



2024 ESG Report

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Foreword

Dear Readers,

Welcome to our first **Report on Environmental, Social, and Governance (ESG) at SimScale**. In this document we want to transparently communicate our efforts, achievements, and challenges as we advance sustainability in our business.

ESG management at SimScale has experienced steady progress since it was formally established as a key focus area in early 2022. Since then, we have defined both short- and long-term objectives to further strengthen our commitment to sustainability excellence.

SimScale has a dedicated task force working collaboratively to implement our defined strategy, ensuring that our core ESG values are reflected in our operations and daily decision-making. Combined with the strong commitment of our executive team to prioritize ESG matters, this approach has allowed us to achieve significant progress in a short time.

The year 2024 has undoubtedly been a period of intense work, centered on two main priorities: (a) **solidifying the foundations** built over the past two years and (b) **developing an effective communication system** that positions SimScale as a company deeply

aligned with sustainability values—resonating with employees and stakeholders alike.

At SimScale, we recognize our potential to be active agents of positive change. With this role comes great responsibility. Our commitment to a more sustainable and equitable world must translate into *tangible actions* that not only improve the lives of those directly impacted by our operations but also inspire organizations in earlier stages of their sustainability journeys.

Looking ahead, 2025 will be pivotal in shaping our long-term objectives and deepening our vision. With the experience gained and the lessons learned from both successes and setbacks, we will continue **transforming SimScale into a leader in sustainability and transparency**—aligned with international best practices and in collaboration with organizations that share our values.

We invite you to contact us at esg@simscale.com for more information about our ESG strategy and our commitment to a more sustainable and equitable world.

Matias Degiuseppe | ESG Task force

January 2025

General Overview

ESG at SimScale in numbers

210

hours of training were dedicated exclusively to ESG-related topics in 2024.

38

nationalities are represented within the SimScale team.

150

trees were planted in 2024 through our environmental activity programs.

33%

of our team members received individual ESG check-ins.

7

newsletters have been published since the launch of the ESG internal communication program.

311

tons of carbon from 2023 (Corporate Carbon Footprint) were reported in 2024.

12

is the Sustainable Development Goal (SDG) that SimScale applied for the first time this year.

4

blog posts were published on our website as part of our external communication program.

Our sustainable approach

Our ESG Values

Commitment and Perseverance 🏹

We are aware that our long-term goals can only be achieved if we commit ourselves as an organization to a clear direction, regardless of the circumstances. As one of our company values "We get going when the going gets tough" says, we know that the future will bring unknown challenges and we expect to be up to them.

Sustainability and Responsibility 🌍

We know that the world's resources are scarce and therefore we must manage them responsibly. We are aware of the dangers of climate change and we want to be active participants in the fight against its consequences. At SimScale, we are passionate about what we do, an essential factor in the pursuit of a better planet for all.

Excellence and Compliance 📈

One of our corporate values emphasizes the importance of pursuing world-class performance. Our ESG objectives have the same logic: we strive for excellence in how we apply our strategy and the application of the highest ESG standards.

Diversity, Equity and Inclusion 👤

We want to contribute to a diverse world with equal opportunities for all. We reject any discriminatory act or act that threatens the physical, mental or spiritual integrity of any individual. As our company value "We put the team interest ahead of our own" says, we acknowledge that the diversity of ideas, skills and backgrounds help to make better decisions.

Creativity and Progress 🚀

At SimScale, we always put the customer first. This helps us work towards fulfilling our goal. In order to provide the necessary tools in the search for a better world, we must constantly innovate in the improvement of our product. We believe this is the best way to contribute to positive progress. If difficulties arise, we stay creative and challenge the status quo: there are no barriers when we know that what we are pursuing is meaningful.

Our sustainable approach continued

Our ESG Standards

Environmental

Our company must contribute to the sustainability and protection of the environment by gradually reducing emissions (see carbon footprint), becoming carbon neutral, raising awareness on the optimization of the use of natural resources and adapting to international standards (GHG, among others).

The commitment to care for the environment is transversal to all levels of the organization. However, its inclusion in the executive agenda is essential for it to be considered within the company's strategic decisions.

Social

Everyone should be treated with dignity and respect, and have access to equal opportunities. Health and safety conditions must be adequate, since life cannot be put at risk during the working time. Employment and human rights standards must always be met.

Diversity, equity and inclusion must occur at all levels and at all times. The company must also ensure prevention mechanisms, reporting channels, an action plan for behavior contrary to this standard and continuous training for all stakeholders.

Companies play a very important role in the local communities where they operate. It is therefore necessary to address global problems that affect the life quality of our community, which includes (but not exhaustively), the development of collaboration programs so that the needs of these communities can be met, whenever possible.

Governance

The establishment of a solid corporate governance structure is essential to ensure that there are clear procedures and responsibilities for dealing with inappropriate or illegal behavior.

Ethics and integrity are indispensable requirements for the sustainability of the business. The lack of them leads to risks that jeopardize the relationship with all our stakeholders. Therefore, there must be clear guidelines for expected behavior that are in line with national and international laws.

All controls (whether ESG, financial, business, etc.) must be transparent and communicated throughout the organization.

Environment

Our Corporate Carbon Footprint

The corporate carbon footprint reported in 2024 (pertaining to 2023) has stabilized in its year-over-year variation compared to the previous year.

Since 2023, resource efficiency measures have been implemented, such as installing monitors in our offices to optimize heating usage, resulting in a reduction of Scope 2 emissions. Additionally, we have significantly slowed down the purchase of new IT equipment, leading to a considerable decrease in emissions related to purchased goods and services. We are currently working on a guideline to improve our behavior as purchasers and seek for environmentally committed vendors.

We are also putting efforts to minimize non-essential business travel, which currently accounts for the largest share of our carbon emissions. At the start of the year, SimScale introduced a Sustainable Business Travel Guideline, designed to raise awareness about alternatives to air travel and to provide recommendations for conducting unavoidable travel in the most eco-friendly way possible. We expect to see improvements in this area in the next Carbon Footprint Assessment.

Overall, we believe there is still considerable potential for further reduction. Our goal is to lower our average emissions to 1.5 tons per employee, down from the current 2.5 tons. We are committed to introducing new measures to achieve this target.

Emission source	CCF 2021	CCF 2022	CCF 2023
Scope 2	26,83	37,49	33,04
Purchased heating	24,24	33,65	28,06
Purchased electricity	2,59	3,84	4,98
Scope 3	109,21	268,32	277,80
Business travel	26,35	125,64	147,51
Employee commuting	52,81	83,11	98,70
Purchased goods and services	16,41	41,28	16,23
Fuel and energy related activities	13,64	18,29	15,36
Overall results	136,04	305,81	310,84
Delta Y/Y	n/a	+124,79%	+1,64%

Environment continued

Our commitment to SDG

In 2024, we voluntarily registered an action that directly supports the acceleration of the **United Nations Sustainable Development Goals**.

Through this initiative, SimScale underscores its commitment to sustainable practices aligned with international best standards, in collaboration with other organizations that share our vision.

Specifically, the action we registered was our [Sustainable Office Program](#).

This program arose from the need to centralize all of our sustainability initiatives and ESG best practices within the workplace.

In this way, this program consists of a series of initiatives aimed at strengthening sustainability, recycling and resource optimization in the office and its surroundings.

We intend this program to be our signature program for the coming years, bringing together initiatives focused on the responsible use of resources and positioning SimScale as a reference in corporate sustainability.

The program is implemented within the framework of 4 fundamental pillars, namely:

- Education
- Company-wide sustainable projects
- Strong governance
- Internal and external communication



Environment continued

Sustainable Office Program

Education

We are convinced that in order to ensure that all our stakeholders align their actions to best sustainability practices, it is essential to ensure access to educational tools and information resources.

We regularly share websites of interest, informative articles, guides to sustainable resource management and other useful content.

We also have access to training and education on environmental issues through partners who assist us in measuring and reducing our carbon footprint.

Strong governance

On the other hand, the recurring revision of our guidelines, policies and procedures, allows the regulatory framework, on which our actions are based, to be always aligned with best practices.

In this way, each year new pieces are added to our governance to ensure that we can cover most of the business needs with a strong focus on the sustainability, transparency and equity of all the processes that are carried out on a regular basis in our organization.

Company-wide sustainable projects

Our sustainability projects have a strong educational focus and need all team members to actively take part in achieving the goals.

We have found that by the gamification of the initiatives, participation and commitment to the activities increases.

We have also aligned the results of these projects with concrete environmental actions, such as planting trees in areas of deforestation, closing a virtuous circle and supporting local communities.

Internal and External communication

Every action that is taken contributes to the cause of a world with a more sustainable development, but it will never be stronger than the sum of all the actions that can be taken. In this way, we believe that a special focus on communication allows other organizations to learn about best practices, creating a network of knowledge and cooperation under the same objective.

This communication can take various forms, but involves active and transparent publication of initiatives, progress and achievements, cooperation with associations of companies with sustainable objectives, participation in specialized congresses and of course constant and complete reporting to our internal team members.



Environment continued

Digital clean-up campaign

This program was executed during Q2/24 as part of our Sustainable Office Program.

Over the course of one month, we worked as a company to **reduce inefficient use of storage within our corporate Google accounts**.

Our initial analysis revealed significant potential for reduction, as a large portion of the storage consisted of spam, unnecessary files, duplicates, or outdated documents that had already been replaced.

The program highlighted the impact of digital storage on not only our carbon footprint but also on the broader environmental impact of digital activities. Each week, we shared with our team members articles with relevant information and tips for optimizing storage use.

As an incentive, SimScale pledged to plant 10 trees for every 1% reduction in storage achieved by the end of the program. **With a 15% reduction after four weeks, SimScale planted 150 trees through OneTreePlanted.**

E-waste recycling event

Proper waste recycling is a fundamental aspect of any sustainability journey.

As part of our Sustainable Office Program, we aim to keep our team members informed about effective recycling practices.

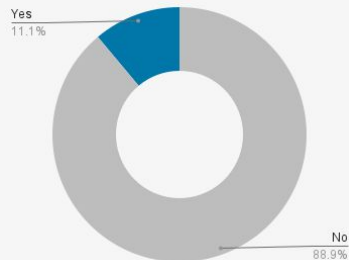
This year, **we hosted an electronic waste recycling event**, inviting team members to bring small appliances or electronic gadgets they no longer use. Our ESG task force ensured these items were disposed of in an environmentally responsible manner.

As with most of our ESG team events, we used this opportunity to openly discuss recycling and the importance of responsible waste disposal.

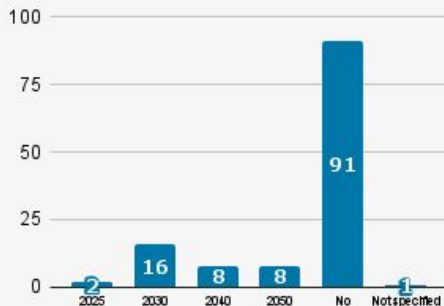
Activities like this are intended to inspire sustainable behaviors—not just in the workplace, but also at home.

Environment continued

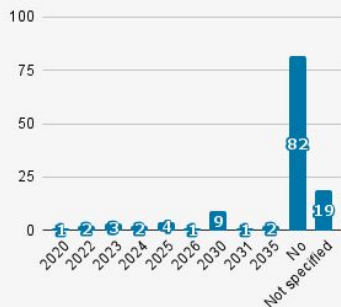
SBTi targets



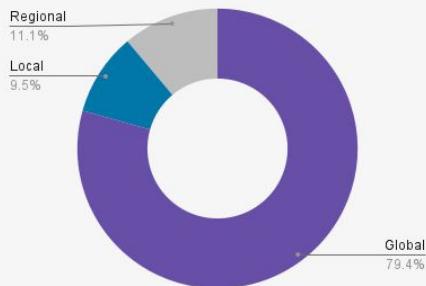
Net Zero targets



Renewable energy



Location of supply chain



Our sustainable approach to supply chain

To align our supply chain with our ESG strategy, *we have begun conducting comprehensive analyses of our suppliers' sustainability policies and practices.*

Our findings reveal that SimScale's supply chain—due to the nature of the industry in which we operate—is **predominantly global** (79%), with a strong presence of suppliers based in the United States.

However, this supply chain shows a relatively underdeveloped approach to ESG best practices. For instance, only 11% of suppliers have committed to Science-Based Targets initiative (SBTi) goals, and just 27% have declared concrete net-zero emission targets for 2050.

Additionally, the transition from conventional to renewable energy is still in its early stages. Only 20% of suppliers have outlined detailed plans for adopting renewable energy sources.

Clearly, it is **essential to act responsibly as clients and begin requiring standards to establish business relationships.** We believe our work on procurement guidelines will play a crucial role in driving the improvements highlighted in this analysis.

Social

Our focus on DE&I

SimScale's vision is to create a diverse and inclusive work environment where everyone is respected, valued and enabled to bring their true self to work. We strive to attract and retain a diverse workforce by creating and fostering a company-wide culture and infrastructure that supports all employees.

In order to achieve our vision, we work around the following goals:

Raising Awareness: Raising awareness externally will help us to attract a diverse talent pool of candidates. Raising awareness for DE&I internally will encourage conversations and promote the development of a more inclusive culture, which will ultimately improve our overall performance.

Workforce Diversity: Recruit and maintain a diverse, qualified group of employees to increase diversity of thinking and perspectives. Structurally integrate diversity in the corporate culture.

Workplace Equity: Ensure that every employee within an organization works on the same playing field, regardless of their ethnic background, country of origin, physical or mental ability, or

gender or sexual orientation.

Workplace Inclusion: Foster a culture that encourages collaboration, flexibility and fairness so all employees feel enabled to contribute with their full potential.

Sustainability and Accountability: Increase retention by identifying systemic barriers and embedding diversity and inclusion policies and practices, and equipping leaders with ability to manage a diverse workforce.

We have a dedicated task force, **#SimDEI**, which works each quarter to deliver projects aimed at making SimScale a more diverse and inclusive workplace.

At SimScale, we understand that fostering a diverse work environment is a shared responsibility. While **#SimDEI** provides the structure and framework, **managers and team members alike are encouraged to actively contribute to advancing our DE&I goals in meaningful ways.**



What we have done in DE&I

2024 has been a year full of activities focused on Diversity, Equity, and Inclusion (DE&I)!

Early in the year, we were honored to be named a **Global Champion of Diversity** in the “Start-up” category, recognized as one of Germany’s 25 global leaders. This award was presented by Imagine | Talent Without Borders.

We also began highlighting and supporting those who manage the challenging dual role of being both parents and employees, through our program **#SimParents**. This included opening focus groups to discuss related topics and creating Slack channels to foster communication and experience-sharing among parents.

Additionally, we introduced a **DEI Book Club**, providing a space for team members interested in deepening their understanding of diversity to read and discuss related books collectively.

Finally, our SimSummit 2024 offered a wonderful opportunity to come together—and to try new snacks! As part of the cultural exchange this event encourages, we invited team members to bring sweets or snacks representative of their home countries (**#CulturalSnackBar**). The result? A fantastic (and delicious) experience for all!

Volunteering activities

Our role in society often requires being directly involved in the field. In 2023, SimScale launched a **volunteer program** that provides our team members with four paid days per year to engage in volunteer activities. In 2024, we've seen some inspiring stories from our colleagues!

Stefano from Engineering took participation on the “**Social Warning, Ethical Digital Movement**” program, in Italy. He delivered classes to students and parents, aiming to train new educators through digital platforms.

Andrew and **Kerrigan** from Sales collaborated on collecting donations for **victims of Hurricane Helene** and assisted in recovery efforts for affected areas. Their support was crucial for residents of rural communities severely impacted by this climate disaster.

Jon from Product joined the **Avon Needs Trees** association in a reforestation initiative. Together, they worked on restoring an old farmland, ensuring it can sustainably regenerate the forested environment it once had.

Thank you all for your dedication to supporting our communities!



Mental Health at SimScale

The mental health of our team members is a fundamental factor for a healthy and successful work environment. We cannot conceive of achieving a sustainable business without preserving the work-life balance of our team members.

For years, we have had team members who are 100% dedicated to these tasks. Preeti, our Engagement & Retention Manager, has held more than **200 1on1s meetings with our team members throughout 2024.**

These meetings allow us to guarantee a space of openness and confidentiality where our team members can discuss topics related to their current satisfaction and engagement to SimScale and seek to prevent imbalances in well-being or burnout.

On the other hand, our **Mental Health Policy** has provided since its launch a clear procedure and protection for those team members who are going through a difficult time to have the space to recover.

During Q4/24, and in line with **World Mental Health Day**, SimScale has offered special mental health trainings to our team members through EasyLlama, with the aim of bringing the topic to the table and reminding them of the mechanisms the company has in place to deal with these issues.

Recognizing our team members

At SimScale, we want our team members to feel valued and recognized for their efforts. Recognition has consistently been highlighted as an area for improvement in the engagement surveys we have conducted since 2021.

In 2024, we were delighted to launch our first **Reward & Recognition Program**. This program enabled team members to acknowledge peers who made a significant impact on the business, through nominations. A committee reviewed them and defined a winner in each of the following categories:

- **Project Star** ★ : Outstanding participation in projects, with performance above expectations.
- **External Recognition** 🙌 : Recognition from external stakeholders.
- **Cost Saver** 💰 : Actions that reduced operating costs.
- **Innovator** 🎓 : Introduced innovative ideas or processes that significantly improved business operations.
- **Greatest Learner** 📚 : Commitment to personal and professional growth through continuous learning and skill development.
- **Overachiever** 🏆 : Has gone above and beyond what is expected to achieve something that is highly impactful to the organization.

We received **45 nominations**, resulting in one winner per category and numerous honorable mentions, all proudly showcased in our **Hall of Fame**.

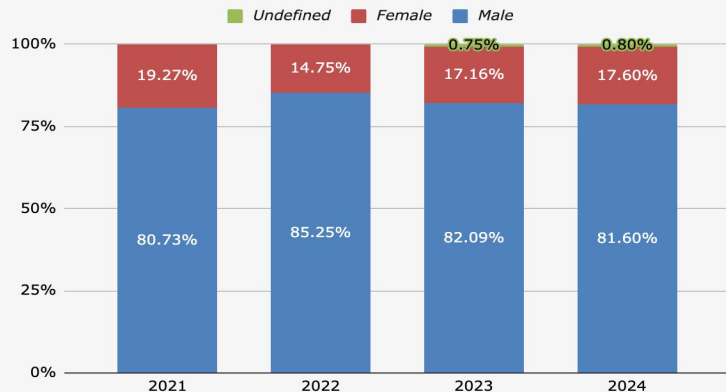
Social continued

Diversity metrics

Our metrics enable us to closely monitor progress toward building an increasingly diverse team.

One of our biggest challenges remains increasing the representation of females in our workforce and supporting their advancement into leadership roles.

As reflected in year-over-year data, the distribution has remained stable with minimal changes.



Gender	Executives		Managers		Total workforce	
	2023	2024	2023	2024	2023	2024
Female	-	-	-	5%	17%	18%
Male	100%	100%	100%	95%	82%	82%
Undefined	-	-	-	-	1%	1%
Ethnicity	Executives		Managers		Total workforce	
	2023	2024	2023	2024	2023	2024
White	60%	67%	82%	79%	56%	58%
Asian	-	-	6%	5%	11%	9%
Hispanic or Latino	-	-	-	-	9%	11%
Black or african american	-	-	-	-	-	1%
Two or more	-	-	-	-	1%	2%
Other	20%	-	6%	5%	5%	6%
Don't want to share	20%	33%	6%	11%	18%	14%
Age	Executives		Managers		Total workforce	
	2023	2024	2023	2024	2023	2024
18-24	-	-	-	-	2%	2%
25-34	-	-	6%	-	49%	43%
35-44	80%	50%	82%	89%	41%	46%
45-54	20%	33%	12%	5%	7%	6%
55+	-	17%	-	5%	1%	3%

Governance

Our corporate governance

For years, we have been building a solid governance framework to **ensure transparency and business sustainability**, anchoring our daily actions in clear standards and procedures.

In 2024, we continued our annual reviews of key governance documents, including the Code of Conduct and Ethics, Anti-Harassment Policies, Anti-Corruption Policies, and the Whistleblowing Policy. Additionally, we introduced new guidelines to provide clarity on more complex processes. These new policies include:

- Sustainable Travel Guideline
- Social Media Guideline
- Guideline for reporting fake social media profiles
- Information & Security Roles Policy - RACI Table
- BC/DR plan
- AI Usage guideline

In 2025, we will continue working to enhance process transparency and further incorporate clarity across all areas.

Employee's training program

At SimScale, we know that sound governance goes beyond policies and written guidelines.

Our governance framework defines our business ethics, expected behaviors, and the transparent, efficient mechanisms that guide our daily tasks. Since these directly impact the work of our team members, it is essential that everyone at SimScale understands how these systems operate.

We have long implemented an ESG training program for our employees through EasyLlama, with a particular focus on understanding how our governance functions and the rationale behind our guidelines and policies.

In 2024, all our employees completed the following training sessions:

- Digital Harassment and Cyberbullying and Preventing Harassment Through Reporting
- Bystander Intervention
- Emerging Cyber Threats
- Mental Health

Each team member received 105 minutes of training, amounting to a total of **210 hours dedicated to ESG across the organization.**

Governance continued

Health and safety

At SimScale, our team members can rest assured that their **safety is a top priority**.

Every year, we undertake extensive health and safety measures to ensure full compliance with the standards required for businesses operating in Germany. These measures include:

- Periodic inspections of fire extinguishers, accompanied by necessary audits.
- Updating evacuation plans and conducting fire emergency training for designated personnel.
- Enhancing office safety measures through regular reviews and updates.
- Seasonal flu vaccination campaigns to support employee health.
- Risk assessments for pregnant team members, ensuring a safe and supportive workplace.

We are proud to say that **SimScale remains a workplace free of reported accidents**, supported by outstanding safety standards and policies.

We look forward to continuing our regular safety reviews to ensure that SimScale remains a secure and healthy environment where team members can thrive without concern for their well-being.

Cybersecurity and data protection

At SimScale, safeguarding the information and data of all our stakeholders, including our customers, is also a key priority.

Throughout 2024, we strengthened our compliance with **GDPR** regulations, ensuring a thorough review of the data retained by third-party providers and the processing of third-party information within SimScale.

Additionally, we are proud to be nearing completion of our **SOC 2** certification, a process that involved rigorous assessments of our security measures, including penetration testing, vendors assessments, and the establishment of robust policies and procedures for information security management, namely:

- Software Development Lifecycle (SDLC)
- Incident Response Plan
- Risk Management Policy
- Third-Party Management Policy
- Secure Development Policy
- Operations Security Policy
- Business Continuity/Disaster Recovery (BC/DR) Plan
- Information Security Roles and Responsibilities Policy

These advancements underscore **our dedication to maintaining the highest standards of data security and ensuring the trust of all stakeholders**.

ESG Communication at SimScale

Internal Communication

Communication is a cornerstone of our ESG strategy.

We want our team members to stay informed about everything we are working on because we firmly believe that access to information is key to becoming active contributors to the change we strive to create.

This year, we introduced two new ways to engage with our team members:

ESG Newsletters

Since May, we have been publishing **monthly newsletters** that highlight a topic for each ESG pillar—Environment, Social, and Governance. These newsletters provide readers with concise, synthesized information and keep them updated on the latest developments.

ESG Check-ins

We also implemented direct engagement through 1-on-1 sessions. Starting in Q1, we conducted **10 individual check-ins per quarter with team members**. These sessions served as educational opportunities for those less familiar with our ESG efforts and a platform for gathering feedback and ideas from employees.

Through these initiatives, we continue to work toward building a stronger, more collaborative ESG program for everyone at SimScale.



ESG Communication at SimScale continued

External Communication

Communicating externally is another key focus area for us. At SimScale, we aim to serve as a beacon for other organizations striving to become agents of positive change and champions of business' sustainability.

To this end, we've dedicated efforts to share our message beyond the boundaries of our organization. In 2024, **we published four ESG-focused blog posts**, designed to reach potential readers who might draw inspiration from our actions.

Our commitment to the Sustainable Development Goals (SDGs) further reflects our dedication to collaborating with other organizations on impactful projects. In addition, we have begun aligning with the **SME Climate Hub** and set the objective of expanding our network to include associations working toward a more sustainable planet.

Lastly, as part of our commitment to greater transparency with our stakeholders, **we plan to launch a dedicated sustainability section on our website** in Q1 2025. This platform will provide an in-depth view of our ESG initiatives and progress.

