



Modern Slavery Act Statement

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1 March 2019

Definitions

In this document the following abbreviations and definitions shall have the meanings set out below:

Code of Ethics	Thales Group's Code of Ethics as described below.
MSA Policy	Thales UK's UK Modern Slavery & Human Trafficking Policy, as described below.
Thales Group or the Group	Thales S.A and all legal entities being subsidiaries thereof (whether direct or indirect).
Thales Personnel	Any and all individuals (permanent staff, contractors and temporary staff) working in any capacity for Thales.
Thales UK	All Thales Group wholly owned legal entities registered in the United Kingdom.
UK Board	Thales UK Limited board of statutory directors.

Introduction and Scope

Thales UK considers that modern slavery and human trafficking is an abhorrent crime that inflicts unacceptable harm on vulnerable adults and children. It fully supports the principles of the UK Modern Slavery Act of 2015 (MSA) and is firmly committed to its implementation. Thales UK has initiated a UK wide programme, supported by the UK Board, to prevent its engagement in commercial arrangements with any organisation or persons that commit offences under the MSA.

For the purpose of clarification, this MSA Statement includes all Thales Group wholly owned operational companies in the UK which meet the MSA turnover thresholds, as listed below. All such companies operate as a single integrated organisation within the UK and are subject to the same internal rules and instructions.

- Thales UK Limited
- Thales Ground Transportation Systems UK Limited
- Thales Transport & Security Limited

Thales Organisation and Structure

Thales is a global technology leader in the aerospace, transportation and defence and security markets. In 2017, the company generated revenues of €15.8 billion with 65,000 employees in 56 countries.

Thales UK Limited is a wholly owned subsidiary of Thales S.A. (the ultimate parent company within Thales Group). It is the principal Thales Group operating company in the UK. All the other Thales UK companies are subsidiaries of Thales UK Limited.

Thales UK has approximately 6,500 employees, including 4,500 highly skilled engineers, across ten key UK sites. In 2017, Thales UK's revenues were around £1.3 billion.

The business of Thales includes research, development, manufacture and supply of technology and services within the Aerospace, Defence, Security, Transportation and Space sectors. Its effective and innovative strategies play a leading part in shaping the steady convergence of military and civil technologies for both domestic and export markets. Thales works with its customers to create a safer world by providing tools needed to perform critical tasks through enhanced information gathering, decision making and communication. Some examples showing Thales breadth of activities include the following:

- Thales secures the information systems of 19 of the world's 20 largest banks;
- Thales provides the UK Royal Navy with the key situational awareness sensors and systems to allow the fleet to operate effectively at sea;
- Thales is currently working with Transport for London to deliver the Four Lines Modernisations (4LM) programme. The project will upgrade the signalling systems of four London Underground lines.

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- In October 2016, Thales opened the UK's first Electric Propulsion Manufacturing facility in Belfast to make state of the art propulsion systems for satellites.

Most of Thales's business activities are technology intensive, making innovation a strategic priority and the driving force behind the long-term development of the company. This means that a highly skilled and motivated workforce is essential. Its resourcing process uses reputable recruiting companies that are required to comply with the MSA conditions set out in Thales UK terms and conditions of purchase as referenced below.

Accreditations

Thales is a firm supporter of **Investors in People (IiP)** accreditation. Since 2017, Thales achieved UK wide silver accreditation which is a reflection of our one team, one Thales value and also illustrates the investment we place on the professional development of our people.

Dow Jones Sustainability Index: Thales Group has been awarded with the highest score in the Aerospace and Defence sector for sustainability performance for the second year running. Thales performed particularly well regarding its strategy for emerging markets, environmental policy, eco-efficient products and services, labour practices and human capital development and has maintained a proactive policy of Corporate Responsibility for the past 15 years.

Thales Group has been a member of the **United Nations Global Compact** since 2003. For the seventh successive year, our Group corporate responsibility policies have achieved Global Compact "Advanced" level, the highest level of achievement in this initiative. Through this status Thales confirms its strong involvement in key areas such as respect for human rights, the development of labour standards, the protection of the environment and the fight against corruption.

As a result of Thales Group's commitment to being a responsible and ethical organisation, **Transparency International** in its

Defence Companies Anti-Corruption Index, ranked Thales in Band “B” of Defence and Aerospace groups worldwide. Band “B” is the second highest rating and is based on the extent of public evidence of ethics and anti-corruption programmes available. Companies are placed in one of six Bands from “A” (the highest) to “F” (the lowest).

In November 2018, Thales UK received the world class Procurement Excellence Programme Certification at Platinum level, from the **Chartered Institute of Procurement & Supply (CIPS)**. Thales in the UK is now one of only 13 organisations globally to have this level of corporate certification. This covers a number of topics including ethics, corporate social responsibility, diverse supply chains and risk management.

Thales UK Supply Chains

The Thales UK supply chain is complex, global and multi-tiered. Thales UK procures goods and services from a wide variety of suppliers in the UK and overseas. The diversity of those goods and services acquired is a product of the multiple businesses within Thales UK and the global markets in which they operate. Thales UK also acquires significant volumes of goods and services from other parts of Thales Group, predominantly in Europe.

The Procurement organisation deploys common policies and practices across all Thales UK businesses under a single operating model, enabling standard approaches to be taken across core subjects including the measures to be taken in respect of modern slavery.

Since the last MSA statement, Thales UK has deployed the Thales Vendor Evaluation and Risk Service (T-VERS) tool to provide a deeper dive assessment of our supply chain and any risks, including breaches of the MSA, within its sub-tiers. More details are described in the section “Vendor Screening” below.

Who is responsible in Thales UK for ensuring compliance with MSA?

Thales UK Chief Procurement Officer (CPO) is responsible for ensuring compliance of the Procurement function and its supply base to the MSA Policy and obligations under the MSA. The CPO reports directly to UK VP Industrial Operations, who, in turn, reports to the Chief Operating Officer UK (COO).

Within the Procurement Shared Service is the Supplier Management and Procurement Performance team. Part of its responsibilities is to define, implement and measure compliance to Thales UK's approach to all issues within the sustainability and regulatory perimeter, including the requirements of the MSA. This activity is led by the UK Procurement Compliance and Sustainability Manager. The UK Procurement Compliance and Sustainability Manager has annual objectives related to Thales UK's sustainability programme.

How is Thales UK implementing the MSA?

Modern Slavery & Human Trafficking Policy

In early 2016, Thales UK issued its Modern Slavery & Human Trafficking Policy (MSA Policy). Adherence to this policy and other related documents are regularly audited by the Quality function of Thales UK. The MSA Policy sets out the steps that it is taking in order to implement the MSA.

The MSA Policy includes the following:

- A description of the meanings of slavery and servitude; forced or compulsory labour and human trafficking so that Thales Personnel are more easily able to understand and recognise these situations;
- A description of the requirement for the MSA Statement, including the commitment that the MSA Statement must be approved by the UK Board and signed by the Thales UK Chief Executive Officer, COO and CPO; and

by the UK Board and signed by the Thales UK Chief Executive Officer, COO and CFO; and

- A list of actions that Thales UK has already implemented and intends to undertake to meet the principles of the MSA, which are described in this section.

Code of Ethics

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

Whistleblowing Policy

Thales UK is committed to conducting its business with honesty and integrity and expects all its employees to maintain such high standards. A culture of openness and accountability is maintained and clear communication channels are defined within the "speak up" programme so that any issues can be reported in confidence, with the assurance that they will be investigated and appropriate action taken.

Actions Undertaken in the Event of Suspected Breach of MSA

Thales maintains a written procedure setting out the actions to be taken in the event that any unethical issue (including breach of the MSA) is reported. The procedure requires that an Investigating Officer is appointed by the UK Ethics Director for any incident notified, who will involve any other relevant personnel where additional subject matter expertise is required. In the event that a suspected MSA breach is identified in the supply chain, the Investigating Officer will work with the supplier concerned and the

appropriate authorities to establish the actual situation and implement any necessary corrective actions, to address both the supplier non-compliance and assistance to any MSA victims.

Vendor Screening

Since early 2018, Thales UK has been using third party tools to improve its compliance risk screening processes and ability to assess breaches of the MSA within its sub-tiers. In addition to the entry level checking explained in the paragraph “Vendor Assessments and Re-Assessments” below, Thales UK uses this tool to ask additional screening information of its most strategic suppliers. These suppliers submit a detailed Modern Slavery Self-Assessment questionnaire within the tool and receive a detailed report summarising any potential gaps or risk. The supplier also submits other relevant questionnaires on subjects including anti-corruption, labour standards and conflict minerals.

Vendor Assessments and Re-Assessments

Thales UK performs thorough checks on potential suppliers before they are selected for use as described below. It repeats such assessments at periodic intervals throughout the life of that supply or subcontract.

The Thales UK vendor assessment tool includes a section on modern slavery and human trafficking to establish whether suppliers comply with the MSA and have implemented appropriate controls of their own in their supply chain in this area.

The vendor assessment tool includes requests for information in relation to the following items to which all its suppliers are to respond:

- its due diligence processes in relation to slavery and human trafficking in its business and supply chains;
- the parts of its business and supply chains where there is a risk of slavery and human trafficking taking place and the steps it has taken to assess and manage that risk;
- its effectiveness in ensuring that slavery and human trafficking is not taking place in its business or supply chains.

In addition, all new suppliers are required to sign the Thales Purchasing and Corporate Responsibility Charter. This includes sixteen questions from the UN Global Compact which relate to the supplier's compliance with its principles in respect of human rights, labour, environment and prevention of corruption. All new suppliers are also required to read and accept the terms of the [Code of Ethics](#).

Vendor Country Risk Management

In order to reduce the multiple risks associated with international sourcing, Thales UK works through Thales Group's International Procurement Offices (IPOs) in some countries. IPOs are present in China, Singapore and India. The IPOs operate in accordance with Thales policies, procedures and operating models. They assess, select and manage suppliers in those countries and the locality using Thales Group standard processes.

The Thales IPO comprises experienced sourcing professionals, focused on the identification and development of suppliers having the right scale, size, standards and competence to meet Thales requirements. The India IPO also performs supplier assessment and audits in accordance with Thales process including supplier's completion of the Thales Purchasing and Corporate Responsibility Charter and Health, Safety & Environment questionnaire. These suppliers also received the [Sustainability Guide](#).

Contractors and Other Temporary Workers

Where Thales UK requires temporary workers, it uses resourcing agencies which are contractually required to ensure that any such personnel are provided in compliance with the MSA. Such resourcing agencies are also subject to all the Thales UK vendor screening and assessment processes to ensure that this is the case.

Procurement Risk Management

Risks associated with the procurement process are managed to reduce the potential failures using monthly Key Performance Indicator (KPI) analysis e.g. cost, quality and delivery risks. This is monitored using the UK and local Country Business Unit

procurement dashboards and process effectiveness reviews. Process compliance is also reviewed through use of the Thales Group e-acquisition tool.

In addition, any procurement failure is monitored as part of the Thales Group Enterprise Risk Management Programme which assesses risks on an annual basis Group wide, including over dependency on a supplier and supply chain transformation issues through a series of checkpoint questions.

Category Segmentation: Thales UK divides its procurement into five segments across which there are 40 categories. Thales UK has performed a sustainability risk RAG (Red, Amber or Green) assessment on these categories to identify areas of concern including: emissions, waste, water, ethics, labour standards and material criticality. The table below shows this structure and an example in each segment where our initial assessment has identified the greatest risk with respect to possible modern slavery in its supply chain:

Segment	Example Family Category with MSA potential risk
SA General Expenses & IT Solutions	C15: Transport and logistics
SB Systems & Equipment	C80: Installation on customer sites
SC Mechanical	If manufactured in a high risk country
SD Electronics	C50 Electronic components
SE Systems & SW Engineering	C61 Software Development

Thales UK operates a sustainable procurement heat map – assessing each of the family categories for risk against a number of criteria including ethics and labour standards (which includes MSA).

Thales UK operates a sustainable procurement heat map which assesses each of the categories for risk against a number of criteria including ethics and labour standards, which includes MSA.

Procurement Category Process: Thales UK undertakes a standard process to select and manage suppliers of common goods and services to the businesses of Thales UK. This category policy review process enables category lead buyers to assess products, markets and supply chains to identify policy preferred suppliers. Within this three part assessment, sustainable procurement and compliance requirements, including the MSA and the Bribery Act, are considered in their applicability and risk to this commodity group.

Acquisition Approval Process: For all high risk/value procurements a formal “purchase vet” process is followed and an assessment of compliance with MSA will be included.

Sustainable Procurement Internal Audits: These are conducted as part of the programme of activities preparing for ISO 20400 Sustainable Procurement. Audit findings are recorded and tracked to completion. MSA requirements have been included in these audits.

Key Performance Indicators

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Procurement failure is also monitored as part of the Thales Group Enterprise Risk Management Programme which assesses risks on an annual basis Group wide including over dependency on a supplier and supply chain transformation issues through a series of checkpoint questions.

The KPIs below are used to assess compliance with these processes:

- % of its suppliers who have signed the Purchasing and Corporate Responsibility Charter and questionnaire and the Health, Safety and Environmental questionnaire;
- % of spend with suppliers selected under the category policy review process;

- % of categories with a sustainability risk RAG assessment completed;
- % of its strategic suppliers under the strategic business review process;
- % of completed supplier performance tool; and
- % of policy preferred category suppliers assessed in T-VERS.

Awareness Communications and Training of Thales Personnel

Thales UK maintains regular awareness communications relating to its MSA Policy and its position on this subject as part of the UK Ethics and Corporate Responsibility Programme to ensure that all Thales Personnel understand that this is an important matter for Thales UK. This includes:

- Procurement awareness training library
- Procurement newsletters
- Quarterly Procurement communications events
- Procurement on a Page guidance via the internal intranet
- Induction training for new Procurement recruits
- Intranet articles (Procurement and Ethics pages)
- [Sustainability Guide](#)
- Passport to Purchasing training

Specific training is regularly provided to the Procurement function to make them aware of the MSA and to consider which parts of the supply chain from which they purchase are most susceptible to MSA risk.

As part of the Thales UK Sustainable Procurement Programme, guidance on how to identify potential slavery or trafficking issues

has been created and issued to the Procurement community.

Since 2018, all members of the Procurement function completed a technical competency self-assessment within the Thales UK HR information system. This contains multiple questions from the full set of professional competencies required across the Procurement job family. Included in the system are questions to ensure that Thales Personnel are aware of the MSA and its consequences on Thales UK and its supply chain.

Terms & Conditions of Purchase

As part of its annual review, Thales UK includes any necessary updates to its standard terms and conditions of purchase which relate to suppliers' due diligence on their supply chains to ensure that they are free from modern slavery.

Supplier Communications

Thales UK takes the opportunity at all appropriate supplier meetings to communicate Thales UK's policy on modern slavery and human trafficking and the importance for suppliers to perform due diligence on their own supply chain to ensure that they are not in breach of the MSA.

All Thales UK Buyers are instructed to ensure that their current or potential suppliers are made aware of the requirements of the MSA and Thales UK's policy in respect thereof. Thales issues the [Sustainability Guide](#) to its suppliers which includes the subject of modern slavery, the MSA Policy and our expectations of suppliers.

Thales Involvement in Industry Sector Groups

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

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

SC21: Thales sponsors approximately 50 suppliers in the SC21 programme (a change programme managed by ADS), which is designed to accelerate the competitiveness of the UK aerospace & defence industry by raising the performance of its supply chains. This community meets frequently and Thales has communicated to this community on many issues related to sustainability, including the MSA.

ADPG: The CPO of Thales UK represents Thales UK on the Aerospace and Defence Procurement Group (ADPG), a sector wide body sponsored by the Chartered Institute of Procurement and Supply (CIPS), with CPO's from the main Primes in the Aerospace and Defence Sector. The mission of the ADPG is to promote co-operation and common solutions to the key challenges facing the sector and in this respect the sector response to MSA has been reviewed together with proposals to deploy appropriate screening solutions. CIPS itself is committed to ensuring that all Procurement teams in all businesses put in place tools and policies to address MSA.

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

Conclusion

Thales UK is fully committed to the combat of modern slavery and human trafficking both within its supply chains and in treating its own employees with equality, dignity and respect in accordance with the [Code of Ethics](#).

It has commenced a wide range of measures to implement an effective MSA programme in relation to its supply chains, but

recognises that further development and refinement will be required to address all its supply chain risks, particularly at lower tier levels and in all the countries where it purchases. It will continue to report developments and improvements to its MSA programme on an annual basis.

Signed for and on behalf of the Board of Thales UK

Victor Chavez

Denis Plantier

Julie Brettell

Thales UK Chief Executive Officer

Thales UK Chief Operating Officer

Thales UK Chief Procurement
Officer

Dated: 1 March 2019

Documents

Responsibility in action [UK]



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