

COMMUNICATION ON PROGRESS 2018

UN Global Compact




SUSTAINABLE DEVELOPMENT GOALS

3 GOOD HEALTH AND WELL-BEING



4 QUALITY EDUCATION



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8 DECENT WORK AND ECONOMIC GROWTH



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1. Message from the CEO



Dear Mr. Secretary-General,

ESI Group's ambition is to become a strategic asset for industrialists in their quest of innovation, productivity and performance. We provide Smart Virtual Prototyping, through a responsible innovation approach that aims for zero real tests, zero real prototypes and zero unexpected production downtime.

Our CSR strategy, divided into four axes, aims at ensuring harmonious work conditions for our employees, providing our customers innovative solutions that allow them to become long-term partners, and limiting the Group's and our customers' environmental footprint while acting ethically and responsibly within civil society.

Aware of our responsibility, in each of the three pillars of sustainable development, we have gradually developed, for more than five years, a Corporate Social Responsibility (CSR) policy that contributes to shared economic and social development and the preservation of human balance.

Member since 2018, I am pleased to express, with this first Communication on Progress, that ESI Group renew its engagement within the Ten Principles of the United Nations Global Compact on human rights, labor, environment and anti-corruption. With this communication, we express our intent to implement those principles. We are committed to making the UN Global Compact and its principles part of the strategy, culture and day-to-day operations of our company, and to engaging in collaborative projects which advance the broader development goals of the United Nations, particularly the Sustainable Development Goals.

Sincerely yours,

CRISTEL DE ROUVRAY
Chief Executive Officer of ESI Group

**0 real
test**

**0 real
prototype**

**0 unexpected
down-time**



2. The methodology

Data collection and consolidation

The Company has implemented a differentiated data collection and consolidation process according to the themes. Social reporting is covered by an HR officer who works with local HR representatives. The corporate communication team is responsible for environmental and societal reporting through local professional representatives. The Group plans to gradually broaden the scope until it covers every subsidiary in a reliable manner.

The data available are sorted into three geographic areas corresponding to the Company's business divisions:

- **Americas** = the United States and Brazil;
- **Asia-Pacific** = China, India, Japan, Malaysia, South Korea, Thailand and Vietnam;
- **Europe, Middle East and Africa** = Czech Republic, France, Germany, Italy, Netherlands, Russia, Spain, Sweden, Switzerland, Tunisia and the United Kingdom.

Scope

The Group's ambition is to gradually extend the scope to reach a full and reliable coverage of its subsidiaries. In 2018, in keeping with its commitments, ESI Group continued its actions to expand the collection and analysis of indicators internationally.

100%

Scope of societal reporting

Societal information is provided at a global level, with the reporting scope covering 100% of our headcount since 2016.

99.8%

Scope of social reporting

Since 2012, most indicators analyzed for the entire workforce have been managed on a single source using the employment data management software (called HR-IS, or Human Resources Information System). Along with this analysis is the annual worldwide survey initiated in 2014 on the operations, legislation, practices and norms of the different countries. This gives the Group a reliable, international picture of all employment indicators. Exceptions remain concerning the absenteeism rate and the professional training for which not all subsidiaries are able to report in a sufficiently reliable way, due partly to terminology and partly to local practices. These indicators are provided for 99.8% of the total workforce in 2018 (Netherlands are not included).

99%

Scope of environmental reporting

In 2018, the Company included Italy and Brazil to expand the scope of reporting for environmental data. As a result, environmental data are now provided for France, Germany, the Czech Republic, Japan, the United States, Tunisia, India, Switzerland, China, Spain, United Kingdom, South Korea, Italy and Spain representing 99% of the total workforce.

3. ESI – The Product Performance Lifecycle™ Company

ESI Group has developed a suite of coherent industry-oriented applications to realistically simulate a product's behavior, fine-tune fabrication and assembly processes in view of desired product performance, and evaluate the impact of the environment on the use of these products.

These applications enable the gradual elimination of tests and physical components and subassembly prototypes during the product conception and manufacturing phases. The virtual prototype of the industrial product thus designed will accelerate its certification and then allow the monitoring and control of its operational performance, helping industry players to achieve their performance and productivity objectives.

Innovative visualization technologies such as ESI IC.IDO and the availability of the Virtual Prototyping chain in Cloud/SaaS mode considerably enhance the collaborative potential of ESI Group solutions while drastically reducing acquisition and ownership costs for companies.

Most importantly, the use of technologies such as big data, System Modeling, Machine Learning, and the Internet of Things (IoT) adds to ESI Group's solutions an interactive space and enables real-time decision-making in an immersive virtual environment.

This enhanced offer provides complete control over the lifecycle of an industrial product, from product commissioning to its operational withdrawal including modeling of potential evolutions during its useful life:

accounting for flaws, wear and tear, maintenance procedures, and running in of assisted operation.

The virtual prototype can now become agile and intelligent to support industrial manufacturers in the age of smart factories and smart digital products. The Group has two main activities: the edition (development) and distribution of software, and consulting services related to its software products. The highly-specialized nature of ESI Group's operations and its unique role in the field of Virtual Prototyping make it difficult to delineate ESI's market with any precision. The Group thus has little information that would shed light on the specific characteristics or short-term outlook of this market, especially since the very definition of the market varies greatly among the players in the industry.

Nonetheless, US market research firm CIMData published a study on PLM (estimated at \$48.1 billion) in April 2019, which included Virtual Prototyping under the category of "Simulation & Analysis Suppliers" (activity estimated at \$6.5 billion in 2018). Most of the companies listed in this category are active in the field of analysis, however, within this panel, few companies reach the physical realism of the Virtual Prototyping solutions offered by ESI Group. ESI Group's offer is cross-industry. Its top four sectors are ground transportation, heavy industry, aeronautic/aerospace and energy. Refer to section 1.1.3 "Main markets" of the 2018 Registration Document for more details about the market in which ESI Group operates.

Product Performance Lifecycle™

ENGINEERING

MANUFACTURING

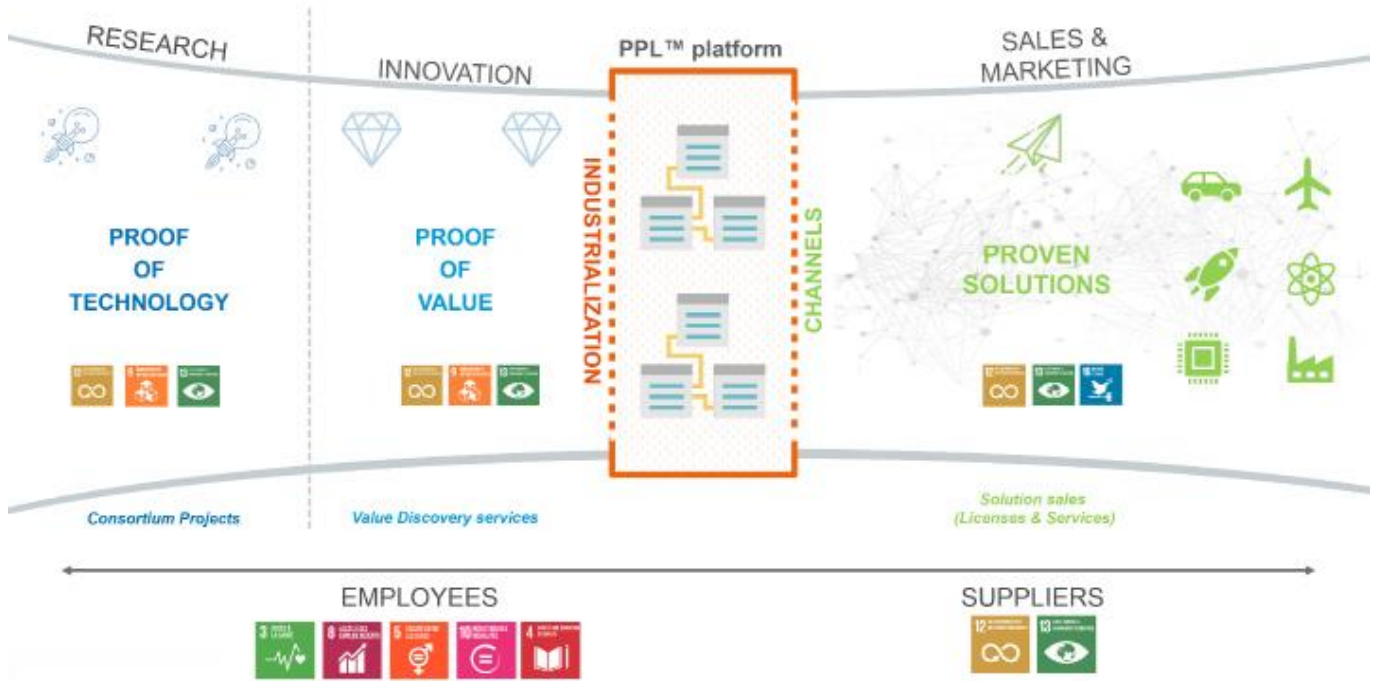
IN-SERVICE

As a player committed to the world's leading manufacturers, ESI has adapted its organization to accelerate innovation and facilitate knowledge sharing between all its employees.

The organization is structured to enable maturation of technology from conception through proof of value

and eventual industrialization. In 2015, the United Nations defined a list of 17 sustainable development goals ("SDGs"), meeting global challenges such as poverty, inequality, education and environmental degradation.

Throughout its value chain, ESI Group addresses many of these SDGs:



- **Research:**
 - 9 - Industry, Innovation and Infrastructure; 12 - Responsible Consumption and Production; 13 Climate Action.
- **Innovation:**
 - 9 - Industry, Innovation and Infrastructure; 12 - Responsible Consumption and Production; 13 Climate Action.
- **Sales & Marketing:**
 - 12 - Responsible Consumption and Production; 13 - Climate Action; 16 - Peace and Justice Strong Institutions.
- **Employees:**
 - 3 - Good Health and Well-being; 4 - Quality Education; 8 - Decent Work and Economic Growth; 5 – Gender Equality; 10 – Reduced Inequality.
- **Suppliers:**
 - 12 - Responsible Consumption and Production; 13 - Climate Action.

All the SDGs will be further developed in Section 4 of this statement.

3. ESI – A committed group

4.1. ESI Group Values

The values of ESI Group infuse this recognized organization with a culture and an ambition that have produced innovation for the benefit of the Group's customers and employees for more than 40 years.

These values – Passion, Global, Change, Trust, Social Responsibility and Energy – anchor the Group's identity and fit logically together, as can be seen in the Corporate Social Responsibility actions defined below:



4.2. Our CSR approach

Aware of its responsibility in each of the three pillars of sustainable development, ESI Group has gradually developed a Corporate Social Responsibility (CSR) policy that contributes to shared economic and social development and the preservation of human balance.

ESI Group's ambition is to become the leader in Smart Virtual Prototyping, through a responsible innovation approach that aims for zero real tests, zero real prototypes and zero unexpected production shutdowns. The Group thus intends to be its customers' preferred development partner, capable of understanding and supporting them in their efforts to bring innovative, quality, sustainable, ethical and highly resource-efficient products to market. The Group has carried out a review of major risks and opportunities, including the main CSR issues, that could have a significant impact on its business, financial position or results. For further details, refer to section 1.6 "Risk factors and opportunities" of the 2018 Registration Document.

Divided into four axes and expressed as eight commitments, the CSR strategy aims at ensuring harmonious work conditions for its employees, providing its customers with innovative solutions that allow them to become long-term partners, and limiting the Group's and its customers' environmental footprint while acting ethically and responsibly within civil society. Through its activities, ESI Group has a limited impact on the fight against food waste, food insecurity, respect of animal welfare, as well as the promotion of responsible, fair and sustainable food consumption.



4.2.1. Employees – Being a committed employer

ESI Group aims to be a leading employer among all software and service providers on the market.

a. Develop talents and encourage leadership and collaborative management

Human resources are ESI's main source of value. The development of talent is essential to ensure the Group's sustainability. To answer the ever more complex challenges of industrial companies and remain at the forefront of technological innovation, the Group must develop its employees' sense of belonging and constantly improve their expertise.

For this purpose, ESI strives to:

- build a stimulating ecosystem with academic, scientific and industrial partners;
- maintain a continued search for excellence with cutting-edge technologies;
- strengthen scientific management with global experts.

The expertise of ESI's employees is enhanced by their contact with the ecosystem and the implementation of personal development and professional training programs through an ESI Campus platform.

4.2.2. Customers – Being an outstanding partner

a. Provide innovative and sustainable high-quality solutions that meet our customers' requirements

Manufacturers are facing new challenges:



A strong competitiveness in a global environment



Higher quality lever at lower price



Digital transformation



Increased regulation



Reduce CO2 emissions



Growing consumer interest in environmental aspects

Today, talents are retained thanks to the proposed technological challenge. The Human Resources and Communication Departments work together on concrete actions to strengthen the feeling of belonging within the Group, the "OneESI" culture.

b. Promote diversity and multicultural exchanges

As an international company, ESI Group is proud to have a diverse, multicultural workforce. The Group has always valued difference and encouraged its employees to share their ideas beyond borders to create a modern and efficient work environment to better serve its international customers.

Internally, the teams' diversity is a strength. Various initiatives have been taken to bring people together and share their culture and way of working. The Group is also committed to improve the gender balance within the Company.

ESI's solutions help its customers dealing with digital transformation challenges and meet the ever-changing regulations that govern their activities.

These solutions provide customers with the following benefits:

- reduce time-to-market;
- avoid product recalls;
- reduce waste associated with prototyping and manufacturing;
- optimize energy consumption;
- reduce gas emissions;
- improve useful life of products;
- reduce total product weight.

In addition to the innovative and sustainable benefits of these solutions, they also reflect the excellence that the Group brings to its customers:

- creation of smart products;
- a unique expertise;
- a range of solutions that take into account the operational performance of the product throughout its lifecycle;
- a high level of requirement with ISO 9001 certification;
- significant R&D investments;
- innovative co-creation projects.

4.2.3. Environment – Being an environmentally friendly player

Considering the nature of its activity – distribution of software and sales of consulting services – the Group believes its impact on the environment to be very limited. All of its activities are carried out in offices. However, the Group has still pledged to work towards limiting its environmental footprint.

a. Develop solutions that contribute to reduce the environmental footprint of manufacturers and respectful with regulatory requirements

ESI's solutions enable its customers to reduce the use of expensive physical prototypes that consume energy, raw materials and time.

As a reminder, ESI's solutions bring to its customers the following environmental benefits:

- reduction of waste associated with prototyping and manufacturing;
- optimization of energy consumption;
- reduction of gas emissions;
- improvement of the useful life of products;
- reduction of the total product weight.

It also answers to gas emissions regulations and recycling requirements, as well as the challenge of rising fuel prices.

b. Building long term, trusting relationships

ESI Group has adopted an Ethics Charter that sets out the behavior to be adopted in relations with the Group's other employees, customers, suppliers and other partners. All decisions must be taken based on objective and transparent criteria.

As a French company, ESI Group has adapted its Ethics Charter to the "Sapin II" law concerning the fight against corruption. The Group strictly prohibits any form of corruption in its relations with its commercial and institutional partners and with the administration. No financial or in-kind gratuity may be granted for the purpose of obtaining a benefit, and such a gratuity may not be received for the benefit of a company or person.

All in all, ESI's solutions enable manufacturers to reduce the costs and time to market of their new products, making them more competitive.

b. Reduce the environmental impact of our facilities

Like any company, ESI has an impact on the environment, although limited as a software company. The Group is committed to encouraging the implementation of best practices in areas where it has the most significant expertise.

4.2.4. Civil society – Serving civil society

a. Contribute to innovation and establish partnerships with the academic and scientific communities, as well as with industry leaders

Partnerships are an integral part of the Group's strategy to facilitate and promote virtual prototyping while acting in a sustainable way. ESI Group is particularly attentive to the following items:

- innovate through partnerships with academic and scientific communities and industry leaders;
- be transparent with all its stakeholders;
- support regional development by encouraging local recruitment and partnerships;
- support innovation through co-creation projects.

ESI Group considers that innovation, which is a key component of its business, constantly improves production processes and shortens the conception period and the time required to develop new, more efficient and reliable products. This contributes to more sustainable and responsible consumption and production methods.

4.3. CSR distinctions

Gaia-Index

ESI Group is awarded first prize of the Gaia campaign 2018 for the third year in a row in the category of mid-cap companies with revenue of less than €150 million and keeps its place in the index which singles out the 70 top-rated companies in the CSR domain.

The Gaia Index (www.gaia-index.com) was created in 2009 and is now the benchmark sustainability index for medium-sized listed French companies. Developed by Ethifinance (www.ethifinance.com), the Gaia Index selects small and medium-sized companies based on their non-financial performance.



b. Act ethically and responsibly

ESI Group aims to be the leader in Smart Virtual Prototyping through a responsible innovation approach. This can only be achieved by acting ethically and responsibly towards all its stakeholders.

In 2016, the Group published an Ethics Charter to promote the respect of its values and confirm its commitment to the main rules of conduct it wishes to see applied internally. This Charter, which exists in six languages, was revised in 2018.

At the same time, an Ethics Committee was set up to ensure the proper application of the Ethics Charter.

The Ethics Committee is responsible for creating an environment in which employees can adhere to the Ethics Charter and ensure that its principles are respected by all on a daily basis.

Through this ethical and responsible approach, ESI Group also has to be compliant with the European Union regulation concerning the data protection (GDPR).

Global Compact

Since 2018, ESI Group signed the Global Compact (United Nations Global Compact) and thus undertakes to align its CSR strategy on the 10 United Nations principles, relating to human rights, international labor standards, the environment and the fight against corruption. The Group also undertakes to yearly communicate its progress to its stakeholders through the release of a Communication on Progress (COP).

For more information, visit www.unglobalcompact.org.



5. Risks and issues of ESI

5.1. Being a committed employer

ESI Group aims to be a leading employer among all software and service providers on the market and plans to stay that way.

ESI Group's employees consist primarily of highly-trained engineers and Ph.Ds from prestigious universities and institutes worldwide.

In addition to the close relationship that the Group has always had with these schools, there are a number of other factors that exemplify ESI's commitment to value employees' experience and foster highly qualified recruitment and internal development. These factors include ESI's positioning in the field of virtual simulation that takes into account the physics of materials, the Group's prominence as a publicly listed company on the Paris stock exchange, the Group's continuing education programs, and its focus on internal promotion at an international level.

ESI Group's policy is based on the following axes:

- assure un emploi décent à l'ensemble de ses employés ;
- promouvoir la diversité et les échanges multiculturels ;

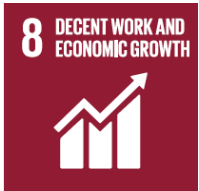
- développer les talents et encourager le leadership et la gestion collaborative ;
- assurer la santé et la sécurité au travail et garantir la provision de prestations sociales aux employés.

This policy draws on various tools, including the Human Resources Information System (HR-IS) to consolidate the HR reporting process worldwide, and lends greater flexibility to the organization. It also promotes better use of resources by focusing on skills, to encourage a more involved, multi-disciplinary managerial culture. The platform provides an ongoing view of changes in employment indicators and makes it possible to drive our resource needs more easily.

A selection of employment indicators is provided monthly to the Group Executive Committee in order to measure the effectiveness of HR policies.

The data from HR-IS are provided on a worldwide scope.

Ensure a decent work



Every company has the responsibility to provide decent working conditions for all its employees. Promoting decent work, with a decent wage and ensuring the well-being of employees are major global challenges in which ESI Group is committed. This challenge contributes to sustainable development goal 8 "Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all".

Policies :

As an employer, ESI Group strives to :

- gérer son personnel en lien avec la croissance ;
- offrir à ses employés le bénéfice d'un horaire flexible ;

- mesurer l'impact des jours d'absence sur l'emploi du personnel afin de procéder aux corrections nécessaires de nos procédures, conditions de travail et procédures de sécurité ;
- améliorer les conditions de travail pour un impact direct sur le bien-être, l'efficacité et la motivation des employés ;
- établir un dialogue positif employeur-employé.

Outcomes :

Les données relatives aux effectifs sont calculées sur la base du nombre de salariés présents au 31 janvier 2019.

Data related to headcount is calculated on the number of employees as of January 31, 2019.

The Group's total headcount includes permanent and fixed-term employees as well as those on student contracts such as work/study programs and internships. It does not include temporary workers, consultants and external distribution networks.

At January 31, 2019, the ESI Group workforce consisted of 1,232 employees, compared to 1,238 at January 31, 2018, and included eight employees from acquisitions over the period. The average headcount in 2018 was 1,222 employees, very slight increase compared to 2017 (1,201)

The percentage of the Group's workforce on permanent contracts was 92%. Limited employment

EMPLOYEE TURNOVER

Recruitments	2016	2017	2018
EUROPE, MIDDLE EAST AND AFRICA	120	144	107
Apprenticeship/internship	29	28	25
Temporary contracts	25	24	25
Permanent contracts	66	92	57
AMERICAS	32 ⁽¹⁾	17	17
Apprenticeship/internship	9	6	6
Temporary contracts	1		
Permanent contracts	22 ⁽¹⁾	11	11
ASIA-PACIFIC	45	48	53
Apprenticeship/internship	5	12	13
Temporary contracts	10	3	11
Permanent contracts	30	33	29
GRAND TOTAL	197⁽¹⁾	209	177

(1) Employees from acquisitions have been integrated in 2016 figures to have a relevant comparison for the turnover rate between 2017 and 2016.

Departures	2016	2017	2018
EUROPE, MIDDLE EAST AND AFRICA	82	112	101
Apprenticeship/internship	29	30	28
Temporary contracts	9	10	13
Permanent contracts	44	72	60
AMERICAS	24	22	23
Apprenticeship/internship	8	10	5
Temporary contracts		1	
Permanent contracts	16	11	18
ASIA-PACIFIC	37	33	48
Apprenticeship/internship		2	3
Temporary contracts	7	6	10
Permanent contracts	30	25	35
GRAND TOTAL	143	167	172

In 2018, ESI Group hired 97 employees on permanent contracts, or 54.8% of recruitments.

The departure rate of permanent employees in 2018 was 10% [(number of permanent contract departures/total headcount in permanent contract) x 100] compared to 9.4% in 2017.

The 2018 turnover rate in permanent contracts was 9.6% [(Number of permanent contract departures throughout the year N + number of permanent contract recruitments throughout the year N)/2]/total headcount in permanent contracts of the year N] and remains stable compared to 2017.

Work schedules

The length of the work week is set in compliance with local legislation.

In the great majority of its subsidiaries, ESI Group offers its employees flexible work schedules. In some

contracts such as internships, apprenticeships and short-term contracts accounted for 8% of the total workforce compared to 7% in 2017. In 2018, ESI pursued its ambition to control its workforce in line with activity growth.

countries, particularly Japan, schedules are set to meet the requirements of the job but are limited to eight hours per day.

In France, work hours are organized based on working days or according to a fixed schedule. An employee who is under a working days basis works a defined number of days during the year, while an employee who works on a schedule basis works the number of hours stipulated under the employment agreements :

- employees who work on a full-time and on a working days basis work 217 days per year, plus one extra day for France's "national solidarity day" ;
- for some other employees they work an average of 37-hours per week with 10 days of RTT (day off) per year for a full-time employee.

In 2018, 5.4% of the total workforce was part-time ; additionally, most part-time jobs are created to meet the needs of employees who request them to plan around their parental leave or retirement, or to go back to school.

Absenteeism

Absenteeism is monitored locally in accordance with the regulations in force in the various countries where ESI Group is present. The Group does not have a standardized system in place to manage absences across all of its subsidiaries.

However, while taking into account the variety of laws and the numerous particular factors considered by countries in terms of absenteeism as well as local management of this information, ESI Group has chosen to extend the definition of absenteeism to the following circumstances :

- short-term absence of an employee due to illness (less than 20 business days) ;
- long term absence due to illness (more than 20 business days) ;
- leave granted to parents following the birth or adoption of a child in their household (maternity and paternity leave) ;
- parental leave granted to parents so that they can raise their young children (the legal duration of this leave varies according to local laws) ;
- an accident that befalls an employee while performing his or her job or during job-related travel (workplace and travel accidents).

BREAKDOWN OF ABSENTEEISM (in % of total days worked)

Illness (< 20 days)	29%
Long term illness (> 20 days)	16%
Maternity leave	19%
Paternity leave	5%
Parental leave	25%
Workplace accident	2%
Others	4%
TOTAL	100%

The absenteeism rate is stable in France at 2.39% in 2018 compared to 2.37% in 2017.

Employer-employee dialogue

The quality of the employer-employee relationship is a key factor in determining the quality of life in the workplace and company productivity. In addition to complying with regulatory requirements, healthy employer-employee dialogue improves the Company's performance in both of these areas. A strong relationship between employer and employees is guaranteed through frequent exchanges between the Group's management and the employees plus their representatives.

The employee representative bodies are appointed in accordance with the applicable laws in their respective countries. We have six employee representative bodies in France one in Vietnam and one in Brazil.

These employee representatives involved 26 employees who actively participated to meetings in 2018.

Summary of agreements :

- summary of collective agreements : the French subsidiary signed a variety of agreements with its employee representatives, such as the reduced workload agreement, the profit-sharing agreement and the Company savings plan agreement ;
- summary of agreements relating to health and safety : no company signed an agreement in this regard.

Well-being at work

Various initiatives have been launched in different countries in recent years to enhance employee well-being, under the responsibility of the local Human Resources Departments and working with employee representative bodies such as the Health, Safety and Working Conditions Committee (CHSCT) in France.

At the end of 2017, the Group's employees implemented relaxation sessions on the French site of Rungis. Among the benefits, there are a better stress management, an improvement in productivity or the development of positive thinking. 10% of the total employees in Rungis has already attended to a session.

South Korea, for example, also offers training on the theme of happiness and work-life balance. One of our German subsidiaries supports its employees in parenthood by offering them aids for the children's nursery.

The majority of projects carried out for our customers are completed in-house, meaning that engineers do not necessarily need to be at the customer's site to develop or apply the software. This limits lengthy travel for employees and so improves their work-life balance.

Moreover, ESI enables its employees to work remotely in numerous countries. For example, France is currently working on a home office charter and the right to disconnect.

Promote diversity and multicultural exchanges



Through the “Global” value of the Group, diversity is emphasized as it allows to enrich the organization of a

society.

The power of ESI Group’s highly innovative solutions has made it possible to develop successfully worldwide. As an international company, ESI Group is proud to have a diverse, multicultural workforce. The Group has always valued difference and encouraged its employees to share their ideas beyond borders to create a modern and efficient work environment to better serve its international customers. ESI Group endeavors to boost its expertise all the time by bringing in top talent from around the world. These challenges are in line with United Nations goals 5 and 10 : « Achieve gender equality and empower all women and girls » and « Reduce inequality within and among countries ».

Policies:

In order to promote diversity and reduce inequalities within the Group, ESI applies to :

- promote diversity and multicultural exchanges ;
- increase the rate of feminization of permanent contracts ;
- be compliant with laws promoting hiring and retaining people regardless of age ;
- be compliant with laws and regulations banning any form of discrimination based on age, race, gender, ethnicity, nationality, religion, health, disability, marital status, sexual orientation, political or philosophical opinions, trade union affiliation or any other aspect protected by local legislation ;
- not tolerate any form of sexual, physical or moral harassment, coercion or bullying.

Outcomes:

The tables below present a breakdown of employees by region and by country :

EMPLOYEE DISTRIBUTION BY REGION

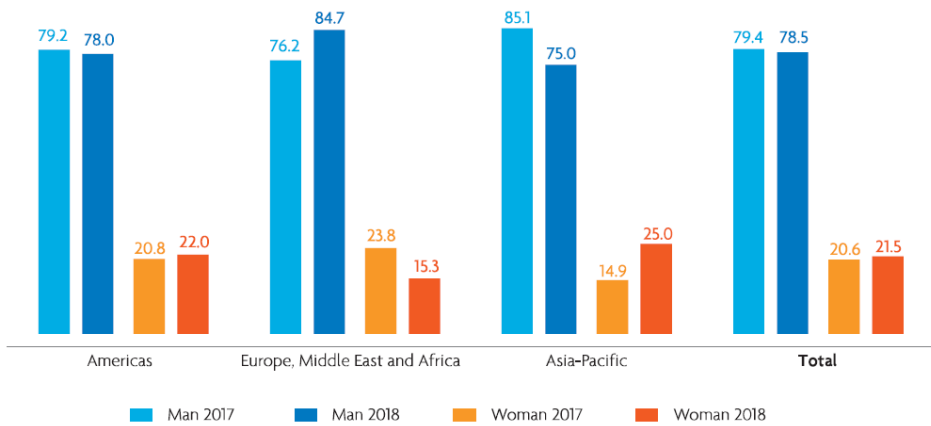
	2017	2018
Europe, Middle East and Africa	56.9%	57.1%
Asia-Pacific	32.6%	33.0%
Americas	10.5%	10.0%

Note: Among the 57.1% of employees located in the Europe, Middle East and Africa region, 53.8% are located in Europe.

EMPLOYEE DISTRIBUTION IN THE MAIN COUNTRIES

	2017	2018
France	25.7%	26.1%
India	19.9%	20.1%
Germany	16.6%	15.7%
United-States	9.9%	9.2%
Japan	6.1%	6.2%
Others	21.8%	22.6%

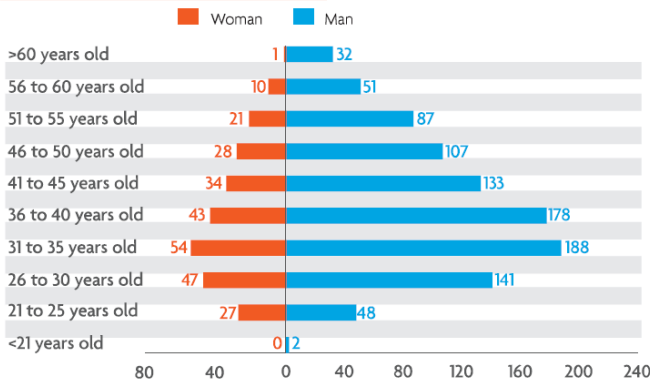
GENDER BREAKDOWN



The percentage of women among permanent employees was 19.8%, which is relatively low and unchanged from previous years. This low representation is due to the small number of women in engineering schools, which are our main source for recruiting, as well as socio-geographical disparities that can sometimes conduct to a lower rate of women activity.

Nevertheless, our professional HRs are aware of the need to improve women ratio and carefully consider female candidates whenever the Group is hiring. In 2018, 47 women joined the Group, which represents 33% of total new recruits, higher compared to 2017 (27%).

WORKFORCE BREAKDOWN BY AGE



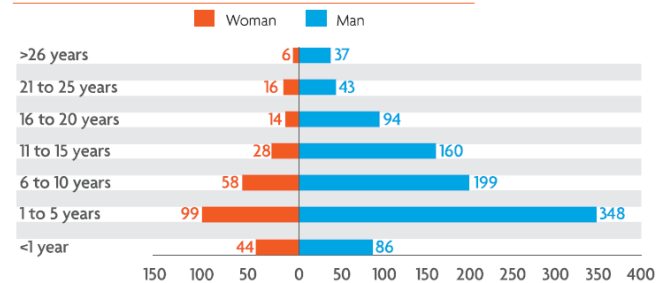
The average age of employees is 39.3 (female employees : 37.4 and male employees : 39.9).

ESI Group is compliant with laws promoting hiring and retaining people regardless of age. As such, 17.69% of employees are aged 50 or more, i.e. 218 people worldwide (184 men and 34 women).

Of those aged 50 and older, 67% are located in Europe, compared to 18.8% in Americas and 14.2% in Asia.

In addition, 36.7% of Group employees are under 35, which contributes to youth employment overall. In 2019, 78.2% of employees hired were under 35.

WORKFORCE BREAKDOWN BY LENGTH OF SERVICE



The average length of service in the Group is 8.2 years. This is relatively high for the dynamic sector of technologies and computing (source : Society for Human Resource Management study, 2015).

The average length of service for employees over the age of 35 is 11.2 years.

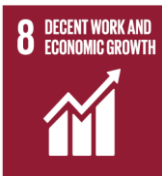
Principles of non-discrimination

To provide more detailed information, particularly with respect to gender equality and non-discrimination, the Group completed its social HR database by introducing the status of manager for individuals who supervise one or more employees, and 15.54% are women, a slight increase compared to 2016 (14.2%).

The Ethics Committee (composed of two women and one man) also ensures that none of the above discrimination is made within the Group (see 4.4).

In addition, in 2018, the Group raised awareness of intercultural issues among 87 people. These awareness sessions were held in small groups in virtual classroom format. Employees from different countries of the Group were able to discuss about cultural differences and intercultural communication.

Ensure the development of collaborators' competencies



Human resources are ESI's greatest source of value and are in line with the two following sustainable development goals :

« Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all » and « Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all ». Developing talent is key to ensuring the Group's long term sustainability. To meet the ever more complex issues manufacturers face, and to remain on the cutting edge of technological innovation, the Group must build employee loyalty and continuously enhance employees' expertise.

Furthermore, the Group's sheer size and its distribution in numerous countries mean that many projects involving various entities and cultures must be managed on a Group-wide scale. Leadership, expertise and collaborative management are essential qualities that will make ESI Group successful at what it does.

Finally, the transformation of the Group and its new solutions focused on Hybrid Twin™, in connection with ESI's core business, provide an opportunity to develop and expand the trades and skills of the existing teams, and to recruit new talents directly related to these new concepts.

Policies:

In this way, ESI Group applies to :

- ensure the onboarding of new hires ;
- enhance annual feedback by promoting data exchange to collect information as training needs and development plans and to facilitate the construction of appropriate local and/or global training plans that meet the needs of a changing business ;

Inclusion of employees with a disability

Since the beginning of 2016 the Group works with Elise at its Lyon site in France and since 2017 with Cèdre at its Rungis site, for the selective sorting. These two companies aim to create permanent jobs for people with disabilities.

- implement training programs to allow employees to learn more about the portfolio of solutions available and to boost their managerial and professional skills (techniques, sales, etc.) ;
- develop partnership agreements with universities and engineering schools to play an active role in the training of young people ;
- promote the spread of information to all the Group employees.

Outcomes:

Recruiting and retaining talent

The Group pays special attention to the onboarding of new hires through an induction program managed locally. In order to standardize and globalize the induction process for new employees, a welcome portal was designed on the internal website to guide new hires through the steps of onboarding and guarantee individual access to a unique level of information to support them in their first days, weeks and months at ESI Group.

In 2018, a corporate induction program was launched : The Welcome Days. Two sessions were held in 2018, one for newcomers from France and Germany and the other for newcomers from all EMEA offices. For 2019, the deployment of the "Welcome Days" is planned for Asia and the United States. The objective of this program is to give to all Group newcomers a more in-depth knowledge about ESI organization, values, and challenges.

It also provides an opportunity to meet with top management in person and to interact with colleagues from different countries.

The Group has also defined an internal mobility program, integrated in the performance assessment tool, enabling each employee to express their motivations and thereby highlight their skills and expertise by applying for positions available within the Group, linked with needs and projects of the customers.

Professional development and career management

The Group has an individual performance and development review process that calls for at least one performance assessment per year between an employee and his or her supervisor. The objective is to evaluate the past year objectives, set new ones for the coming year and also to build a personal development plan.

The computerization of annual reviews was implemented for the entire Group in 2018. In 2018, 93% of employees achieved a performance review on the new online tool.

This new phase in the performance evaluation process aims to enhance annual feedback by promoting data exchange, monitoring and archiving, especially for remote teams. It also provides better access to performance data, employee satisfaction, and professional training objectives to foster a more proactive career management.

These performance reviews are the means for collecting information as training needs and development plans, and they make it easier to construct appropriate local and/or global training plans that meet the needs of a changing business. These performance reviews also represent the opportunity to identify the Company's high potentials and put in place individual development plans. Additionally, this system provides support for certain employees via a Performance Improvement Plan.

Professional training

Training programs have also been implemented within the Group's various subsidiaries. Training plans are in line with ESI Group's strategy and market trends. They allow employees to learn more about the portfolio of solutions available and to boost their managerial and professional skills (techniques, sales, etc.).

In November 2017, a Virtual ESI Campus has been implemented in the corporate intranet : it enables all ESI employees to have access to various trainings. The objective is to democratize the access to training and to support employees to acquire new skills and to

develop competences on a common basis.

In 2018, 549 employees, or 44.6% of the workforce, received trainings, at a cost to the Company of €505,000.

In total for 2018, 10,377 training hours were provided, or an average of 18.9 hours of training per employee trained.

A key priority on the leadership skill has been identified by the top management in 2017 and was pursued in 2018. During 2018, five sessions were held, 31 people were trained in total.

In terms of technical skills, the Group has set up a partnership with the e-learning platform Pluralsight where 190 employees can be trained all year round on several hundred different subjects.

Actions towards apprenticeship

Numerous partnership agreements have been signed with universities and engineering schools that allow ESI Group to play an active role in the training of young people. In EMEA, we can highlight the École Centrale de Paris (France), the Technical University of Dresden (Germany), the University of West Bohemia (Czech Republic), ENIT of Tunisia, with which ESI Group has special arrangements. The universities of Alabama, Shanghai and Beijing, along with the Indian Institute of Sciences among others, work closely with ESI in the Americas and in Asia-Pacific.

Following the successful partnership set up between ESI, EC Nantes and a Japan partner in 2017, these international student exchanges are being prosecuted which strengthen the links between the academic ecosystem and ESI projects. This kind of partnership, supported by its Scientific Department, is still illustrated by the implementation since September 2018, the ESI Chair in the ENSAM, and by a new contract signed with the University of Zaragoza for five years on Augmented Reality and Model Reduction. On these themes, a post-doctoral student from Zaragoza is currently on a mission in Seattle, at the University of Washington.

Always supported by our Scientific Department, in February 2018, the Group announced the launch of a 5-year joint research program with the CEU Cardenal Herrera University (CEU-UCH) in Valencia, Spain.

Additionally, the Group is very involved in working with young graduated and integrated 44 students in 2018 (42 interns and two apprentices).

Internal communication

ESI Group has introduced several communication tools so that its employees stay well-informed while working across over 20 countries.

A welcome portal was integrated into the Group's intranet to teach new employees about the Group and its structure and values, and also to provide access to the information they need to help their integration go smoothly.

Chatter, an internal social network, allows all employees to share ideas and inform each other about a wide range of topics. In 2019, a new discussion group will be implemented during the first semester, around environmental issues. Each employee is invited to share the eco-responsible actions carried out in their professional and/or personal environment.

Multiple communication initiatives are available to strengthen information sharing and cohesion within the Group, such as global presentations, monthly

newsletters, Flash Corporate News, Flash Quality News, Flash HR News and corporate or product webinars.

Q&A (Questions & Answers) sessions were also initiated in 2018 to enable a more fluid and transparent exchange between management and employees.

The Skype for Business tool is implemented in all subsidiaries and enables employees to easily share information and organize meetings.

Corporate events are also organized to allow the management from different entities to meet and exchange on the Group's strategy. Management meetings are organized twice a year, as well as a Kick Off Meeting dedicated for sales and marketing. The team of Product Development and Engineering organizes once a year an Engineering Management Meeting, a one-week seminar where key managers and experts can meet.

Ensure health and safety in the workplace and guarantee the provision of social benefits to employees



The Group's approach is also implementing benefits package for our employees around the world, in

particular by ensuring the employees' health on a daily basis. This contributes to the following two objectives : « Ensure healthy lives and promote well-being for all at all ages » and « Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all ».

Policies:

Since health and safety of employees in the workplace and employee benefits are necessary for the smooth running of activities, ESI has set itself the objective of :

- provide high-quality welfare coverage for all its employees throughout the world ;
- offer an attractive compensation and benefits package.

Outcomes:

Health and safety

ESI Group has set an objective to provide high-quality welfare coverage for all its employees throughout the world with regard to healthcare, aging, disability and death.

13 countries out of 19 offer their employees to finance a local healthcare insurance in compliance with regulations and employee's well-being. Some countries, such as India, now offer a medical check-up once a year to their employees and, Tunisia has offered five sick leave days since February 2017.

Since October 2018, one of our subsidiaries in Germany has also been offering access to a company restaurant to enable its employees to eat in a balanced way.

Compensation policy

To attract and retain the best talents on the market, ESI Group offers an attractive compensation and benefits package. This policy aims to recognize employee talents by rewarding both individual and collective performance.

The compensation of employees comprises both direct and indirect elements. The latter includes deferred cash or in-kind additions to their monthly compensation (bonuses, commissions, savings plan, benefits, etc.).

All the countries in the employment reporting scope offer their employees indirect compensation.

In Europe and the Americas, six subsidiaries have created an employee savings program.

A corporate mutual fund (called FCPE) for employee shareholders was set up in France in 2013 to collect future profit-sharing amounts and voluntary contributions within the Company savings plan. This FCPE allows employees to buy Company shares, with the employer matching contributions of 100% for up to €400 per year. Over this amount, ESI matches 20% of employee contributions in an amount ranging from €401 to a maximum of €2,000. At January 31, 2019, the FCPE owned 29,500 Company shares, 0.49% of the capital.

5.2. Being an outstanding partner

The Group solutions help its customers cope with the challenges of their digital transformation. These solutions meet the continuously changing regulations that govern the Group's businesses, in order to :

- provide innovative, sustainable, high-quality solutions that meet our clients' requirements ;
- build long term, trusting relationships.

Develop innovative and high-quality solutions



How can an organization bring innovative products to market while keeping costs and deadlines reasonable ? How can an organization integrate new materials and processes safely ? How can an

organization reduce the impact of these new materials, such as composites, on product performance and integrity ? What are the best practices for optimizing the product lifecycle and maintenance costs ? What processes will ensure that recycling requirements are met ?

The products developed by ESI Group are used to bring to market innovative products at a lower cost and with greater reliability and contributes through this section to the sustainable development goal 9 of the United Nations : »Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation «.

Policies:

In its approach, ESI strives to :

- meet its customers' demand for ever more innovative products ;

- engage itself in a process of zero physical test, zero physical prototype, zero interruption of production ;
- guarantee the quality of its products and services and ensure client satisfaction ;
- acquire a full global certification by 2021.

Outcomes:

Innovative solutions to the zero-physical test, zero physical prototype, zero interruption of production

To meet its customers' demand for ever more innovative products, the Group offers Virtual Prototyping solutions that save manufacturers and their subcontractors significant amounts of time and money, and therefore support their efforts to innovate. These are all key advantages that help customers keep up with international competition.

ESI Group gives its customers the capacity to perform virtual simulations as of the preliminary design phase, during detailed design phases, and throughout the product lifecycle, and also to approve the performance of their complete digital model step by step before producing a physical prototype. This approach makes it easier to make key decisions very early in the process.

Innovation is made possible through reliable virtual prototypes and helps customers get their product right the first time.

Virtual Prototyping makes it possible to prepare physical tests under the best conditions, going as far as pre-certification or eliminating the need to carry out physical tests until final validation.

Following the acquisitions of innovative companies in the last years, in new technologies such as Artificial Intelligence, big data, or Internet of Things, ESI Group is now able to represent the connected product as used in its operational environment, meaning after its launch on the market. This Hybrid Twin™ targets product predictive performance and maintenance, to optimize repairs, facilitate certification update, and minimize recalls. Once the brand-new product is “right the first time” thanks to its pre-certified Virtual Prototype, it must be kept right when in-Service, and perform right in real life, connected and operationally assisted in its digital version.

The Group's success also stems from an approach based on close collaboration with world leaders in each sector where the Group is active, including Renault-Nissan, Fiat Chrysler and Volkswagen in the automotive industry, or Boeing and Airbus in the aeronautic industry or EDF and Framatome in the energy industry. By building strong relations with large industrial firms, the Group can perfectly match their Virtual Prototyping needs. These strategic partnerships help the Group's customers assess their innovation requirements and implement them jointly with ESI Group.

For example, using Virtual Prototyping to design airbags or carrying out an in-depth study of advanced driver assistance systems (ADAS) increases the safety of vehicles for consumers. ESI Group solutions give consumers greater safety and comfort.

A comprehensive approach to quality

In 2000, ESI Group obtained its first ISO 9001 certification, followed by the independent certification of its subsidiaries, so as to guarantee the quality of its products and services and ensure client satisfaction. The benefits of ISO 9001 certification accrue to external as well as in-company stakeholders. Outside the Company, certification guarantees that ESI Group provides products and services that meet the needs of its clients, while it continues to evaluate and improve its processes. Within the Company, certification calls on employees to actively engage in an overall consistent management system.

Since 2010, ESI Group has extended the scope of its certification using a global system common to all its subsidiaries. Since risk management and quality management are closely linked, this worldwide certification is a sign of confidence in the quality of the solutions that the Group offers its customers and guarantees that particular attention is paid to excellence and to the alignment of all the Group's processes. ESI Group's objective is to have full global certification by 2021. The roadmap is updated every year to identify new entities to bring under the Group, taking account of their impact on business, new acquisitions and the associated risks and opportunities.

In 2018, the global certification applied to 95% of the workforce.

Global certification is now successfully applied in Europe, Asia and the United States, within the ESI Group parent company and most of its subsidiaries : ESI US R&D, ESI France, ESI Japan, Calcom ESI SA in Switzerland, ESI SW India (which includes the Pune and Bangalore sites), ESI SW Germany, ESI NA in the United States, ESI Mecas in Czech Republic, ESI Service Tunisia, ESI GmbH, ESI Korea, ESI China, ESI Italia, ESI Hispania, ESI ITI in Germany and ESI UK.

2018 also proved to be very successful with the integration of two new entities : ESI Open CFD (in United-Kingdom) and ESI Nordics AB (in Sweden), and for the implementation of the new ISO 9001 :2015 standard, and the rollout of the risk-based approach in the different entities of the Group.

In addition, since their creation in 2018, the “Welcome Days” have included a session on Quality in the agenda in order to understand the meaning of evolving under a Quality Management System and the approach to process improvement.

ESI Group has also undertaken an ISO 27001 certification project, and is implementing an information security management system, which through appropriate risk management will ensure the confidentiality, integrity and availability of information.

Select and maintain trusting relationships with committed partners



By developing the partnership ecosystem that respects the Group's values its commitments, ESI contributes to the sustainable development goal 12 "Ensure sustainable consumption and production patterns". ESI Group has a wide range of internal skills that cover its software Edition activity on the one hand and its services activities on the other. However, when it is necessary to mobilize resources outside its usual scope of business, or when specific expertise is recommended, ESI Group may occasionally call on external suppliers.

Policies:

Develop a partnership ecosystem that respects the Group's values and commitments.

Outcomes:

ESI Group remains fully responsible for all outside subcontractors. In this regard, the subcontractors are

subject to the same rules and verifications as any other employee of the Group.

To provide its customers with quality products, ESI Group monitors and regularly evaluates all suppliers influencing quality through a questionnaire completed in-house to assess the supplier based on the service provided. A list of approved suppliers is made available for this purpose on the intranet and updated periodically.

The Company now includes an environmental criterion (energy consumption for operation, local purchasing, possibility of recycling the product, etc.) in the purchasing procedure of its suppliers and subcontractors. Training on responsible purchasing have been planned for the most important buyers. To date, one person has completed this training.

ESI Group also takes care not to create a situation of dependence on suppliers and subcontractors.

5.3. Being an environmentally friendly player

Considering the nature of its activity – distribution of software and sales of consulting services – the Group believes its impact on the environment to be very limited. All of its activities are carried out in offices. However, the Group has still pledged to work towards limiting its environmental footprint.

The main environmental challenges identified by the Group are:

- to reduce energy consumption in its buildings and data centers;

- to limit emissions of greenhouse gases associated with travel by Group employees;
- to limit the impact related to waste electrical and electronic equipment (WEEE).

Scope adopted: France, Germany, Czech Republic, Japan, United States, Tunisia, India, Switzerland, China, Spain, United-Kingdom, South Korea, Italy and Brazil.

Ensure a more sustainable consumption and production



ESI Group believes that environmental responsibility should be a priority for all companies, and strives to reduce its environmental impact and to manage its resources in a more sustainable way and contributes to the sustainable development goal 12 "Ensure sustainable consumption and production patterns".

Policies:

The main environmental issues in which ESI is involved are:

- limiting energy consumption;
- limiting paper consumption and transitioning to the use of recycled paper;
- limiting water consumption;
- develop a waste recycling process all over the sites;
- constantly raise its employees' awareness of measures taken to avoid wasting energy, and thereby to reduce its environmental impact.

Outcomes:

Energy consumption

In 2018, electricity consumption on the Rungis site totaled 463,561 kWh, an average of 3,287.7 kWh per employee, a decrease of 27%, partly due to the move in the new HQE certified building during summer 18. Thus, a better energy consumption management can be possible. On the Ter@tec campus where ESI has been involved since 2012, the installation of the PoD in 2016 (Point of Delivery – a high-density mobile data center that can house up to 3,500 server nodes) increased the energy consumption (+24.24% in 2017 and +10.45% in 2018). These successive increases are due to the increasing use of the servers. The energy consumption in the Group's headquarters, located in Paris, has slightly increased by 1.73% (due to technical issues and heat inside the building). Electricity consumption data is not available for the other French sites, as it is either included in rental charges or collective.

Average electricity consumption per employee came to 2,161.2 kWh for the sites in Germany, the Czech Republic, India, Tunisia, Spain, Japan and China, representing a slight decrease of 16.20% compared to 2017. It should be noted that data on electricity consumption is not available for one of the three German sites.

Moreover, energy consumption in the United States is not measurable as the facilities are leased. Energy usage is included in the utility fees, which include factors other than electricity, and is re-evaluated annually.

Within the 2018 reporting scope, ESI Group uses renewable energy production at its Swiss site, where hydropower is used for electricity and thermic energy

for heat. The Swiss office is located in a Minergie-certified building. Minergie is a Swiss association whose objective is to reduce energy consumption in buildings by proposing rational energy consumption and the use of renewable energies.

To minimize energy consumption, the Group has installed LED lights at its Rungis, Paris and Ter@tec offices in France and at its offices in India. In addition, during upgrades of certain workspaces in France, the Group has given preference to lighting with low power consumption, removed hot water tanks from restrooms, and refurbished air conditioning systems. Motion sensors have been installed for lighting systems in Tunisia, in San Jose in the USA, and also in ESI Software in Germany. In Japan, the lights automatically turn off after a while.

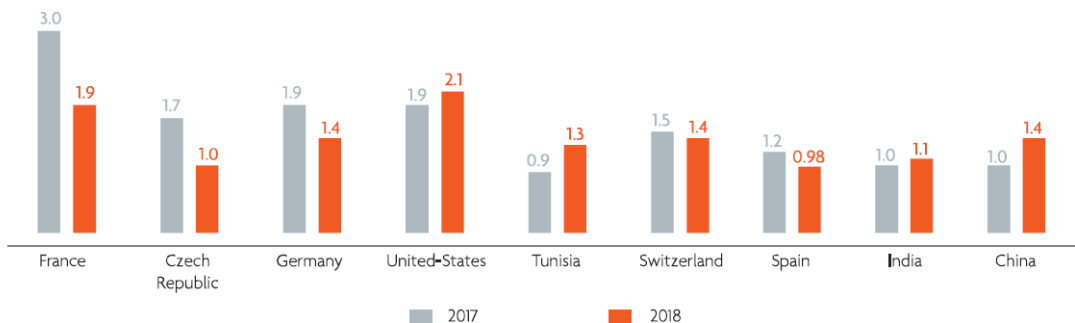
Furthermore, an energy audit has been realized in 2017 on the three German sites of the Group, in Neulsenburg, Stuttgart and Dresden. The result shows that the sites are good energy quality.

It should be also noted that the Spanish office in Madrid is part of a LEED (Leadership in Energy and Environmental Design) certification project, led by the owner.

Paper consumption

Everyday use by employees is the main source of paper consumption.

PAPER CONSUMPTION PER EMPLOYEE (in number of reams of 500 sheets)



For all data studied (with the exception of Japan and South Korea), average paper consumption in 2018 was a little higher and stable with about 2.0 reams of paper used per employee. The paper consumption is

higher in France but reduced by 35.1% in 2018. Nearly 67% of the countries included in the scope have automatically set up black and white and single-sided printing.

Japan made 100% of its prints with recycled paper, followed by Spain on 50% of its prints and China on 30%.

ESI Group also continues its electronic documents program by implementing IT tools and processes to reduce the use of paper and energy consumption related to printing. Dematerialization has been established for many documents, including travel orders, leave requests and offer reviews. The invoices and purchase order processing is done via a tool called Yooz. In addition, SharePoint, a Cloud-based service for electronic document archiving and storage, was installed in 2016.

In early 2017, employee representatives were elected in a fully electronic voting process, preventing the need to print ballots for the nine offices in France. Annual evaluations were also performed electronically in 2018 using the Loopline Systems tool.

ESI also offers its employees in France the possibility to create a safe on Digiposte to dematerialize HR documents such as pay slips.

Finally, the use of a new local printing and delivery tool, called Gelato, allows subsidiaries to locally order the necessary quantity of documents they need. Ultimately, this tool saves paper by printing on demand, which allows ordering only what is needed and on a local basis.

Water consumption

The Company's business is not very water-intensive as it does not require water for production. ESI Group's water is therefore solely for sanitary use and is drawn from urban networks.

It is difficult to perform an accurate assessment of water consumption. The Group is the lessee of all of its offices, and the water consumption of each site is included in rental charges and can therefore not be broken down in detail. However, as for the sites for which we have information, for the Rungis site in France, ESI Mecas in the Czech Republic, the two sites in India, the UK site, the Spanish site, the Chinese site and South Korea, the average water consumption was of 4.0 cubic meters per employee. In 2017, the average consumption was of 5.3 cubic meters per employee (on a smaller scope: Rungis, Czech Republic, ESI GmbH in Germany, India and China).

Treatment and recycling of waste

Due to its activity, ESI Group mainly produces non-hazardous waste, as well as paper, cardboard and plastic. To the best of its knowledge, the Group does not generate any hazardous waste, except waste electrical and electronic equipment (WEEE).

In 2014, recycling bins were introduced on the Lyon site, the second biggest site in France, as it was done in 2013 on the Rungis site. Thus almost 100% of the French workforce is aware of this action in their daily lives. Since early 2017, the Rungis site has been testing a more elaborate waste sorting system that better meets environmental standards in partnership with Cèdre, a company that collects and manually sorts office paper into five categories to optimize recycling. In 2018, 126 kg of waste were recovered by Cèdre in the French site of Rungis, in which 90 kg of paper, against 696 kg in 2017, 81.9% less waste.

At the Lyon site, ESI collaborates with Elise, a waste collection and recycling company that provides stable employment for people with integration difficulties, particularly those with disabilities. In 2018, Elise recovered 1,029 kg of waste, including 931 kg of paper. Recycling this waste saved 21,600 litres of water, 5,934 kWh of energy and 18 trees.

The Aix-en-Provence site, 60 kg of paper was recycled by Recy'go, generating a saving of 17 kg of CO₂.

All the German, American, Czech, Japanese, Spanish, Italian and Swiss sites are also equipped with bins for sorting waste. It is planned to extend this measure to all European sites in the future.

With regard to other specific waste, notably waste electrical and electronic equipment (WEEE), ESI Group attaches great importance to the environmental management of its IT equipment, in terms of both its use and its recycling.

The Group's IT equipment mainly comprises desktop and laptop computers, servers, copiers and printers. The Group cannibalizes computer hardware (uses parts of one machine to repair another) whenever possible to give a second life to some faulty equipment.

In France and the United States, end-of-life or obsolete hardware is collected by an authorized provider that manages the processing of electronic waste. In Germany, the Cleaning and Facilities Management Department, in coordination with the IT Departments, is tasked with collecting used electronic equipment. Waste management is then passed on to the local authority of each city. In Spain, an instruction explains where obsolete electronic equipment must be taken in order to be recycled. Furthermore, on request to our supplier in France, printer cartridges are collected and recycled via a completely ecological chain.

Lastly, in the entire environmental scope, except Tunisia, ink cartridges, batteries, defective light bulbs and fluorescent tubes are recovered by our various

suppliers. Containers are available to staff for this purpose in offices.

Raising employee awareness

During summer 2018, ESI produced a short video clip for all employees on simple ecofriendly actions to adopt at work (<https://www.youtube.com/watch?v=nUldRRLDgRk>).

In 2019, a new discussion group will be implemented during the first semester, around environmental issues. Each employee is invited to share the eco-responsible actions carried out in their professional and/or personal environment.

Reduce its greenhouse emission



As ESI Group operates both in France and internationally, and as its activity is within the tertiary sector, transport is the main source of its greenhouse gas emissions. ESI Group's actions meet the sustainable development goal 13 "Take urgent action to combat climate change and its impacts".

Policies:

In order to reduce its carbon footprint, ESI Group is committed to a process of:

- limit emissions resulting from business travel by train and by plane;
- limit CO2 emissions from company car travel;
- develop the use of web conferencing tools.

Outcomes:

To limit travels, the Group updated its travel policy. This policy is global in scope and adapts to local specificities. Employees are encouraged to travel by train rather than by plane for trips of less than three hours. In France, a car policy also applies to people with a company car (as the French vehicle fleet is mainly comprised of vehicles under three years old). A car policy is also defined in the German site of Neulsenberg. In 2015, ESI Group began to redraft its "Good Driver Charter" to incorporate limitations on, among other things, engine power and CO2 emissions. This policy is initially applicable to French employees, but should be extended to all ESI sites. During the first quarter of 2019, a new tool was implemented to centralize travel requests and

employee expenses throughout the Group. This tool will facilitate administrative procedures and, above all, will allow a better monitoring of travel across the whole ESI Group.

In 2018, emissions resulting from business travel by French, American and German employees by train and by air totaled 1,975.8 kg per employee, an increase of 17% compared 2017. In 2017, the Group engaged a restructuration and an alignment of its teams, which led to an increase of travels in order to optimize this transformation. It should be noted that four members out of eight of the Group Executive Committee are based out of France. The Group also intensified its participation to international events, which led to an increase of travels. It is worth noting that this data is provided by travel agencies that manage the Group's travel reservations. Any reservations made by employees themselves are not included.

In 2018, 42 employees in France had a company car, 55 in Germany, 33 in the Czech Republic, five in Spain, five in Italy and two in Switzerland. In Japan, India and China, only one person had a company car. There were no company cars in the United States, in Tunisia or Brazil in 2018. The granting rate

of company cars is higher in Germany due in particular to the higher proportion of salespeople and to German culture which encourages this type of compensation.

The estimate of annual CO2 emissions from company car travel in France was 155,021 kg or 3,691 kg per company car, a 10.6% decrease compared to last year.

Overall, business travel by French employees generated 493.7 tons of CO2 in 2018, a decrease of 14.3% per employee.

As for company cars in the Czech Republic, the estimated emissions in 2018 were 105 tons of CO2, an average of 3,182 kg per car, a slightly increase of 5% compared to 2017.

Lastly, for Germany, estimated emissions related to train and plane are amounted to 188 tons of CO2 (two entities out of three), a decrease of 21% compared to 2017. Consumption related to cars is amounted to 1,857 kg of CO2 per car, an increase of 27% linked to an increase of vehicles. In total, the German employees consumption, which is amounted to 446 tons, has been stable compared to 2017.

5.4. Serving civil society

Partnerships are an integral part of the Group's strategy to facilitate and promote Virtual Prototyping while acting sustainably (see 3.2.4).

The Group considers its main stakeholders to be its employees, customers, suppliers, and industry and academic partners, but also its investors and shareholders.

Innovation, which is at the core of ESI Group's business, is also a key issue of CSR. Innovation continually improves production processes and shortens the design period and the time it takes to develop more efficient and more reliable new products.

To remain at the leading edge of innovation, the

Among the measures implemented over the past few years, the adoption of Gelato in the beginning of 2018 helps to avoid 925,712 km, a diminution of 65% of the past shipping distance for the delivery of our documents.

To limit the use of transport, the Group also provides employees with web conferencing tools to facilitate cooperation between employees working in different locations without requiring them to travel. Some meeting rooms are also equipped with audio and/or video conferencing systems to facilitate remote meetings. Also, all workstations are equipped with the Skype for Business software allowing online audio and video meetings up to 250 persons.

In 2018, an average of 144 audio meetings, lasting about 41.6 minutes on average (24% more than in 2017), were organized within the Group per day using Skype for Business.

Group invested 26.4% of its revenues in R&D in 2018.

Innovation makes it possible to resolve the multiple constraints and pressures that weigh on all manufacturers – to develop a safer, more efficient and more environmentally friendly product, faster and at a lower cost. The innovative Virtual Prototyping solutions offered by ESI Group allow us to approach these ever-present economic goals.

ESI Group strongly believes that its ability to innovate and research is a key factor in its differentiation and hence its competitiveness, two essential levers for sustainable growth.

Develop solutions that contributes to reducing the environmental footprint



From the outset, by developing innovative Virtual Prototyping products, ESI Group has sought to measure the impact of its solutions on society. Indeed, ESI's solutions enable reductions in the number of physical prototypes, which are costly and require large amounts of energy, raw materials and time, and

bringing more environmentally friendly production to the market. ESI Group contributes to through this challenge to the sustainable development goal 9 of the United Nations "Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation".

Policies:

ESI is committed through its solutions to helping its customers to:

- reduce time-to-market;
- reduce total product weight;
- reduce waste associated with prototyping and manufacturing;
- improve useful life of products;
- reduce the environmental footprint of products;
- improve the safety of the products.

Outcomes:

Tighter regulations on greenhouse gas emissions and recycling requirements, higher fuel prices and consumers' growing environmental concerns are all boosting demand for more environmentally friendly products. Reducing one's environmental footprint now drives industry innovation. All the sectors where ESI Group operates are working to improve their environmental performance by manufacturing more environmentally friendly products, developing more ecological manufacturing processes, and reducing or eliminating physical prototypes.

By successfully combining advanced manufacturing processes with the most innovative materials, such as composites, ESI's solutions bring customers the following advantages:

- **Reduced time-to-market:** with ESI ProCAST, Nissin Kogyo, who develops, manufactures, and sells brake equipment for two- and four-wheeled, could successfully cast complex shapes after an analysis using precise finite element technology. All possible defects were predicted with the highest accuracy. By introducing ESI ProCAST on a full-scale basis, Nissin Kogyo reduced their development time and trial production, allowing them to reach the market faster;
- **Reduced total product weight:** using ESI's Virtual Seat Solution, the company Expliseat has developed the lightest seat ever certified by the European Aviation Safety Agency (EASA). This titanium seat is 50% lighter than the lightest models currently available on the market (8 kg to 10 kg). This significant weight reduction could result in an estimated 3% to 5% reduction in fuel usage, saving \$300,000 to \$500,000 per aircraft per year.
- Likewise, the use of Virtual Performance Solution by ESI experts helps to design lighter vehicles to help vehicle manufacturers in their weight reduction challenge. This challenge is even more

present today with the acceleration towards the electric vehicle, whose weight, and particularly the weight of the battery, becomes a central issue;

- **Reduced waste associated with prototyping and manufacturing:** Students from the Czech Technical University in Prague (ČVUT), Czech Republic, were able to avoid physical crash tests of their race car thanks to ESI Virtual Performance Solution (VPS), using only virtual tests of the material to validate the model. This enabled them to move swiftly to the design optimization of the crash absorber structure. The capability of VPS to complete multiple simulations on a single core model allowed the team to thoroughly examine various measurements. The End to End solution supported the project goals, which were met entirely within the allotted time and budget;
- **Improved useful life of products:** the creation of a Hybrid Twin™ based on the virtual prototype to recreate the behavior of a windmill in operation and in its environment helps to ensure the maintenance and to reduce its cost (-47%). The predictive maintenance and the repairs optimization allow an increased reliability of windmills;
- **Reduced gas emissions:** Thanks to ESI PAM-STAMP solution, Kirchhoff Automotive was able to integrate ultra-high strength steel, which caused a springback issue, into the conception and forming process of its components more quickly. This new material offers a lightweight option to traditional steels and can thereby contribute to reduced CO2 emissions.

As such, ESI Group's digital prototypes can significantly reduce consumption of raw materials and energy and help achieve compliance with environmental standards for new products as shown in these examples. Furthermore, the new Hybrid Twin™ concept of the Group targets product predictive performance and maintenance, to optimize repairs, facilitate certification update, and minimize recalls.

Act ethically and responsibly



The Ethics Charter applied across the Group is in line with the principles of sustainable development objective 16 “Promote peaceful and inclusive societies for sustainable development, provide

access to justice for all and build effective, accountable and inclusive institutions at all levels”.

A three-member Ethics Committee is responsible for creating an environment where employees can adhere to the Ethics Charter and ensure that its principles are upheld by everyone, every day. The Committee listens to and assists employees so that they can discuss any issue involving the implementation of and compliance with the Ethics Charter. It also works to make sure that all Group subsidiaries apply the principles set out in the Charter. This Committee meets regularly, at least once a year, to discuss ethics issues and come up with corrective measures, if necessary.

In 2016, the Group issued its Ethics Charter to promote observance of its values and confirm its commitment to the main rules of conduct that the Group wants to see applied internally. This Ethics Charter reaffirms the legal, regulatory and internal provisions relating to the respect of fundamental rights at work, professional integrity, the elimination of discrimination, and the prohibition of child labor and forced labor. It is based on the observance of the ethical rules promoted by the conventions of the International Labor Organization. The Ethics Charter was disseminated to all employees and is available in six languages on the Group’s internal and external websites.

A new version of the Charter has been communicated to all employees in the course of the first 2018 semester. This version strengthens the Group’s position on corruption, facilitation payment and other frauds, in the context of the French law “Sapin II”.

Regarding the European Union data protection regulations, which are supervised in France by the CNIL (Commission nationale Informatique et Libertés), ESI Group, as a French company, must comply with them.

Within ESI, we launched the GDPR project in 2016 with a raising awareness approach at Company level in France and at local level in Germany. A specific working group has been created to manage the entire project and coordinate local initiatives. Several working groups have been created for functions that are particularly affected by these regulations, either because of their use of our employees’ personal data or because of the customers, suppliers, investors and partners’ data of ESI Group.

The Ethics Charter contains the policies and

procedures inherent in the following business conduct:

– Relations with our business partners:

- establish transparent and loyal business dealings with clients,
- deal honestly and fairly with all clients no matter the size of their company,
- provide quality products and services that meet the needs of its customers;

– Actions taken to prevent corruption:

- prohibition of any form of corruption in its relations with its business and institutional partners and with the administration,
- no financial or in-kind gratuities may be given with a view to obtaining an advantage, nor may such gratification be received to benefit a company or person,
- if an employee makes facilitation payments or influence-peddling in the course of their professional activities, he is likely to be subject to criminal penalties and its contract of employment will be terminated,
- prohibition to receive, give, promise or solicitate facilitation payments or influence-peddling undue benefits with a view to granting, obtaining or maintaining a contract or any other advantage;

– Fraud and money laundering:

- comply with laws on fraud and money laundering,
- conduct business only with reputable partners,
- be vigilant regarding any payments made, in order to detect any irregularities, especially concerning partners whose business conduct may raise suspicion,
- ensure that the accounting and tax declarations sent to the authorities are complete and reflect the reality of each subsidiary;

– Compliance with antitrust laws:

- prohibition of any exchange of confidential information and any arrangement – formal or informal – or attempt to enter into arrangements with competitors which seek to fix prices or conditions of sale, to share a market or to boycott a particular market actor,
- prohibition of abusing a dominant position or a monopoly and also from acquiring or maintaining a dominant power other than by recognized legitimate means such as patents, skills, superior

know-how or geographical location.

Regarding the European Union data protection regulations, which are supervised in France by the CNIL (Commission nationale Informatique et Libertés), ESI Group, as a French company, must comply with them.

Within ESI, we launched the GDPR project in 2016 with a raising awareness approach at Company level in France and at local level in Germany. These measures include:

- the creation of a specific working group to manage the entire project and coordinate local initiatives;
- the creation of several working groups for the

functions that are particularly affected by these regulations, either because of their use of our employees' personal data or because of our customers, suppliers, investors and partners' data;

- the implementation of a dedicated section on the Group's intranet to share all relevant information. The information on current regulations, past webinars and the strategy applied to each function (Marketing and Sales, Human Resources, IT, Legal, etc.) are available in this section.

Develop partnerships with the academic and scientific communities



By developing partnerships with the various digital players, ESI Group is once again contributing to the

following sustainable development objectives "Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation" and "Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all".

ESI Group is convinced that it is by investing with various players in the digital community that the Group will strengthen its position as a leading player in digital transformation and leader in virtual engineering.

The Company is an active member of TECH IN France (formerly AFDEL, the French association of software publishers), which helps promote the software publishing industry and develop digital simulation, and which currently represents over 400 members. In so doing, ESI Group is strengthening its position in France as a leading player in digital transformation and is bringing in its vision for virtual engineering as well as its economic and social values.

Policies:

In order to facilitate collaboration and encourage industrial innovation, the Group makes sure to create and maintain quality relationships with various players in the digital community, at the industrial, academic and associative levels.

Outcomes:

ESI Group participates in several competitiveness clusters, principally in France. These clusters provide the proximity needed for collaborative work with major industrial players and research and development organizations in order to bring highly innovative products to market. Located all over France, these organizations are as follows: Aerospace Valley (Toulouse), ASTech Paris Région (Île-de-France), Nuclear Valley (Burgundy), Mov'eo (Normandy and Île-de-France), I-Trans (Nord-Pas-de-Calais and Picardy), iD4CAR (Brittany and Pays-de-la-Loire), Systematic (Île-de-France), Minalogic (Grenoble and Rhône-Alpes), Pôle Pégase (Provence-Alpes-Côte d'Azur) and Pôle ViaMeca (Auvergne-Rhône-Alpes).

Since 2013, ESI Group has had a presence on the campus and the Board of Directors of Ter@tec, Europe's largest intensive computing center, based 20 km outside Paris at the Saclay platform in Île-de-France, alongside the CEA (the atomic and alternative energy commission), a major player in research, development and innovation. Today, ESI Group is involved in several collaborative projects under the leadership of the System X IRT.

ESI Group is also a member of the Executive Committee of the Systematic Paris Region Competitiveness Cluster and of AS Tech Paris Region, two local competitiveness clusters with a global influence, which anime the collaborative research in the Île-de-France ecosystem, respectively in the digital sector and the aerospace industry.

As a pioneer in innovation in the automotive sector, the ID4CAR cluster has appointed Vincent Chaillou, Chief Operating Officer of ESI Group, as the new President of ID4CAR in February 2018, after a regular attendance to its Board of Directors since 2012. The aim of this cluster is to increase the competitiveness of the sustainable vehicles and transportation sector in western France through innovation.

Through this presidency, ESI Group contributed to the development of the strategic plan for the automotive industry. These plans are developed at the initiative of the CNI so that each CSF (strategic committee of the sector) develops its own transformation plan towards the industry of the future in general and particularly digitalization, by involving the entire value chain contributing to the sector.

ESI is also one of the founding members of Excelcar. Created in 2014, the aim of this association is to revitalize and create jobs around a technical platform for R&D excellence in Brittany, devoted to automotive applications and supported by PSA. This initiative is supported by the Union des industries et des métiers la métallurgie of Ille-et-Vilaine and Morbihan (UIMM 35-56), for the purpose of stimulating the automotive industry in Brittany around PSA Rennes, which has announced its strategic plan for the coming years. ESI participates in the 3DMat innovation platform specifically for developing a digital simulation and Virtual Prototyping channel for new multi-material and composite architectures, with priority given to the automotive industry.

Again, in the transportation sector, ESI is an active member of IRT Railenium whose main mission is to lengthen the lifecycle of railways infrastructure and capitalize on the rapid international development of its new products. Involving a broad consortium of manufacturers and research organizations, in 2011, ESI Group was selected by the Investissements d'Avenir (Grand Emprunt) Program.

ESI also assists the mechanical engineering field and promotes its activities. The Company is a member of the Board of Directors of the Association Française de Mécanique (AFM), a body for information, dialogue and discussion for the mechanical engineering community (industry professionals and technology transfer organizations, teachers and researchers) and representing French mechanical engineering to its foreign counterparts. In the field of aeronautics, ESI actively participates in initiatives from the Council for Civil Aeronautics Research (CORAC) undertaken as part of the Plan d'Investissement d'Avenir. In 2014, ESI was invited by the seven top French aeronautics companies, which are members of GIFAS, to join the Usine Aéronautique du Futur (Aeronautics Factory of the

Future) platform as an associate member. This major initiative was launched to transform production facilities in the fast-moving aeronautics industry, which must deal with an unprecedented increase in requirements. As a result, ESI participated in the development of a plan and is already contributing to four major projects that aim to spread the use of Virtual Prototyping and increase development of manufacturing processes for the future, such as additive manufacturing or manufacturing of large composite materials.

ESI also participates in other CORAC plans, like those for the DEPACE platforms for the Composite Aircraft of the Future, the SEFA platform to develop the Cockpit of the Future, and the plans for the Helicopter of the Future, in order to strengthen French excellence in these fields. In this way, ESI helps to make commercial aircraft cockpits safer and more comfortable, and thus keep cost margins under control for manufacturing important parts in helicopter transmissions boxes.

ESI Group is also an active member of the Nuclear Valley cluster. Nuclear Valley helps to restore the competitiveness of the nuclear industry on the international market by providing its expertise in virtual reality to facilitate the replacement of existing equipment or its maintenance.

Since 2013, several initiatives have emerged to design the Usine de Demain (Factory of the Future) and to use it to drive competitiveness and attractiveness for the region. ESI Group participates in the Nouvelle France Industrielle, a national initiative, and contributes, on this basis, to the work of the Alliance pour l'Industrie du Futur. Vincent Chaillou is the representative of the TECH IN professional association of software publishers on the Board of Directors of the Alliance Industrie du Futur since August 2015.

Thereby, ESI contributes to several working groups that focus, in particular, on developing and promoting key technologies of the Industry 4.0.

ESI Group has coordinated the "Promotion of Existing Technological Supply" group since its creation. In this regard, the Group is working with its peers to structure and circulate the French supply, in particular by jointly creating with the French Chamber of Commerce and Industry the first national directory of Suppliers of Solutions for the Industry of the Future (Offreurs de Solutions Industrie du Futur – OIF). This tool will boost the technological supply and its deployment within the industry both in France and internationally. Through its action in this working group, ESI Group has also contributed to launching the Créative Industrie trademark in partnership with Business France. ESI's IC.IDO virtual reality solution was selected to illustrate the Value Chain

Digitalization Technologies trademark when it was launched by the current President of the Republic of France, Emmanuel Macron, at the Hannover Messe in April 2016.

ESI is also a player of the Alliance for the industry of the future for the development of key technologies for the industrial transformation. Thus, ESI is the top-tier partner of the SOFIA program aiming to develop the additive manufacturing sector in France (Solutions pour la fabrication industrielle additive métallique). The additive manufacturing, a numerical process, gives an essential role to Virtual Prototyping, which positions naturally ESI as a key player of this sector.

Regionally, ESI Group is part of the Aerocampus Aquitaine Cluster which is the first European expert's network that answers the training needs of companies in the aeronautic and aerospace sectors. The Aerocampus training center uses ESI IC.IDO, ESI's virtual reality solution, together with the Institute of Aeronautic Maintenance (IMA).

ESI Group has worked with the Nouvelle-Aquitaine Regional Council to create the "SMART 4D"

simulation community within the Digital Aquitaine cluster. This group brings together a number of industrial, academic and institutional players from the region. It has led to the creation of the first interdisciplinary digital community dedicated to simulation, HPC, virtual prototyping and immersive experience to support industries and future applications.

At the international level, ESI Group is involved in promoting French know-how in the technological field of the Industry of the Future. In 2018, its actions took place in the Russian industrial ecosystem with the setting up of bilateral meetings. It is also as part of this commitment that ESI Group participated to the SPIEF 2018 (Saint-Petersburg International Economic Forum) where France and President Macron were Honorary Guests. ESI took part in the official round table on the Industry of the Future, being the only French mid-cap company present at this debate.

5. Report of the inspecting organization

Year ending January 31, 2018

This is a free translation into English of the original report issued in the French language and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the shareholders,

Following the request received from ESI Group (referred to hereinafter as “the entity”) and in our capacity as an independent third-party body with an accreditation granted by the COFRAC under registration n° 3-1081 (available on www.cofrac.fr), we hereby present our report on the consolidated statement on non-financial performance for the year ending January 31, 2018 (referred to hereinafter as the “Statement”), presented in the Group’s management report in accordance with the statutory and regulatory provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Code of Commerce.

Entity’s duty

The Board of Directors has a duty to draw up a Statement that complies with statutory and regulatory provisions, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies applied in view of these risks together with the results of those policies, including key performance indicators.

The Statement has been drawn up according to the authoritative accounting pronouncements used, (referred to hereinafter as the “Pronouncements”) by the entity whose significant elements available upon request from the Company’s head office.

Independence and quality control

Our independence is defined in the provisions of L. 822-11-3 of the French Code of Commerce and the profession’s Code of Conduct. Moreover, we have set up a quality control system that includes documented policies and procedures aiming to ensure that rules of conduct, professional ethics and the applicable statutory and regulatory provisions are complied with.

Duty of the independent third-party body

We have a duty, on the basis of our work, to formulate a reasoned opinion expressing a conclusion of a moderate level of assurance as to:

- the Statement’s compliance with the provisions set out in Article R. 225-105 of the French Code of Commerce;
- the sincerity of the information furnished in application of 3° of I and of II of Article R. 225-105 of the French Code of Commerce, namely the results of the policies, including key performance indicators and actions relating to the main risks, referred to hereinafter as the “Information”.

However, we have no duty to give an opinion on:

- whether the entity has complied with other applicable statutory and regulatory provisions, including, matters relating to the vigilance plan and the fight against corruption and tax evasion;
- compliance of products and services with applicable regulations.

Nature and scope of the work

We carried out the work in accordance with standards that apply in France and that determine the ways in which the independent third-party body carries out its mission, and with international standard ISAE 3000.

We carried out our work between May 2, 2019 May 21, 2019 for a period of approximately eight days/person.

We held two interviews with people in charge of the Statement.

We carried out the work enabling us to evaluate the extent to which the Statement complies with the regulatory provisions and the sincerity of the Information:

- we informed ourselves of the activity of all of the companies falling within the scope of the consolidation, of the exposure to the main corporate and environmental risks linked to this activity, and of its effects on human rights and the fight against corruption and tax evasion together with the policies that ensue and their results;
- we looked into the appropriateness of the Pronouncements with a view to their relevance, exhaustiveness, reliability, neutrality and comprehensive nature, taking into account, where necessary, the sector's good practices;
- we checked that the Statement covered each category of information provided under III of Article L. 225-102-1 on corporate and environmental matters and whether human rights were being complied with and the fight against corruption and tax evasion;
- we checked that the Statement presents the business model and the main risks linked to the activity of all of the companies falling within the scope of the consolidation, including, where relevant and proportionate, the risks created by business relations, products or services as well as policies, actions and results along with key performance indicators;
- we checked, where relevant in view of the main risks or policies presented, that the Statement presents information set out in II of Article R. 225-105;
- we looked into the selection and validation process of the main risks;
- we enquired about the existence of internal verification and risk management procedures set up by the entity;
- we looked into the coherence of results and of key performance indicators used in view of the main risks and policies presented;
- we checked that the Statement covers the consolidated scope, namely all of the companies falling within the scope of consolidation in accordance with Article L. 233-16 with the limits set out in the paragraph 3.1 'The methodology' and 3.4.3 'Being an environmentally friendly player';
- we studied the information-gathering process set up by the entity aiming to obtain information that is exhaustive and sincere;
- with regard to key performance indicators and other quantitative results that we consider to be the most important, we implemented:
 - analytical procedures consisting of checks to ensure that the data collected was consolidated correctly and that its evolution was coherent;
 - detailed tests on the basis of surveys, consisting of checks to ensure definition and procedures were applied correctly and of checks linking data to supporting documentation. This work was carried out with a selection of contributing entities⁽¹⁾ and covered between 10% and 100% of the consolidated data of the key performance indicators and results selected for these tests⁽²⁾;
 - we consulted documentary sources and held interviews to corroborate what we considered to be the most important qualitative information (actions and results);
 - we looked into the overall coherence of the Statement with reference to our knowledge of the companies as a whole falling within in the scope of the consolidation.

We consider that the work carried out and, exercising our professional judgment, enables us to formulate a conclusion of a moderate level of assurance; a higher level of assurance would have required more extensive verification work.

In view of the fact that sampling techniques were used and that there are other limits inherent to the functioning of any system of information and internal control, we cannot rule out totally the risk that a significant anomaly in the Statement has not been detected.

⁽¹⁾ Social indicators: ESI Group. Environmental indicators: ESI site in Rungis, Lyon, Tunisia and United-Kingdom.

⁽²⁾ Ensure a decent work, Promote diversity and multicultural exchanges, Actions towards apprenticeship, Internal communication, Ensure a more sustainable consumption and production, Reduce its greenhouse emissions.

Conclusion

On the basis of our work, we did not note any significant anomaly of such a nature as to cast any doubt on the fact that the statement of non-financial performance complies with the applicable regulatory provisions and that that Information, as a whole, has been presented with sincerity, in accordance with the Pronouncements.

Lyon, on May 22, 2019

FINEXFI

Isabelle Lhoste

Partner



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

We welcome feedback on its contents.



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