our business, we are consistently raising the bar for integrity and ethical business practices in order to protect the reputation, competitive performance and long-term future of our Group. —

As a global organisation with an involvement in over 60 countries in sensitive areas such as defence, security, artificial intelligence, payment systems and digital identity, we must hold ourselves to the very highest standards in terms of ethics, integrity and compliance.

A ROBUST ANTI-CORRUPTION COMPLIANCE SYSTEM

Bribery, influence peddling, conflicts of interest and integrity-related offences such as fraud, money laundering and insider trading pose significant risks for organisations and their executives and employees. In March 2021, Thales became one of the first companies in the industry to obtain ISO 37001:2016 certification for anti-bribery management systems. In April 2023, this certification was renewed in France, the Netherlands and the United Kingdom, and we became newly certified in Canada and the United States. In line with our Code of Conduct on the Prevention of Corruption and Influence Peddling, we have updated and expanded our compulsory training programme. This training must be completed every two years by employees who are exposed to corruption and influence-peddling risks in their line of work, or within six months of them joining Thales or changing roles within the Group. In total, 6,176 staff completed this compulsory training in 2022, representing 100% of the target population for the year.

Also in 2022, we introduced an enhanced, Group-wide system for monitoring and evaluating anti-corruption compliance based on three lines of defence. The first line of defence is preventive, aimed at ensuring that tasks that are part of an operational process are performed in compliance with the Group's procedures. The second line of defence includes formal checks to ensure that these preventive measures are being applied. And the third line of defence ensures that the overall internal control system is effective and fit for purpose.

A SECURE INTERNAL ALERT SYSTEM OPEN TO ALL STAKEHOLDERS

At Thales, we encourage employees and other stakeholders to report conduct or situations that contravene our internal rules or that violate the law. The Thales Alert Line – a secure whistleblowing platform that protects the identity of anyone who files a report – received a total of 41 reports in 2022. All reports deemed admissible are followed up with a detailed internal investigation to determine whether the allegations can be substantiated.

STRICT EXPORT CONTROLS

The vast majority of the Group's businesses are bound by an especially stringent regulatory framework. The public authorities in our countries of operation exercise strict control over the production and sale of military or dual-use systems and technologies. In accordance with the 2014 United Nations Arms Trade Treaty, Thales and its partners comply fully with all export control requirements and international embargo rules. To this end, Thales's Trade Compliance Department has drawn up a Group-wide strategy, which is implemented in each of our exporting entities.

RESPONSIBLE USE OF PERSONAL DATA

In the course of our business activities, we manage a large amount of personal data, both as part of our own business processes and in connection with the products and services we develop for our customers. For this reason, we have put in place a centrally managed data governance system, which is led by the Group Data Protection Officer (DPO) and consists of 60 data protection correspondents and 450 points of contact across the Group's functions, entities and country operations. The DPO also works with the Group Information Systems Security Department to ensure that data protection laws are applied throughout the Group, and that the necessary technical and organisational measures are in place.

TRANSPARENT LOBBYING PRACTICES

Our Responsible Lobbying Charter sets out the rules and principles governing lobbying activities by Thales or conducted on the Group's behalf. A Best Practices Guide to Lobbying has also been issued to provide details about the ethical and reporting obligations that apply in France. In accordance with our Code of Ethics, these documents stipulate that we refrain from financing political activities, even in countries where such financing is authorised, and that we adhere to the principle of political neutrality.

HIGH ETHICAL STANDARDS FOR THE DIGITAL AGE

At Thales, we believe that the digital transformation holds enormous promise for humankind, but we also recognise the ethical concerns raised by any sort of technological progress. In 2022, we updated our Digital Ethics Charter, which sets out the Group's 10 commitments for the responsible development and use of digital technologies. We are especially mindful of sensitivities around facial recognition technologies and their potential risk to individual freedoms and human rights, and have undertaken to stop supplying real-time identification systems for mass-surveillance applications.

COMBATING ANTI-COMPETITIVE PRACTICES

Thales introduced a policy on anti-competitive practices several years ago. In 2022, we upgraded our processes with a view to better detecting and preventing risks in this area and fostering a culture of compliance. We now have a team of around 30 specialists in competition law tasked with communicating about our policy and enforcing the underlying principles. In keeping with our commitment to continuous improvement, we systematically update these processes and recalibrate our priorities based on issues arising during the year and on feedback from these legal specialists.

RESPONSIBLE TAX POLICY

Thales's tax policy is an integral part of our business strategy and operational processes. It incorporates the Group's ethics rules, including measures against tax evasion, and stipulates that offices outside France may only be established for the purpose of developing our business or meeting operational needs. Under the partnership agreement we signed with the French tax authorities in 2022, we routinely and transparently share information about the tax implications of our business activities.

6,176

employees received training on preventing corruption and influence-peddling in 2022.

100%

of employees concerned completed the mandatory training on anti-corruption in 2022.

151

operational entities have conducted a local corruption-risk assessment or mapping exercise.

THIRD-PARTY EVALUATION AND RECOGNITION

Thales's proactive policy on corporate social responsibility was evaluated and recognised once again by extra-financial rating agencies in 2022.

MSCI ESG RATINGS	ecovadis	MOODY'S ESG Solutions	CDP
BBB	71/100	61/100	A-

SASB CROSS-REFERENCE TABLE

	2022 DATA	UNITS	SASB REF.
ENERGY MANAGEMENT			
Total energy consumption	**7,116,200**	GJ	RT-AE-130a.1
Share of renewable electricity	**74**	% (electricity)	RT-AE-130a.2
Share of energy from the grid	**87**	%	RT-AE-130a.3
MANAGEMENT OF HAZARDOUS WASTE			
Share of hazardous waste recycled	**29**	%	RT-AE-150a.1
Number and total quantity of reportable spills — of which quantity recovered	**0** **0**		RT-AE-150a.2
DATA SECURITY			
Not reported — of which involving confidential information	**Not reported**		RT-AE-230a.1
Description of the approach to identifying and responding to data security risks in the company's [1] operations and [2] products	**See paragraph 3.1.6** [1]		RT-AE-230a.2
PRODUCT SAFETY			
Number of recalls issued — of which total number of units recalled	**Not reported**		RT-AE-250a.1
Number of counterfeit parts detected — of which percentage avoided	**Not reported**		RT-AE-250a.2
Number of airworthiness notices received — total units affected	**4** **Several hundred**		RT-AE-250a.3
Total financial losses resulting from legal proceedings related to product safety	**Not reported**	% of total sales 2022	RT-AE-250a.4
FUEL ECONOMY AND EMISSIONS IN USE PHASE			
Revenue from products/services that contribute to the reduction of CO_2 emissions	**~20%**		RT-AE-410a.1
Description of the strategy to reduce fuel consumption and greenhouse gas (GHG) emissions from products	**See paragraph 5.5.3** [1]		RT-AE-410a.2
MATERIALS SOURCING			
Description of risk management for the use of critical materials	**See paragraph 5.7 & 5.5.5.2.2** [1]		RT-AE-440a.1
BUSINESS ETHICS			
Total financial losses as a result of legal proceedings associated with incidents of corruption and/or illicit international trafficking	**Not reported**		RT-AE-510a.1
Defence revenues from countries classified as "E" or "F" on the Transparency International Corruption Perceptions Index (Defence 2020)	**Band "E": 2.2%** **Band "F": 3.6%**	% of total sales 2022	RT-AE-510a.2
Discussion of business ethics risk management processes across the value chain	**See paragraph 5.6.1** [1]		RT-AE-510a.3

[1] Universal Registration Document 2022.

PRINCIPLES OF RESPONSIBILITY

This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

Launched in 2000, the United Nations Global Compact (UNGC) is both a policy platform and a practical framework for companies that are committed to sustainable business practices. It seeks to align business operations and strategies everywhere with 10 universally accepted principles. Over 12,600 companies in 159 countries have joined the Global Compact.

Thales has been a signatory since 2003 and has adopted the 10 principles of the Global Compact.
Through its commitment to the ten principles of the United Nations Global Compact, the Group ensures that it implements policies and standards that meet the requirements of the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises.

In 2022, Thales was also among the 850 companies worldwide selected to test the enhanced Communication on Progress (CoP) as part of the Early Adopters programmes. To create more value, and to harmonise and streamline the CSR reports of all participating companies, this new CoP is transitioning from a narrative format to a standardised questionnaire available via the Global Compact's digital platform.

HUMAN RIGHTS		
Principle 1	Businesses should support and respect the protection of internationally proclaimed Human Rights within their sphere of influence.	**Pages 4-5, 18-19, 34-35, 48-49, 52.**
Principle 2	Businesses should make sure they are not complicit in Human Rights abuses.	**Pages 4-5, 18-19, 34-35, 52.**
LABOUR		
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	**Pages 44-45, 52.**
Principle 4	Businesses should uphold the elimination of all forms of forced and compulsory labour.	**Pages 4-5, 18-19, 34-35, 44-45, 52.**
Principle 5	Businesses should uphold the effective abolition of child labour.	**Pages 4-5, 18-19, 34-35, 44-45, 52.**
Principle 6	Businesses should uphold the elimination of discrimination in respect of employment and occupation.	**Pages 12-13, 44-45, 52.**
ENVIRONMENT		
Principle 7	Businesses should support a precautionary approach to environmental challenges.	**Pages 4-5, 6-7, 10-11, 18-19, 26-27, 34-35, 38-39, 40-41, 42-43, 52.**
Principle 8	Businesses should undertake initiatives to promote greater environmental responsibility.	**Pages 4-5, 6-7, 10-11, 18-19, 26-27, 34-35, 38-39, 40-41, 42-43, 52.**
Principle 9	Businesses should encourage the development and diffusion of environmentally friendly technologies.	**Pages 4-5, 6-7, 10-11, 18-19, 20-21, 26-27, 34-35, 38-39, 40-41, 42-43, 52.**
ANTI-CORRUPTION		
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	**Pages 4-5, 12-13, 32-33, 48-49.**

CONTRIBUTION TO **SUSTAINABLE DEVELOPMENT GOALS**

4 PRIORITY SUSTAINABLE DEVELOPMENT GOALS

SDG	PRIORITIES	2022 ACHIEVEMENTS
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	• Strengthen investment in R&D and step up collaboration with public and private partners. • Champion sustainable industry. • Expand expertise and innovation potential of our partners and civil society.	• Extra-financial performance and CSR policy added to supplier selection criteria. • €1,064 million committed to self-funded R&D. • 80% of employees on sites with ISO 45001 certification (workplace health and safety).
13 CLIMATE ACTION	• Reduce our environmental footprint and that of our customers. • Step up climate action and set more ambitious climate objectives. • Help limit global warming to 1.5 °C by 2050, in line with Paris Agreement. • Analyse data to understand future impact of global warming on our markets.	• Launch of an energy sufficiency plan in France: reduction in electricity and gas consumption by 2% and 20% respectively in 2022, compared to 2021. This plan will be rolled out in 10 countries in 2023. • Thales's 2030 greenhouse gas emission reduction targets were endorsed by SBTi in March 2023, attesting to its compatibility with the climate objectives of the Paris Agreement. • 74% of electricity from renewable sources in 2022 (compared to 32% in 2021).
5 GENDER EQUALITY	• Promote diversity and inclusion across the Group. • Develop best practices for the recruitment of women and their career development. • Tackle gender bias, stereotypes and everyday sexism.	• Women accounted for 32% of new hires worldwide in 2022 and represented 27% of the global Thales workforce. • Thales's gender equality index is among the highest in the sector worldwide, with 50% women on the Board of Directors and 20% women on the Executive Committee. • In 2022, women held 19.4% of the senior management roles (2023 target: 20%). • Thales adopted a more ambitious gender-balance target: 22.5% women in senior management roles and 75% of management committees with at least four women members by end-2026.
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	• Fight corruption and respect human rights throughout the value chain. • Support institutional resilience and transparency. • Use digital technologies to promote inclusion and universal access to basic rights.	• Peace as a pre-requisite for sustainability: Thales's defence and security businesses help to protect national interests and populations. • Digital Ethics Charter updated in 2022 with 10 commitments on responsible use and development of technologies such as artificial intelligence and facial recognition.

ABOUT THIS REPORT

In a group as global and diversified as Thales, corporate responsibility is inseparable from the concepts of security and performance. Beyond Thales's obligation to comply with laws and standards of ethical conduct, corporate responsibility is a key strategic advantage for the business. Resulting from the implementation of the best professional practices and the maturity acquired in this domain, this Integrated Report details the strategy, governance, and financial and extra-financial performance of the Group (Environmental, Social, Societal and Governance) with a view to creating value. Thales believes this document will contribute to a better understanding of its business activities and of the complexity of its working environments. It is also a testament to the company's commitment to all its stakeholders.

METHODOLOGY

This report was produced following the Integrated Reporting Framework, defined by the Value Reporting Foundation. The aim has been to focus the Integrated Report on Thales's strategy and to communicate the most relevant information about this strategy rather than attempting to be exhaustive. It supplements the 2022 Universal Registration Document and refers to it whenever necessary. The GRI cross-reference table can be found in section 5.11.3 of the 2022 Universal Registration Document. The purpose of this report is to detail the way in which Thales interacts with its ecosystem and uses capital to create short, medium and long-term value.

FOR MORE INFORMATION

thalesgroup.com/en/global/corporate-responsibility
or contact the Group's Corporate Social and Societal Responsibility department.

Thales would like to thank Group employees for their contributions.

April 2023

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DESIGN & PRODUCTION
WordAppeal

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