



# SCALIAN

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## SCALIAN 2023 ESG REPORT

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## 1. Introduction

This document reports the extra-financial information on the Scalian Group contained in the Wendel Group's Universal Registration Document published on 28 March 2024 :

- The declaration of non-financial performance ;
- ESG performance report.

This document is available [online](#).

## 2. Group presentation

Founded in 1989, the Scalian Group is a consultancy specialising in engineering, the development of complex digital systems and the management of industrial projects such as *supply chains*, business applications, cybersecurity and AI.

Thanks to its dual expertise in business processes and digital technologies, the Group is positioned as a specialist in business transformation in France and internationally. In order to offer its customers comprehensive support, Scalian has organised itself around 3 areas of expertise:

### Digital Systems

The Group offers a wide range of expertise, from the choice of technologies to the validation of information systems, embedded systems, complex systems and mission-critical systems. The Group helps its customers to develop innovative products and implement efficient processes.

### Operations Performance

The Group advises and supports its customers to build and optimise key functions throughout their value chain: from operational performance to change management and digital transformation.

### Strategy & Transformation

Specifically designed to help companies improve their strategic performance, S&T offers tailor-made support to help organisations optimise, enhance and increase their strategic potential in France and abroad.

In 2023, Scalian will have sales of €541m and 4,995 employees at 15 sites in France and 11 other countries.

### 3. Presentation of activities

#### GENERAL INFORMATION

Company activities	Complex integrated and critical systems, information systems
	Overall performance of projects, the supply chain, the purchasing function or the company as a whole
	Leveraging Big Data and innovative digital solutions to transform business and operational models

Sales figures	541 M€ <sup>1</sup>
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#### BREAKDOWN OF SALES BY REGION

Europe	96%
North America	3%
North Africa	Less than 1
Asia	Less than 1

#### WORKFORCE

Number of employees	4 995
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#### BREAKDOWN OF WORKFORCE BY REGION

Europe	97%
North America	1%
North Africa	Less than 1
Asia	2%

#### PRODUCTS AND SUPPLY CHAIN

Number of offices	26
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Products: resources/use of resources/end products and market	Consulting and software development services
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#### OTHER INFORMATION

In the Wendel portfolio since	2023
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ESG ratings	CDP	C
	EcoVadis	Silver medal, 77 <sup>e</sup> percentile
	Great Place to Work France	5th in the category of companies with more than 2,500 employees

<sup>1</sup> For the period from 1<sup>er</sup> January to 31 December 2023

## 4. ESG roadmap

ESG issues	ESG roadmap themes	Objective	Key performance indicators	Unit	2023
Climate change	Climate change: greenhouse gas (GHG) emissions	Define an objective in line with SBTi specifications	GHG emissions from Scopes 1, 2 and 3	TCO2 eq. per employee	2,1
		Reducing our carbon footprint by sourcing 95% of our energy from guaranteed renewable sources by 2028	Share of renewable energy/total energy consumption	%	50%
		Implement a climate change resilience and adaptation plan	Approval of the climate change resilience and adaptation plan by the Board of Directors	Yes/No	Yes
	Contributing to the entire transition	Supporting customers on the road to sustainability	of sales linked to CSR service offering	%	2%
Social	Health and safety	Achieve "zero accidents" at all Scalian sites and for all Scalian employees (including subcontractors) by 2028	Lost time injury frequency rate	Rates	1,72
	Check with employees that safety conditions are respected	Full compliance with safety conditions by 2026	External survey - Employee satisfaction with safety (Trust Index GPTW)	%	93%
	Guaranteeing diversity and equal opportunities	Encouraging career development for women: 40% of women in management positions by 2028	% of women managers (with at least one employee reporting directly to them)	%	25,6%
	Promoting employability through skills development	Continue to train a large number of employees (at least 2 training days/year): 60%.	of employees trained at least once a year	%	64%
	Promoting the creation of stable jobs	Keep 95% of employees on permanent contracts	of employees on permanent contracts	%	95%

	Overall employee satisfaction	Achieve an 85% satisfaction rate by 2028	% of employees satisfied according to the survey	%	75%
<b>Governance</b>	ESG performance in the supply chain: supplier performance and external rating provided by EcoVadis	By 2023: external EcoVadis rating for the ten main suppliers: minimum score of 60/100	Average score awarded by EcoVadis to the top ten suppliers (based on level of expenditure in euros)	Average score	68,7%
	Ensure that all employees are aware of and trained in ethical issues	Train employees in the Code of Conduct (including the fight against corruption and the Sapin II law), with a minimum target of 100% of employees trained by 2026	of employees trained in new versions by November 2023 <sup>2</sup>	%	8%
	Comply with security requirements and protect customer and company data	Train employees in information systems security, with a minimum target of 100% of employees trained by 2026	of employees trained at least once a year	%	12%

#### 4.1. Main material ESG opportunity linked to Scalian's business model: the CSR division

Capitalising on its experience, Scalian has developed its expertise in sustainable development by helping its clients to integrate the applicable standards and regulatory frameworks in this field. As the company has evolved, it has become actively involved in CSR initiatives, supporting its long-standing clients in the development and implementation of their CSR strategy. CSR draws on a range of core competencies and is one of the pillars of the company's international expansion strategy. Scalian is able to provide solutions and working groups with an average of 11 years' experience, backed up by a comprehensive training programme.

<sup>2</sup> This training has recently been rolled out. An action plan will be implemented in 2024 to significantly increase the proportion of employees trained and move closer to the 2026 target.



The CSR division brings together services and solutions that enable Scalian to support its customers in implementing their various transformation plans, whether these relate to the environment, social issues or governance:

- Firstly, Scalian encourages its customers to set better environmental and social objectives, which meet both the needs of the business and the needs of society at large.
- Secondly, Scalian provides specific advice on how to make significant progress towards these objectives and how to measure that progress.
- Thirdly, Scalian offers a way of transforming the way its customers talk to their stakeholders, by making them more forward-looking: What are the objectives being pursued? What is the action plan to achieve them? How do these objectives benefit the company and society at large?

Scalian's support offer is based on tools, methods and partnerships (expertise or software) that enable it to provide a response tailored to the context and challenges of its customers.



## 5. Adapting to and mitigating climate change

Aware that its activities have an impact on the environment, Scalian is committed to improving its environmental and energy performance by aligning its objectives with the target of limiting global warming to 1.5°C set by the Paris Agreement. It plans to have its trajectory validated by the SBTi in 2024.

The Chief Executive Officer is responsible for the company-wide climate strategy.

The Chairman ensures that the Board of Directors is kept informed of market developments, the competitive environment and the main challenges facing the company. The Board of Directors (Executive Committee) is a collegiate body that defines the company's strategic direction and oversees its implementation.

The Executive Committee ensures that climate issues are integrated into Scalian's strategies. It reviews the company's greenhouse gas (GHG) emission reduction targets and assesses its performance each year. In 2021, it approved the new transition plan, including the new 2050 low-carbon trajectory target. This plan aims to reduce the company's GHG emissions. The current targets will be revised in 2024 to bring them into line with the SBTi standards. In 2023, the Executive Committee has decided to accelerate its transition following its latest GHG emissions review.

The Sustainable Development Director supervises the CSR Department, which is responsible for deploying and monitoring the Group's CSR strategy. He ensures that environmental aspects are systematically taken into account, in line with the Group's strategic direction. The CSR department has a number of responsibilities, including examining the Group's climate strategy, proposing transition plans to reduce its impact, monitoring the results of this strategy each year, and issuing opinions and recommendations.

### 5.1. Carbon footprint

Scalian has been carrying out carbon audits since 2012. However, it has been decided that only the results of the 2022 assessment will be taken into account. The company has evolved considerably over the last ten years. It has acquired several companies, with the result that its workforce has grown considerably, from 750 employees in 2012 to 5,000 in 2023. The previous carbon footprints no longer reflect Scalian's reality, so the comparison would not have been relevant.

Scope	2022	Breakdown
Scope 1 (tCO2 eq)	945	12%
Scope 2 (tCO2 eq)	71	1%
Scope 3 (tCO2 eq)	6.794	87%
Intensity of Scopes 1, 2 and 3 emissions per employee (tCO2 eq) <sup>3</sup>	2,1	-
<b>Scope 1</b>	<b>Scope 2</b>	<b>Scope 3</b>

<sup>3</sup> Baseline: 3,752 employees in 2022

(direct emissions)	(indirect emissions)	(indirect emissions)
Mobile combustion (11.6%)	Electricity consumption (0.9%)	Purchase of products and services (34.1%)
Direct fugitive emissions (0.5%)		Business travel (24.1%)
		Commuting (22.6%)
		Waste generated (3.2%)
		Fuel and energy-related emissions not included in Scope 1 or Scope 2 (3.0%)

## 5.2. Action plan

Since 2017, Scalian has been working to tackle climate change through five focus areas: 1) energy efficiency, 2) energy from renewable sources, 3) increasing the proportion of long-distance business travel by rail, 4) reducing emissions from business travel, and 5) reducing emissions per employee and relative to turnover. After drawing up an initial transition strategy for the period 2018-2021, the company took a major step forward in June 2021, at the management review, by adopting a resolution to strengthen existing measures and set a new GHG emissions reduction trajectory, with priority given to targets for 2025 and 2030. The current targets will be revised in 2024 to bring them into line with the SBTi standards.

In 2022, Scalian has revised its commitments upwards as part of a transition plan that takes into account international benchmarks such as those of the Task Force on *Climate-related Financial Disclosure* (TCFD), the *Climate Disclosure Project* (CDP) and the *Science Based Targets* initiative (SBTi).

From 2024, progress against the low-carbon transition plan will be detailed in the report required by the European Directive on Corporate Sustainability Reporting (CSRD) and, for stakeholders, in a separate report on the low-carbon transition.

In these publications, Scalian will focus on three main areas for improvement:

- **Decarbonisation:** measures taken by the company to reduce its GHG emissions, its impact on climate change and its emissions from Scopes 1, 2 and 3, in order to align itself with a low-carbon trajectory.
- **Management of climate-related risks and opportunities:** measures taken by the company to manage the physical and transitional risks and opportunities resulting from climate change and the transition to a low-carbon economy.
- **Contributing to the transition as a whole:** speeding up the transition to a low-carbon economy and supporting customers through a range of sustainable services and eco-designed products.

### 5.3. Mitigation plan

As a large-scale company, Scalian has integrated this transformation into its strategy and has set itself a low-carbon pathway target for 2040. This commitment is based on measurable targets for reducing GHG emissions in the short (2025), medium (2030) and long (2040) term, and covers activities, products and services. It will be submitted to the SBTi for approval in 2024.

Objective	Area of intervention	Actions	KPIs
<b><u>RENEWABLE ENERGIES</u></b>  <i>Achieve 100% self-consumption of green electricity</i>	Production of electricity from renewable sources	<ul style="list-style-type: none"> <li>Production of green electricity using photovoltaic technology</li> </ul>	% of green electricity consumed
	Purchase of green electricity	<ul style="list-style-type: none"> <li>Buying electricity with a guarantee of origin</li> </ul>	of green electricity purchased
<b><u>PUBLIC TRANSPORT AND PUBLIC TRANSPORT</u></b>  <i>Achieve 100% self-consumption of green electricity</i>	Promoting the use of (electric) bicycles	<ul style="list-style-type: none"> <li>Participation in electric bike hire schemes</li> <li>Payment of a mileage allowance for bicycles</li> </ul>	of kilometres cycled
	Promoting the use of public transport	<ul style="list-style-type: none"> <li>Subscription to a car-sharing platform</li> <li>Partial payment of public transport season tickets</li> </ul>	% of kilometres travelled by public transport
	Promoting car-sharing		% of kilometres travelled by carpooling
<b><u>ENERGY EFFICIENCY</u></b>  <i>Optimise hardware and software to reduce energy consumption in data centres and offices</i>	Data centre cooling	<ul style="list-style-type: none"> <li>Implementing efficient cooling solutions to minimise the energy required to cool data centres</li> </ul>	of air-conditioning systems carrying the label
	Data management	<ul style="list-style-type: none"> <li>Implementation of data optimisation techniques to reduce storage and processing requirements and save energy and resources</li> </ul>	Gbit used per employee
	Efficiency of electricity consumption	<ul style="list-style-type: none"> <li>Use of energy-efficient servers, storage systems and network equipment</li> </ul>	of data centres with an environmental label
<b><u>SUSTAINABLE EMPLOYMENT</u></b>  <i>Encourage teleworking and other remote working options in order to reduce the need for physical office space and commuting.</i>	Teleworking	<ul style="list-style-type: none"> <li>Promoting teleworking in all Scalian subsidiaries</li> </ul>	of subsidiaries allowing teleworking

## 5.4. Adaptation - Assessment of climate-related risks and opportunities

Climate change is one of the greatest risks we face. Many recognise the need to limit climate change without compromising the potential for economic growth and business development. Scalian follows the recommendations of the TCFD to ensure full transparency on climate change issues for the market. It is analysing the potential impacts of climate change on its business and implementing a robust strategy to address them.

In 2023, one of the priorities was to align the transition plan with the TCFD's recommendations on mapping climate-related financial risks.

Risks and opportunities	Description	Level of risk	Actions
<b>Transition risk</b> <i>Political and regulatory risks</i>	Carbon price Future regulations on carbon pricing could have an impact on Scalian's activities, particularly business travel.	Medium	<ul style="list-style-type: none"> <li>Developing in-house knowledge of carbon pricing</li> <li>Reduce the volume of travel</li> </ul>
<b>Transition risk</b> <i>Political and regulatory risks</i>	New regulations to combat climate change (e.g. GHG reduction targets)	High	<ul style="list-style-type: none"> <li>Reduce GHG emissions by deploying a transition plan that includes a low-carbon trajectory target for 2040, in line with the SBT trajectory.</li> </ul>
<b>Risk and opportunity of transition</b>	Rising demand for green and low-carbon products	Medium	<ul style="list-style-type: none"> <li>Encouraging the purchase of low-carbon products by listing suppliers and products and incorporating supplier selection criteria into the company's purchasing policy</li> </ul>
<b>Transition risk</b> <i>Market</i>	As customer needs evolve, Scalian must strengthen its expertise in sustainable development	Medium	<ul style="list-style-type: none"> <li>Increasing the company's expertise by recruiting or training ESG experts</li> </ul>
<b>Opportunity</b> <i>Transition</i>	The development of new technologies should facilitate the low-carbon transition	High	<ul style="list-style-type: none"> <li>Developing offerings that promote the low-carbon transition through the R&amp;D centre and the CSR division</li> <li>Establish partnerships with other companies to complement these offerings</li> </ul>

## 6. Key facts 2023

### Company development

In July 2023, Scalian began a new chapter in its history when the investment company Wendel, listed on Euronext Paris, became its majority shareholder. The Wendel Group is included in the Dow Jones Sustainability (DJSI) Europe and World indexes, demonstrating the stability of its ESG performance.

### 6.1. Social aspects: strengthening safety policy and measures

- **Priority to employee health and safety**

To prevent psychosocial risks, Scalian has opted for highly targeted actions at several levels of the company. This includes monitoring critical individual situations and risks, setting up routines at monthly meetings and formalising and monitoring the measures taken by HR teams.

Managers also need to be made more aware of the risks, how to detect and deal with them, their role and responsibilities within Scalian, and the associated legal risks.

- **Real-time listening channels**

Scalian is keen to survey its employees on a more regular basis, and in 2023 launched an "employee weather report". This new tool allows employees to express their level of satisfaction at the end of each month. Managers and HR teams can access the data via the time management tool. In the event of an employee's dissatisfaction ('red' rating), managers receive a direct alert so that they can quickly take the necessary measures.

- **Solid integration for a lasting relationship**

Every new employee receives support throughout their first year with the company. A number of key measures are in place to ensure a successful integration, including the 'Welcome HR' and 'Welcome Board' programmes, and the 'Scalian Pact', which seals Scalian's commitment to the career development and skills enhancement of new recruits.

Every year since 2021, Scalian has taken part in the independent external "Great Place to Work" survey, enabling it to assess the level of satisfaction of its employees, identify any areas for improvement and draw up an action plan. In November 2023, Scalian was awarded the 'Great Place to Work' label for the third time and ranked 5th in France's Best Workplace Awards. According to the results of the Trust Index survey, 75% of respondents said they were satisfied with their work at Scalian.

### 6.2. Research and development

Scalian Insights is a new organisation reporting directly to the Group's Business Development division. Its remit is to define strategic roadmaps, stimulate innovation, accelerate project financing and lead R&D work. Two of its programmes focus on CSR:

- **The COQAIR project** aims to study the link between people's mobility and air quality, by measuring the effects of a change in behaviour on air quality.
- **The QWL project** introduces an assessment of quality of life at work. The aim is to restore priority to the company's human resources, and then to actively monitor and steer the results

of the projects and programmes implemented by evaluating social performance in the workplace. This adaptation programme places the emphasis on people, and aims in particular to help employees adapt to new challenges and constant change.

## 7. Methodological note

### Reporting period

The period used for this report is our financial year (from 30 June 2022 to 1 July 2023). However, the social KPIs relating to women managers and employees on permanent contracts have been calculated for calendar year 2023.

### Reporting scope

Scalian has acquired several companies in recent years, some of which are not yet fully included in the reporting scope. The environmental indicators concern the worldwide scope (coverage rate of over 90% of employees). The social and governance indicators concern France only (coverage rate greater than 50%). The frequency rate indicator concerns Europe (coverage rate greater than 90%).

### Reporting standards and choice of indicators

Wendel and Scalian track their environmental, social and societal performance using key performance indicators that are consistent with the Group's and Scalian's CSR commitments.

### Methodology for calculating the carbon footprint

Greenhouse gas emissions are calculated and presented in accordance with the GHG Protocol. Scope 1, 2 and 3 emissions are updated annually. The following elements have been taken into account when analysing the carbon footprint:

- Period covered: calendar year 2022 ;
- Number of employees: 3,752 ;
- Sales taken into account for carbon footprint assessment: €370m (2022) ;
- Scope: worldwide (excluding Germany), i.e. 90% of employees.

### Calculating Scope 3 emissions

The calculation of Scope 3 emissions for the latest analysis (calendar year 2022) is based on the following assumptions:

- The analysis is based on monetary ratios. Service charges relating to "external services" have been removed from service-related expenditure as they correspond solely to salaries. The emissions generated by these activities are already taken into account elsewhere as Scalian supplies materials and pays travel expenses.
- The assessment relating to commuting is based on the results of a questionnaire sent to all employees.