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To our stakeholders:

Sustainability is the heart of our organization and has been ORTEC's raison d'être since its foundation in 1981. ORTEC has a strong commitment to its employees and customers, and also to the future of society and the world we live in.

Using our passion for mathematics, ORTEC truly has a sustainable impact across the globe. All activities ORTEC undertakes contribute to one of the three pillars of sustainability; People, Planet and Profit. Leading by example is very important to ORTEC.



Therefore, I am pleased to confirm that ORTEC reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption. By joining the world's largest corporate sustainability initiative, we address the importance of a sustainable business and encourage others to take steps to a more sustainable world as well. In this first annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We also commit to sharing this information with our stakeholders using our primary channels of communication.

Sincerely yours,

Michael van Duijn
Chief Executive Officer



About ORTEC

ORTEC was founded in 1981 and is specialized in mathematical optimization technology. The company currently employs 900 people in multiple offices worldwide. Applying mathematical optimization technology in organizations leads to improved financial performance, increased customer and employee satisfaction and results in a better environmental footprint. ORTEC applies this technology in different industries, like Retail, Consumer Goods, Transportation, Energy, Health Care and Professional & Public Services. Examples of ORTEC customers are Walmart, Coca-Cola, General Mills, P&G, X5, PostNL, DHL, DSV, Rio Tinto, Brussels Airport, , G4S and KLM. Additional information can be found on www.ortec.com.

Human Rights Principles

**Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
Principle 2: make sure that they are not complicit in human rights abuses.**

ORTEC is aware that as a business enterprise it is a member of society and can contribute to creating an environment in which human rights are respected.

Respect for human rights is an integral part of ORTEC's corporate culture. We respect and support the protection of human rights within our sphere of influence. Our commitment to human rights includes the acknowledgement of the following international documents:

1. The Universal Declaration of Human Rights of the United Nations
2. Fundamental Conventions of the International Labour Organization (ILO)
3. Principles of the United Nations Global Compact

The responsibility to respect human rights

ORTEC strives to meet its responsibility to respect human rights by not infringing on human rights and addressing negative human rights impacts with which the company may be involved through its operations and business relationships. The responsibility to respect human rights applies to all officers and employees of ORTEC and its consolidated subsidiaries. ORTEC expects its business partners and other parties whose own impacts may be directly linked to ORTEC's operations, products or services to respect and not infringe upon human rights, and will respond appropriately where they are not respecting human rights.

Implementing this responsibility

ORTEC is committed to meeting the responsibility to respect human rights through implementing the UN Guiding Principles on Business and Human Rights. ORTEC will develop and implement ongoing human rights due diligence. Due diligence processes will include identifying and assessing potential and actual human rights impacts,



and taking appropriate action to prevent or mitigate risks. The processes will also entail tracking to ensure the effectiveness of ORTEC's actions to address impacts and risks. To account for how ORTEC responds to potential human rights impacts, the group will also develop and implement processes to communicate its findings externally. Where ORTEC identifies that it has caused or contributed to a negative human rights impact, the company will provide for or cooperate in legitimate processes to provide remediation. ORTEC adheres to national law and legislation in each market in which it operates. Where ORTEC faces conflicts between internationally recognized human rights and national laws, the company will follow processes that seek ways to honor the principles of international human rights.

Labor Principles

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labor;

Principle 5: the effective abolition of child labor; and

Principle 6: the elimination of discrimination in respect of employment and occupation.



Forced labor is a pervasive problem throughout the world. As a global employer and purchaser of services, ORTEC has a role to play related to these topics. Our Code of Conduct describes in detail how we treat all people with dignity and respect. We want all our employees to work in an open, diverse and safe environment.

Child and forced labor

ORTEC will not tolerate the use of child or forced labor, slavery or human trafficking in any of its global operations and facilities. We will not tolerate the exploitation of children, their engagement in unacceptably hazardous work, or the trafficking, physical punishment, abuse, or involuntary servitude of any worker. We expect our suppliers and contractors with whom we do business to uphold the same standards. Should a pattern of violation of these standards become known to ORTEC and this is not being corrected, ORTEC shall discontinue the business relationship. It is the responsibility of local management to implement and ensure compliance with our principles at ORTEC facilities around the world.

Diversity and equality

In ORTEC's view, the protection of rights in the workplace is only possible when we understand human rights, are aware of abuse and know how to manage risks and opportunities to improve the conditions of the people we impact. Integrity, openness and mutual respect are important values for us. We are convinced that a work environment that is characterized by equal opportunities and inclusion is vital for sustaining the satisfaction of our employees as well as our acceptance as a responsible product and service provider. Traditionally, the combination of mathematics and IT has attracted more men than women. Yet the last few years has seen changes in schools and universities and in the public opinion about the value of diversity. ORTEC strongly believes in that value and has

set specific goals to further accelerate diversity within the company. ORTEC strives to have at least 35% women at all different job levels within the company and has in addition committed itself to have at least two women in the highest management levels by 2020. ORTEC does not tolerate discrimination or harassment of any person. This rule also applies to partners who act on behalf of ORTEC.

Freedom of association and collective bargaining

We support the ILO core conventions C87 and C98. ORTEC and its business partners and suppliers respect the rights of our workers and employees to join or set up trade unions and workers' councils of their choice to facilitate close co-operation between employee representatives and management. We respect the principles of collective bargaining.

Provision of a good and safe working place

ORTEC as an employer cares for the health and wellbeing of its employees. Operational safety and health protection are significant in our business. It is our goal to achieve a positive culture for employees, suppliers and contractors. Every manager and employee has the duty to help identify, evaluate and eliminate any kind of risk to a safe working place. We have a responsibility towards our employees, as well as everyone else working on ORTEC's premises, to have appropriate access to relevant resources, fair remuneration, training and education. We enable our employees to maintain a good work-life balance. We see this as a prerequisite for employees to engage with their families and to be happy in the communities in which they live and work.



Environmental Principles

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

As the core of our work is to optimize our customers' world, our main environmental contribution can be found in the reduction of our customers' environmental footprint. Even so, we also enjoy optimizing our own energy and material use. Our activities in the field of sustainability are reported annually, and assessed by DNV-GL (annually) and EcoVadis (bi-annually).

Reporting on sustainability

More than four years ago, ORTEC started to communicate its sustainability performance in a more consistent way. This led to the publication of the first sustainability report according to Global Reporting Initiative (GRI) guidelines. Simultaneously, we ensured external assurance specifically for our efforts in reducing our energy use and related greenhouse gas emissions, by reaching CO₂-performance ladder level 3 in 2015. Since then we have taken significant steps to further enhance our performance, but there still is room for improvement. We will continue to explore and implement initiatives to further improve our sustainability performance.



CO₂ reduction

ORTEC measures its CO₂ footprint since 2014, starting with our operations in the Netherlands (which covers 2/3rd of our total emissions), and since then expanding to our other offices around the globe. Our global goal is a 20% reduction of CO₂ emissions in 2020, versus 2014. In the Netherlands specifically, we aim for a 30% reduction, and already reached a 26% reduction in 2017. ORTEC NL recycles waste, including cradle-to-cradle (circular) treatment of paper waste in our offices. We also stimulate sustainable transportation by installing more electric vehicle charging stations, offer more opportunity for use of public transport and the use of bikes. We are currently engaging in a pilot project using video conferencing to reduce the number of flights.

Customer impact

By optimizing our customers' world, we increase their efficiency, reduce their costs and enable them to positively influence their environmental impact. More specifically, they reduce their energy, materials and water use. This reduces greenhouse gas emissions as well as other harmful emissions to the environment; for example, reducing NO_x, SO_x and fine dust emissions, which significantly improves air quality.

Anti-Corruption Principles



Principle 10: *Businesses should work against corruption in all its forms, including extortion and bribery.*

ORTEC aspires to be a different kind of company. One where everybody is working to make the world a little better and doing 'the right thing' is considered normal. It's impossible to spell out every possible scenario we might face. Instead, we rely on one's good judgment to uphold a high standard of integrity, for themselves and our company. We do expect all ORTEC employees to be guided by both the letter and the spirit of our Code of Conduct.

Financial integrity

Financial and administrative integrity are core aspects of corporate professionalism. This is more than accurate reporting of our financials, although that's certainly important. Each person at ORTEC – not just those in Finance – has a role in making sure that money is appropriately spent, our financial records are complete and accurate, and internal controls are honored. This matters every time we hire a new vendor, expense something to ORTEC, sign a new business contract, recognize revenues or enter into any deals on ORTEC's behalf. To make sure that we get this right, ORTEC maintains a system of internal controls to reinforce compliance with legal, accounting, tax, and other regulatory requirements in every location in which we operate.

Transparent business transactions

Each time an employee enters into a business transaction on ORTEC's behalf, there will be documentation recording that agreement, approved by our Legal Department. All contracts must be in writing and should contain all of the relevant terms to which the parties are agreeing – ORTEC does not permit 'side agreements', oral or written. If a job involves the financial recording of our transactions, employees must make sure that they are fully familiar

with all of the ORTEC policies that apply, including our Revenue Recognition Policy and our Purchasing Policy. Any transactions that might not be recorded correctly, should be reported to Corporate Control.

Code of Conduct

ORTEC's Code of Conduct clearly states that when an employee submits an expense for reimbursement or spends money on ORTEC's behalf, he or she must make sure that the cost is reasonable, directly related to company business, and supported by appropriate documentation. Employees should always record the business purpose (e.g., if they take someone out to dinner on ORTEC's expense, they should always record in our expense reimbursement tool the full names and titles of the people who attended as well as the reason for the dinner) and comply with other submission requirements.

Measurements

ORTEC works continuously with its employees and managers to ensure that they are well informed with regard to the impacts our business can have in order to increase the ability to protect human rights and related issues. Signed business policy statements on human rights, child and forced labor, health and safety are posted on the intranet, distributed and explained to all ORTEC employees.



ORTEC's most valuable asset is its people. We ensure that we uphold the highest standards in human rights for all our employees, including a safe and suitable workplace and OHSAS policies. But we also try to protect them from harassment. ORTEC has a comprehensive Code of Conduct and works with independent mediators. ORTEC hasn't encountered forced or child labor in its supply chain. Recent research confirmed no discrimination in the working place, market-conformity in wages, and no wage differences between men and women. In 2017, ORTEC has worked on raising awareness about the value of diversity. That year, 49% of our new hires were women. When looking at the young ORTEC employees, the current number of women is well above 35%. Our goal remains: 35% women for all employee levels. The goal for 2020, having 2+ women in higher management, was already reached this year.

ORTEC achieved the EcoVadis Silver rating in 2014, and is currently reassessed to potentially reach the Gold rating. Today, we are ranked in the top 14% performers of our sector. Our Energy Management System has been reviewed and approved for the third time in December 2017 by an external auditor and meets the CO₂ performance ladder requirements version 3.0 (<https://ortec.com/about/ortec-and-the-environment/>). This certification enforces our commitment to sustainability and is valid until December 2018. Our ambition in terms of sustainability not only sends a message to our customers and peers, but also sets an example to our own international offices. In 2016, this resulted in ORTEC Belgium and ORTEC Romania officially joining our corporate sustainability reporting cycle. Belgium also successfully joined our audit for the CO₂ performance ladder in 2017. This year, ORTEC Germany and ORTEC USA joined the reporting cycle. In Q4 of 2018, sustainability metrics for all five countries will be reported (comprising over 95% of ORTEC's operations).



During the past five years, ORTEC has not been involved in litigation regarding any ethical issues (corruption, bribery et cetera).

Finally, one of the main goals in our sustainable development program is to share our knowledge and resources to support socially responsible projects. As a global company, we continue to support several projects related to the environment, society, education and sports around the world (e.g. <https://www.510.global/510-ortec/>).

