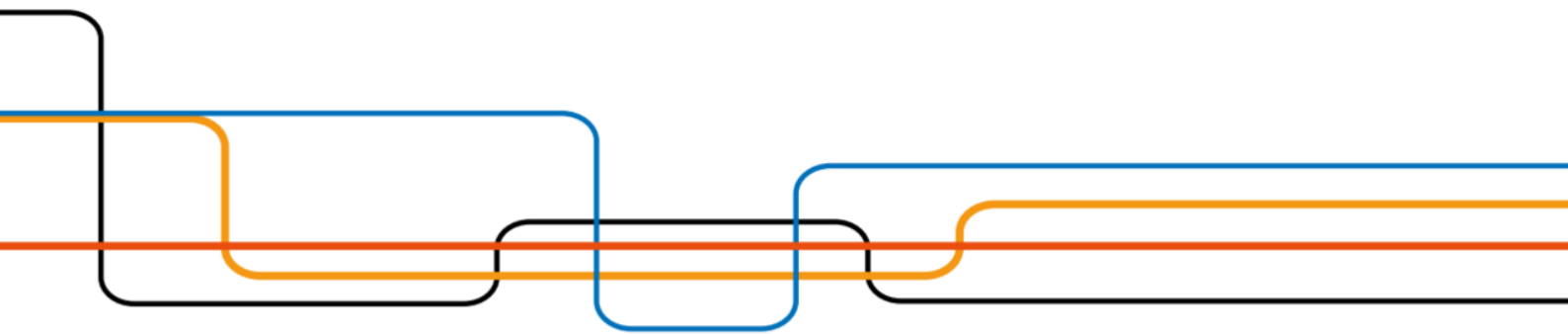


2019

COMMUNICATION ON PROGRESS

UN GLOBAL COMPACT





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1. MESSAGE FROM THE CEO

Dear Mr Secretary General, dear readers,



ESI Group is one of the world's leading innovator companies in Virtual Prototyping software and services. Our mission, as a specialist in physics of materials, is to **empower industry players to commit to outcome**, by developing a unique proficiency in helping industrial manufacturers replace physical tests and prototypes by virtual replicas.

The Group offers solutions, built from 45 years of experience, bringing technological empowerment to innovate efficiently and with confidence. Leveraging the physics of materials, we support industries to validate the design, manufacturing, and behavior of the product in different environments, early and throughout the whole product life, while minimizing their costs and time to market, without sacrificing safety and quality. To reach these objectives, **ESI accompanies its customers in a journey toward Zero Tests, Zero Prototypes and Zero Downtime.**

Our CSR strategy, divided into four (4) axes and eleven (11) commitments, aims to continuously provide sustainable solutions for **customers**, while being committed to its **employees**, acting ethically and responsibly with **civil society** and limiting its environmental footprint and the one of its customers on the **planet**.

Aware of our responsibility, in each of the three pillars of sustainable development, we have gradually developed, for more than six years, a Corporate Social Responsibility 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 second version of our Communication on Progress, that **ESI Group is renewing 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

The Group's CSR challenges and commitments are linked to 10 Sustainable Development Goals of the UN Global Compact



2. ESI – THE PRODUCT PERFORMANCE LIFECYCLE™ COMPANY

2.1. VALUE CREATION

The development of certain products requires significant testing phases to ensure their safety and integrity. Traditionally, companies have used physical prototypes to test these products and assess their ability to meet technical requirements. The production of these prototypes can be time-consuming and can require significant amounts of materials and energy. Furthermore, it is difficult to assess the effects of time on a physical prototype, since we cannot abstract from the physical constraints.

The added value of ESI's solutions make it possible to meet these challenges: by dematerializing the innovation process, these solutions allow customers to accurately assess and evaluate the performance of their prototypes, virtually. In addition, ESI's solutions make it possible to simulate the consequences of time on their products, while making it possible to estimate the evolution of their performance during development and throughout their lifecycle. Hence, by means of ESI's offer, customers have the information they need to develop products that meet exacting standards more quickly, in a more efficient way and with a lower environmental impact.

This enriched offer enables complete control of the lifecycle of an industrial product from its commissioning to its operational withdrawal. It also offers the possibility of anticipating possible developments during the lifecycle of the products while

considering various contingencies such as defects, wear and tear maintenance operations, running-in of assisted piloting, etc. Henceforth, agile, smart and autonomous, virtual prototyping accompanies manufacturers in the era of the factory of the future and smart digital products.

The Group's vision is simple yet powerful: toward zero real tests, zero real prototypes and zero downtime. The benefits are palpable: faster time to market, increased product performance, and reduced costs, while enabling customers to commit to outcome. The advantages of this approach are concrete: shorter time-to-market, improved product performance including during use and reduced costs.

The Group primarily targets customers operating in four sectors: Ground Transportation & Automotive, Aeronautics & Aerospace, Heavy Industry and Energy. Furthermore, the Group has organized its value proposition around 4 specific outcomes for customers: *Pre-Certification, Smart Manufacturing; Human Centric and Pre-Experience.*

Thus, the sustainability of the Group's business model depends on its ability to understand the industrial and technical challenges of its customers, to simulate them thanks to the new possibilities offered by technology and, to do so, to rely on the talent of its employees and the confidence of its stakeholders.

2.2. ESI GROUP VALUES

ESI's values 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 45 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 as follows:



3. ESI – A COMMITTED GROUP

3.1. SETTING PRIORITIES: CSR FRAMEWORK

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 Virtual Prototyping, through a responsible innovation approach towards zero real tests, zero real prototypes and zero downtime. 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 and sustainability challenges that could have a significant impact on its business, financial position or results.

In addition, ESI has developed its first materiality matrix to visualize its various priority challenges and their impact on the Company and its main stakeholders. For more details, please refer to Chapter 3 "Risks and Risk Management" and the following section of this chapter. ESI's CSR strategy, which is divided into four axes and cascaded into eleven (11) commitments, aims to continue ensuring harmonious working conditions for its employees, to provide its customers with innovative solutions enabling them to become long-term partners, and to limit the environmental footprint of the Group and its customers while acting ethically and responsibly within civil society. Through its activities, ESI Group has a very limited impact on the fight against food waste, food insecurity, respect for animal welfare, and the promotion of responsible, fair and sustainable food.

3.2. ESI GROUP'S CSR APPROACH AND 2019 PERFORMANCE



(1) Depuis l'adoption de la solution d'impression Gelato en mai 2018.

(2) Données 2019, pour tous les pays du périmètre environnemental de l'étude, représentant 99 % de l'effectif total du groupe.

3.3. EVALUATING SUSTAINABILITY CHALLENGES: MATERIALITY ASSESSMENT

In line with ESI's commitment to ensuring responsible and sustainable business, while giving priority to issues that have the greatest impact on the economy, society, planet and governance, and that most influence stakeholders' decision-making, a first version of ESI's materiality matrix has been developed in 2019.

This matrix represents a key tool in the execution of the corporate strategy. It enables priorities to be defined according to their importance for internal and external stakeholders and their impact on ESI's performance.

Materiality methodology

/ 1. Identification

The preparation of this matrix first involves the identification and preliminary assessment of various risk and opportunity factors for ESI in terms of sustainable development.

In addition to a consultation of existing documentation and a benchmark of other companies operating in the same sector, the assessment is essentially based on key parameters of reporting frameworks (SASB standards, GRI standards, the European directive on extra-financial reporting), in perspective with the Sustainable Development Goals (SDGs) defined by the United Nations Global Compact, to which ESI contributes through its activities and its CSR approach.

/ 2. Evaluation and prioritization

The objective of this step is to rank and assess the various challenges identified in the first step according to their potential impact on the business and their importance to stakeholders.

For the preparation of this first materiality matrix, a workshop was organized with an internal staff representing the following departments: Executive Committee (GEC), Finance & Administration, Human Resources, Corporate Communication, Research & Innovation, Quality, Sales and IT. The latter are directly and/or indirectly concerned by the examined challenges and are in interaction with all ESI's stakeholders.

Eleven (11) key issues have been identified and confronted with the concerns of ESI's internal and external stakeholders on a scale of 0 to 4, by answering the following questions:

- ▶ What is the issue's potential level of impact on ESI Group (economic, social and environmental impact)?
- ▶ What is the level of influence of the issue on the decisions of external stakeholders?

These challenges were then positioned in a matrix, the axes of which are represented by the two questions above.

/ 3. Validation

This step aims to verify that the results are well aligned with the Company's strategy and values. The matrix is therefore adjusted and validated by the members of the Company's general management.

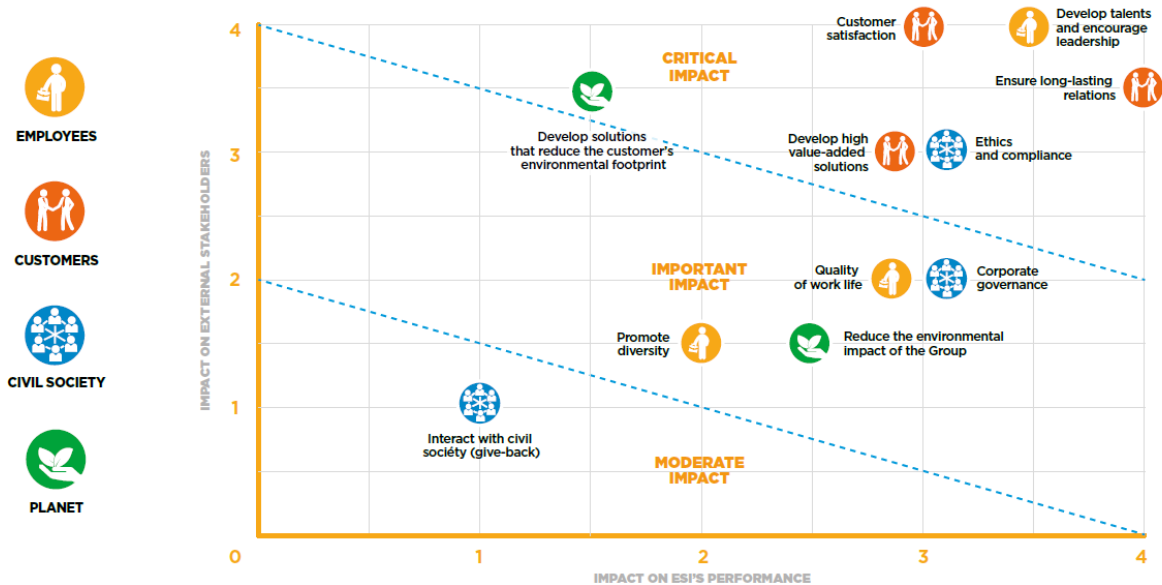
Finally, the matrix followed an internal validation process and was reviewed by an external consultant.

The Sustainable Development Goals of the United Nations Global Compact, which are important for ESI and to which the Group contributes

As will be detailed below, the Group's CSR challenges and commitments are strongly linked to the following Sustainable Development Goals.



ESI Group's materiality matrix



Understanding the materiality results

In the materiality matrix above, ESI's sustainable issues are divided into three distinct sections/areas, allowing a better understanding of the impact of each challenge and its importance to ESI's stakeholders, both internally and externally.

- ▶ The **“Critical Impact”** section contains ESI's six (6) priority issues, which are closely linked to the evolution of the Company's business model and its positioning regarding its external stakeholders. Thus, these issues reflect the Company's strategic priorities, in particular the development of innovative and responsible solutions to deal with technological change and meet customer requirements, while maintaining long-term and trusted relationships with customers, while relying on the experience-talent of employees and acting ethically and responsibly towards civil society.
- ▶ The **“Important Impact”** section includes four (4) major issues, mainly related to the quality of working life, ESI's corporate governance and the Group's environmental impact. In fact, ESI considers that the well-being of its employees has a significant impact on their efficiency and on the Company's performance, both internally and externally. In addition, being a committed company also means ensuring solid and diversified governance, which has a direct impact on the Company's performance and internal management. Finally, one of the Group's main challenges is related to its commitment to limit its environmental footprint, which is mainly linked to the impact of its international implementations.

- ▶ The **“Moderate Impact”** section contains one (1) issue related to the Group's commitment to implement and continue to promote initiatives and partnerships within civil society. Compared to other issues, and despite its importance, this commitment has a limited impact on the Group and its stakeholders.

Above and beyond, it's important to note that the identified challenges are interconnected and interdependent. They must be considered in their entirety. For example, ethics and employee well-being can have a direct or indirect impact on the performance of the Company and its relationship with its stakeholders.

Exploiting the materiality results

The materiality matrix is communicated and shared internally as part of ESI's commitment to ensuring a responsible and sustainable activity. These challenges will also be relayed at the level of the various departments and at the level of the sites on an international scale for a better implementation of CSR commitments.

This materiality analysis has made it possible to identify the priority challenges with the greatest impact on the Company and its environment, in particular their impact on internal and external stakeholders. These sustainability challenges will be analyzed and presented in detail in this chapter.

3.4. CSR DISTINCTIONS

Gaïa Index

Between 2016 and 2018, and for three consecutive years, ESI Group has been awarded first prize of the Gaïa campaign 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.

Ranked 4th in 2019, ESI remains in the Gaïa index, which singles out the 70 top-rated companies in the CSR domain, out of a panel of 230.

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.

Grands Prix de la Transparence

Since 2008, the “Grands Prix de la Transparence” are evaluating and awarding SBF120 companies under French law for the quality of the regulated information provided on their Registration Documents. The aim of these Grands Prix is to enable companies to measure their transparency performance each year and to identify best practices in the sector. Among the outstanding innovations for the 2019 edition is a Grand Prix for Transparency of Registration Document for companies outside the SBF 120, of which ESI Group is a member. In this first edition, the Group was ranked 4th for the “Transparency” and quality of its 2018 Registration Document, out of a list of 20 non-SBF120 companies.

For more information, visit: www.grandsprixtransparence.com



4. 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 on a long term.

ESI Group's employees consist primarily of highly trained engineers and PhDs 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:

- ▶ develop talents and encourage leadership and collaborative management;

- ▶ promote diversity and multicultural exchanges;
- ▶ contribute to the well-being of employees.

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 HR KPI 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.

4.1. DEVELOPING TALENTS AND ENCOURAGING LEADERSHIP AND COLLABORATIVE MANAGEMENT



Human resources are the greatest value of ESI and are part of the two sustainable development objectives: “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”. Talents development is thus a key issue for the Group's sustainability. Indeed, in order to respond to the increasingly complex issues facing manufacturers and remain at the forefront of technological innovation, the Group must retain its resources and continually improve their know-how.

Moreover, the Group's size and distribution across many countries require a cross-functional management of numerous projects involving various entities and cultures. Leadership, expertise and collaborative management are therefore essential qualities for the success of our missions. Also, the Group's transformation and its new solutions oriented towards the Hybrid Twin™, in line with ESI's core business, are an opportunity to develop and enrich the professions and skills of existing teams, and to recruit new talent directly related to these new concepts.

/ Policies:

In this way, ESI Group is committed to:

- ▶ ensure the integration of new talents through “Welcome days” sessions (2 to 3 days, organized in each region);
- ▶ to make the annual interviews more dynamic by promoting one to one interview in order to collect training needs and to develop competencies and to encourage the construction of plans of relevant and responsive local and/or global training to support business and strategy of ESI;
- ▶ deploy training programs enabling employees to develop their expertise in terms of knowledge available in the portfolio of solutions and to strengthen their professional (technical, sales) and managerial skills;
- ▶ develop partnership agreements with universities and engineering schools in order to participate actively in the training of junior population;
- ▶ to promote the dissemination of information to all employees

/ Results:

Recruiting and retaining talents

The Group pays particular attention to the integration of new talents through a locally managed induction program. In order to be more standard and global, an Intranet portal has been set up to guide the arrival of newcomers and guarantee that everyone has access to a single level of information to support them during their first days, weeks and months at ESI Group.

Since 2018, a corporate integration program is organized internally, called “Welcome Days”. The aim of this program is to enable all new joiners to have a better understanding of ESI, its business and its strategy. Organized at the regional level, it allows also to meet the top management and to exchange with colleagues from different countries.

The Group has also defined an internal mobility system integrated into the performance assessment tool that allows each employee to make his or her motivations known and thus highlighting its skills and know-how by applying to open opportunities within the Group in connection with the customer needs and projects.

Career development and management

The Group has a process for evaluating the performance and development of each employee, which aims to organize at least once a year with his or her direct supervisor an evaluation of the past year's performance in relation to previously assigned objectives and to define the objectives for the coming year.

Since 2017, online annual interviews have been implemented for the entire Group. During the 2019 feedback campaign, 97% of employees have formalized their annual interviews on the new online tool.

This new step in the performance evaluation process is designed to make annual interviews more dynamic by encouraging the feedbacks, monitoring and archiving of data, particularly for international teams. It also provides easier access to data relating to the performance achieved, the level of employee satisfaction and the professional and training objectives that will contribute to proactive and advanced management of competencies.

These assessment interviews are our first source for collecting the training and development needs of teams and encourage the construction of local and/or global training plans that are relevant and meet the needs of the business' development. They also provide an opportunity to detect the Company's high potentials and thus implement development actions useful for their internal mobility. In addition, this system makes it possible to support some employees more specifically through an individual plan to improve their skills.

Training plan

At the same time, training programs are being rolled out in the Group's various subsidiaries. The training plans are aligned with ESI Group's strategy and market developments. They enable employees to develop their expertise in terms of knowledge of the solutions portfolio and to strengthen their professional (technical, sales) and managerial skills.

Since 2017, a Virtual Campus has been set up via the Company's Intranet: “ESI Campus”. It allows the Group's employees to access training in various topics. The objective is to give access to training to all employees and to support them in getting new skills and developing the Group's skills through a common language.

In terms of technical skills, the Group has put in place a partnership with the e-learning platform Pluralsight, with 200 licenses that allowed employees to train on several hundred online technical training courses.

In India, for example, 107 employees have received training on leadership themes or technical training related to C++ and Advanced C++, Python, VPS/VCP, GIT and ISTQB.

Actions to promote trainee apprenticeship

Numerous partnership agreements with universities and engineering schools enable ESI Group to participate actively in the training of students: in Europe, the École Centrale of Paris, the Technical University of Dresden (Germany), the University of West Bohemia (Czech Republic), and the ENIT (National Engineering School of Tunisia) in Tunisia, with which ESI Group benefits from partnership. The Universities of Alabama, Shanghai, Beijing, as well as the Indian Institute of Science, among others, work closely with ESI in the Americas and Asia-Pacific.

Following the successful partnerships with the EC Nantes and a partner in Japan from 2017, ESI Group is continuing these international student exchanges, which will strengthen the links between the academic ecosystem and the Group's projects. This type of collaboration, supported by ESI Group's Scientific Department, is further illustrated by the establishment of the ESI Chair at ENSAM in September 2018, and a new five-year contract signed with the University of Zaragoza on Augmented Reality and Model Reduction. On these themes, a student post-thesis of Zaragoza is currently on a mission in Seattle, at the University of Washington.

Also, in collaboration with ESI's Scientific Department, the Group announced in February 2018 the launch of a five-year research program with the CE Cardenal Herrera University (CEU-UCH) in Valencia, Spain.

In 2019, the Group has welcomed a total of 29 trainees from different universities and business school (interns and apprentices).

Internal communication

In order to efficiently communicate internally, ESI Group has set up several tools to address its messages to teams in more than 8 countries. A welcome portal has been set up on the Group's Intranet website. It allows each new employee to discover the Group, its organization and its values and to easily access all the information that will be useful for a smooth integration.

In addition, the Group's internal social network, Chatter, enables everyone to group employees to exchange, share, inform or learn about numerous subjects in different fields. A new focus group was set up during the first quarter 2019, around environmental issues. Each employee of the Group can share his/her eco-responsible actions set up in their professional or personal life.

Also, multiple communication actions are proposed in order to strengthen information sharing and cohesion within the Group, such as global presentations, monthly newsletters, Flash Corporate News and webinars (corporate or product).

Q&A (Question & Answer) sessions have also been initiated in 2018 to allow a more fluid and transparent exchange between the Management Team and the employees of the Group. Since October 2019, the Group has implemented Microsoft "Teams" tool, which replaces "Skype for Business", enabling employees to exchange and plan online meetings easily and more efficiently.

Corporate events are also organized to allow different departments to exchange and meet on strategic issues. Two management meetings are organized each year, as well as one Kick Off Meeting more focused on sales and marketing of products

The Product Operations team organizes once a year an Engineering Management Meeting, a one-week seminar where the key managers of the organization as well as certain experts can meet.

In addition, and as mentioned earlier in this chapter, a new approach to change management has been put in place in 2020, at the initiative of the Communication Direction, and in collaboration with some departments concerned, in order to develop and optimize the employee experience. This also applies to the development of ESI's communication and evaluation of their effectiveness.

4.2. PROMOTING DIVERSITY AND REDUCING INEQUALITIES



Through its "Global" value, diversity is one of the six values promoted by the Group as it enhances the organization of the company. The Group's highly innovative solutions enable ESI to

successfully develop its business throughout the world. As an international company, ESI Group is proud to be able to have a multicultural and diversified workforce. The Group has always valued differences and encouraged its employees to share their ideas across borders in order to create a modern and efficient work environment, able to better support its international customers. ESI Group strives to daily develop its know-how and expertise in recruiting the best talent from around the world. These challenges are in line with the following Sustainable Development Goals: "Ensure availability and sustainable management of water and sanitation for all" and "Reduce inequality within and among countries".

/ Results:

The following tables present the distribution of staff by geographical area and country:

Distribution of staff by geographical area

	2018 ⁽¹⁾ (Jan.-Dec.)	2019 ⁽²⁾ (Jan.-Dec.)
Europe, Middle East and Africa	57.1%	56.7%
Asia-Pacific	33.0%	33.4%
Americas	10.0%	9.9%

Note: Of the 56.7% of employees located in the Europe, Middle East and Africa zone, 54.9% are located in Europe.

Distribution of staff in the main countries

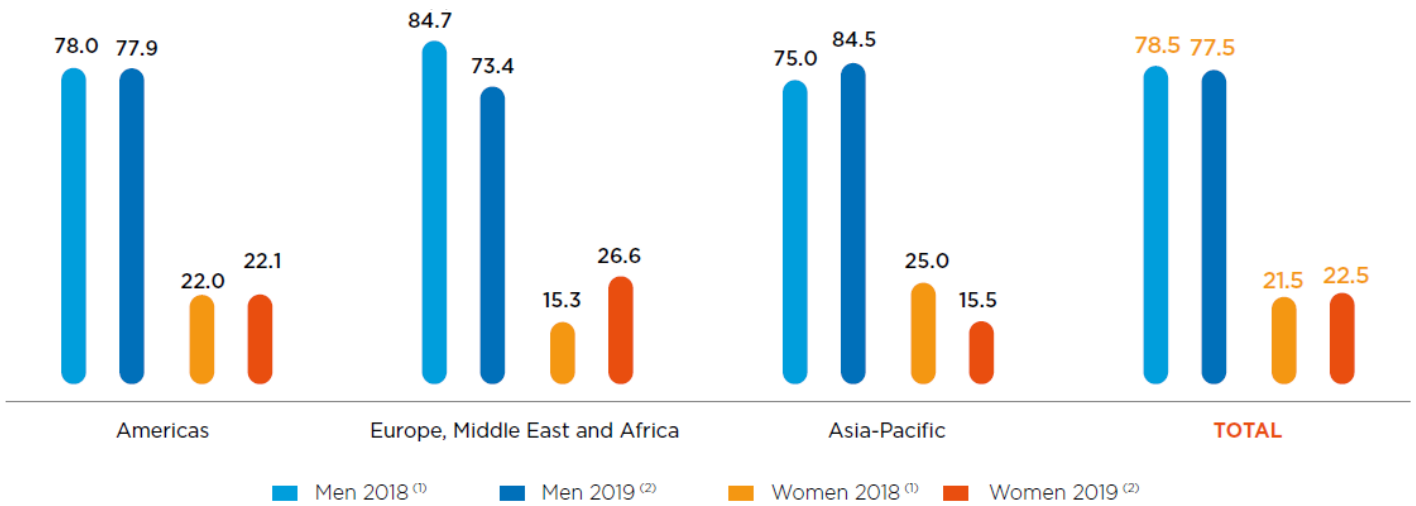
	2018 ⁽¹⁾ (Jan.-Dec.)	2019 ⁽²⁾ (Jan.-Dec.)
France	26.1%	26.3%
India	20.1%	19.9%
Germany	15.7%	15.6%
United-Sates	9.2%	9.1%
Japan	6.2%	6.9%
Others	22.6%	22.2%

(1) January 1, 2018 – December 31, 2018.

(2) January 1, 2019 – December 31, 2019.

Gender distribution and equality

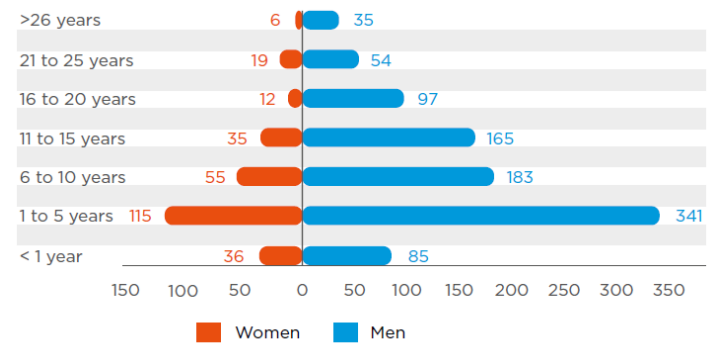
(in %)



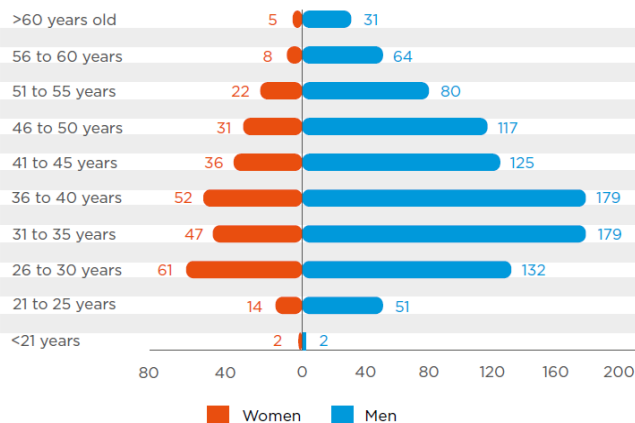
The proportion of female employees with open-ended contracts, at 22.5%, is relatively low and stable compared to previous years. This low representativeness can be explained in particular by the low number of women in engineering schools that are the main source of recruitment for the Group, as well as by socio-geographical disparities that sometimes involve a relatively low female workforce participation rate.

Nonetheless, HR professionals are sensitive to the feminization of local teams as well as considering female candidates when recruiting for the Group.

Breakdown of workforce by seniority (2019)⁽²⁾



Age pyramid (2019)⁽²⁾



The average age of the Group's employees is 39.7 years (female employees: 38 years and male employees: 40.2 years).

ESI Group respects the laws in favor of the accession and retention of employees, regardless of their age. Thus, 17% of employees are over 50 years, *i.e.* 210 employees worldwide.

64.7% of the population aged over 50 is located in Europe, compared to 19.5% in the Americas and 15.8% in Asia. In addition, 44% of employees hired on permanent contracts are under 30 years of age, making a significant contribution to the employment of young people at the global level.

(1) January 1, 2018 – December 31, 2018.

(2) January 1, 2019 – December 31, 2019.

The average seniority in the Group is 8.5 years. This seniority is relatively high in the dynamic technology and IT sector (*source: Society for Human Resource Management study, 2015*).

The average length of service is 11.67 years for employees over 35 years.

Non-discrimination policy

In order to have access to more detailed information, in particular on gender equality and the principles of non-discrimination, the Group has supplemented its HR social database by introducing the concept of manager for persons supervising one or more employees. Thus, we can note a 17.7% increase in the number of women managers compared to 2018 (15.5%).

The Ethics Committee (composed of two women and one man) also ensures that none of the above-mentioned discriminations is used within the Group (see 4.5.2).

The Group is also committed to improve the gender balance of the Group.

"Gender equality" is an integral part of the Group's strategy, aiming to increase both the percentage of women managers and the percentage of women engineers. In 2019, 45 women joined the Group, representing 31% of new hires. Some countries have set regulatory obligations in order to serve the same purpose. France is one of them. "Equal pay for equal work" has been a principle of labor law enshrined in law for several decades. In this sense, the *Avenir* act aims to eliminate the pay gap between women and men.

In accordance with these regulations, ESI Group, in France, has calculated its Gender Equality Index, the results of which are as follows:

- ▶ The gender pay gap: 33/40;
- ▶ The gap in individual rates of pay increase: 20/20;
- ▶ The number of employees of the under-represented sex among the 10 highest paid employees: 5/10;
- ▶ The rate of employees having benefited from a salary in the year following their return from maternity leave: 15/15;
- ▶ The gap in promotion rates between women and men: 15/15;
- ▶ TOTAL: 88/100, i.e. a 5-point improvement compared with the previous year and 13 points above the legal minimum.

India launched an Anti-Sexual Harassment Charter in July 2019 and established an Anti-Sexual Harassment Committee composed of a chairperson and eight members.

Local information sessions have been organized on the subject.

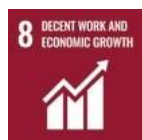
In addition, in 2018, the Group raised the awareness of 87 people on the subject of interculturality. These awareness-raising sessions took place in small groups in the form of virtual classes. Employees from different countries of the Group were able to discuss cultural differences and intercultural communication.

Integration of disabled workers

Since the beginning of 2016, the Group has been collaborating with Elise for the Lyon and Rungis site in France to ensure selective sorting. Elise is a company called "adapted" which create open-ended contracts for the persons with disabilities.

4.3. CONTRIBUTING TO THE WELL-BEING OF EMPLOYEES AND ENSURING THE QUALITY OF WORKING LIFE

Ensuring decent employment and contributing to the well-being of employees



Every company is responsible for providing 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, for which ESI Group is focused on. This challenge contributes to the following Sustainable Development

Goal: "Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all".

/ Policies:

As an employer ESI strives to:

- ▶ control its workforce in connection with the growth of the activity;
- ▶ offer its employees the benefit of flexible management of their schedules;
- ▶ improve working conditions, which has a direct impact on the well-being, efficiency and motivation of employees;
- ▶ to create a favorable social climate.

/ Results:

Headcount data is calculated on the basis of the number of employees present at December 31, 2019.

Total Group headcount includes employees on permanent and fixed-term contracts, as well as student contracts such as work-study contracts and interns. They do not include temporary employees, consultants and networks of external distributions.

At December 31, 2019, ESI Group's workforce stood at 1,238 employees. 1,232 at January 31, 2019. The average number of employees in 2018 was 1,222 employees, a very slight increase compared with the previous year 2017 (1,201).

92.5% of the Group's workforce is hired on open-ended contracts. Precarious contracts such as internships, apprenticeship contracts, etc., are not covered by the Group's employment contract. and fixed-term contracts represent 7.5% of the workforce. total, compared to 7% in 2018. In 2019, ESI continued to pursue its ambitions to control its workforce in line with business growth.

Employee turnover

Recruitments	2017 ⁽¹⁾ (Jan.-Dec.)	2018 ⁽²⁾ (Jan.-Dec.)	2019 ⁽³⁾ (Jan.-Dec.)
Europe, Middle East and Africa	144	107	88
Apprenticeship/internship	28	25	20
Short-term contracts	24	25	22
Open-ended contracts	92	57	46
Americas	17	17	24
Apprenticeship/internship	6	6	15
Open-ended contracts	11	11	9
Asia-Pacific	48	53	37
Apprenticeship/internship	12	13	8
Short-term contracts	3	11	6
Open-ended contracts	33	29	23
TOTAL	209	177	149

(1) January 1, 2017 – December 31, 2017.

(2) January 1, 2018 – December 31, 2018.

(3) January 1, 2019 – December 31, 2019.

Departures	2017 ⁽¹⁾ (Jan.-Dec.)	2018 ⁽²⁾ (Jan.-Dec.)	2019 ⁽³⁾ (Jan.-Dec.)
Europe, Middle East and Africa	112	101	94
Apprenticeship/internship	30	28	18
Short-term contracts	10	13	8
Open-ended contracts	72	60	68
Americas	22	23	28
Apprenticeship/internship	10	5	10
Short-term contracts	1	0	0
Open-ended contracts	11	18	18
Asia-pacific	33	48	28
Apprenticeship/internship	2	3	4
Short-term contracts	6	10	4
Open-ended contracts	25	35	20
TOTAL	167	172	150

(1) January 1, 2017– December 31, 2017.

(2) January 1, 2018– December 31, 2018.

(3) January 1, 2019– December 31, 2019.

In 2019, ESI Group recruited 78 employees on open-ended contracts, i.e. 52% of total hirings.

The departure rate of employees on open-ended contracts is 9.2% in 2019. (number of departures under open-ended contracts/total headcount under open-ended contracts at the beginning of the period) x 100] compared to 10% in 2018.

The turnover rate on open-ended contracts is 8.1% in 2019 [(Number of open-ended contract departures during year N + number of open-ended contract arrivals in year N*100/2/staff at the beginning of the period] against 9.6% for the year 2018.

Working time

The duration of the working time shall be set in accordance with the local legislation in force.

In the vast majority of its establishments, ESI Group offers its employees the benefit of flexible management of their schedules. In some countries, such as Japan, the timetables are set to meet the expectations of the business but are limited to eight hours a day.

In France, the organization of working time is based on working time measured in fixed days or according to a set schedule. An employee with a fixed daily rate works a defined number of days in the year and an employee with an hourly rate works the number of hours defined in the agreements:

- ▶ Full-time managers working on a fixed number of days per year work 217 days per year, plus one day for the solidarity day;
- ▶ For other employees, the average working week is set at 37 hours, with 10 days of reduced working hours per year for full-time employees.

In 2019, part-time work accounted for 6% of the total workforce; moreover, most part-time contracts are set up to meet the needs of employees who request them in order to arrange for parental leave, retirement or the resumption of their studies.

Social dialogue

The quality of the social climate is a determining factor for the quality of working life and the Company's productivity. The social dialogue, over and above strict regulatory compliance, constitutes a source of progress in this area. The value of social dialogue is based on the many exchanges between the Group's

management staff representative institutions shall be designated in accordance with the laws in force in the countries. Thus, we can count six institutions in France, one in Vietnam and one in Brazil.

These institutions involve 26 employees who have actively participated in meetings during 2019.

Review of agreements:

- ▶ review of general agreements: the French subsidiary has signed various agreements with its social partners, such as the agreement on the reduction of work, the participation agreement and the agreement on employee savings;
- ▶ review of agreements related to health and safety: no company has signed a specific agreement.

Workplace Well-being

In the different countries, various initiatives have been launched to promote the well-being of employees, under the responsibility of the Human Resources Departments and in collaboration with local and representative bodies such as the CSE (Social and Economic Committee) in France.

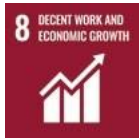
Since 2017, sophrology relaxation sessions carried out by employees were set up on the Rungis site.

In 2019, two other activities have been made available to employees at Rungis, including pilates classes and seated massage sessions. The benefits of these practices include better stress management, improved productivity and the development of positive thinking.

10% of the staff at the Rungis site have already completed a session in 2019. At the Lyon site, 15 sophrology sessions were organized in 2019, with an average of 15 participants, representing more than 14% of the workforce at the site in question. South Korea, for example, also offers training courses on happiness and work-life balance.

Most of the projects carried out for our customers are carried out in-house, our engineers have few needs of developing on customer's site, which limits travels and improve work-life balance. Moreover, in many countries, ESI enables its employees to work remotely from home. France, for example, is currently working on the development of a Charter on home office and the right to disconnect.

Ensuring employee health and safety in the workplace and employee benefits



The Group's approach is also in line with the implementation of social measures and benefits for our employees worldwide, especially, by ensuring the health of employees on their daily

professional life. This contributes to the following two Sustainable Development Goals: "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:

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

- ▶ providing a quality social security coverage for all its employees worldwide;
- ▶ offering an attractive compensation and social benefits package.

Health, Safety and Benefits

ESI Group has set itself the objective of providing coverage for to all of its employees worldwide, both in terms of with regard to health and old age but also the coverage of incapacity, disability and death.

13 out of 19 countries offer their employees the opportunity to finance a local health insurance in compliance with regulations and the well-being of employees. Some countries, such as India, now offer a free medical check-up to employees once a year, and Tunisia now offers five days of holidays since February 2017 and has set up a mutual insurance company that has been offered to its employees from the beginning of 2020.

Wage policy

To attract and retain the best talents on the market, ESI Group has set up an attractive compensation package and various benefits for its employees. This policy is intended to recognize talent by rewarding both individual and collective performance.

Employee compensation is made up of direct and indirect remuneration; the latter includes cash or in-kind supplements deferred from the monthly remuneration (bonuses, commissions, savings plan, fringe benefits, etc.). All the countries included in the scope of social reporting offer indirect compensation to their employees.

In Europe and the Americas, six subsidiaries have set up a system of indirect compensation for their employees.

Within this framework, an employee shareholding mutual funds ("FCPE") was created in France in 2013 in order to collect future flows of participation and payments, housed in the Group Savings Plan. This "FCPE" makes it possible to acquire shares of the Company and to benefit from a 100% matching contribution, up to an annual ceiling of €400. Beyond that, ESI subscribes to up to 20% of the payments within a range of between €401 and

€2,000 maximum. At December 31, 2019, the FCPE held 29,500 shares of the Company, i.e. 0.49% of the capital.

Special point about Coronavirus (COVID-19)

In order to maintain the well-being of the employees during the period of the COVID-19 epidemic, the Group has put in place several measures to protect its teams and ensure the continuity of its activities. The situation is managed globally and adapted to each local situation. Having a global presence, the Group's adaptability and reactivity are of paramount importance for all its stakeholders.

Among the measures implemented by the Group:

- ▶ The launch of the Group's Business Continuity Plan (BCP);
- ▶ The creation of a special COVID-19 crisis management team;
- ▶ The adoption of home office for all positions;
- ▶ The ban on travel at Group level, in a more restrictive way according to the local situations;
- ▶ The use of digital tools and the organization of conferences and 100% digital events;
- ▶ The development of a communication plan to inform the employees on the preventive measures to be adopted in accordance with official recommendations, by email and via the Company's internal social network;
- ▶ The organization of internal activities (stress management tips, photo contest, drawing contest for children, etc.) and the creation of an online group for sharing advice, recipes, etc. during the confinement period.

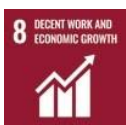
5. BEING AN OUTSTANDING PARTNER

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 solutions that meet our customers' requirements;

- ▶ ensure customer satisfaction and meet quality and safety requirements;
- ▶ maintain long term, trust-based relationships with stakeholders and ecosystem.

5.1. PROVIDE INNOVATIVE SOLUTIONS THAT MEET OUR CUSTOMERS' REQUIREMENTS



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 2 Sustainable Development Goals:

- ▶ Goal 8: “Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all”;
- ▶ Goal 9: “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 toward zero real tests, zero real prototypes and zero downtime;
- ▶ guarantee the quality of its products and services and ensure client satisfaction;
- ▶ acquire a full global certification by 2021.

/ Outcomes:

Innovative solutions towards the zero real tests, zero real prototypes and zero downtime

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, Boeing and Airbus in the Aeronautic industry, as well as 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.

5.2. ENSURE CUSTOMER SATISFACTION AND MEET QUALITY AND SAFETY REQUIREMENTS



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 2019, the global certification applied to 95.31% 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 now includes the Pune and Bangalore sites), ESI SW Germany, ESI GmbH, ESI ITI (in Germany), ESI NA in the United States, ESI Mecas in the Czech Republic, ESI Service Tunisia, ESI Korea (South Korea), ESI China, ESI Italia and ESI Hispania, ESI UK (in the United Kingdom), ESI Open CFD (in the United Kingdom) and ESI Nordics AB (in Sweden).

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 is also involved in an ISO 27001 certification project, and is implementing an information security management system that, through appropriate risk management, guarantees the confidentiality, integrity and availability of information. This project considers specific demands of clients, particularly those from the automotive sector as of TISAX. The TISAX (Trusted Information Security Assessment Exchange) certification was created on the initiative of the VDA (Association of the German Automotive Industry). This standard is based on the requirements of ISO 27001 and adapted to the specificities of the automotive sector to secure exchanges between various players. In 2019, ESI Group got the TISAX certification for, ESI MECAS (Czech Republic) and ESI GmbH (Germany) and will be extended to ESI Hispania (Spain) in 2020.

5.3. MAINTAIN LONG TERM, TRUST-BASED RELATIONSHIPS WITH STAKEHOLDERS AND ECOSYSTEM



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", as well as goal 17: "Strengthen the means of implementation and revitalize the global partnership for sustainable development".

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 one. However, when it is necessary to mobilize resources outside its usual scope of business, or when specific expertise is recommended, ESI Group may occasionally use external contractors.

/ 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.

6. BEING AN ETHICAL AND COMMITTED COMPANY

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

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 Group invested 31.4% of its revenues in R&D in 2019.

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 key drivers for sustainable growth.

6.1. GUARANTEE SOLID AND DIVERSIFIED GOVERNANCE



Nowadays, as the world has become more complex and companies must be able to constantly adapt, strong and effective governance has become a real necessity. ESI Group attaches particular importance to governance issues. It ensures the coherence and sustainability of the Company's strategy, ensuring the best framework to serve the interests of investors.

The Group strives to maintain a mixed governance, represented by independent and competent directors who are fully involved in the Company's projects, while ensuring compliance with the laws on remuneration and transparency rules.

6.2. ACT ETHICALLY AND RESPONSIBLY – ETHICS CHARTER



The Ethics Charter applied across the Group is in line with the principles of Sustainable Development Goal 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 2018. This version strengthens the Group's position on corruption, facilitation payment and other frauds, in the context of the French law "Sapin II".

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.

Whistle-blowing policy

Any person employed within ESI, or any client, supplier, partner or third party who suspects or is informed of a possible breach of this charter or a violation of the law by the Company, or one of its employees, has a duty to report it. While it is natural to be reluctant to report abuse, everyone is strongly encouraged to do so, as silence can have highly detrimental consequences for the Company. The use of the whistleblowing procedure described below is neither mandatory nor exclusive.

The procedure for reporting abuse is as follows:

- ▶ the first contact is the local/regional HR correspondent or the direct manager;
- ▶ in the event of a conflict of interest involving the HR correspondent or the direct manager, contact the HR Director of the division or group or the N+2 manager;
- ▶ otherwise, contact the Ethics Committee directly at the following address: ethics@esi-group.com.

The Company is committed to handling requests, quickly and genuinely, in a confidential and ethical manner.

This procedure is secure and guarantee the strict confidentiality of the whistle-blower, the facts that are the subject of the report and the persons concerned. The use of this procedure in good faith, even if the facts subsequently turn out to be inaccurate, shall not expose the author of an alert to sanctions. On the other hand, any abusive denunciation may lead to disciplinary sanctions and/or legal proceedings.

General Data Protection Regulation (GDPR)

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.

In 2016, ESI Group launched an GDPR project and since then, several measures have been put in place:

- ▶ a regularly updated treatment register;
- ▶ a public privacy policy available on the Group's digital platforms (websites, applications, etc.);
- ▶ internal procedures to respect the rights of individuals and to manage incidents;
- ▶ policies to guarantee data security "Implementation of ISO 27001 certification: ongoing";
- ▶ a contract to guarantee and control intergroup transfers;
- ▶ an impact analysis relating to data protection;
- ▶ employee awareness via an E-Learning platform: <https://www.iitr.de/>;
- ▶ "Candidatus" recruitment platform to control compliance in the processing of applications. "Implementation in France".

As part of its continuous improvement approach, at the end of 2019, the Group has been equipped with a "Metacompliance" tool that allows the following:

- ▶ E-Learning: to set up training dedicated to cybersecurity;
- ▶ Phishing: to simulate phishing attacks and raise awareness among our users;
- ▶ Privacy: to improve monitoring of GDPR compliance through a complete, visual and interactive interface.

6.3. SET UP INITIATIVES TO INTERACT WITH CIVIL SOCIETY (GIVE-BACK)



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

following Sustainable Development Goals (4, 5 & 17, respectively): “Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all”, “Achieve gender equality and empower all women and girls” as well as “Strengthen the means of implementation and revitalize the global partnership for sustainable development”.

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.

/ 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:

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.

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 (Nouvelle Aquitaine, Bretagne et Pays de la Loire), Systematic (Île-de-France), Minalogic (Grenoble and Rhône-Alpes), Pôle SAFE (Provence-Alpes-Côte d’Azur) and Pôle ViaMeca (Auvergne-Rhône-Alpes).

Since 2013, ESI Group is present 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 (Institute for Technological Research).

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 the Excelcar association. Created in 2014, the aim of this structure is to revitalize and create jobs around a FabLab technical platform of R&D excellence in Bretagne (France) dedicated to the automotive industry under the impetus of 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 AM2 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.

When it comes to the aeronautics sector, 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, which 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 Industrie du Futur".

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 "Salon de Hanovre" in April 2016.

ESI is also a player of the "Alliance Industrie du Futur" 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.

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

7.1. DEVELOP SUSTAINABLE SOLUTIONS



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

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", as well as goal 12: "Ensure sustainable consumption and production patterns".

/ 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 us-age, 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 (CVUT), 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 spring back 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 re-calls.

7.2. REDUCE THE ENVIRONMENTAL IMPACT OF THE GROUP

Reduce greenhouse gas emissions



impacts”.

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

/ 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 Neu-Isenberg. 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 2019, emissions resulting from business travel by French, American and German employees by train and by air totaled 986 kg per employee, an increase of 15% compared 2018. It should be noted that two out of seven members of the Executive Committee are based outside France. Also, data are provided by the travel agencies responsible for booking the trips. Any bookings made directly by employees are not accounted as information are not available.

In 2019, 45 employees in France had a company car, 46 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 2019. 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 146,637.7 kg or 3,258.6 kg per company car, with a 5.4% decrease compared to last year.

Overall, business travel by French employees generated 436.8 tons of CO2 in 2019, a decrease of 11.5% per employee.

As for company cars in the Czech Republic, the estimated emissions in 2018 were 98 tons of CO2, with an average of 2,970 kg per car, a decrease of 7% compared to 2018.

Finally, for Germany, the estimate of emissions related to trains and airplanes amounts to approximately 165 tons of CO2 (for the three entities), down 13% compared to 2018 (two entities). Vehicle-related consumption amounts to 1,766 kg of CO2 per vehicle, a slight decrease of 5%.

Among the measures taken over the past several years, the adoption of Gelato, a service allowing subsidiaries to locally order documents they need, has allowed the Group to save paper thanks to this print-on-demand plantroom. From the adoption of this solution in May 2018 and until the beginning of March 2020, Gelato helped the Company to avoid 1,954,376 km of delivery distances, representing a decrease of 70% of the distances previously made to deliver brochures and other documents. This is equivalent to a saving of 2,625 kg of paper and 11,019 kg of CO2 emissions.

In order to limit the transportation footprint, the Group also provides employees with web conferencing tools to encourage digital collaboration between employees in different sites, without having to travel. Some meeting rooms are also equipped with audio and/or videoconferencing systems to facilitate remote meetings. Also, from October 2019, all workstations have been equipped with the "Teams", a Microsoft software (which replaces "Skype Enterprise" internally), enabling more efficient online meetings (audio + video) for up to 250 people.

On average in 2019, around 300 audioconferences via "Teams" and "Skype Enterprise" were organized per day within the Group (which is almost doubled from last year), with an average duration of 115 minutes per call.

Ensure a more sustainable consumption



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 same Sustainable Development Goal as the previous section (13): "Take urgent action to combat climate change and its impacts".

/ 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 2019, electricity consumption at the Rungis site totaled 452,027 kWh, an average of 1,412.6 kWh per employee, a decrease of 3%. 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). For the Lyon site, consumption amounted to 50,678.09 kWh in 2019. For the other French sites, electricity consumption is not available, as it is either included in the rental or collective charges.

Average electricity consumption per employee came to 3,247.15 kWh for the sites in France (Rungis site only), the Czech Republic, Tunisia, China, South Korea and the UK, representing a slight decrease of 3% compared to 2018. In Germany, electricity consumption came to 392,234 kWh in 2019 and has doubled compared to last year, in view of the inclusion of a third German site in the analysis scope. 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 2019 reporting scope, ESI Group uses renewable energy production at its Swiss site, where hydropower is used for electricity and thermal 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 Neu-Isenburg, Stuttgart and Dresden. The result shows that the sites are good energy quality.

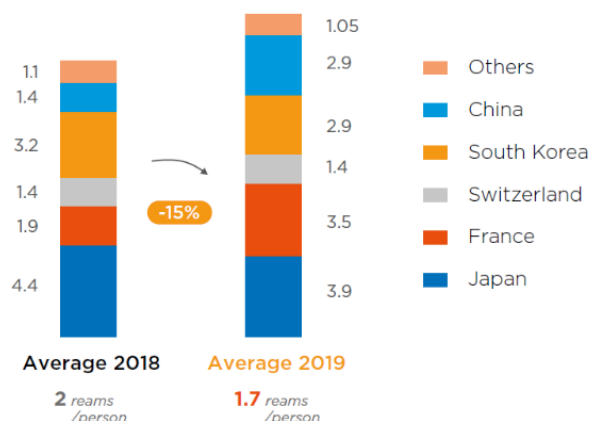
It should be also noted that the Spanish office in Madrid is part of a LEED (Leadership in Energy and Environmental Design) certification project, led by the owner of the main building.

Paper consumption

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

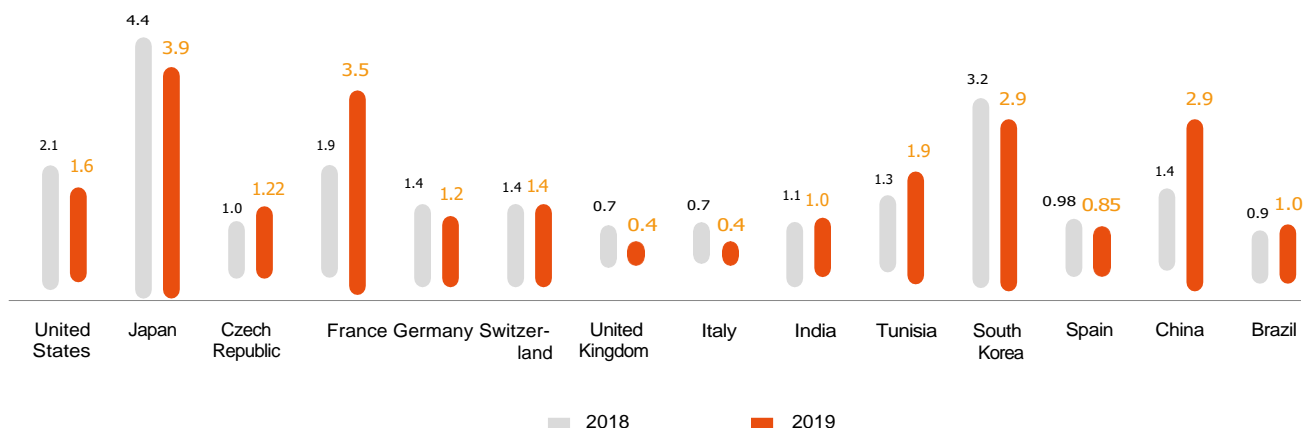
Evolution of annual paper consumption per employee

(in number of reams of 500 sheets)



Paper consumption per employee

(in number of reams of 500 sheets)



All over the study perimeter average paper consumption in 2019 was a relatively low with about 1.7 reams of paper used per employee, with a decrease of 15% compared to 2018. This average could have been lower in 2019; it is partially explained by the inclusion of all French sites in the analysis, unlike last year. Thus, paper consumption in France went from 1.9 in 2018 (Rungis only) to 3.5 reams (all French sites).

Paper consumption is higher in Japan, with a decrease of 11% in 2019. In China, paper consumption increased by 11.2% in 2019, in view of the large and exceptional number of tenders and local projects that required paper printing.

However, Japan made 100% of its prints with recycled paper, followed by Spain on 50% of its prints and China on 35%. More than 70% of the countries included in the scope have automatically set up black and white and double-sided printing. 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.

In addition, 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.

Finally, the Group has decided to stop printing its Universal Registration Document in paper format, reflecting ESI's desire to continue reducing paper consumption and avoid unnecessary use and waste of paper. As indicated in Chapter 9 of this document, the Universal Registration Document will be available in electronic version on the Company's website and will be available for consultation at headquarters upon request.

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 (Rungis site in France, ESI Mecas in the Czech Republic, the Spanish and Chinese sites), the average water consumption in 2019 was of 7.46 m3 per employee, a decrease of 7.23% compared to last year. For the Rungis site in France, water consumption rose from 132 m3 in 2018 to 1,182 m3 this year – this increase is mainly due to the move to a new building in 2019, with different equipment (more toilets, cafeteria, etc.).

Water consumption is not measurable in other sites, as it is either included in the annual rental or collective charges, where parameters other than water consumption are taken into account.

Waste disposal and recycling

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 the daily life.

In France, at the Rungis and Lyon sites, ESI is working with Elise, a waste collection and recycling company that provides stable employment for people with integration difficulties, particularly due to disability. In 2019, Elise recovered 868.5 kg of waste, including 653.5 kg of paper. Recycling this waste saved 16,375.5 liters of water, 4,932.8 kWh of energy and 13.3 trees.

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. When it comes to other specific waste, notably waste of 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 online discussion group has been created on our internal communication platform "Chatter", regarding environmental issues. This has enabled employees to share eco-responsible actions carried out in their professional and/or personal environment, all over the world.

8. REPORTING

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

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

Scope

The Group's ambition is to gradually expand the scope of coverage until it achieves full and reliable coverage of its subsidiaries. In line with its commitments, in 2019, ESI Group continued its actions to increase the collection and analysis of indicators internationally.

▶ Scope of social reporting:

Since 2012, ESI's Human Resources Information System has been upgraded to Sales Force for all countries, with local management of all payroll systems in order to take into account local specificities. Social data thus represents 100% of the workforce.

▶ Scope of environmental reporting:

Since 2018, the Company has integrated Italy and Brazil to broaden the scope of environmental data reporting. As a result, environmental data are now provided by France, Germany, the Czech Republic, Japan, the United States, Tunisia, India, Switzerland, China, Spain, the United Kingdom, South Korea, Italy and Brazil, representing 99% of the workforce.

▶ Scope of societal reporting:

Societal information is provided at a global level. Hence, the reporting scope represents 100% of ESI's headcount since 2016.

8.2. REPORT OF THE INSPECTING ORGANIZATION

Period from February 1, 2019 to December 31, 2019

To 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 No. 3-1081 (available on www.cofrac.fr), we hereby present our report on the consolidated statement on non-financial performance for the period from February 1, 2019 to January 31, 2019 (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 March 30, 2020 and April 17, 2020 for a period of approximately eight days/person. We held three 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 of the 2019 Universal Registration Document of ESI Group;
- ▶ 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 14% 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 significative anomaly in the Statement has not been detected.

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 April 23, 2020

FINEXFI

Isabelle Lhoste

Partner

(1) *Social indicators: ESI Group. Environmental indicators: ESI site in Lyon, Rungis, Tunisia and Czech Republic.*

(2) *Developing talent and encouraging leadership and collaborative management, Promoting diversity and reducing inequalities, Contributing to the well-being of employees and ensuring the quality of life in the workplace, Limiting the impact of the Group's locations.*

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French limited company (*société anonyme*)
with a share capital of €18,055,476

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