



# ESG Report 2023

MFS  
March 2024  
Public

# Agenda

- Introduction message
- CSR strategy
- Distinctions and commitments
- Being a committed employer
- Being an outstanding partner
- Being an ethical and committed company
- Being an environmentally friendly player





# Introduction message

I am pleased to present our FY23 Corporate Social Responsibility (CSR) Report, a comprehensive overview of our dedication to creating a sustainable, ethical, and innovative future. As we continue our journey, our ambition remains steadfast: to be the preferred software partner for our customers, understanding their needs and supporting them in delivering innovative, high-quality, and resource-efficient products.

Our CSR strategy is built on four foundational pillars, each reflecting our commitment to making a positive impact. I am proud to share some of our key achievements from the past fiscal year within these areas:

**1. Being a Committed Employer** We have made significant strides in fostering a diverse, equitable, and inclusive workplace. This year, we increased the hiring of women globally and launched a new campaign focused on enhancing accessibility for individuals with disabilities. These efforts reflect our commitment to creating an environment where all employees can thrive. 50 years celebrations with more than 20 events (parties, ESI got talent, cooking competition..) created a great opportunity to reinforce our culture and values, boost employee engagement and foster belonging in the workplace.

**2. Being an Environmentally Friendly Player** Environmental responsibility is at the core of our operations. In FY23, we conducted our first comprehensive carbon footprint audit. This milestone provides a crucial reference point as we advance towards our goal of achieving net-zero emissions by the end of FY2050. This audit underscores our dedication to minimizing our environmental impact and promoting sustainability. Also, for the first time, we participated in a digital cleaning day to encourage our employees in taking concrete action by cleaning up their digital data and giving a second life to their unused computer equipment.

**3. Being an Outstanding Partner** Innovation and sustainability are intertwined in our approach to partnership. We are excited to announce the launch of our Digital Sustainable Initiative. This initiative is designed to integrate digital transformation with sustainable practices, helping our partners and customers innovate responsibly and efficiently. We signed the [Planet Tech Care](#) charter and are participating in several initiatives.

**4. Being an Ethical and Committed Company** Our ethical standards and governance practices have been enhanced through the introduction of a new ethics charter. Additionally, in the context of our transformation and acquisition by Keysight, we have implemented significant changes to our governance structure. These changes ensure that we uphold the highest standards of integrity and transparency as we navigate this exciting new chapter.

These achievements are a testament to our unwavering commitment to our CSR strategy and our dedication to being a responsible corporate citizen. I would like to extend my heartfelt thanks to our employees, partners, and stakeholders for their continued support and engagement. Together, we are making meaningful strides towards a more sustainable and ethical future.

Thank you for your trust and partnership.

Sincerely,



**Corinne Romefort-Régnier**

GENERAL MANAGER,  
SENIOR VICE-PRESIDENT GENERAL  
SECRETARY & GOVERNANCE

# CSR Strategy

## 1. Being a committed employer

Encourage the motivation of talent by ensuring mutual commitment in an international environment that promotes meaningful work, professional growth, diversity and inclusion.

## 2. Being an outstanding partner

Commit to enabling a safe and productive global clean industry by providing virtual prototypes and predictive physics for the benefit of all.

**One ESI  
2024  
Focus to  
Grow**

## 3. Being an ethical and committed company

Ensure strong and diverse governance and act in an ethical and responsible manner.

## 4. Being an environmentally friendly player

Operated in a cleaner way to reduce our impact on the environment and engage our staff in creating a green world.



# CSR distinctions and commitments



Since 2018

In support of

**WOMEN'S  
EMPOWERMENT  
PRINCIPLES**

Established by UN Women and the  
UN Global Compact Office

Since 2022



Carbon Footprint  
scope 1,2 and 3

New in 2023





# BEING A COMMITTED EMPLOYER



# BEING A COMMITTED EMPLOYER

**Objective: By 2024, reach 25% of women within the Group**

ESI’s mission as employer is based on:

- Attract, develop and motivate talents and encourage leadership and collaborative management;
- Promote multicultural exchanges; Ensure Diversity, equity and Inclusion;
- Contribute to the well-being of employees and ensuring the quality of working life.

## Results

| Indicators    | 2023  | 2022  | 2021  | 2020  | 2019 |
|---------------|-------|-------|-------|-------|------|
| Total % women | 22,4% | 21.8% | 21.9% | 22.1% | 22.2 |

## Comment

Out of a total workforce of 927 employee, women Women’s empowerment have rightfully risen to the top of organizational priorities. The percentage of women has increased thanks to several internal initiatives.

## what's on the horizon

The Quality of work-life offered to women is an essential topic in our compagny. The focus in 2024 will be to continue hiring more women and on offering a women’s friendly workplace.





**Developing talents and encouraging leadership and collaborative management**

**Results**

| Indicators                              | 2023 | 2022  | 2021  | 2020   | 2019  |
|---|------|-------|-------|--------|-------|
| % of employees with Permanent contracts | 97%  | 96%   | 96%   | 91%    | 92%   |
| Number of Hours on Training             | 4525 | 5,538 | 6,912 | 11,531 | 7,713 |
| Number of hours of training/employee    | 4.88 | 5.61  | 6.04  | 9.79   | 6.23  |
| Training (k€)                           | 179  | 288   | 250   | 250    | n/a   |

**Comment:**

In 2023, in addition to online training that is on Meta Compliance and face-to-face training, the Virtual Platform Plurisight has been made available to many employees from different departments and for training of different levels.

**what's on the horizon**

Continue to democratize training on a wider scale and ensure that it provides the skills needed to allow our talent meet new challenges.





## Women’s Empowerment

Results

| Indicators                                     | 2023  | 2022   | 2021  | 2020  | 2019   |
|--|-------|--------|-------|-------|--------|
| % Women  | 22,4% | 21.8%  | 21.9% | 22.1% | 22.2 % |
| % of female employees with permanent contracts | 97%   | 94.9%  | 94.8% | 86.2% | 86.1 % |
| % Women at ELT                                 | 40%   | 50%    | 30%   | 37.5% | 37.5 % |
| % Women (management role)                      | 18%   | 18.0 % | 18.5% | 16.4% | 17.7 % |
| % Women (not management role)                  | 23.6% | 23.0 % | 22.9% | 23.9% | 23.7 % |
| % Women New Hires                              | 31%   | 30.0 % | 27.7% | 26.5% | 30.0%  |

Comment:

ESI Group actively ensures gender equality by implementing measures to eliminate pay gap discrimination and empower women, reflected in the increasing percentage of female employees. Moreover, the company dedicates efforts to tangible actions aimed at uplifting and empowering women in the community. For instance, ESI globally raises salaries for women returning from maternity leave and maintains a gender-neutral compensation policy while enhancing the salary review process. The Women@ESI network, launched in May 2022, continues to evolve, fostering internal collaboration and empowering women.





## Promoting diversity, inclusion and multicultural exchanges



### Results

#### Distribution of staff by geographical area

| Area                           | 2023  | 2022  | 2021  | 2020  |
|--------------------------------|-------|-------|-------|-------|
| Europe, Middle East and Africa | 56.4% | 57.9% | 56.9% | 56.6% |
| Asia-Pacific                   | 36.4% | 34.9% | 34.7% | 34.5  |
| Americas                       | 7.2%  | 7.2%  | 8.4 % | 8.9%  |

#### Distribution of staff in the main countries

| Countries | 2023  | 2022  | 2021  | 2020  |
|-----------|-------|-------|-------|-------|
| France    | 23%   | 24.7% | 25.8% | 26.2% |
| India     | 21.3% | 19.4% | 21.1% | 20.5% |
| Germany   | 16.7% | 17.5% | 16.7% | 15.9% |
| Japan     | 9.6%  | 9.1%  | 7.9%  | 7.2%  |
| USA       | 6.2%  | 6.5%  | 7.6%  | 8.1%  |
| Others    | 23.2% | 22.8% | 20.9% | 22.1% |



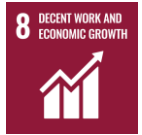
### Comment

ESI Group continues to uphold the belief that diversity is a strength. Throughout 2023, we have ensured to cultivate a vibrant work environment that values both professional excellence and human experience.

A total of 12 hours of awareness was dedicated to learn more about disability thanks to a new awareness program.

#### Integration of disabled workers

In 2023, the company launched a series of awareness session in order to better manage the integration of disabled workers in headquarters ( in France) and a general awareness session for all employee.



# Fostering Employee well-being and job satisfaction

Results

| Indicators                                  | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|------|------|------|------|------|
| % of workforce on permanent contract        | 97%  | 96%  | 96%  | 91%  | 92%  |
| Number of accidents at work                 | 3    | 1    | 0    | 6    | 11   |
| Absenteeism (all job categories)            | 1,24 | 1.29 | 2.05 | 1.56 | 1.42 |
| Flexibility NWOW* access home and coworking | 100% | 100% | 100% | 100  | n/a  |

Comment:

Remote work boosts employee well-being by saving time, promoting work-life balance, and fostering inclusivity. It leads to happier, more fulfilled employees and a stronger workforce overall.

\* NWOW: New Ways Of Working



## Employee turnover

Results (1/2)

| Recruitments                          | 2023       | 2022      | 2021      | 2020      |
|---------------------------------------|------------|-----------|-----------|-----------|
| <b>Europe, Middle East and Africa</b> | <b>78</b>  | <b>50</b> | <b>60</b> | <b>67</b> |
| Apprenticeship/internship             | 4          | 7         | 12        | 15        |
| Short-term contracts                  | 1          | 3         | 1         | 13        |
| Permanent contracts                   | 73         | 40        | 38        | 39        |
| <b>Americas</b>                       | <b>13</b>  | <b>6</b>  | <b>6</b>  | <b>8</b>  |
| Apprenticeship/internship             | NA         | 1         | 1         | 4         |
| Permanent contracts                   | 13         | 5         | 5         | 4         |
| <b>Asia-Pacific</b>                   | <b>35</b>  | <b>30</b> | <b>28</b> | <b>23</b> |
| Apprenticeship/internship             | 8          | 0         | 8         | 1         |
| Short-term contracts                  | 4          | 10        | 9         | 4         |
| Permanent contracts                   | 23         | 20        | 11        | 18        |
| <b>TOTAL</b>                          | <b>126</b> | <b>86</b> | <b>94</b> | <b>98</b> |



Results(2/2)

| Leavers                               | 2023       | 2022       | 2021       | 2020       |
|---------------------------------------|------------|------------|------------|------------|
| <b>Europe, Middle East and Africa</b> | <b>116</b> | <b>130</b> | <b>100</b> | <b>81</b>  |
| Apprenticeship/internship             | 5          | 7          | 12         | 18         |
| Short-term contracts                  | 7          | 7          | 7          | 19         |
| Permanent contracts                   | 104        | 116        | 81         | 44         |
| <b>Americas</b>                       | <b>19</b>  | <b>32</b>  | <b>20</b>  | <b>2</b>   |
| Apprenticeship/internship             | NA         | 1          | 1          | 9          |
| Permanent contracts                   | 19         | 31         | 19         | 11         |
| <b>Asia-Pacific</b>                   | <b>32</b>  | <b>87</b>  | <b>53</b>  | <b>17</b>  |
| Apprenticeship/internship             | 0          | 0          | 2          | 1          |
| Short-term contracts                  | 6          | 7          | 18         | 4          |
| Permanent contracts                   | 26         | 80         | 33         | 12         |
| <b>TOTAL</b>                          | <b>167</b> | <b>249</b> | <b>173</b> | <b>118</b> |

**Comment:**

ESI Group continued the transformation in 2023, explaining that recruitment and departure followed the same trend as in previous years.

Total number of employees: 927 at the end of 2023, showing a small decrease vs 2022.





# BEING AN OUTSTANDING PARTNER





## BEING AN OUTSTANDING PARTNER

### Results

Objective: By 2024, 75% of success stories mention positive impact on planet, human and industry performance

|      | 2023 | 2022               | 2021               | 2020              | 2019              |
|------|------|--------------------|--------------------|-------------------|-------------------|
| Rate | NA   | 80% (20 out of 25) | 74% (17 out of 23) | 21% (5 out of 19) | 13% (2 out of 14) |



## Develop solutions aiming to having a positive impact on the planet, human and industry performance

### Results

| Indicators                                      | 2023   | 2022  | 2021  | 2020  | 2019  |
|---|--------|-------|-------|-------|-------|
| % of annual renewable licences                  | 88,8%  | 92,3% | 96    | 91    | 84    |
| % of license revenue spent on R&D efforts       | 29,33% | 33%   | 29,8% | 31,4% | 31,4% |
| Number of Joint events organized with customers | 20     | 14    | 17    | 11    | 16    |
| Number of success stories published             | NA     | 25    | 23    | 19    | 14    |

### Comment:

The strategy has been changed. The focus of marketing department effort is more to deliver more marketing assets to support our marketing programs.





# BEING AN ETHICAL AND COMMITTED COMPANY







## BEING AN ETHICAL AND COMMITTED COMPANY

The main missions are:

- Guaranteeing solid and diversified governance;
- Acting ethically and responsibly.

### Results

**Objectif: Reach an average burn rate (a) of 1% over 3 years (based on LTI plans).**

| Indicators | 2023         | 202   | 2021 | 2020 | 2019 |
|------------|--------------|-------|------|------|------|
| Rate       | <b>0.90%</b> | 0.92% | 0.62 | 0.50 | 0.54 |

### Comment:

Due to the acquisition's context, this indicator will no longer apply from 2024. More details are available in the financial report fiscal year 2023.



## Guaranteeing solid and diversified governance

### Results

| Indicators                                  | 2023 | 2022   | 2021   | 2020  | 2019  |
|---|------|--------|--------|-------|-------|
| % of Board of Director that are independent | 40%  | 85.7%  | 85.7%  | 62.5% | 62.5% |
| Average age of Board of Directors members   | 57,8 | 60.6   | 60     | 65    | 64    |
| % of women on the Board of Directors        | 20%  | 42.86% | 42.86% | 37.5% | 37.5% |
| % of Board members with foreign nationality | 80%  | 57.1%  | 57.1%  | 37.5% | 37.5% |

### Comment:

Due to the acquisition context, a series of changes have been made to the Board of Directors since June 8. The ratios mentioned in the table are calculated as at December 31, 2023. Further details are available in the financial report for fiscal year 2023.





## Act ethically and responsibly



### Results

| Indicators   | 2023   | 2022   | 2021   | 2020 | 2019 |
|--|--------|--------|--------|------|------|
| Number of cases opened due to suspected noncompliance  | 2      | 0      | 0      | 0    | 0    |
| % of employees who had a training regarding ethical issues (ethical charter, anti-corruption & prevention of harassment) | 91,5%  | 83%    | 96.9%  | 93%  | NA   |
| New score on Ecovadis for responsible purchase   | 30/100 | 30/100 | 30/100 | NA   | NA   |
| Number of customer related incidents (GDPR)  | 0      | 0      | 0      | 0    | 0    |



### Comment:

In 2023 we have updated our ethics charter to comply with the latest requirements in terms of human rights, working conditions, business ethics and other topics that can only improve the working environment of every employee and satisfy our stakeholders.



### what's on the horizon

A special focus to fully integrate responsible purchasing throughout the procurement process.





# BEING AN ENVIRONMENTALLY FRIENDLY PLAYER





## Carbon footprint 2023

### 1- The scope

For first GHG assessment, ESI Group established the mandatory SCOPES 1 and 2 have been retained, as well as the most significant emissions of the SCOPE 3.

The list of greenhouse gases considered in greenhouse gas emissions assessment is set by order of the French Minister for Ecology. It includes:

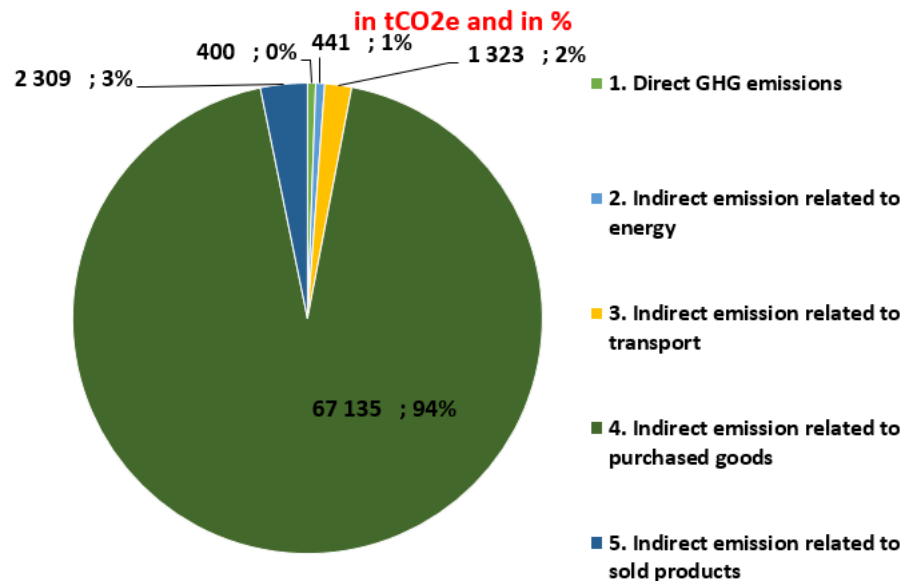
- Carbon dioxide (CO<sub>2</sub>);
- Methane (CH<sub>4</sub>);
- Nitrous oxide (N<sub>2</sub>O);
- Hydrofluorocarbons (HFCs);
- Perfluorocarbons (PFCs);
- Sulfur hexafluoride (SF<sub>6</sub>);
- Nitrogen trifluoride (NF<sub>3</sub>).



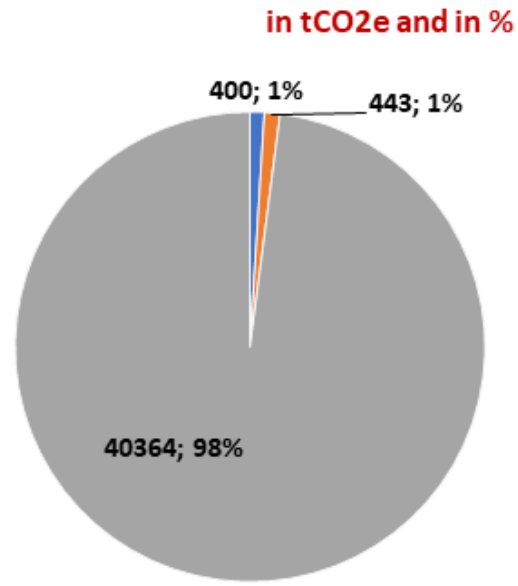
# Results Summary:

## 71,6 ktCO<sub>2</sub>e, Uncertainty at 50% (+or- 35,7 ktCo<sub>2</sub>eq)

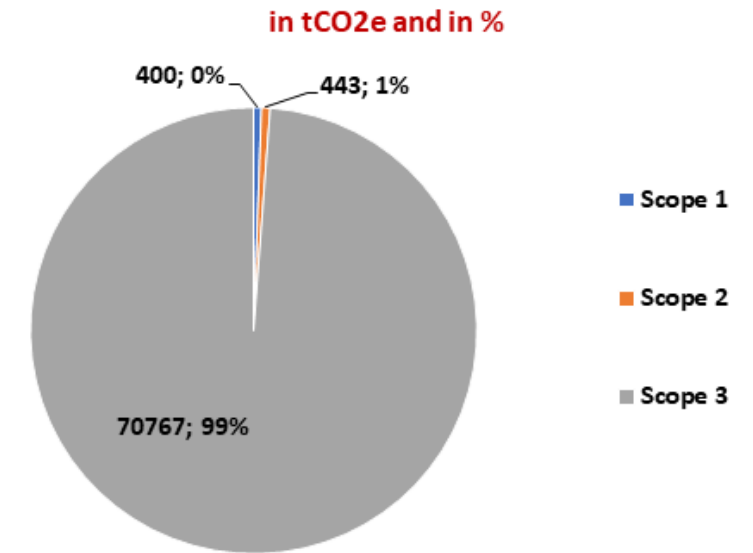
### French regulation



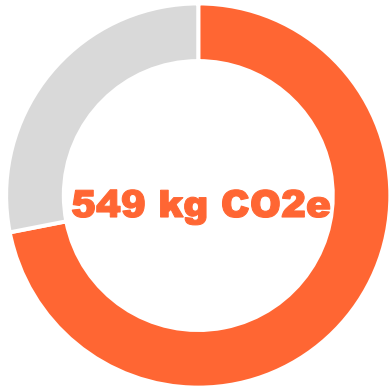
### GHG Protocol



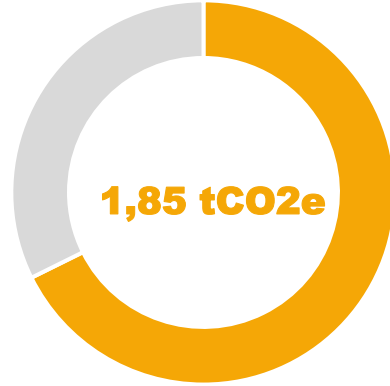
### ISO 14069



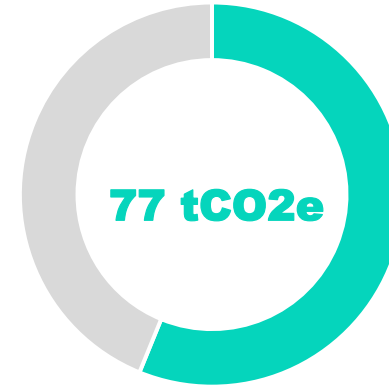
# Results Summary



per € of turnover



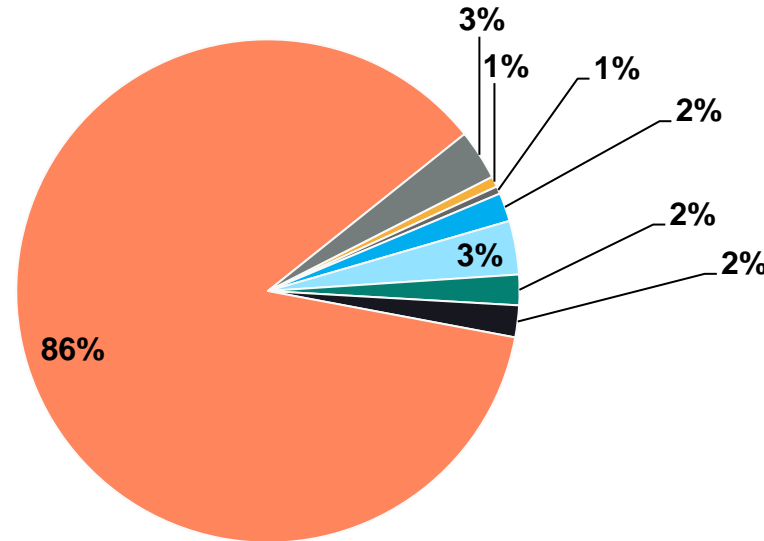
Per license



Per employee

## More details:

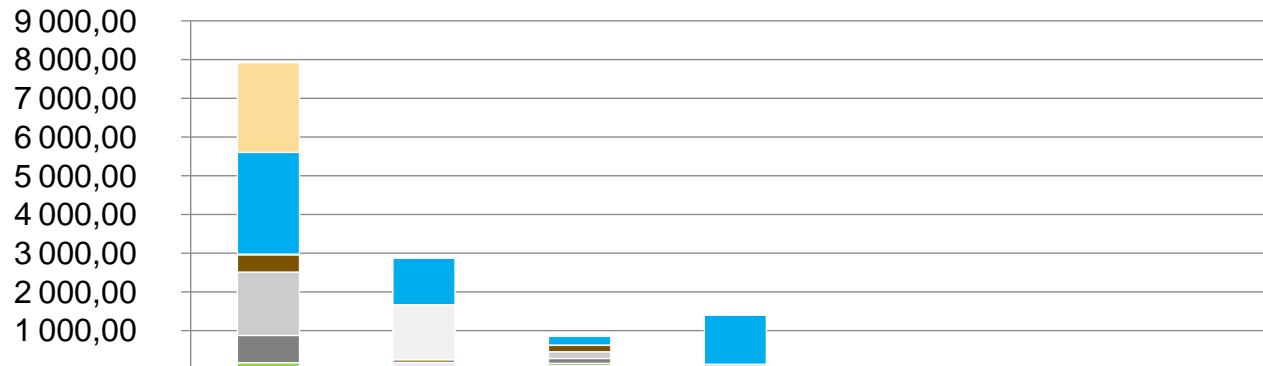
Bilan Carbone®  
GHG emissions by category, in %



- Energy 1
- Non-energy 1
- Inputs - goods and materials
- Inputs - services
- Transporting people
- Direct wastes
- Capital goods
- Use stages

# Split of GHG emissions in Europe

GHG emissions by site, in tCO2e



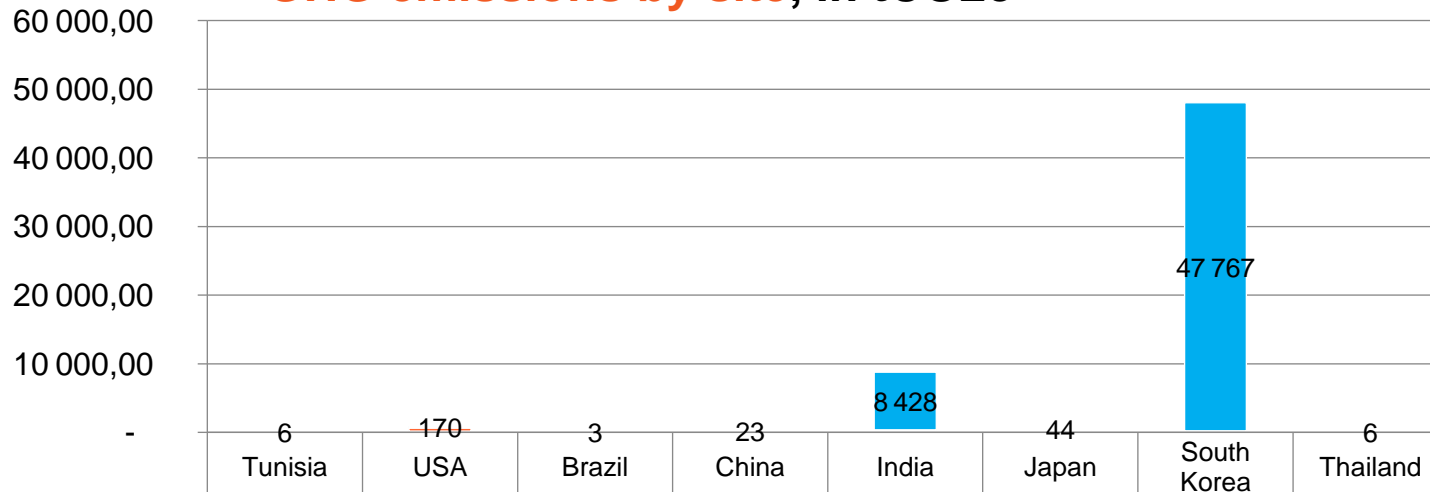
|                              | France   | Czech Rep. | Germany | Italy    | Spain | Sweden | UK    |
|------------------------------|----------|------------|---------|----------|-------|--------|-------|
| Use stages                   | 2 308,40 | -          | -       | -        | -     | -      | -     |
| Capital goods                | 2 635,25 | 1 197,66   | 220,64  | 1 270,34 | 28,74 | 9,98   | 17,18 |
| Direct wastes                | 10,38    | 1 424,25   | 7,75    | 0,34     | 1,36  | 0,54   | 1,12  |
| Transporting people          | 447,17   | 62,21      | 165,07  | 1,92     | 25,81 | 1,35   | 20,35 |
| Inputs - services            | 1 640,96 | 41,79      | 169,74  | 117,82   | 12,57 | 6,85   | 47,80 |
| Inputs - goods and materials | 701,71   | 46,91      | 123,82  | 6,02     | 29,92 | 6,67   | 12,19 |
| Non-energy 1                 | 130,56   | 25,94      | 61,44   | 0,38     | 8,41  | 1,59   | 2,76  |
| Energy 1                     | 39,99    | 65,22      | 97,04   | 0,10     | 1,28  | 0,06   | 0,80  |





# Split of GHG emissions in Rest of the World

GHG emissions by site, in tCO2e



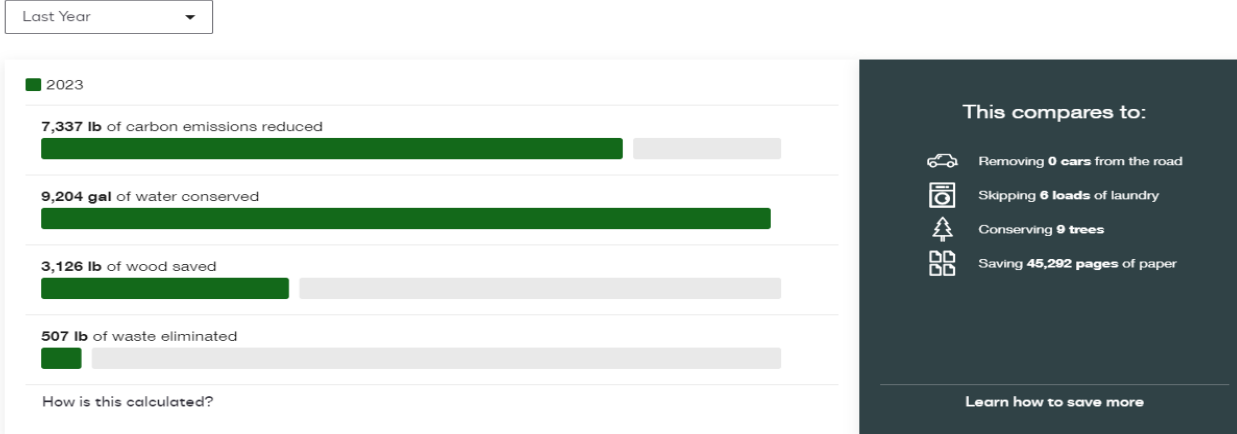
|                                | Tunisia | USA    | Brazil | China | India    | Japan  | South Korea | Thailand |
|--------------------------------|---------|--------|--------|-------|----------|--------|-------------|----------|
| ■ Use stages                   | -       | -      | -      | -     | -        | -      | -           | -        |
| ■ Capital goods                | 6,27    | 169,91 | 3,49   | 22,65 | 8 428,49 | 44,12  | 47 767,44   | 5,59     |
| ■ Direct wastes                | 0,73    | 2,82   | 0,39   | 1,12  | 9,60     | 2,24   | 0,62        | 0,29     |
| ■ Transporting people          | 12,62   | 465,76 | 4,27   | 13,76 | 110,29   | 40,00  | 25,12       | 6,31     |
| ■ Inputs - services            | 7,95    | 82,01  | 17,19  | 93,59 | 75,88    | 110,78 | 47,64       | 0,11     |
| ■ Inputs - goods and materials | 9,65    | 55,83  | 4,00   | 1,63  | 144,52   | 127,11 | 40,90       | 0,42     |
| ■ Non-energy 1                 | 1,92    | 40,32  | 0,77   | 11,71 | 25,36    | 23,39  | 10,35       | 1,92     |
| ■ Energy 1                     | 12,03   | 23,90  | 0,04   | 5,71  | 14,74    | 91,76  | 140,89      | 0,08     |



## Other initiatives

### IT Tools: Docusign

ESI continues its electronic documents program by implementing IT tools and processes to reduce the use of paper and energy consumption related to printing. Bellow is ESI Group environmental saving by using Docusign in 2023



### Reforestation

At the beginning of 2021, the Group communicated on its commitment to plant 10,000 trees by 2025, on the aim to contribute to the reforestation of the planet. By the end of 2023, about 6000 trees have been planted by ESI's customers and employees thanks to the Reforest'Action program, a social enterprise whose main mission is to preserve, restore and create forests in France and around the world through collective reforestation projects. More details are available : [Contributor \(reforestation.com\)](https://contributor.reforestation.com).

### Digital Cleanup Day

In 2023, a first experience of digital cleaning days was carried out. The action which lasted for 5 days was started by raising awareness on the impact of the digital data and how reducing it contributes to extending the lifespan of digital equipment and reduce carbon footprint.



# Thank you!

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