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To our stakeholders:

At ORTEC, we do things for a reason. We are intrinsically motivated to improve the world using our passion for mathematics. In ORTEC's opinion, companies often have more influence than they realize. And in today's world, they have a moral obligation to use that influence to contribute to the three pillars of sustainability: People, Planet and Profit. Companies are part of a global economic system that distributes wealth, happiness and health, and we need to take that responsibility seriously, as an integral part of what we do. After all, we can't call ourselves successful if a large part of the world is unable to participate in that success. We need to address issues like climate change, social responsibility, poverty and financial performance out of moral considerations, and to survive as a human race.

Leading by example is very important to ORTEC. Therefore, I am pleased to confirm that for the second year in a row, 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 better world as well. In this 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. ORTEC is the world's leading supplier of mathematical optimization software and advanced analytics, with around 1,000 employees and offices in 13 countries around the world. Our aim is to make applied mathematics available in a transparent, safe and sustainable way. We distinguish ourselves by creating effective and workable models of the world in which our software is meant to function. Since our foundation in 1981, we have optimized business processes at more than 1,200 leading companies. 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](http://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 on going 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 and 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 honour the principles of international human rights.

## **Labour 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 labour;

Principle 5: the effective abolition of child labour; and


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

Forced labour 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 labour**

ORTEC will not tolerate the use of child or forced labour, 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 places**

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' worlds, our main environmental contribution can be found in the reduction of our customers' environmental footprints. 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 (biannually).



## **Reporting on sustainability**

More than four years ago, ORTEC started to communicate our sustainable 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 the main operations in the Netherlands (which covers 2/3 of the total emission), and since then expanding to our international/global offices. Our overall goal is a 20% reduction of CO2 emission in 2020, versus 2014. In the Netherlands specifically, we aim for a 30% reduction. 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 public transport and the use of bikes, et cetera.

## **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: for example, reducing NOx, SOx 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. The money we spend on behalf of ORTEC is not ours; it's the company's. 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 spend 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

[in kader]

### Total impact People, Planet, Profit

Improving the world using our passion for mathematics, that's our purpose. And, as mathematicians, we like to measure how well we are doing in the pursuit of our purpose. That's why ORTEC started the 'measure and visualize impact' project last year, to calculate ORTEC's total impact on People, Planet, and Profit.

In 2018, ORTEC contributed to the employee satisfaction of over 550.000 people across our customer base. 380 customers have been able to reduce their ecological footprint in 2018 by saving 640 kiloton CO2. Our customers improved their financial performance in 2018 by almost 800 million Euro.

During the first six months of 2019 ORTEC contributed to increased satisfaction for 750.000 people (+36%) across our customer base. 429 customers have been able to reduce their ecological footprint by saving 675 kiloton CO2 (+5%), which compensates for the ecological footprint of 200.000 world citizens. Our customers improved their financial performance by € 900 million (+13%).

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## Continuous development

Our people make ORTEC unique and distinguish us from other companies. We are not just an IT company, nor just a consultancy firm, or just software developers; ORTEC is all of that and more. Naturally, we continuously do our best to maintain our people's happiness and health. We foster an open and informal culture, stimulate a healthy work-life balance, and ensure a solid remuneration with plenty of development opportunities. Since our people are ORTEC's most important asset, we offer flexible



ways of working ('Het Nieuwe Werken'). We actively stimulate employees to broaden their skills through education and continuous development. Sports activities are regularly being organized to support healthy living, and free fruit is available in all offices. The results of our quarterly employee satisfaction surveys allow us to quickly adapt to any input from our employees and are a source for development of our educational offer. Last year, we recorded no injuries related to the workplace, and less than 0,1% occupational disease. We saw a 100% return to work after parental leave. The majority of our employees is represented in formal HSE committee and works council.

### **Diversity and human rights**

ORTEC strives to have at least 35% women at all different job levels within the company and has committed itself to have at least two women in the highest management levels by 2020. For ORTEC's youngest employees (<25 years), where most of our hires take place, 35% women is already the case. 26,1% of all employees is now female; 8,9 % in management and 16,6% on board level. The difference salary ratio M/F is less than 6%, where the benchmark is 18,5%. 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 labour, health and safety are posted on the intranet, distributed and explained to all ORTEC employees. ORTEC hasn't encountered forced or child labour in its supply chain. 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. During the past five years, ORTEC has not been accused of and/or participated in litigation regarding any ethical issues (corruption, bribery et cetera).

### **Expanding the scope**

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 2014, ORTEC started with its first environmental reporting, determining the energy use of our Dutch headquarters. Since then, the depth and width of reporting have expanded. In our annual report, we can show data of the majority of ORTEC's operations (~90% based on FTE). Reporting on the use of energy has been expanded to align with the Greenhouse Gas Protocol, which includes CO2 emissions by scope. In addition, we



can also report on water usage at the majority of ORTEC's operations, and waste generation (and recycling!) data is available at an increasing number of offices.

At the end of 2017, ORTEC NL found the perfect partner to adjust the waste protocol in the Dutch offices and start taking steps to introducing circularity: De Graaf with their Paper4Paper program. First, the paper, cups, and plastics are separated from regular waste. The plastics are recycled, and the paper and cups are separately treated and repurposed into copy paper and hygienic paper, which is used again in the office. The partnership with De Graaf was recently expanded at the headquarters in Zoetermeer to include the reuse of our coffee grounds (1530kg!), as they are the ideal material to grow oyster mushrooms (Product4Product program). Those in turn oyster mushroom make a great basis for a whole range of vegetarian snacks.

## Climate goals

Our activities in the field of Sustainability are assessed biannually by EcoVadis. In 2018, EcoVadis completed their fourth assessment on ORTEC's sustainability and awarded us with a Gold rating. ORTEC's Corporate Social Responsibility status now belongs to the top 1% of all our rated peers (computer programming, consultancy and related activities), and to the top 4% of all the thousands of companies assessed by EcoVadis every other year. 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.

Along all different vectors, our CO2 footprint has the largest impact. In 2018, ORTEC emitted 3.48 ton CO2/FTE and 2813 ton CO2 total. As we now report these emissions over the majority of our operations, individual country goals were aligned to set a global ORTEC goal to reduce this footprint by 20% in 2020 (vs 2014). This year, we are working to further reduce that in several ways. After a pilot last year, we will expand videoconferencing across all offices. Sustainable transportation is further stimulated in several ways. For example, in the Netherlands an NS business card is now a standard travel option, we are expanding the biking facilities (sheds and showers) and ever increasing the EV charging stations. Moreover, besides the continued reduction of our greenhouse gas emissions, ORTEC will start looking for a company-wide program to compensate the remaining emissions.



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/>).

