



Integrated Report 2023-2024

Corporate
responsibility

THALES
Building a future we can all trust

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Thales is a global technology leader with a proven innovation track record in areas such as quantum applications, artificial intelligence, 6G and cybersecurity. Governments, institutions and enterprise customers in the defence, aerospace, space, and digital identity and security sectors rely on our products and services to accomplish their most demanding missions and make critical decisions rooted in human intelligence. True to its purpose of "building a future we can all trust," Thales intends to become the leader on sustainability in all of its markets before 2030. —

Profile

2023
KEY FIGURES

€18.4bn

Sales

68

Countries

80,900

Employees

€1,108m

Self-funded R&D

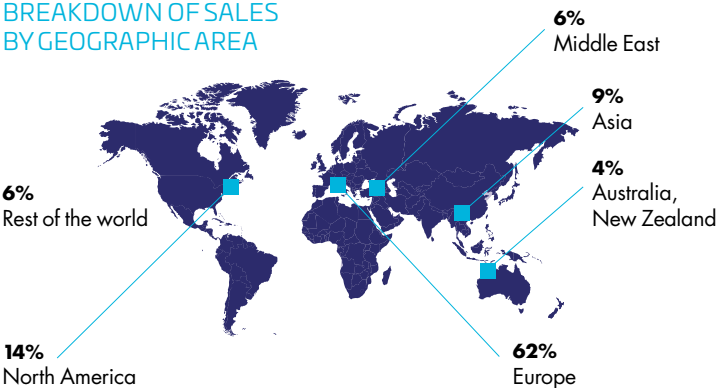
€2,026m

Free operating cashflow

-52%

Operational CO₂ emissions*

BREAKDOWN OF SALES
BY GEOGRAPHIC AREA



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

In 2023, our sustainability programme came to the end of a cycle, with extremely encouraging outcomes in that we met or exceeded all the targets we had set in 2019. Today we are developing a new sustainability programme for 2024-2030, with even higher goals and more ambitious objectives than before. —

Foreword

"The business case for our unyielding engagement with societal issues is the cornerstone of our strategy today and the foundation of our vision for tomorrow, and will unquestionably determine the future success of our company."



Thales's sustainability strategy reached a tipping point in 2023, marking the end of a cycle in terms of the objectives we had set in 2019 in four key areas: emissions reductions (targets endorsed by the SBTi), diversity and inclusion, ethics and integrity, and workplace health and safety.

These results are extremely encouraging. We managed to meet our objectives, and in many cases exceed them, in all of these areas bar none. In particular, our operational emissions (Scopes 1 and 2 and business travel) fell by over 50% from 2018 levels, although we had initially aimed for a reduction of 35%. **The leading extra-financial rating agencies have recognised our performance**, and Euronext added Thales to the CAC SBTi 1.5° index in 2023. Thales employees are rightfully proud of this record of success. It underscores the strength of our commitment and a proven ability to make the necessary organisational changes and adapt our ways of working to a new set of realities.

But 2023 was also a tipping point in terms of world affairs, with worrying developments on a number of fronts. The global geopolitical context deteriorated. Armed conflicts reached a level of severity we had not seen since the end of the Cold War, and several regions of the world are now blighted by growing instability and the return of high-intensity warfare.

Global environmental and climate-related news proved to be no less of a concern. June 2023 was the hottest month in history, with the Copernicus satellites (supplied by Thales Alenia Space) logging the highest average temperatures since records began.

Faced with these challenges, each and every member of society has a responsibility to **step up their commitments in order to restore confidence in the future**. Thales has supported the United Nations Sustainable Development Goals since 2003, and today we are determined to meet our obligations and to lead our industry forward on these matters.

The **new CSR programme we are finalising for 2024-2030** will be even more ambitious and results-oriented than the programme we completed in 2023. And once again, we will be mobilising all our resources to reach our new objectives.

We realise that our biggest impact will flow from our **role as a technology leader** and the performance of the products and solutions we supply to our customers. From our ability to help nations protect their sovereign interests in the air, in space, at sea and in cyberspace. From our role in enabling our partners to accomplish their critical missions more effectively and with more frugal use of resources. And from our determination to harness our R&D and our capacity for innovation to improve human understanding of our planet and develop new technologies in the most ethical and inclusive ways possible.

The business case for our unyielding engagement with societal issues is the cornerstone of our strategy today and the foundation of our vision of tomorrow, and will unquestionably determine the future success of our company.

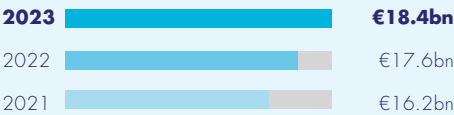
Patrice Caine
Chairman
& Chief Executive Officer

Despite a complex operating environment, Thales returned excellent financial results for 2023 and made solid progress towards its sustainability objectives.

Sales

€18.4bn

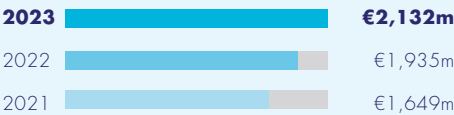
+7.9% organic growth



EBIT

€2,132m

+10.9% organic increase



Financial performance
2023 results

Dividend per share

€3.40⁽¹⁾

+16% increase



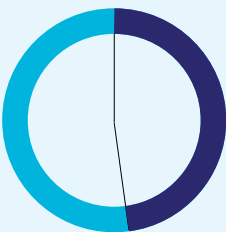
Order intake

€23.1bn

+16% organic growth



Sales breakdown



- 52%
Defence customers
- 48%
Civil customers

Order book

€45.2bn

+11% organic growth



⁽¹⁾ Subject to shareholders approval at the 2024 AGM.

The Group has again demonstrated the strength and resilience of its business model and confirmed its capacity to create long-term value for stakeholders. —

Eco-design

100%



of new products apply eco-design principles.

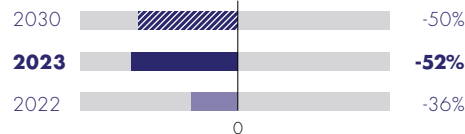


Operational CO₂ emissions

-52%



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



Non-financial performance Results and objectives

Ethics and integrity

100%



of potentially exposed employees trained
in corruption prevention.

Gender balance

20.4%



proportion of women in senior management⁽²⁾.

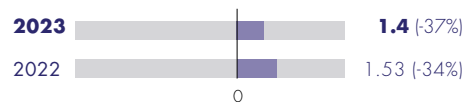


Health and safety

-37%



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



Diversity and inclusion

87%



of management committees include at least three
women. The 2026 objective is to have at least four
women in 75% of committees.



⁽²⁾ Grades LR10 to LR12 (13% of employees worldwide). Women account for 27% of the global workforce.

Acquisitions

8



CYBERSECURITY & CONNECTIVITY

TRANSFORMATIVE EXTERNAL GROWTH PROJECTS

With the 2023 acquisition of Imperva in the United States and Tesseract in Australia, Thales's cybersecurity business is taking on a new dimension and expects to generate sales of more than €2 billion in 2024. The Group is also strengthening its position in avionics with the acquisition of Cobham Aerospace Communications in April 2024, to expand its offering and capture new opportunities in the cockpit connectivity market. —

Highlights of 2023

Integrated Report 2023-2024

CLIMATE

RECOGNITION FOR LOW-CARBON STRATEGY

The independent Science-Based Targets initiative (SBTi) endorsed Thales greenhouse gas emissions targets to 2030, confirming that the Group's goals are aligned with the climate objectives of the Paris Agreement and enabling Thales to join the Paris stock exchange's CAC SBT 1.5° index in October 2023. Also in 2023, CDP (formerly the Carbon Disclosure Project) gave Thales an "A" score for its climate action performance, transparency and best practices. —

CSR



Thales



SPACE

THALES ALENIA SPACE LEADING THE WAY IN SPACE-BASED SOLAR ENERGY

The European Space Agency has selected Thales Alenia Space and Space Solar to conduct a feasibility study for the SOLARIS project, which aims to develop modular space-based solar farms as an affordable source of renewable energy for users anywhere on the planet. —



RANKINGS

ONE OF THE WORLD'S TOP 100 INNOVATORS FOR THE TENTH YEAR

Thales was one of seven French companies and institutions in Clarivate's Top 100 Global Innovators in 2023, recognising the Group's unique strategy of innovation for dual civil and military markets. More than 50% of new patents filed by Thales involve key technologies related to artificial intelligence, cybersecurity, big data, cloud computing, augmented reality and quantum technologies. —



Digital Identity and Security



QUANTUM

PARTNERSHIP WITH SK TELECOM ON POST-QUANTUM CRYPTOGRAPHY

Thales has teamed with South Korea's leading mobile operator to deploy post-quantum cryptography solutions on 5G networks. This latest innovation will draw on the advanced mobile cryptographic expertise of both partners to pioneer quantum-resistant solutions for the telecom industry. —

Defence and Security

50+

armed forces around the world rely on Thales solutions

AIRSPACE

THALES RADARS TO PROTECT MALAYSIAN AND DANISH AIRSPACE

Thales was selected to supply one Ground Master 400a radar to the Royal Malaysian Air Force and five Ground Master 200MM/C radars to the Danish Ministry of Defence Acquisition and Logistics Organisation (DALO). The radars in the Ground Master family support the sovereign interests of client countries by augmenting their airspace surveillance and air defence capabilities. —

MARITIME

THALES AWARDED £1.8BN CONTRACT TO IMPROVE AVAILABILITY AND RESILIENCE OF ROYAL NAVY SHIPS

The UK Ministry of Defence awarded Thales a 1.5-year contract worth £1.8 billion. Thales will deploy a support and assistance team to optimise the availability of Royal Navy equipment, using artificial intelligence and data analysis to anticipate failures before they occur. These capabilities will reduce repair times by an average of 100 days, and the supply of replacement parts by 44 days. —

Aeronautics

AIRCRAFT

MAJOR PLAYER IN THE AEROSPACE INNOVATION ECOSYSTEM

Thales has teamed up with a range of other players in the aerospace sector to develop the aircraft of tomorrow, with projects including a connected avionics solution for electric/hybrid regional aircraft in partnership with AURA AERO (France) and electric vertical take-off and landing (eVTOL) aircraft with SkyDrive (Japan). Designed to reduce the environmental impact and operating costs of drones, Thales UAS100 unmanned air systems will also be tested in Switzerland in 2024 under an agreement with Centaurium UAS. —



Space

NAVIGATION

KEY ROLE OF THALES ALENIA SPACE ON GALILEO SECOND GENERATION

The European Space Agency (ESA) awarded Thales Alenia Space contracts valued at more than 300 million euros to design and build the ground-based mission segment for the Galileo Second Generation (G2G) programme and provide engineering support with its European partners. The new system will feature several key technological innovations and a flexible infrastructure with high-level cybersecurity protections. —



Core missions

BUSINESS MODEL

Defence and Security

Helping governments, armed forces and major organisations to protect themselves and guarantee the safety and security of citizens and critical infrastructure.

- Radars, sonars and optronic systems
- Secure communication networks
- Networks and infrastructure systems
- Cyberdefence solutions
- Air traffic management
- Command-and-control systems (C4ISR)
- Armoured vehicles
- Electronic warfare solutions

Growth drivers

- Geopolitical factors driving increase in defence spending by major Thales customers in the short and medium term.
- Rapid digital transformation of the armed forces.
- Growing demand for sovereign cyberdefence solutions.
- Increasing adoption of disruptive technologies (AI and quantum technologies).

Civil / Defence

14%



53%

of Group sales

€9,796m

+7.5% in 2023
(organic increase)

EBIT margin: **12.8%**

Aerospace

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

Aerospace

- Flight avionics
- In-flight entertainment
- Simulation and training
- Support and services

Space

- Telecommunications
- Earth observation
- National security and defence
- Satellite navigation
- Exploration

No. 1 IN EUROPE

Flight avionics

No. 2 WORLDWIDE

Geostationary telecom satellites

Growth drivers

- Steady growth in air traffic volumes.
- Strong demand for connectivity and improved operational and environmental performance.
- Rapid development of digital services in the aerospace sector.
- Unique value proposition in space systems to meet new Earth observation requirements.
- Military satellite programmes a priority for numerous countries.

Civil / Defence

80%



29%

of Group sales

€5,211m

+11.7% in 2023
(organic increase)

EBIT margin: **7.1%**

Digital Identity and Security

Protecting critical infrastructure and essential digital services from cyberattacks. Building trust in a hyper-connected world.

- Banking and payment services
- Cloud security and identity and access management
- Identity and biometrics
- Mobile user and device authentication
- Cybersecurity solutions

No. 1 WORLDWIDE

Data protection

No. 1 WORLDWIDE

Payment cards and SIM cards

Growth drivers

- Strong market growth (data protection, biometrics, etc.).
- Rapid shift to the cloud creating higher demand for authentication and data protection solutions.
- Faster digital growth driven by increasing demand for connectivity and contactless applications.
- Leadership in cybersecurity market through acquisition of Imperva.

Civil / Defence

100%



18%

of Group sales

€3,347m

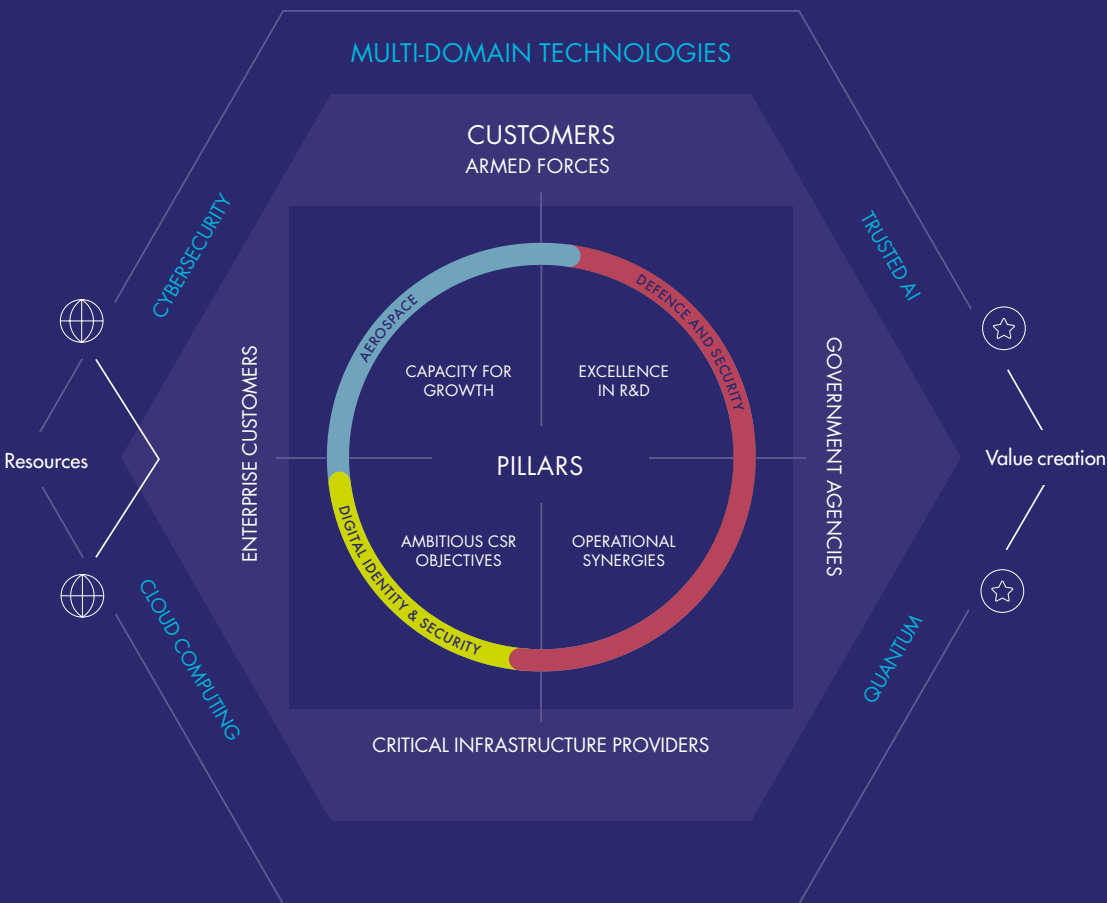
+4.1% in 2023
(organic increase)

EBIT margin: **15.2%**

Value creation

BUSINESS MODEL

Thales draws on all its resources to develop high-tech products and solutions for its three core markets, implementing a corporate strategy based on four pillars to create maximum value for all of its stakeholders. —



Sustainability strategy

SOCIETY

Fostering a more responsible and sustainable society through technology

PLANET

Changing how we operate within the planet's limits

PEOPLE

Working together to build an inclusive and attractive workplace

INTELLECTUAL CAPITAL

- €1,108m in self-funded R&D
- Portfolio of more than 20,500 patents
- More than 33,000 engineers and researchers

INDUSTRIAL CAPITAL

- Operations in 68 countries
- 6 sites located in protected areas for biodiversity conservation

HUMAN CAPITAL

- 80,900 employees
- Over 31,000 employee shareholders (including former employees)
- Payroll of €8,328m
- 89% of employees trained in 2023
- 94.3% full-time contracts
- 97.4% permanent contracts

ENVIRONMENTAL CAPITAL

- Strategy for a low-carbon future aligned with Paris Agreement target of 1.5° C for operational emissions
- Energy efficiency plan

SOCIETAL CAPITAL

- ISO 37001 certification (anti-bribery management systems) extended to include Thales operations in Canada and the United States
- Procurement spending in excess of €9,160m in 2023
- Responsible Supplier Relations and Procurement certification renewed in 2023
- Tech career training for more than 15,000 young people through Thales Solidarity

FINANCIAL CAPITAL

- Limited net debt: €4bn as of December 31, 2023
- Long-term generation of free operating cashflow
- Solid credit ratings (A- S&P, A2 Moody's)

INTELLECTUAL VALUE

- Almost 400 new patent claims in 2023
- 6.0% of sales invested in self-funded R&D
- European No. 1 and No. 11 worldwide in Nature rankings of companies with the biggest impact and most important contribution to science

INDUSTRIAL VALUE

- 69.1% of non-hazardous waste recycled (excluding special waste)
- 12.1% reduction in water consumption (compared with 2018 baseline)
- 123 sites certified to ISO 14001 and 27 sites certified to ISO 50001

HUMAN VALUE

- 10,900 new hires (excluding work-study positions), of which 30% are women
- 50% women on the Board of Directors⁽¹⁾
- 20.4% women in senior management in 2023
- 86.8% of management committees with at least 3 women in 2023

ENVIRONMENTAL VALUE

- 100% of new developments applying eco-design principles
- 52% decrease in operational CO₂ emissions⁽²⁾ in absolute values since 2018
- 13.6% decrease in energy consumption between 2018 and 2023
- Endorsement by SBTi of greenhouse gas emissions reduction target to 2030

SOCIETAL VALUE

- 77% of procurement from European suppliers, including 46% in France
- 100% of at-risk employees (8,037 people) trained in corruption prevention
- €252m in income tax (average tax rate: 24.4%)
- More than €374,000 raised through MicroDon payroll giving programme in 2023

FINANCIAL VALUE

- 25 large orders with a unit value of more than €100m
- Strong growth in global sales
- Free operating cashflow of €2,026m
- Double-digit EBIT margin

⁽¹⁾ As of 31/12/2023, 8 out of 16 directors are women, including those representing employees and employee shareholders.

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

Underpinning our model of profitable growth is a commitment to sharing value with all of our stakeholders so that society at large benefits from the business success of the Thales Group. —

Shared value and stakeholder engagement

BUSINESS MODEL

- FRANCE **€5,437m**
- UNITED KINGDOM **€1,208m**
- REST OF EUROPE **€4,578m**
- NORTH AMERICA **€2,581m**
- AUSTRALIA AND NEW ZEALAND **€812m**
- ASIA **€1,728m**
- MIDDLE EAST **€1,111m**
- REST OF WORLD **€974m**

€18.4bn
Sales

- SUPPLIERS €9,160m**
17,000 suppliers worldwide;
€2.9bn of products and services purchased from SMEs in France
- EMPLOYEES €8,328m**
Total payroll
- SHAREHOLDERS €634m**
Dividend per share: €3.40⁽¹⁾
- GOVERNMENTS €370m**
Average tax rate: 20.1%
- SELF-FUNDED R&D €1,108m**
6% of sales invested in self-funded R&D
- NET INCOME €1,768m**
adjusted Group share
- CAPITAL EXPENDITURES €622m**
compared with €525m in 2022

⁽¹⁾ Subject to shareholders approval at the 2024 AGM.

Regular interactions with stakeholders are the key to a meaningful and effective sustainability policy. In 2023, the Group began to align its reporting practices with the requirements of the EU's Corporate Sustainability Reporting Directive. —

The first step in ensuring compliance with the European Union Corporate Sustainability Reporting Directive (CSRD) is to conduct a double materiality assessment to provide more meaningful guidance for strategic decision-makers. A double materiality assessment identifies and prioritises the material impacts of the company's activities on its stakeholders, as well as the material risks and opportunities accruing from sustainability-related issues.

Thales carried out a double materiality assessment in 2023 in anticipation of future sustainability reporting requirements. Eleven of the CSRD's 20 reporting topics are considered material for Thales and will be included in mandatory reporting on six of the 10 ESG standards underpinning the directive. Thales has decided to publish the list of material topics this year as part of its transition to this new sustainability reporting framework.

Impact, risks and opportunities

TOPICS DEEMED MATERIAL PRIMARILY DUE TO IMPACT MATERIALITY

- Environmental impact of products and services
- Diversity, equality and inclusion
- Talent management
- Human rights and fundamental freedoms with respect to the company's operations and supply chain
- Customer relations
- Responsible corporate governance
- Digital security and physical safety of institutions and infrastructure

DOUBLE MATERIALITY

- Product quality and safety
 - Social and societal impact of the use of the company's products and services
 - Data protection and cybersecurity

TOPICS DEEMED MATERIAL PRIMARILY DUE TO FINANCIAL MATERIALITY

- Ethics and compliance

ESRS-specific topics

■ Environmental topics

■ Social/societal topics

■ Governance topics

■ Other specific topics

Growth

1

Adjusting capacity to capture growth opportunities

The Group can only continue to grow and meet the needs of its customers by steadily recruiting and onboarding new talent. In 2023, Thales took on 10,900 new employees (excluding work-study positions), with women accounting for 30% of the total. Around 40% of the new hires are engineers and 21% work in industrial activities. The Group also expanded its engineering competence centres in Romania and India and broadened its partnerships with engineering firms. Thales plans to hire 8,500 new employees in 2024, slightly fewer than in previous

years as the number of resignations returns to pre-COVID levels.

Thales has also launched an in-house technical training programme to support its goal of becoming a "learning company" and provide continuing professional development opportunities for all employees. In 2023, the Group continued to optimise its supply chain to make it even more resilient. Numerous investments have been made to optimise production sites and deploy an ultra-secure engineering environment in the cloud.

PRIORITIES FOR 2024

- Attract qualified candidates for highly skilled jobs.
- Deploy cloud-based "engineering as a service" solutions to accelerate development processes.

Strategic priorities

BUSINESS MODEL

Sustainability

3

Delivering on our strong sustainability ambition

Sustainability is now fully embedded in our corporate strategy and will be one of our key performance drivers in the coming years. In 2023, the Group's sustainability policy received wider recognition from stakeholders than ever before. Ecovadis awarded Thales its Platinum sustainability rating (top 1% of companies based on their sustainability performance), CDP (formerly the Carbon Disclosure Project) gave Thales an "A" score for its policy on climate change, and the Science Based Targets initiative (SBTi) endorsed the Group's CO₂ emissions reduction targets to 2030.

Thales was also added to the Paris stock exchange's CAC SBT 1.5° index in April, alongside the other listed companies with the best climate performance.

In 2023, the Group redefined its CSR roadmap and raised its level of ambition in terms of societal and environmental contribution. A new programme has been developed for the period 2024-2030. Thales has set itself the goal of becoming the sustainability leader in its markets by 2030.

PRIORITIES FOR 2024

- Finalise a new 2024-2030 roadmap and associated action plans.
- Implement four priority actions for society, the planet and our employees.

R&D

2

Standing out through excellence in R&D

The future of our business hinges on our capacity to innovate. More than 33,000 Thales employees are involved in R&D, engineering and other technical activities. In 2023, self-funded R&D stood at €1,108 million, or 6.0% of sales, and this proportion is expected to reach 6.5% of sales in the medium term. In addition to these substantial investments, Thales customers finance specific R&D projects and certain European institutions provide external funding, enabling the Group to ramp up its capabilities in emerging technologies such as quantum sensors, advanced

photonics, edge computing systems, open source hardware, new communications technologies and artificial intelligence (AI).

AI played a central role in the Group's R&D in 2023 and this will continue to be the case in 2024. More than 600 experts are working to incorporate AI into Thales products and solutions to boost their performance and enhance their reliability. Thales systematically applies its TrUE AI approach to these developments to provide the "trusted AI" that is of critical importance in the systems we deliver to customers.

PRIORITIES FOR 2024

- Improve productivity and competitiveness across the Group by leveraging AI.
- Increase R&D investments as a proportion of sales.

19

Investments

4

Optimising our capital allocation policy

In recent years, Thales has implemented a policy of targeted, value-accretive acquisitions to consolidate its leadership in a number of key markets. In 2023, the Group invested close to €3.5 billion euros⁽¹⁾ to optimise its asset portfolio, strengthen its positions, and acquire new skills and technologies in key areas including cybersecurity (acquisition of Imperva and Tesserent). In April 2024, the Group finalised the acquisition of Cobham Aerospace Communications to expand its avionics offer. In 2024, the Group will focus on selective

acquisitions to complement its existing product portfolio, while maintaining strict financial discipline. The Group will also continue to offer balanced returns to shareholders, paying out 40% of net income as dividends and using its cash reserves to complete its share buyback programme.

PRIORITIES FOR 2024

- Onboard staff from recently acquired businesses and optimise synergies.
- Finalise the sale of the rail transport business.

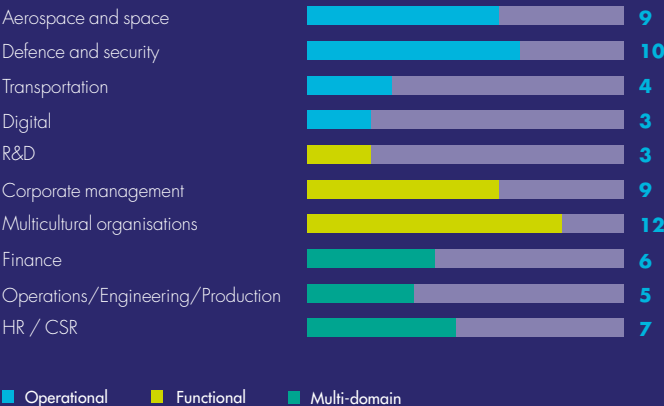
⁽¹⁾ Acquisitions and divestments completed during the 2023 financial year.

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 industrial partner Dassault Aviation. This agreement stipulates that the Chairman & Chief Executive Officer 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. —

Fit-for-purpose governance

A balanced and experienced Board of Directors ⁽¹⁾

Number of directors (not including the Chairman) with subject-matter expertise in specific areas



⁽¹⁾ As of March 4, 2024.

⁽²⁾ 25% including directors representing employees (31% excluding directors representing employees).



An active and engaged Board of Directors



9

meetings in 2023



94%

attendance rate

3

Board committees

- Audit and Accounts Committee
- Governance and Compensation Committee
- Strategy & Corporate Social Responsibility Committee: this committee, which comprises five members and is chaired by the Chairman & CEO, is tasked with reviewing the Group's CSR strategy and monitoring related performance. Since 2023, the committee has included two additional Board members with a specific advisory role on CSR-related matters.

Work of the Board of Directors

In addition to recurring matters, the Board of Directors addressed the following topics in 2023:

- The acquisition of Imperva, Tesserent and Cobham Aerospace Communications, along with other potential external growth opportunities
- The ongoing disposal of the Transportation business
- The roll-out of the annual performance-based long-term incentive (LTI) plan for all Group employees
- The outsourcing of the pension plan in the United Kingdom
- Changes to the regulatory framework for sustainability reporting
- Training on climate change issues
- A review of the Group's greenhouse gas emissions reduction targets as endorsed by the SBTi
- The updated anti-corruption and influence peddling programme

Membership of Executive Committee

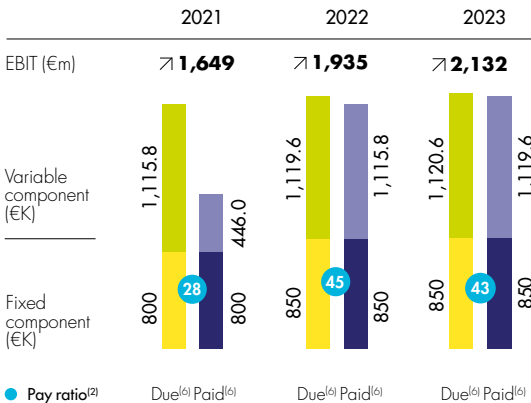
15

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

Principles of compensation paid to the Chairman & CEO

Compensation and pay ratio



Criteria for variable annual compensation, 2023

Financial criteria

20%

Free operating cashflow⁽³⁾

20%

Order intake⁽⁴⁾

35%

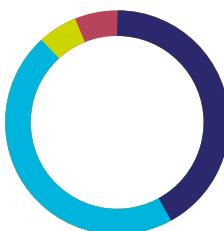
EBIT⁽³⁾

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 (2020 plan — paid in 2024)



- 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 EUROS STOXX index

⁽²⁾ Compensation paid to Patrice Caine divided by median salary of Thales employees in France.

⁽³⁾ No amount due when free operating cashflow is more than 2% below the target.

⁽⁴⁾ No amount due when order intake is below 90% the target.

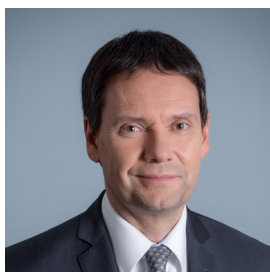
⁽⁵⁾ Airbus, Atos, BAE Systems, Capgemini, Dassault Aviation, Leonardo, Rolls-Royce, Safran.

⁽⁶⁾ Due: Amount due in respect of the current financial year. Paid: amount paid during the current financial year, including variable compensation in respect of the previous financial year.

The background of the top half of the page features a dark silhouette of a satellite dish or radar antenna mounted on a structure, with a drone flying in the upper right corner. The sky is a deep blue with some light clouds. The title 'Technology leadership' is overlaid on this image, with 'Technology' in a light blue color and 'leadership' in a dark blue color.

Technology leadership

Artificial intelligence, biometrics, quantum sensors and secure cloud solutions have a decisive role to play in addressing the major societal and environmental challenges of our time – now and in the future. Thales is building its expertise and R&D capabilities in these technologies, because they can be developed responsibly and sustainably, helping to make the world safer, greener and more inclusive. —



"Synergies across Thales's major lines of business give the Group a head start when it comes to developing disruptive technologies. They produce a scale effect in our R&D and allow us to roll out applications in a coordinated fashion."

PHILIPPE KERYER, EXECUTIVE VICE-PRESIDENT,
STRATEGY, RESEARCH AND TECHNOLOGY – THALES

The current decade is fraught with tension on multiple fronts, particularly with the resurgence of major armed conflicts around the world. The shifting geopolitical balance, with its impact on the global economy, raises new concerns for governments and businesses already grappling with 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. —

Engaged with real-world concerns



Shifting geopolitical balance

A new wave of conflict across the globe is shifting the balance of power and resetting political alliances. Competition between nations is intensifying as they vie for supremacy in trade, technology and military might. After three decades of chronic under-investment, European states are taking steps – at domestic, multilateral and EU levels – to ramp up their defence capabilities, in light of conflicts happening near its borders. **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. —**



Global competition for talent

Job applicants with expertise in electronics, cybersecurity and artificial intelligence are in high demand. Thales is therefore taking steps to become a “learning organisation” as it looks to broaden its appeal to prospective employees, maintain its competitive edge and remain at the forefront of innovation. Continuing professional development is hardwired into our culture and our online training programmes are regularly expanded and updated. **The Group offers opportunities to work on cutting-edge technologies that address the major challenges of our time. Preparing for technological disruption. Thales also seeks to provide a working environment that is safe, welcoming and fair for everyone, embracing diversity in all its forms. —**



Preparing for technological disruptions

Designing critical systems requires the mastery of technologies that are more and more sophisticated. By the end of the current decade, breakthrough technologies such as artificial intelligence, biometrics, cloud computing and, to a lesser extent, quantum sensors will fundamentally change the way we live and work. **Thales continues to lead from the front on this issue: in 2023, we invested €1,108 million in self-funded R&D (6% of sales), and our R&D efforts are led by Key Technology Domain teams and coordinated across our three major lines of business.** —



Rethinking globalisation

The COVID-19 crisis and mounting geopolitical tensions have ushered in a new age of macroeconomic uncertainty, bringing an end to three decades of relative stability in which the “inevitable benefits” of globalisation were taken for granted. Recent developments have served as a salutary reminder of the importance of finding a balance between unbridled global trade and functional independence of critical national infrastructure. States and companies alike are relocating or onshoring manufacturing capacities deemed strategic. **At Thales, our policy is to diversify our sources of supply and strengthen relationship with key suppliers as a way to maintain resilience in our supply chain. The Group is investing heavily to expand its industrial footprint in both established and emerging markets to answer the sovereignty needs of its clients.** —



The growing significance of CSR

Around the world, CSR regulations are growing in number and complexity as new legislative measures and civil society initiatives gain traction. Clients, investors and prospective employee expect companies to embed CSR policy in their business strategy and their products and services. For more than 20 years, Thales has deployed a proactive and ambitious CSR policy based on the most stringent international standards. **The Group met or exceeded all its CSR targets for 2018–2023 and has seen a consistent improvement in its extra-financial ratings. Thales has therefore redefined a new CSR roadmap in 2023 in line with higher ambitions for 2030. Thales's voluntary CSR policy and progress on this matter has been recognised by many extra-financial rating agencies. (see p.58 for more details).** —



Thales's products and services are designed to help its customers meet their social, societal, environmental and sovereignty challenges. —



"We work with customers all over the world to develop innovative solutions to address complex challenges, such as reducing the carbon footprint of the aviation industry, bridging the digital divide and deepening understanding of the planet we live on."

PASCALE SOURISSE, SENIOR EXECUTIVE
VICE-PRESIDENT, INTERNATIONAL DEVELOPMENT – THALES

Contributing to a more sustainable society

Thales develops products and solutions that help make the world safer, greener and more inclusive. **Safer:** sovereign states use Thales's cutting-edge technologies such as advanced air surveillance and cybersecurity solutions to defend their physical and digital territory and keep their citizens safe from harm.

Greener: our PureFlyt flight management system optimises aircraft trajectories in real time to reduce CO₂ emissions, while the IRIDE Earth observation constellation is helping our customers understand environmental phenomena in unprecedented detail.

More inclusive: we are helping to build users' trust in technology through initiatives such as TrUE Biometrics, which aims to eliminate discriminatory bias in order to make transparent, understandable and ethical biometrics technologies a reality.

The role of defence

The role of the defence sector in guaranteeing a stable and secure future for Europe is now recognised at the highest political level. In a November 2023 joint statement, EU defence ministers called for "ensuring that EU level policies facilitate access to both public and private finance for the defence sector and that its unique societal role, way of operating, and missions are duly taken into account when sustainable finance policies, regulations, reporting requirements, and standards are developed and applied to the European Defence Technological And Industrial Base." This statement was welcomed by industry bodies such as ASD⁽¹⁾ and GIFAS⁽²⁾ and reflects a growing realisation of the importance of defence within the EU institutions.

Frugal and ethical digital innovation

At Thales, our aim is to make our solutions safer and more secure in pursuit of our purpose of building a future we can all trust.

Whenever we develop a new digital product or a product incorporating digital technologies, we adhere to the frugal design and eco-design principles outlined in our Digital Ethics Charter. The Group prioritises smart data over big data and data quality over data quantity and, through our edge computing strategy, we endeavour to limit data flows and speed up decision-making by ensuring that processing operations take place as close as possible to the data source.

Meanwhile, our TrUE AI approach to artificial intelligence is based on four key principles: validity; transparency and explainability; security and reliability; and responsibility and ethics. Our TrUE Biometrics initiative applies these same principles to biometrics technologies.

Thales Solidarity: inspiring careers in STEM

Through our Thales Solidarity community engagement programme, we support more than 50 charities, foundations and social enterprises with a focus on promoting sustainability and inclusion. Starting in 2024, in keeping with the Group's new strategic vision, the programme will focus on encouraging more people – especially young people – to consider careers in science, technology, engineering and mathematics (STEM).

This new approach was reflected in some of the projects we supported in 2023. In the United Kingdom, Thales backs initiatives aimed at encouraging young people from under-represented groups and communities to study STEM subjects, with the long-term goal of building a more diverse talent pool. In North America, we support Technovation Girls, a global tech entrepreneurship programme for girls aged 10 to 18 years. In Brazil, we teamed up with CEAP, a vocational education charity, to help around 4,000 teenagers study STEM subjects under the guidance of Thales mentors. In Colombia, we renewed our partnership with EducaMás, a non-profit programming school where



A revolving credit facility for the climate

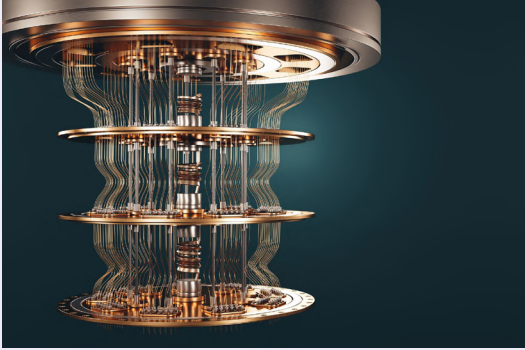
Thales's revolving credit facilities with 17 international banks include a clause under which the cost credit rises or falls depending on the Group's performance against its climate targets. Having met our targets in 2023, we decided to donate our bonus to the Thales Solidarity charitable fund.

students receive support and advice from Thales employees. And in India, the Group maintained its backing for Life Project For Youth (LP4Y), a digital project run by Tomorrow's Foundation to promote social inclusion and employment opportunities for young people aged 17 to 24 years living in extreme poverty and facing exclusion. —

⁽¹⁾ ASD: AeroSpace and Defence Industries Association of Europe.

⁽²⁾ GIFAS: French Aerospace Industries Association.

Our markets are sensitive to technological change, so our ability to maintain the trust of our customers and provide competitive products and solutions hinges on our capacity to innovate and adapt quickly to the latest developments. —



€1,108m

million in self-funded R&D in 2023

400

new patent claims in 2023

A policy of responsible innovation

At Thales, we pursue a policy of open innovation and partnership. As part of this policy, we actively collaborate with academic research centres to develop the technologies of tomorrow. In France, we work with the French Alternative Energies and Atomic Energy Commission (CEA), the French National Centre for Scientific Research (CNRS), École Polytechnique and Sorbonne Université, while our partners outside France include Nanyang Technological University (Singapore), IVADO (Canada) and the Alan Turing Institute (UK).

We also work with 2,000 accredited SMEs and start-ups, and we have conducted close to 200 proof-of-concept projects with these partners over the space of eight years.

Another aim of our policy is to co-innovate with customers and their respective ecosystems in order to stay focused on real market needs. In all our

countries of operation, we work hand in hand with academic research institutes, innovative companies and other industry players to develop new use cases, develop disruptive new technologies and transform business models.

A unique capacity for innovation

The Group has earned worldwide acclaim as a powerhouse of innovation. In 2023, we invested €1,108 million in self-funded research and development (R&D), on top of the €4 billion in innovation funded by our customers.

At Thales, innovation is spearheaded by 33,000 engineers and researchers, backed by a global network of Thales Research & Technology (TRT) laboratories and competence centres.

In 2023, Thales was named as the European leader in research in the physical sciences by Nature, the international journal of science, topping this ranking of companies for the 11th consecutive year.

The Group filed nearly 400 new patent claims in 2023, reflecting Thales's strong focus on innovation and our ability to translate the outcomes of our R&D into a competitive advantage in the marketplace.

The Group is investing heavily in artificial intelligence, cybersecurity, quantum sensors and trusted cloud solutions – disruptive technologies with the potential to make the critical decision chain more reliable and more efficient by guaranteeing the integrity and security of all the data involved.

High ethical standards for the digital age

Digital technologies are radically transforming our society. At Thales, we believe that digital transformation holds immense promise for humankind, but we also recognise the potentially adverse implications of these technologies in terms of environmental stewardship and individual freedoms.

Through its cutting-edge research and development, Thales is helping to shape the technology landscape of tomorrow, with solutions that impact the lives of millions of citizens across the globe.

The commitments set out in the Group's Digital Ethics Charter focus on three priorities: helping to make the world safer and more secure, using digital technologies to help build a more environmentally responsible world, and placing humans at the centre of the digital transformation to help build a more inclusive, more equitable world.

Embracing eco-design

Thales's customers are increasingly looking for ways to reduce their energy consumption and limit the environmental impact of their operations. We help them to achieve these objectives by optimising the size and weight of our products, making them easier to recycle, and embedding other eco-design principles in our product development processes.

In 2023, we launched a new Eco-design Community and rolled out a network of 107 eco-design coordinators at the Group's Engineering Competence Centres. More than 6,500 of our



"Thanks to our research ecosystem and our common core of technologies, Thales has everything it needs to push back the boundaries of what is possible and build a safer, more connected world."

BERNHARD QUENDT, CHIEF TECHNOLOGY OFFICER – THALES

engineers have already completed our new eco-design training programme, and eco-design principles are now applied to all new product developments.

Staying ahead of cyber threats

The Group's cybersecurity policy is built on three key pillars: ongoing staff training and awareness campaigns (over 23,000 employees were trained in 2023), a "zero trust" model based on multi-factor authentication solutions, and strict protections against the sharing or exposure of sensitive and confidential data. In 2023, Thales's Computer Emergency Response Team (CERT) ran 35 threat-hunting campaigns and handled 550 cybersecurity incidents.

Protecting our information systems and the business networks we share with our customers and suppliers is another important priority. In 2023, for instance, we conducted twice as many security and resilience audits as in previous years. We also apply ISO 27000-compliant risk management methods, conduct cybersecurity assessments on our key industrial partners, and deploy dedicated cybersecurity solutions to protect our digital and physical assets and the products and systems we sell. —

With the cortAlx accelerator, Thales is pooling its artificial intelligence capabilities as it looks to scale up the integration of reliable, explainable, secure and frugal AI into its solutions. —



“Thales is moving to a new level by developing transformational AI capabilities that meet its customers' security and sovereignty requirements.”

DAVID SADEK, RESEARCH, TECHNOLOGY AND INNOVATION – THALES

cortAlx: the trusted AI accelerator

Thales's customers are facing a proliferation of data and a growing number of threats in their mission-critical operations. The rapid situational analysis and problem-solving capabilities offered by artificial intelligence (AI) can lighten the mental load on operators without taking the final decision out of human hands. In March 2024, Thales announced the launch of the cortAlx accelerator to scale up the integration of AI into its products and solutions. In doing so, the Group is drawing on its technological expertise, its understanding of constrained environments, its track record in critical operations and a decade of AI-focused R&D to help its customers meet the challenges ahead.

The cortAlx accelerator is structured around three core components. The first is cortAlx Lab,

the most powerful integrated critical AI laboratory in Europe, based in Saclay near Paris. The second is cortAlx Factory, Thales's AI technology factory, which is designed to speed up the qualification and industrialisation of AI technologies and use cases for system data. The third component, cortAlx Sensors, focuses on developing AI applications to enhance the perception and identification accuracy and performance of sensors (sonars, radars, radio-frequency and optronic systems).

cortAlx is helping the Group to identify new AI use cases for critical operations. In the defence sector, for instance, the TALIOS pod that equips the Rafale combat aircraft analyses reconnaissance images in-flight and produces results 100 times faster than it could before. For civil aviation, AI optimises aircraft trajectories in real time, helping to reduce fuel consumption and carbon emissions. —

Thales's Data Centric Security Platform is designed to help organisations protect their data and access profiles from ever-more virulent and sophisticated cyberattacks. —



35,000

organisations rely on Thales's solutions to verify identities, authorise access to digital services, analyse information and encrypt data

Cybersecurity: protecting data and infrastructure

Thales's approach to cybersecurity is guided by a key principle: building trust in today's increasingly digital world. Drawing on its record of success in software and hardware encryption for the defence sector, the Group has developed a line of expertise in digital service access management. This is becoming a critical issue as more and more organisations migrate their data to the cloud, which poses complex security challenges given the inherent difficulty in protecting or controlling access to third-party servers. Thales's dedicated Data Centric Security Platform reflects the Group's dual approach to cybersecurity, combining data protection and access management to offer customers a single solution to all their requirements.

This integrated cybersecurity platform combines the expertise that Thales has acquired in a series

of targeted acquisitions: Gemalto in 2019; OneWelcome, a European leader in identity and access management, in 2022; Tesserent, a leading player in cyber threat evaluation, training and response in Australia in 2023; and Imperva, a US firm specialising in application security, also in 2023.

Governments, international organisations and the world's largest banks use Thales's identity management and data protection solutions to keep their critical and sovereign data safe. The Group has also formed partnerships with Amazon, Google, Microsoft, Salesforce and other leading cloud providers to offer an added layer of cybersecurity for their customers. —

As private companies and public bodies continue their move to the cloud, the need for trusted hosting and access-control infrastructure has never been more pressing. —



By 2030, the European cloud market is expected to exceed

€500bn⁽¹⁾

S3NS

Building a trusted cloud with S3NS

Organisations all over the world are turning to the cloud on account of its power and limitless flexibility. But this enthusiasm is being dampened in France, particularly by the risk of extraterritorial laws that could apply to cloud providers, the three largest of which are American. In 2021, Thales set about developing a trusted cloud offering through S3NS (pronounced "sense"), a French joint venture set up by Thales and Google Cloud and controlled by Thales. In the second half of 2024, S3NS intends to roll out a secure cloud offering that will meet the requirements of France's official SecNumCloud qualification, enabling organisations to accelerate their digital transformation while meeting their exacting performance and sovereignty requirements.

S3NS will provide physical and digital security for data centres located in Europe. Customers

will have access to the extensive catalogue of services offered by Google Cloud, such as AI development tools, coupled with robust data-protection guarantees. Software updates issued by Google Cloud will be analysed by S3NS to ensure compliance prior to deployment.

In the meantime, S3NS launched "Local Controls by S3NS" in February 2023 to provide an additional layer of control and transparency for Google Cloud service users, with data hosted in France or Europe, S3NS-encrypted access control, and a European technical support team. Numerous French companies have already signed up for this new solution. —

⁽¹⁾ Source: KPMG.

Thales been at the forefront of global research into quantum physics for the past 20 years, working with leading players in the field to develop the applications of tomorrow. —



“The second quantum revolution promises a step change in technical performance. But sustainability is also a central plank of our research, which is why we’re exploring ways to make these new technologies less energy-intensive.”

BERTRAND DEMOTES-MAINARD,
VP HARDWARE RESEARCH
AND TECHNOLOGY – THALES

Quantum technologies: a new realm of possibilities

Quantum technologies encompass three main areas: quantum computing, which promises faster processing speeds; quantum communications, with applications including cryptographic key exchange and interconnected supercomputers; and quantum sensors, which can measure physical quantities with unprecedented accuracy. These technologies have countless applications in fields ranging from manufacturing, automotive and defence to healthcare and the environment. But the path from experimental devices that start life on laboratory workbenches to industrial products that can be manufactured at scale is by no means straightforward. It involves creating the conditions for engineers and researchers from a wide range of specialisms and scientific disciplines need to work together effectively.

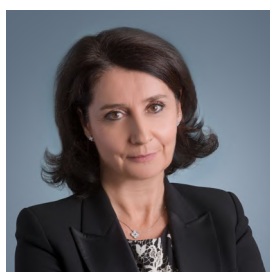
Thales has a great deal of experience in doing just that. Our two laboratories in Palaiseau, France –

Thales Research & Technology (TRT) and the III-V Lab, which is jointly operated with Nokia and the French Alternative Energies and Atomic Energy Commission (CEA) – have built a global reputation in the field of quantum sensors. The Group is also partnering with other leading innovators to help shape the quantum applications of tomorrow. For instance, Thales has teamed with South Korean mobile operator SK Telecom to deploy post-quantum cryptography solutions on 5G networks, and the Group is working with Deutsche Telekom and the Austrian Institute of Technology as part of the Nostradamus consortium to build the European Union’s quantum communications testing infrastructure. To take another example, Thales Alenia Space has signed a contract with the European Space Agency to develop quantum space-to-Earth communications technologies. The benefits of these applications will be felt across all of Thales’s core businesses. —



Sustainability ambition

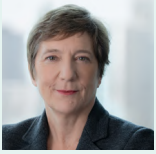
In 2023, Thales met or exceeded all the targets in its multi-year CSR strategy, which were initially set in 2019 and revised upwards in 2021. As the challenges facing society become increasingly pressing and complex, our targets for 2030 are even more ambitious. —



"Our ambitious and self-imposed CSR policy is both aligned with the Group's business strategy and consistent with our purpose of 'building a future we can all trust'."

ISABELLE SIMON,
GROUP SECRETARY AND GENERAL COUNSEL
– THALES

We view an ambitious and proactive policy on corporate social responsibility (CSR) as a key driver of Thales's business performance. —



"In 2023, we came to the end of a positive cycle in our sustainability strategy and began to define a new roadmap for 2030."

ANNE BOLOT-GITTLER, CHIEF SUSTAINABILITY OFFICER – THALES

The business case for corporate social responsibility

For over two decades, Thales has pursued a proactive CSR policy that meets the highest international standards and is fully embedded in its purpose. The Group's CSR strategy has two main thrusts: helping to make the world safer, greener and more inclusive, and achieving a set of quantitative targets in four priority areas (climate, diversity and inclusion, ethics and integrity, and workplace health and safety).

Targets met in 2023

Our strategy reached a tipping point in 2023 as we met – and in many cases exceeded – all the targets we had set in 2019. This stand-out performance is reflected in a consistent year-on-year improvement in our extra-financial ratings (see page 58 for more details).

CSR issues climbed the global agenda in 2023 amid mounting geopolitical tensions, the climate emergency and the emergence of new technologies. Data from the EU's Copernicus Climate Change Service shows that the global average temperature between February 2023 and January 2024 was 1.52°C above 1850-1900 levels, and the world continues to grapple with the human and economic cost of extreme weather events. At the same time, the proliferation of armed conflicts underscored the vital importance of keeping civilian populations safe from harm, while the exponential growth of AI technologies in every walk of life – including Thales's own activities – continued to provoke excitement and concern in equal measure. The Group's new sustainability strategy for 2024-2030, which will be published later this year, is a direct response to these real-world concerns.



A comprehensive model of CSR governance

The purpose of Thales’s model of CSR governance is to embed ambitious objectives in the Group’s business strategy and operational processes. 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 and an additional two Board members with a specific advisory role on CSR-related agenda items.

At the executive level, the Strategic CSR Committee is chaired by the Chairman & Chief Executive Officer and comprises several members of the Executive Committee. This committee approves the Group’s CSR policy, priorities and action plans, as well as the associated performance 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’ corporate functions. The Corporate CSR Steering Committee and the CSR Network Steering Committee play a coordinating role and share information about the issues, priorities and initiatives that underpin the Group’s CSR policy. —

2023 CSR performance	2023 objectives
STRATEGY FOR A LOW-CARBON FUTURE	
52%	35%
reduction in operational CO ₂ emissions ⁽¹⁾	
100%	100%
of new products fully or partly apply eco-design principles	
ETHICS AND INTEGRITY	
100%	100%
of at-risk employees trained in corruption prevention	
WORKPLACE HEALTH AND SAFETY	
36.7%	30%
reduction in the frequency rate of workplace accidents with lost time relative to 2018	
DIVERSITY AND INCLUSION	
86.8%	75%
of management committees with three or more women members	
20.4%	20%
of senior management positions held by women ⁽²⁾	

⁽¹⁾ Scopes 1 & 2 and Scope 3 [business travel]. In absolute values against 2018 baseline.
⁽²⁾ Levels of responsibility 10 to 12 (top 13% of global workforce). The proportion of women in the total workforce is 27%.

Thales aims to significantly reduce its greenhouse emissions between now and 2030, drastically cutting its operational CO₂ emissions and systematically shrinking the environmental footprint of its products and services. Our performance in 2023 exceeded expectations, suggesting that these new targets are both realistic and achievable. —



The Global Supplier Event gathered Thales suppliers in Le Bourget, France, June 2023.

A responsible, resilient supply chain

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 CO₂ emissions from our operational processes and energy consumption (scopes 1 and 2), in absolute terms.

In terms of our carbon footprint, 2023 was a record-setting year in that our emissions (scopes 1 and 2) came in 59.9% lower than the 2018 baseline. This stand-out performance can be attributed to several factors, including lower energy use across the Group as a whole (down 13.6% between 2018 and 2023) and efforts to improve energy efficiency. Moreover, renewables now make up 90% of our energy mix (up 77 percentage points since 2018), and 127 Thales sites have contracts in place for the supply of electricity from renewable sources.

Reducing the carbon footprint of our suppliers and products

In October 2021, Thales opened talks with 150 of its highest-emitting suppliers with a view to drawing up action plans to reduce emissions in the Group's supply chain, which amount to 2.444 million tonnes of CO₂ (tCO₂). A total of 183 such plans had been approved by the end of 2023.

Also last in 2023, we included a new CSR metric in the selection process for suppliers bidding for Group contracts. Over 500 members of our procurement teams took part in hands-on "Fresk" workshops and other climate-awareness sessions, and we rolled out a new training programme to help buyers better understand the low-carbon transition and encourage suppliers to engage with this process.

Emissions associated with the use of Thales products in 2023 stand at an estimated 5.58 million tCO₂ – a 45% reduction versus the 2018 baseline on account of the global slowdown in the

aerospace sector. Several years ago, we began incorporating eco-design principles into our development processes. Whenever we develop a new product or system, this means that we aim to keep energy and raw-material use to a minimum, reduce associated greenhouse gas emissions, optimise size and weight, and make our products as easy to recycle as possible. In 2023, we added a new instruction to our product development documentation outlining fundamental rules of eco-design for each stage of the engineering process. In total, 6,599 Thales engineers have been briefed on the basic principles of eco-design and, as of the end of 2022, all staff members in key roles – Product Line Architects, Product Line Managers, Design Authorities and Product Design Authorities – had completed dedicated training on this subject. As a result, eco-design principles are now applied to all new product developments. —



“Our strategy for a low-carbon future is continuing to produce tangible results. SBTi has now endorsed our CO₂ emissions reduction targets for 2030. And in 2023, for the first time ever, CDP gave Thales an 'A' score for its climate action policy, confirming leadership in environmental transparency and performance on climate change.”

RAPHAËLLE TISSOT, HSE SUSTAINABLE PERFORMANCE MANAGER – THALES

90%

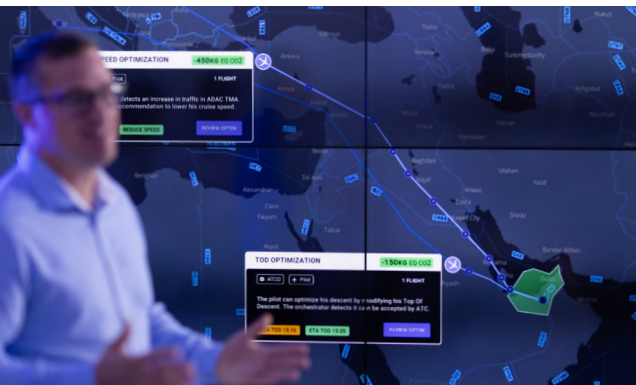
of electricity from renewable sources

100%

of new product developments apply eco-design principles

-59.9%

absolute-terms reduction in CO₂ emissions (scopes 1 & 2) between 2018 and 2023



As it strives to become a greener business, Thales has embedded biodiversity conservation and responsible water use in its environmental policy. The Group is also working to tackle pollution and has pledged to limit its industrial emissions. —



12.1%

reduction in water use since 2018 (total consumption in 2023: 1.51 million m³)

The extension to the Thales site in Géménos, near Marseille, France, was inaugurated on December 8, 2023.

Preserving nature, water and biodiversity

Maintaining water quality and availability has been a priority for Thales for well over 20 years. Our policy in this area is built upon three pillars. First, we have made concerted efforts to reduce the amount of water we use. Our water consumption is now consistently lower than in the past, and we are determined not to exceed current levels (except for geothermal power generation). Second, we run vulnerability assessments to identify Group sites located in areas affected by water stress. And third, we have drawn up a map of the water cycle across the Group. This process led us to update our water-related indicators, which in turn brought our reporting in line with CDP requirements. In 2023, the organisation awarded us a "B-" score for our data

transparency and water management practices, which was above the industry average.

Biodiversity conservation

Thales is especially mindful of the need to protect wildlife and enhance natural habitats. Since 2006, we have maintained an inventory of sites located within or near to protected areas. In 2022, we conducted a qualitative assessment of our biodiversity dependencies and impacts using the Exploring Natural Capital Opportunities, Risks and Exposure (ENCORE) web-based tool. Whenever we embark on a new project with potential implications for biodiversity, we apply the legally mandated "avoid, reduce, offset" (ARO) approach. We also complete impact assessments, take inventories of local plant and animal species, and carry out biodiversity-positive planting and green-space management projects.

In 2024, Thales will roll out biodiversity action plans for five pilot sites, with measures including an environmental audit and targeted responses to local issues. Some Group sites located near protected areas are also introducing habitat management plans, which involve taking inventories to identify threatened species, then introducing native varieties to combat invasive plants.

Waste management

Thales's approach to waste management is guided by the "three Rs": reduce, reuse and recycle. Our sites apply this rule in a number of ways, for instance by using less packaging, setting up equipment exchange schemes, and making sure waste is properly recycled or reprocessed. We are also running awareness campaigns to encourage efforts to phase out plastic, print as little as possible, and reuse cardboard and other types of packaging. The amount of non-hazardous waste (excluding special waste) generated by the Thales Group in 2023 was 18.6% lower than in 2022, and our waste production has fallen by close to 11.3% since 2018. This downward trend reflects the fact that we now generate less packaging and paper waste than in the past. A 3,400-tonne reduction in the amount of sludge we produce is another contributing factor.

The Group has special processes in place for hazardous waste, which is collected and stored in dedicated facilities for easier management and disposal. In 2023, we produced a similar amount of this waste as in the previous year despite an

increase in business volumes. Overall, the share of our hazardous waste that is recycled has fallen sharply in recent years, from 35.4% in 2018 to 27.4% in 2023, because of changes in the processes used to dispose of oils and solvents and because certain chemicals are now incinerated for heat recovery instead of being recycled.

Hazardous substances

With the regulatory landscape for hazardous substances shifting all the time, there is a growing risk that some products and systems may need to be withdrawn from production, no longer maintained or extensively redesigned. This could have particularly complex consequences in a number of respects.

At Thales, we are actively planning ahead to contain these risks by rolling out substitution plans based on alternatives that meet our performance and robustness standards, phasing out affected substances from our products wherever possible, and maintaining buffer stocks to help mitigate potential supply shortages.

We are closely monitoring changes to the European regulatory framework that could see limits or bans imposed on particular substances in the years ahead.

Industrial emissions

Our approach to preventing pollution and reducing industrial emissions is guided by the dual imperative of ensuring public health and safety, and minimising our impact on the environment. The Group's operations generally have a limited impact in terms of industrial wastewater discharges, industrial atmospheric emissions, and noise and odour pollution. Our local entities monitor pollution closely, receiving support from the Group's central health and safety team, legal specialists and operational staff, and liaising with the regional agencies responsible for the environment, planning, housing and public health. —

69%

of non-hazardous waste recycled

88.3%

of non-hazardous waste recovered

Year after year, we are raising the bar for integrity, compliance and ethical business practices in order to protect Thales's reputation and secure the competitive performance and long-term future of our Group. —



99%

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

An unyielding commitment to ethics, integrity and compliance

As a global organisation with an involvement in sensitive sectors and industries and a footprint spanning 70 countries, we must hold ourselves to the very highest standards in terms of ethics, integrity and compliance. The principles behind Thales's policy on these issues are outlined in our Code of Ethics and in our Code of Conduct on the Prevention of Corruption and Influence Peddling. The Integrity and Compliance Committee, which is chaired by the Group Secretary & General Counsel, is responsible for overseeing, developing, deploying, evaluating and updating our in-house Integrity and Compliance programme. The Committee is supported in its work by 120 compliance officers and 18 chief compliance officers.

Human rights

Thales has been a signatory to the United Nations Global Compact (UNGC) since 2003 and has adopted its 10 principles, which place a strong emphasis on the protection of human rights. The Group has also signed the UNGC's Statement from Business Leaders for Renewed Global Cooperation, which was introduced at the opening of the 75th session of the UN General Assembly in 2020. In doing so, Thales has committed to demonstrating ethical leadership and good governance, investing in addressing systemic inequalities and injustices, and partnering with the UN, government and civil society to strengthen access to justice, ensure accountability and transparency, provide legal certainty, promote equality and respect human rights.

In 2023, Thales's Chairman and CEO, on behalf of the Group, signed the UNGC France Network Manifesto, which aims to build fresh private-sector

momentum towards attainment of the Sustainable Development Goals (SDGs). This move underscores the importance of the SDGs for Thales, as evidenced by their inclusion in our CSR targets (see pages 7 and 56 for more details).

Thales Alert Lines: a secure whistleblowing system open to all

At Thales, we believe that the only way to do business is to act with integrity at all times. We encourage employees, external staff and occasional workers to use the Thales Alert Lines system to report conduct or situations that contravene our internal rules or that violate applicable laws and standards. Anyone who files a report using the platform has their identity protected, and all reports and subsequent communications are handled in a secure environment. Each case is reviewed within two weeks of submission to determine whether it is admissible. The system received a total of 49 reports in 2023, and specific follow-up action was taken to address the matters raised in the 25 cases that were deemed admissible. Thales undertakes not to dismiss, discriminate against or otherwise take disciplinary action against any employee who reports in good faith any acts falling within the scope of the Thales Alert Lines system.

A robust anti-corruption system

The leadership team and the Board of Directors have a zero-tolerance policy on corruption and influence peddling. Thales introduced a corruption risk prevention policy in the late 1990s, and this policy has been constantly updated and enhanced ever since. In March 2021, we obtained the ISO 37001:2016 certification for anti-bribery management systems in recognition of the strength of our Integrity and Compliance programme and the level of support received for these efforts from the very highest level of Group governance. This certification was renewed in 2022 and again in 2023, and it now covers our business activities and operations in France, the United Kingdom, the Netherlands, Canada and the United States. We will undergo another audit in 2024 with a view to extending our certification through to 2026 and becoming newly certified in Germany and Australia.

An updated and expanded training programme

All employees who are potentially exposed to corruption and influence-peddling risks in their line of work are required to complete a dedicated training programme within six months of joining Thales or changing roles within the Group. Affected employees are required to take this training again every two years. In total, 8,037 staff completed this compulsory training in 2023. In January 2022, we opened up this programme to all other staff, and a further 5,315 employees completed it last year.

Strict export control and trade compliance measures

Thales complies fully with all export control requirements and economic sanctions. Some of our activities fall under regulations governing the production and sale of military and dual-use systems and technologies. Under these rules, permission must be sought from the relevant authorities before the products in question can be exported, re-exported, re-transferred or resold. Through our Trade Compliance programme, which is part of the Integrity and Compliance programme, we aim to set the gold standard in this area by continuously improving our practices. The programme – which includes guidelines, expert assessments, training and audits – applies to all Group companies and subsidiaries worldwide. We also carry out ex-ante and ex-post checks on activities governed by domestic and international export control regulations. In France, for instance, desk reviews are conducted every six months, and similar checks are routinely carried out by the relevant authorities in every country from which Thales exports regulated products and technologies. —

46,000

employees trained in corruption prevention since 2018 (including 100% of exposed employees)

A photograph showing two men working on a large, complex mechanical component, likely an aircraft engine. The man on the left is wearing a blue jacket with 'THALES' written on the back. The man on the right is wearing a black shirt. They are both focused on the task at hand.

Operational excellence

Thales is fundamentally transforming its operational capabilities by expanding and training its workforce, broadening and modernising its industrial footprint, and building ever closer ties with its suppliers. These changes will help the Group achieve its medium-term growth targets and continue delivering for its customers. —



“Reaching our growth targets and creating even more value: this is our major ambition between now and 2030. It is closely linked to our ability to deliver.”

PHILIPPE KNOCHE, SENIOR EXECUTIVE
VICE-PRESIDENT, OPERATIONS AND PERFORMANCE
– THALES

Thales is taking substantive measures to meet its growth targets for 2030 by improving operational efficiency, maintaining the highest standards of product quality, and reducing production and delivery lead times. —



7.9%

organic sales growth in 2023

Greater operational agility to meet evolving customer requirements

With 75 large contract awards in the past three years (orders with a unit value of over €100 million) and overall organic sales growth of 7.9% in 2023, Thales is experiencing very strong commercial momentum. In order to keep pace with this growth and guarantee on-time delivery going forward, the Group needs to modernise its production facilities and scale up capacity. This will involve expanding our training programmes, creating opportunities for our specialists to pass on their skills to the next generation, automating and digitising our industrial sites, and building resilience into our supply chain.

Training new staff in the latest production methods

Talent management is the cornerstone of Thales's new production model. With more than 30,000 new employees joining the Group in the last three years, we recognise the importance of passing on skills to younger employees and training our entire workforce in the latest industrial methods and processes. Working closely with the Group's Human Resources Department, which oversees our in-house training programmes, the Industry and Services team has identified two key priorities as we look to scale up our manufacturing capabilities: updating our production planning and product development software, and building models of operational excellence into our engineering processes. Methods such as value stream mapping and root cause



analysis will help us improve our manufacturing performance, eliminate errors and shorten time to market. Concurrently, we are working with start-ups in France's innovation ecosystem to incorporate cutting-edge digital technologies into our processes and create a truly digital workplace.

Expanding our industrial footprint and embracing Industry 4.0

The Group is also gearing up for higher production output in the years ahead by broadening its existing industrial footprint and preparing to open new facilities. Site extensions are planned in our established markets – France, the United Kingdom, the Netherlands and Australia – and we are preparing to expand our industrial base in the United States and the Middle East, and in India and other Asian countries.

Launched in 2022, Thales's Industry 4.0 programme has completed a benchmarking study and identified the 44 key building blocks of this new industrial model as it relates to the Group. Our three major business segments have selected the building blocks that are most relevant to their operations and, on this basis, they have drawn up five-year roadmaps outlining how they intend to incorporate digital technologies into their production processes (latest-generation software, data lakes, IoT sensors, robotic process automation, tablets for operators, etc.). We have also prepared an Industry 4.0 roadmap for our through-life support operations in order to future-proof a key aspect of our value

proposition: ensuring that our products consistently deliver excellent performance and guaranteeing spare parts availability for equipment and systems with service lives spanning several decades. Measures such as upgrading our task scheduling software and introducing IoT sensors into our predictive maintenance processes will enable us to shorten turnaround times and build even closer ties with our customers. In a robust endorsement of our through-life support expertise, Thales recently won a major contract in the United Kingdom to maintain part of the Royal Navy fleet.

Building greater resilience into our supply chain

For Thales, operational excellence goes hand in hand with a resilient supply chain. Measures to relocate critical industrial production capabilities to Europe are of particular relevance to Thales. For many of the key electronic and mechanical components of the Group's core product offerings across all three of our major business segments, we are investing heavily in bringing manufacturing capabilities back onto European soil. In a shorter-term perspective, and to expand skill sets throughout the local industrial economy, Thales is increasingly adopting a co-engineering model, which involves bringing suppliers into the core design process (build-to-spec) rather than simply outsourcing production (build-to-print). This co-development approach mirrors the steps taken by our procurement teams to build greater resilience into our supply chain, for example by adopting dual sourcing strategies and giving our suppliers 12-18 months' visibility on future order volumes in order to secure deliveries and prices for 2024. —

At Thales, we see a sustainable, resilient supply chain focused on value creation as the cornerstone of operational excellence. —



“Thales's responsible procurement policy revolves around our **suppliers' engagement with climate action and ethical business conduct**, and a commitment to fair trading practices, shared innovation and support for the local industrial fabric.”

ROQUE CARMONA, CHIEF PROCUREMENT OFFICER – THALES

A responsible, resilient supply chain

The Group maintained very strong commercial momentum in 2023, in particular in its aerospace and defence businesses. Special arrangements are in place with many of our suppliers to maintain the necessary capacity throughout the supply chain. We seek to diversify our sources of supply as a matter of policy, and whenever possible in 2023, we gave our suppliers 12-18 months' visibility on future orders in order to secure deliveries and prices for 2024. We also group component orders with our suppliers as a way to secure production slots with manufacturers and ensure timely deliveries.

As part of our drive to build resilience into our supply chain, we conduct regular supplier market analyses, employ dual and triple sourcing strategies,

periodically build up stock levels, and review our major suppliers' share of our procurement spend in order to guard against dependency risk.

The Group is also involved in consolidation projects, such as the GIFAS-led initiative in France, that aim to support the emergence of national and European aerospace champions. For instance, Thales is a founding member of ACE Aéro Partenaires, an investment fund set up under the French government's aerospace industry recovery plan.

Promoting responsible supplier practices

Thales's Responsible Procurement Department is tasked with applying the principles of the Group's compliance programme and CSR policy in its dealings with suppliers. We ask all of our suppliers

to sign up to our Integrity and Corporate Responsibility Charter, through which they undertake to abide by our Code of Ethics, OECD Guidelines and the principles of the United Nations Global Compact. Specifically, suppliers that sign the Charter agree to comply with all applicable laws and regulations on human rights, working conditions, corruption and conflicts of interest, data protection, environmental protection, and health and safety; and with rules on fair trading practices (including export controls) and business ethics. Although Thales is not subject to section 1502 of the US Dodd-Frank Act, it has a due diligence policy in place on conflict minerals.

Thales holds the "Responsible Supplier Relations and Procurement" certification, which is awarded to organisations that demonstrate effective CSR and responsible procurement practices. The certification is subject to regular renewal audits, the latest of which took place in December 2023. Also last year, we added extra-financial metrics to the selection process for suppliers bidding for contracts.

In 2023, we pledged to draw up action plans with 150 of our highest-emitting suppliers. By the end of 2024, 183 of these plans had been approved, which is well above the initial target.

Enduring ties with start-ups and SMEs

At Thales, we rely on the agility and expertise of SMEs to keep our products and solutions performing to the very highest standards. In return, our procurement teams work to support our smaller suppliers, ensuring they benefit from Thales's commercial strength and its knowledge of local markets and business environments. In France, for instance, Thales is a founding member of "Pacte PME", an organisation working to open up opportunities for SMEs to do business with large companies, including through its Alliance for Decarbonisation and Energy Transition. The Group has also signed the "Convention Action PME", an agreement pursuing similar aims, with the French Ministry of the Armed Forces. In 2023, we spent close to €2.9 billion on products and services supplied by more than 4,000 small and medium-sized enterprises in France, which represented

almost 68% of our total domestic procurement spend (France accounts for 46% of all procurement by Group businesses). Thales is also taking part in 21 projects financed by the European Defence Fund under its 2022 call for proposals, helping 115 European SMEs connect with potential new business partners across the continent. And in keeping with our aim to build closer ties with innovative early-stage ventures, the Group's Technical Department maintains a list of more than 2,000 accredited startups. In 2023, Thales also signed up to the French government's "Je choisis la French Tech" programme, which aims to encourage large companies to spend more with start-ups based in France. —

€2.9bn

in products and services purchased from more than **4,000 small and medium-sized suppliers** in France (68% of the Group's total domestic procurement spend)

€9.2bn

in procurement spending in 2023, with European and North-American suppliers accounting for **83%** of this total





Employee engagement

Businesses with big ambitions in terms of innovation, production capability and sales growth need to think seriously about their strategy for attracting and retaining new talent. More than ever before, job candidates are looking for employers with substantive policies on corporate social responsibility, quality of life at work, and diversity, equality 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. —



"We can only achieve big ambitions by putting humans at the heart of everything we do. The men and women of Thales are our biggest asset. It's thanks to their human intelligence that we can develop the innovations that have built our reputation and our success."

CLÉMENT DE VILLEPIN, SENIOR EXECUTIVE
VICE-PRESIDENT, HUMAN RESOURCES – THALES

At Thales, we recognise that our success rests on our ability to hire and develop the best people at a time of intense global competition for talent generally, and for science and engineering skills in particular. —



2nd

most attractive company for engineering students (Universum survey)

Attracting and retaining talent and empowering our people

Within the Human Resources Operations Department, the Talent Acquisition team is responsible for delivering on the Group's hiring goals and targets. The objectives of our talent acquisition policy are four-fold. To begin with, encourage more young people worldwide, especially women, to consider careers in science and engineering. Then, explain the Group's business activities and show how developments in artificial intelligence, big data, cybersecurity, connectivity and quantum technology are changing the nature of the work we do. Third, run local campaigns targeting highly skilled talent in countries where the Group is less well-known. Finally, take part in major events that align with

our fields of expertise and our visibility and recruitment needs.

Building on human intelligence

In 2023, we rolled out a new, global employer value proposition. The tagline – “It all starts with human intelligence” – reflects our deeply held belief that our capacity for innovation relies on the intelligence of our people. This value proposition is built on three pillars: technological know-how, work-life balance and attractive career paths.

Inspiring careers in tech

Providing career opportunities for young people and attracting the next generation of employees, in France and worldwide, is a top priority for Thales. With this in mind, we are building stronger partnerships with schools and universities, as well

as with non-profits promoting careers in science, technology, engineering and mathematics (STEM). To take one example, 510 Group employees in France act as mentors for Elles Bougent, a voluntary organisation that works to encourage more women to go into careers in engineering.

Becoming a learning organisation

As working practices and job roles evolve, our ability to keep pace with these changes is essential to our future success. To ensure our people have the necessary skills to support our long-term growth, we are creating the conditions for all Thales employees to “learn every day, in every way, in a One Thales culture”. The Group’s Learning and Culture Department has set up dedicated “learning channels” for managers and their team members, with learning modules and programmes organised by job category, business line and country. Our digital training portfolio has grown significantly in recent times: Group-wide, some 32% of training hours were delivered online in 2023, and employees in France completed 91% more hours of digital training last year than in 2022.

Rewarding performance

Compensation is another key feature of our employer value proposition. In all our countries of operation, employees receive a base salary that, in the majority of cases, is well above the statutory minimum wage. We also conduct annual pay surveys, by country and by business line, to check that overall compensation remains in line with market trends.

Total payroll amounted to €8.328 billion in 2023, up from €7.545 billion in 2022. In France, compensation grew by 5.81% in 2023 under the combined effect of individual pay raises and collective increases negotiated with employee representative bodies. In 2023, 63% of Group employees received variable compensation, which is contingent on attainment of individual targets (40% of the total), Thales’s CSR targets (10%) and the Group’s financial targets (50%).



Negotiating with employees in mind

Thales’s success also hinges on a culture of constructive dialogue with employee representative bodies. Worldwide, all Group entities abide by the International Labour Organization’s conventions on freedom of association and collective bargaining. As of the end of 2023, 80% of the Group’s global workforce was covered by at least one collective labour agreement. And last year alone, a total of 72 such agreements were signed for employees at Thales companies and entities in France. —

91%

more hours of online training
in France in 2023 than in 2022

€8,328m

spent on payroll in 2023

We provide a safe and healthy work environment for all our employees. We also see diversity as a source of strength, which is why we are committed to making Thales a truly inclusive place to work. —



“Thales’s success depends on its employees and their ability to realise their potential and unleash their creativity. That can only happen in a safe and healthy and inclusive work environment. Training and experience-sharing have a major role to play in achieving this goal.”

CAMILLE CANUET, GROUP DIRECTOR, SOCIAL AND SOCIETAL RESPONSIBILITY – THALES

A safe and inclusive place to work

At Thales, we believe that a safe and healthy work environment is a key driver of sustained employee engagement. This belief is enshrined in our Code of Ethics, and it is also reflected in our “Smart Working” policy, which aims to (1) increase our competitiveness and collective performance, (2) offer flexibility in terms of when, where and how our people work, and (3) improve work-life balance for our employees.

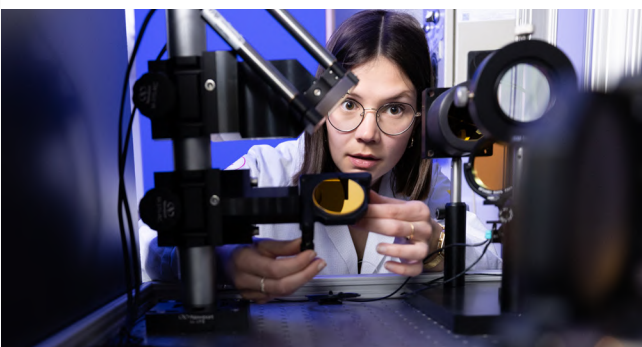
Fostering an inclusive culture

Overall responsibility for the Group’s inclusion policy rests with the Social and Societal Responsibility Office, which reports to both the CSR Department and the Learning, Culture, Diversity and Inclusion Department, and it is supported by a global network of diversity and inclusion correspondents. Since October 2023, the office has coordinated

Together@Thales, a community of 400 employees sharing good practices and reinforcing the Group’s initiatives in these areas. The Group also organises training and awareness initiatives as a way to foster inclusion. In 2023, for instance, all Talent Acquisition team members in France completed training on non-discriminatory hiring practices. A further 285 employees attended a workshop on unconscious bias, and we now have a team of 57 in-house trainers who will share these practices far and wide across the Group in the coming years.

100%

of Talent Acquisition team members in France completed training on non-discriminatory hiring practices



Promoting gender balance

Thales's gender-balance goals are three-fold: to increase the proportion of women in its workforce, to encourage women to advance to senior roles, and to increase the number of women on management committees. Our specific targets for 2026 are to have women hold 22.5% of senior management positions and for 75% of management committees to have four or more women members.

In 2023, we launched the #WomenInspiringWomen campaign, which aims to support current and future generations of women in pursuing careers in STEM. More than 4,000 employees have also joined WiTh (We in Thales), our in-house network to promote gender balance and help women get ahead in their careers. The WiTh network has partnered with Cercle InterElles, an umbrella organisation of gender-balance networks at 16 French digital and technology firms.

Onboarding talent and empowering all our people

At Thales, we have a proactive policy of hiring a growing number of people with disabilities and keeping more of them in their jobs. In 2023, Thales's 44 sites in France were in the process of gaining the NF X50-783 certification, the French standard for disability-friendly establishments. Also in France, we have a special task force – known as "Mission Insertion" – that helps employees with disabilities maintain their employability and works to ensure that their specific needs are met in the workplace.

We firmly believe that everyone should have the right to be themselves at work, and that nobody

86.8%








of management committees have
three or more women members

should feel compelled to conceal any aspect of their life or identity. This belief is reflected in the Group's long-standing commitment to inclusion for people identifying as lesbian, gay, bisexual and transgender (LGBT+) and members of other gender and sexual orientation minority groups. In 2023, Thales once again signed the "LGBT+ Commitment Charter" drafted by L'Autre Cercle, a non-profit at the forefront of LGBT+ workplace inclusion in France.

Thales is committed to raising awareness of all forms of cognitive diversity and neurodiversity. These terms encompass people whose brain functions diverge from the norm either physically or psychologically, including those with autism, hypersensitivity, giftedness, and specific language and learning disorders. We are particularly active on this front in the United Kingdom, where Thales is part of Neurodiversity in Business, a forum for organisations to share best practices on hiring and supporting neurodivergent employees. We are also proactive in providing career opportunities for young people, and we view internships and apprenticeships as a key talent pipeline. In 2023, we hosted 1,708 work-study trainees and welcomed 1,459 interns across our operations in France. —

Contributing to the Sustainable Development Goals

56 Since 2015, Thales's CSR policy has been aligned with the United Nations Sustainable Development Goals (SDGs), seven of which are considered especially relevant to the Group. —

SDG	TARGET	PROGRESS AS OF 2023
	Take urgent action to combat climate change and its impacts.	<p>52% reduction in operational CO₂ emissions (scopes 1 & 2 and scope 3 "business travel") relative to 2018.</p> <p>36% reduction in scope 3 CO₂ emissions ("purchases of goods and services" and "use of products and services sold") relative to 2018.</p>
	Ensure sustainable consumption and production patterns.	6,599 engineers trained in eco-design.
	End all forms of discrimination against women and girls everywhere.	<p>20.4% of management positions are held by women.</p> <p>86.8% of management committees have three or more women members.</p>
	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	<p>19 hours of training per employee.</p> <p>36.7% reduction in the frequency rate of workplace accidents with lost time relative to 2018.</p>
	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.	Tech career training for more than 15,000 young people through Thales Solidarity in 2023.
	Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.	<p>€1,108 million dedicated to R&D.</p> <p>Partnerships with numerous research organisations and universities worldwide.</p>
	Substantially reduce corruption and bribery in all their forms	Training delivered to 100% of employees exposed to corruption risks.

Principles of responsibility



Every year since 2003, Thales has reaffirmed its support for the fundamental principles of the United Nations Global Compact, reflecting its commitment to uphold human rights within its sphere of influence and value chain, and to incorporate these principles into its strategy, culture and day-to-day operations. In 2023, on behalf of Thales, the Chairman & Chief



Executive Officer signed the Manifesto of the United Nations Global Compact (French Network), which aims to regalanise support for the United Nations Sustainable Development Goals among private-sector organisations. Reflecting the importance of these goals for Thales, they form an integral part of the Group's CSR strategy.

HUMAN RIGHTS		
Principle 1	Support and respect the protection of internationally proclaimed human rights.	P. 24, 26, 54, 56.
Principle 2	Not be complicit in human rights abuses.	P. 24, 26, 42, 48, 54.
LABOUR		
Principle 3	Uphold the freedom of association and the effective recognition of the right to collective bargaining.	P. 52-53.
Principle 4	Uphold the elimination of all forms of forced and compulsory labour.	P. 26, 38, 48, 56.
Principle 5	Ensure the effective abolition of child labour.	P. 26, 38, 48, 56.
Principle 6	Uphold the elimination of discrimination in respect of employment and occupation.	P. 18, 26, 52, 54.
ENVIRONMENT		
Principle 7	Support a precautionary approach to environmental challenges.	P. 36, 38, 40, 42.
Principle 8	Undertake initiatives to promote greater environmental responsibility.	P. 26, 28, 36, 38, 40, 42.
Principle 9	Encourage the development and diffusion of environmentally friendly technologies.	P. 24, 26, 38, 48.
ANTI-CORRUPTION		
Principle 10	Work against corruption in all its forms, including extortion and bribery.	P. 20, 42, 48.

Recognition for our CSR performance

58

In 2023, extra-financial rating agencies ranked Thales among the leading companies in its industry for environmental, social and governance (ESG) performance. —

AGENCY	DESCRIPTION	RATING	2021	2022	2023
 CDP	CDP is an international non-profit organisation that runs the world's biggest environmental disclosure system.	Thales's A rating places it in the highest "Leadership" category. It is one of the 348 A-rated companies, out of 21,000.	A-	A-	A
 2023 ecoVadis Sustainability Rating	EcoVadis is the global benchmark for corporate CSR ratings. Its assessment process looks in detail at how companies implement ESG policies and strategies.	Thales's Platinum medal places the Group among the top 1% of firms assessed by EcoVadis.	N/A	71/100	79/100
ISS ESG	ISS ESG is a global leader in ESG solutions for asset managers, including corporate ESG performance assessments.	Thales has been awarded Prime status, signifying that its performance exceeds a given sector-specific threshold.	C	C+	C+
MOODY'S ESG Solutions	Moody's ESG Solutions is a leading provider of ESG assessments, data, research, benchmark indices and analysis.	Thanks to steady improvements in its score in recent years, Thales is close to qualifying for inclusion in the CAC 40 ESG index.	57/100	61/100	62/100
MSCI ESG RATINGS	MSCI ESG ratings measure a company's management of financially relevant ESG risks and opportunities.	The agency considers that Thales sets a benchmark for product quality management.	A	BBB	A
CLASSEMENT RSCE 2023 CAC 40	The Charpak Foundation's "Corporate Scientific Responsibility" ranking grades companies according to the quality of their scientific research, with high scores awarded to organisations that invest heavily in R&D and collaborate with scientists and researchers.	Thales holds joint-first place in this ranking with a score of 79/100 (versus a CAC 40 average of 40/100).	N/A	N/A	79/100
S&P Global	The S&P Global Corporate Sustainability Assessment (CSA) index compares 10,000 companies across 61 sectors, via industry-specific questionnaires that assess 20 financially relevant sustainability criteria.	Thales completed this questionnaire in 2023 following a three-year hiatus. The new assessment criteria, which are based exclusively on publicly available information, will help Thales improve its sustainability reporting practices.	N/A	N/A	51/100

ABOUT THIS REPORT

In a Group as global and diversified as Thales, corporate responsibility is inseparable from the concepts of security and performance. Beyond the obligation to comply with laws and standards of ethical conduct, corporate responsibility is a key component of company strategy. Reflecting professional best practices and the Group's maturity in this area, this Integrated Report provides details of Thales's strategic priorities, governance structure and financial and extra-financial performance (Environmental, Social, Governance). Thales believes this document will contribute to a better understanding of its business activities, the complexity of its markets and its continuing commitment to creating value for all its stakeholders.

METHODOLOGY

This report follows the Integrated Reporting Framework defined by the Value Reporting Foundation. It focuses on Thales's CSR strategy and aims to communicate the most relevant information about this strategy rather than attempting to be exhaustive. It supplements the 2023 Universal Registration Document and refers readers to it whenever necessary. The primary 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 Responsibility Department.

Thales would like to thank Group employees for their contributions.

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