

Thales Report: Forced Labour and Child Labour in Supply Chains

About this Report

The Thales purpose is to “Build a Future We Can All Trust” which includes ethical considerations and building trust with our customers, suppliers and employees. Thales considers that forced and child labour, also known as modern slavery, is a deeply concerning issue that causes significant harm to vulnerable adults and children across the world. Thales supports the objectives of Canada’s *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “Act”) and firmly commits to respect all the main obligations of the International Labor Organisation (ILO) Convention linked to the ban of Forced Labour and Child Labour¹. This report is made by Thales Canada Inc. pursuant to the Act for the financial year ending on December 31, 2023, on behalf of itself and the following affiliates:

- > Ground Transportation Systems Canada Inc.
- > Thales DIS Canada Inc.
- > Thales DIS CPL Canada Inc.
- > Imperva Canada, ULC

References in this report to “Thales Canada”, the “Company”, “we”, “us”, or “our” and similar terms are to Thales Canada Inc. and the affiliates listed above, or to one or more of them, or to those who work for them. All such companies operate within the same group of companies in Canada and are subject to the same policies and management systems, including those of our global corporate group (“Thales Group”), headed by parent company Thales SA (“Thales”), the whole as described in this report.

PREVENTING AND REDUCING RISKS OF FORCED LABOUR AND CHILD LABOUR

For more than 20 years, Thales has developed a robust policy on ethics, integrity and compliance, which are the foundations of our social responsibility and the key to building a world we can all trust. Prior to and during its last financial year ending December 31, 2023, Thales Canada took steps to comply with these robust policies to prevent and reduce potential risk of compliance and ethics issues including forced labour and child labour in its activities and supply chains. This includes the following: Thales has maintained high standards of human rights as it continues to (i) update and implement its due diligence policies; (ii) process vetting of its partners; (iii) require from its suppliers to adhere to the Thales Code of Conduct (which include similar policies in terms of forced labor); (iv) map its activities and supply chain; (v) formalize its suppliers’ commitment through contractual clauses; and (vi) implement a fully documented hiring process in accordance with the applicable labour laws.

Details of the above actions are set out in this report.

¹ <https://www.thalesgroup.com/en/global/corporate-responsibility/key-documents> (paragraphs 5.4.2.2, 5.4.4.3 of the Universal Registration Document)

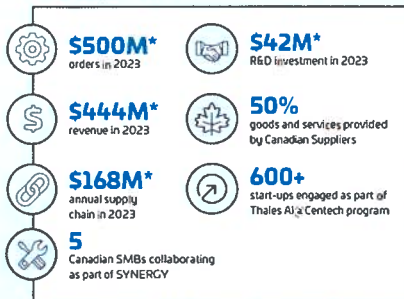
THALES STRUCTURE, BUSINESS AND SUPPLY CHAINS

Headquartered in Paris, Thales is a global technology leader in Aerospace, Defense, Digital Identity and Security, Space and Transport generating revenues of \$26.5 billion for the year 2023, with more than 80,000 employees on 5 continents and 20,000 suppliers worldwide. Thales' customers are large organizations, such as government agencies, administrations, institutions, cities and businesses who provide or operate systems, services and infrastructure that are vital to society in the areas of defense, security, air and rail transport, banking and telecommunications.

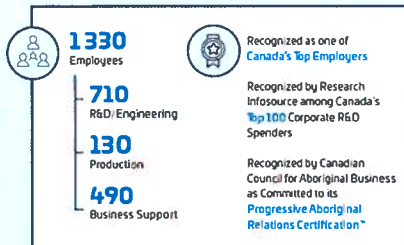
Thales Canada Inc. is a wholly owned subsidiary of Thales SA. A Canadian leader in research and technology, Thales Canada combines over 50 years of experience with the talent of 2,200 skilled people from coast-to-coast. The Company offers leading capabilities in the defense, urban rail, civil aviation, digital identity and security sectors. Some of our Canadian entities are manufacturing goods in Canada: in Burlington (ON), personalization of payment and identification cards for bank and financial institutions and governments; and in Montreal (QC), a wide range of military electro-optic products in defence and security applications. Thales Canada procures goods and services from a wide variety of suppliers in Canada, the United States and overseas via a supply chain which, like many other organizations, is complex and multi-tiered. In fact, our suppliers have their own value chains that may extend into overseas countries, such as China and India, and on which we have limited visibility. In some cases, there may be multiple levels of suppliers between us and the initial source of raw materials. Consequently, it is crucial for both Thales and its suppliers to assume responsibility for upholding and adhering to human rights obligations. Thales Canada also acquires significant volumes of goods and services from other parts of Thales Group, predominantly in Europe. The diversity of those goods and services is a result of the multiple businesses within Thales organizations in Canada and the global markets in which they operate. In 2023, Thales organizations in Canada placed orders globally of \$248 million mainly distributed as follows: \$116.6 million (47%) were placed with Canada-based suppliers; United States-based suppliers accounted for another \$54.6 million (22%); suppliers in France received \$47.2 million (19%). The balance of \$29.5 million was spread among suppliers in 23 other countries globally.

Making an impact in Canada

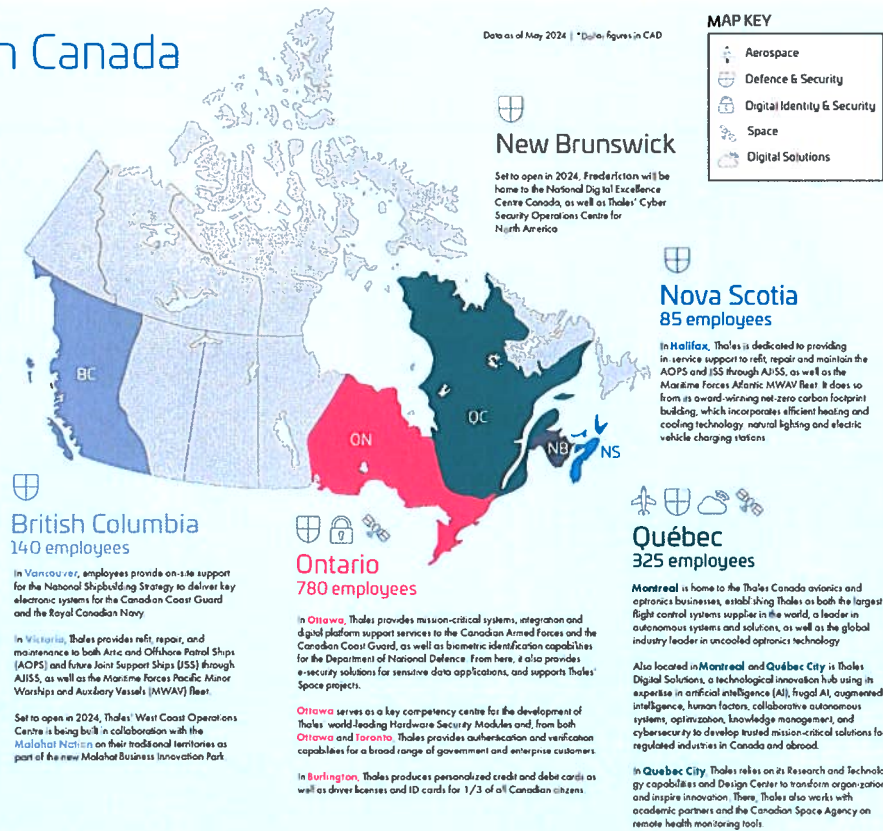
ECONOMIC ACTIVITY



EMPLOYMENT & RECOGNITION



THALES
Building a future we can all trust



OUR APPROACH TO TACKLING FORCED AND CHILD LABOUR

Thales does not tolerate forced and child labour and Thales Canada, as a fully-owned subsidiary of Thales SA, strictly applies this commitment. We set a high bar for ourselves and our suppliers, deploying common procurement policies and practices across all Thales Canada businesses through a single operating model, which enables standard approaches to be taken across core subjects, including forced and child labour.

GOVERNANCE AND COMPLIANCE POLICIES

Thales is consistently striving to conduct all aspects of our business in a safe, responsible, and sustainable manner. Our comprehensive governance and policy framework provides us with a strong foundation for us to assess and address forced and child labour risks, while demonstrating our commitment to managing and mitigating these risks. This informs our approach to mitigating modern slavery and is consolidated by our key policies that further support our commitment to respecting human rights. These key policies are set out below. More information is available on our public website.

1. POLICIES²

1.1. THALES GROUP'S CODE OF ETHICS AND CODE OF CONDUCT

Since 2001, Thales Group has published a Code of Ethics defining the guidelines of behavior required within the organization, 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 Canada.

Thales Group's Code of Conduct specifies best practices for the prevention of corruption, provides guidance with respect to gifts and hospitality, and defines rules for interactions with third parties, including the management of conflicts of interest. It is supported by Thales Group's Policy on the Detection, Prevention and Management of Conflicts of Interest, which identifies conflict of interest situations and defines measures for dealing with real or potential cases.

Thales updates these Codes on a regular basis, the latest updates respectively date from 2021 and 2022. Thales employees in Canada are required, on an annual basis, to refresh and confirm their knowledge of both the Code of Ethics and the Code of Conduct.

1.1. THALES GROUP'S PREVENTION AND DETECTION OF CORRUPTION AND INFLUENCE PEDDLING POLICY

The Thales Prevention and Detection of Corruption and Influence Peddling Policy defines our framework for the management of corruption. This includes risk mapping processes, third party integrity assessments, incident management and continuous review. In 2022, Thales Group further strengthened its anti-corruption framework through the introduction of enhanced testing and reporting requirements.

² <https://www.thalesgroup.com/en/global/corporate-responsibility/key-documents>

1.2. TRADE COMPLIANCE PROGRAM

Thales Canada has a comprehensive trade compliance program which encompasses the strict adherence to Canadian export control regulations and sanctions including those in place which have been enacted under the Special Economic Measures Act in response to existing human rights violations. Denied Party Screenings are systematically performed on all suppliers to prevent Thales Canada from doing business with any sanctioned party or any companies who may have been convicted of human rights or other violations.

1.3. THALES ALERT LINE – GROUP-WIDE INTERNAL WHISTLE-BLOWING SYSTEM

The effectiveness of the vigilance plan depends in part on the alert system set up at the Thales Group level which is available throughout the organisation, including Canada. Thales in Canada is committed to conducting its business with honesty and integrity and encourages a culture of openness and accountability. To support this approach, we operate a “speak up” program via the Thales Alert Line to enable issues, including concerns about forced and child labour, to be reported in confidence, with the assurance that they will be directed to persons capable of handling them, to ensure investigation and that appropriate follow-on actions are taken. The Thales Alert Line is accessible through our Intranet and Internet website and is open to employees, including occasional employees of the Thales Group (temporary or contractor) and all third parties, such as a customer or supplier of the Thales Group or members of the public. We maintain a written record outlining the actions to be taken in the event that any unethical issues, including modern slavery, are reported.

1.4. THALES GROUP PROCUREMENT POLICY

The Policy sets the standard for all procurement activities and supports our commitment to upholding the United Nations Global Compact concerning human rights, labour, the environment, and corruption prevention. It requires the completion of a corporate responsibility assessment of suppliers (which includes an assessment of compliance with social and environmental regulations and anti-corruption measures). It also sets out our expectations of suppliers. Thales North America’s Vice President, Procurement, is responsible for ensuring our compliance to modern slavery policies. The Chief Operating Officer for North America is accountable for our obligations under the Act. The Chief Compliance Officer for Thales North America is also directly engaged.

1.5. THALES GROUP’S INTEGRITY AND CORPORATE RESPONSIBILITY CHARTER

Thales Canada requires its suppliers and subcontractors to commit and adhere to the Thales Group Integrity and Corporate Responsibility Charter, which includes a commitment to the Declaration on Fundamental Principles and Rights at Work of the International Labour Organization (ILO). As of the date of this report, 80% of our suppliers for our Canadian activities have confirmed their adherence to this charter, values and principles by signing the Thales Charter or confirming their adoption of a similar Code of Conduct. We carry out annual campaigns to refresh our database to ensure that 100% of our suppliers are fully compliant.

1.6. CONTRACTUAL CLAUSES

We incorporate integrity and corporate responsibility clauses into our new and renewing supplier contracts and general terms and conditions of purchase. These clauses require our suppliers to take steps to ensure compliance with corruption laws and adherence to our Integrity and Corporate Responsibility Charter which addresses modern slavery. These clauses also act to ensure further awareness of our expectation of suppliers to manage the modern slavery risks within their own supply chain.

2. GOVERNANCE

Modern slavery is incorporated into the Thales Group approach to **Corporate Responsibility and Integrity**. It sets processes and procedures we are required to follow to minimize risks arising from corruption, bribery and modern slavery. There are various group-level governance committees including the Integrity and Compliance Committee, Risk Assessment Committee and Strategic and Corporate Social Responsibility Committee. Thales Group's Compliance network is responsible for overseeing compliance matters.

2.1. MANAGEMENT COMMITTEES AND COMPLIANCE ORGANIZATION

Within our North American operations as well as globally, a network of compliance officers has been established to provide advice to our employees on compliance-related issues, oversee the implementation of our compliance policies including the integrity assessment and support the investigation of incidents.

2.1.1. THALES GROUP COMPLIANCE AND INTEGRITY COMMITTEE

Chaired by the Group Secretary and General Counsel, the Integrity and Compliance Committee includes the heads of the following departments:

- > **Ethics, Integrity and Corporate Responsibility**
- > **Legal and Contracts**
- > **Audit, Risks and Internal Control**

This Integrity and Compliance Committee manages the development, introduction, implementation, evaluation and updating of the Group Integrity and Compliance Program and its implementation in all countries including Canada. In case of suspicion of violations of Thales Group's requirements in terms of prevention of corruption and influence peddling, the Compliance Committee may trigger internal investigations relying on internal resources, in particular within the Audit, Risks and Internal Control Department and/or on external resources (law firms, etc.)

2.1.2. THALES NORTH AMERICA GOVERNANCE AND COMPLIANCE STEERING COMMITTEE

The purpose of the Governance and Compliance Steering Committee is to oversee the activities required to maintain North America compliance with our policies, U.S. and Canadian regulations/laws and customer contractual standards. This Committee has the responsibility to guide the efforts of our businesses and functions to ensure that these requirements are met in the most effective possible manner. This Committee is chaired by the General Counsel and Chief Compliance Officer for North America and is composed of executive representatives (VPs, CFO, Directors) from the regional Business Lines, as well as from the Legal, Information Technology, Operations, Finance, Human Resources, and Communications functions.

2.1.3. CHIEF COMPLIANCE OFFICERS NETWORK

A Chief Compliance Officers Network was created in Thales Group to guarantee an operational and geographic coverage that meets the requirements of the Group Compliance and Integrity Program. This organization implies more than one hundred professionals who are senior legals (Vice President or Directors) of the Legal and Contracts job family, acting in support of the deployment of the "Compliance and Integrity Program" of Thales Group.

Chief Compliance Officers are convened regularly by the head of the Group Legal and Contracts department and of the Ethics, Integrity and Corporate Responsibility department to exchange on best practices, contribute to the continuous improvement of the compliance program, as well as the improvement of the tools, procedures and associated guides. The Thales North America Chief Compliance

Officer regularly leads a Compliance Officers network meeting of all the Compliance Officers based in Canada and the U.S. to support the above objectives.

2.2. EXTERNAL ACCREDITATIONS

Moody's ESG Solutions has ranked Thales Group third in its sector for Environment, Social and Governance (ESG) with an overall score of 79/100 characterized as "robust". Thales is among the 1% the most performing companies in the Moody's panel. Every year since 2003, as part of its commitment to the United Nations Global Compact, Thales has reaffirmed its support for the Compact's 10 fundamental principles, which include human rights and fight against corruption. As such, it is formally committed to advancing these principles within its sphere of influence and value chain³, and to integrating them into the Group's strategy, culture and day-to-day operations. ISO 37001 "Anti-Bribery Management System"⁴: in 2020, Thales Group embarked on an ISO 37001 "Anti-Bribery Management System" certification process, which was successfully completed in March 2021. In 2023, this ISO standard was successfully extended to cover Thales Canada.

RISK ASSESSMENT PROCESS AND MITIGATION ACTIONS

1. LEVEL OF RISK

We believe that the risk of forced labour and/or child labour concerning Thales Canada direct suppliers' workforce is low. Most of our business activities are technology intensive, which requires highly skilled professionals and a qualified workforce. When we require temporary staff in our own operations, we require those resourcing agencies to comply with our supplier standards and processes set out above.

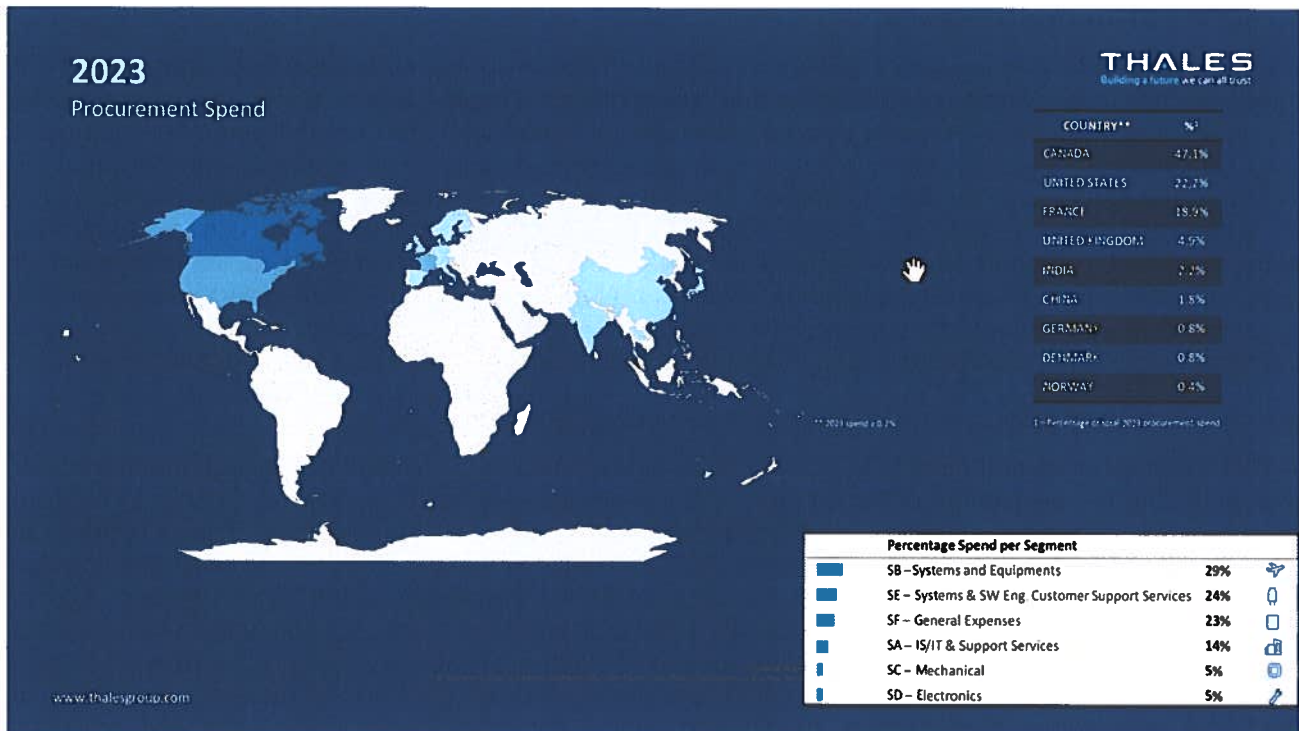
For our wider global supply chain, Thales Canada is vigilant in its approach to mitigate the risk of modern slavery. We are keenly aware of where there are areas of potential risk of modern slavery in our global supply chains; countries where the prevalence of forced labour is considered high, and for types of purchases involving work where vulnerable workers could be exploited. These types of purchases include:

- > **IT and Telecom Services**
- > **On-site Installations**
- > **Mechanical Parts**
- > **Electronic Components**
- > **System and Software Development**
- > **Supply Chain Services**

We refer to generally available and reliable external information to identify countries of higher risk. Finally, background checks or a similar vetting is conducted towards the organization. Thales Canada leverages various external due diligence tools to perform these checks as additional layers of protection (for example, ADIT and Descartes Visual Compliance). That said, we have not been made aware of any instances of forced labour or child labour within our activities or supply chains, but if any concerns are identified, they will be acted upon immediately. Since there have been no instances of modern slavery found, no remediation measures have been undertaken to date. We recognize that efforts to prevent and reduce the

³ section 5.1.4 of the Universal Registration Document

⁴ AFNOR Certificate N° 2021/92278.4: <https://www.thalesgroup.com/sites/default/files/2022-04/Certificate-ISO-37001-THALES.pdf>



risks of forced labour and child labour can have the unintended consequence of contributing to a loss of income for the most vulnerable families. We are not aware of any instance to date where our efforts to mitigate the risk of forced or child labour may have contributed to a loss of income for vulnerable families. Nevertheless, we must remain vigilant.

1.1. EMPLOYEE ARRANGEMENTS

The majority of our workforce in Canada is employed on a permanent, fixed term. The employment agreements and conditions for these employees are governed by federal and provincial legislation and all our employees benefit from the advantages and rights provided for by laws and regulations in force in Canada, as a minimum standard. Thales Canada has been recognized with many awards regarding its employment practices, and was awarded the following in 2024⁵:

- > **Canada’s Best Diversity Employers**
- > **Canada’s Top Employer for Young People**
- > **National Capital Region’s Top Employers**

A portion of Thales Canada’s workforce is comprised of contingent workers, hired through a master service provider, which coordinates the contingent workforce through local employment agencies. Both the master service provider and the local employment agencies are subject to the same federal and provincial labour standards as Thales. Additionally, to ensure these standards are met, the Company includes a requirement for the master service provider to maintain compliance with employment law standards in the enterprise agreement between both parties.

⁵ Source: [Top Employer: Thales Canada Inc. \(canadastop100.com\)](https://canadastop100.com)

1.2. SUPPLY CHAIN DUE DILIGENCE

We are committed to working with suppliers that respect human rights and are acting to address risks of forced and child labour within our operations and supply chains. Thales Canada manages a large portfolio of suppliers with purchasing primarily occurring through our centralized procurement team. This approach allows us to embed a comprehensive risk-based approach to supply chain management that provides insight into the practices of our Tier 1 suppliers, identifies areas of high risk, puts in place mitigation plans and recognizes the complex link between modern slavery and corruption. We use a group-wide procurement tool to support effective supplier management. As a single source of supplier information, it allows us to have greater visibility and control over our procurement practices, and easily manage our due diligence and risk management processes. As it integrates with our supplier portal, our suppliers can view our Integrity and Corporate Responsibility Charter, update information, and respond to questionnaires.

1.2.1. THE INTEGRITY AND CORPORATE RESPONSIBILITY CHARTER (THE "ICRC")

The ICRC states our commitment to human rights as set out in the ILO conventions on fundamental labour rights, including the elimination of forced labour. Suppliers are requested to sign the Charter to indicate their commitment to and compliance with the standards we expect of our supply chain. Thales requires its suppliers and subcontractors to subscribe to its CSR approach by signing the ICRC, in which they pledge to abide by the principles of Thales Group's Code of Ethics and those of the United Nations Global Compact and the OECD. This Charter constitutes a foundation of best practices applicable to the essential principles of corporate responsibility. It implies compliance with applicable laws and regulations on human rights, employment conditions, anti-corruption and prevention of conflicts of interest, protection of information, environmental protection, health and safety, compliance with trade rules and practices (including export controls) and ethics. All suppliers and subcontractors of Thales Canada are obliged to sign the ICRC in the qualification phase and before entering into any agreement. They must impose these same requirements on their own suppliers and subcontractors. These commitments reflect our determination to build a sustainable and resilient supply chain. Non-compliance with the Charter may result in the implementation of a remediation plan, and in cases of continued or severe non-compliance, the termination of their contractual relationship with us. Our suppliers must ensure that their own suppliers and subcontractors, partners and associates comply with the same requirements set out in the Charter.

1.2.2. VENDOR SCREENING

The procurement department has set up a procedure to identify the suppliers and subcontractors most at risk. This process has been developed through extensive mapping of Thales Group's supply chain, including our Canadian supply chain, and its risks relating to human rights, health and safety, and corruption. It is based on three criteria: the type of purchase made, the country where the supplier or subcontractor is registered, and the purchase volume committed with it by Thales. The combination of these various criteria has made it possible to target the suppliers and subcontractors most at risk and to concentrate Thales' available resources on them.

1.2.3. CORPORATE RESPONSIBILITY ASSESSMENT

We have engaged a third-party assurance organization to help us better understand our supply chain and identify forced and child labour risks. Suppliers assessed as high risk are required to undergo a further assessment process, which includes:

- > **Completion of a self-assessment questionnaire in which suppliers provide details of their due diligence processes in relation to human slavery in their operations and supply chains and steps they have taken to assess and manage that risk.**
- > **A desktop verification undertaken by the third party's compliance experts to assess the responses to the questionnaire and validate whether they comply.**

- > **If a supplier cannot be validated, they are requested to complete a corrective action plan, which requires them to provide further evidence of improvement in areas of concern.**
- > **We may also request the third-party assurance organization to complete a workplace condition assessment of a supplier. This involves a thorough review of their work conditions, management systems and corporate governance arrangements.**

1.2.4. INTEGRITY QUESTIONNAIRE ASSESSMENT

We are committed to building relationships with suppliers that are based on trust and dedication to corporate responsibility. To support this commitment and the implementation of our Code of Conduct, we request our suppliers to complete an integrity assessment. We use the Corruption Perception Index to identify suppliers in geographic locations of risk, supplemented by information about the supplier's governance structures, and ethics and compliance policies. This enables us to build a risk profile and identify any areas which may indicate behavior below the standard expected of our suppliers. Responses to the integrity questionnaire are reviewed to identify potential risk factors that require further investigation. If found, and before the engagement can commence, the supplier is referred to a third party to conduct an in-depth investigation with the view of identifying any remediation steps or action plans be implemented. Through this process, we may also identify factors, which prevent us from engaging with that supplier.

COMMUNICATION, TRAINING AND AWARENESS

The Chairman and CEO of Thales Group regularly reaffirms his personal commitment, and that of the global corporate group, to implementing a zero tolerance policy when it comes to any violations of integrity or compliance. In May 2023, he addressed 1,178 of the Thales Group's top executives as part of a managerial commitment campaign incorporating the four pillars of the Integrity and Compliance program. Senior executives thus reaffirmed their personal commitment to implementing a zero-tolerance policy, leaving no room for compromise when it comes to matters of integrity and compliance.

With respect to forced labour or child labour, Thales Canada refers to the definitions provided for under the Act, which supplements the definitions provided under the ILO Forced Labour Convention, 1930, and the ILO Worst Forms of Child Labour Convention, 1999.

Thales Canada communicates its position on this subject as part of its Canadian Ethics, Integrity Corporate Responsibility Program to ensure that Thales personnel understand that this is an important matter for us. This includes:

- > **Annual acknowledgment by all employees of the Thales Code of Conduct and Code of Ethics**
- > **Onboarding training/guide for new Procurement hires**
- > **Intranet articles (Procurement and Ethics and Integrity dedicated pages)**
- > **Sustainability Guide**
- > **CSR 2022 – 2023 Integrated Report**

In 2024, a Canadian Modern Slavery e-Learning was mandated to all staff in Procurement, Human Resource, Real Estate and Health, Safety and Environment (HSE) functions. This e-Learning will also be made available for Thales employees in Canada.

ASSESSING THE EFFECTIVENESS OF OUR APPROACH

Forced and child labour assessment is implicitly embedded into our global ethics and compliance vetting and due diligence process. We assess effectiveness in ensuring that forced labour and child labour are not being used in our activities and supply chains by considering geographic risks, sector risks, and product and services risks. These assessments are underpinned by data obtained from various risk sources, external and internal, including the Global Slavery Index (“GSI”), Transparency International Corruption Perceptions Index (“CPI”), the outputs of a supplier transparency assessment and Thales Group’s mapping of risks relating to human rights, the environment, health and safety which draws on external data sources and internal reports and interviews. Depending on the category of the risk profile identified, external assessment can be required from an independent firm issuing a detailed report. Awareness of our employees is ensured through internal compliance trainings, communication and the annual endorsement of Thales Code of Conduct and Code of Ethics.

APPROVAL AND ATTESTATION

This report was approved by the Board of Directors of Thales Canada Inc. on May 15, 2024, pursuant to paragraph 11 (b)(ii) of the Act and constitutes our Group’s report for the financial year ending December 31st, 2023. In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entities listed at the first section of this report. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year indicated above. I have the authority to bind Thales Canada Inc.



Christopher Pogue
CEO, Thales Canada Inc.
May 15, 2024