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# Communication on Progress



July 2021

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# 1 Statement by the CEO

To our stakeholders:

At ORTEC, we do things for a reason. We are intrinsically motivated to improve the world using our passion for mathematics. That is why sustainability is at the heart of everything we do. We believe that companies often have more potential to improve our society than they realize. Besides, we all have a moral obligation to use our influence to contribute to the three pillars of sustainability: People, Planet and Profit.

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 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.

Sincerely yours,



Michael van Duijn, Chief Executive Officer



## 2 About ORTEC

The ORTEC journey started in the early 1980s. A few young Dutch students wanted to show the world the value of mathematics to secure long term sustainable growth for organizations and society at large. 40 years later, 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 globe. Over the years, we have optimized business processes at more than 1,200 leading companies, enabling us to make a significant contribution to a better world. Additional information can be found on [www.ortec.com](http://www.ortec.com).

## 3 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 monitoring 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.

## 4 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.

As a global employer and purchaser of goods and services, ORTEC has a role to play in contributing to the elimination of forced labour. Our core value is treating 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

At ORTEC, we believe that diversity is essential to our success. Differences in gender, age, background, sexual orientation, physical ability, religion, family status, et cetera, bring different perspectives that fuel innovation and creativity, leading to more robust solutions, balanced decisions, and better results for our customers. To accelerate our progress in our non-ending journey toward a more diverse and inclusive environment, halfway 2020 the foundation of a global Diversity, Equity & Inclusion Team was announced.

People throughout ORTEC were asked to sign up for the new Diversity, Equity & Inclusion (DE&I) Team. Thirteen very motivated colleagues from around the world showed their interest to join. A kick-off meeting

was organized in October, to get to know each other, define a shared ORTEC vision on DE&I and gather the most important topics to focus on in the coming years.

Since the initiative is all about inclusivity, ORTEC decided to start the group with applicants from our offices around the globe. ORTEC CEO Michael van Duijn is very committed to the subject and really wants to go full speed ahead to make ORTEC an inclusive company. The kick-off meeting on October 6<sup>th</sup>, 2020, which happened to be Diversity Day, created a really solid and safe base for a fruitful future cooperation

The Executive Team has given the DE&I Team two goals. First of all, we need to take inventory of the 'as is' situation. In other words, which processes, organizational aspects, cultural aspects at ORTEC are already inclusive and which are not? Which of these aspects apply to which ORTEC offices? Which are global issues? This is to first identify the really urgent matters, that have to be changed immediately. The second goal is to define the 'to be' situation: what should ORTEC look like in 1, 5, 10 years from now? We can use these 'to be' situations to develop a strategy and roadmap.

#### **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 have 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.

## **5 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.



At ORTEC, we use our passion for mathematics to empower our customers and partners to reduce their environmental footprint. When it comes to our own impact the planet, we want to lead by example. Sustainability starts with having a look at our own actions and impact on the climate.

#### **Our own impact on the environment**

In 2014, ORTEC published its first environmental report and we committed ourselves to reduce our CO2-footprint by 20% in 2020. We are glad to announce that we have achieved this target in 2020. This achievement is the result of many changes and developments over the past years. From purchasing green electricity to upgrading cycling facilities, many improvements were made at our offices. In addition, our colleagues made the necessary efforts to help reduce our travel emissions. These efforts enabled us to reduce air travel, switch to electric or hybrid vehicles and promote the use of public transport.

Having achieved our 2020 reduction goal, it is time for the next step in our climate ambitions. We are excited to announce that our next short-term goal is to achieve net-zero CO2-emissions in 2021. To reach this goal, we are further reducing our footprint and setting up a partnership to offset our CO2-emissions by planting trees.

#### **Customer impact**

By optimizing our customers' worlds, we increase their efficiency, reduce their costs and enable them to positively influence their environmental impact. More specifically, they reduce their consumption of energy, materials and water. This helps to reduce greenhouse gas emissions as well as other harmful emissions to the environment; for example, reducing NOx, SOx and fine dust emissions, which helps to improve air quality.

## 6 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 we are all working to make the world a little better and doing ‘the right thing’ is considered normal. It is 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, though that is certainly important. The money we spend on behalf of ORTEC is not ours; it is 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 our 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 should be documentation recording that agreement, approved by the Legal Department. All contracts should 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 states clearly 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.

## **7 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 labour, health and safety are posted on the intranet, distributed and explained to all ORTEC employees.

ORTEC's most valuable asset are 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 a robust remediation mechanism. In the reporting period ORTEC has not encountered any forced or child labour in its supply chains. Recent research confirmed no discrimination in the working place, market-conformity in wages, and no wage differences between men and women. In 2020, ORTEC has worked on raising awareness on the values of diversity. When looking at all ORTEC employees, the percentage of female employees grew by more than 2% to 30,6%.

ORTEC reached the EcoVadis Gold rating in 2018. The renewed application to Ecovadis is currently being assessed and we hope to maintain our Gold Rating. This certification enforces our commitment to sustainability. Our ambition in terms of sustainability not only sends a message to our customers and peers, but also sets an example to our own domestic and international offices.

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 support projects related to the environment, society, education and sports around the world (e.g. <https://www.510.global/510-ortec> and <https://ortec.com/en/news-more/insights/amref-and-ortec>).