



ESG REPORT 2023

SD Worx Group





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Gearing up for the future

All businesses should try to contribute as much as possible when it comes to solving pressing societal issues. This is indeed one of the reasons we were established as a not-for-profit organisation almost 80 years ago. Ever since, SD Worx – now a large international enterprise – has embraced this role with great responsibility and commitment.

In doing so, we are increasingly guided by regulations, which is only logical at a time when the economic downturn, climate change and the energy crisis are seen as our greatest societal threats. Highlighting the gravity of these threats, the Corporate Sustainability Reporting Directive (CSRD) and European Sustainability Reporting Standards (ESRS) came into force in 2023, and the Corporate Sustainability Due Diligence Directive (CSDD) will follow soon.

Through the years, and especially in 2023, we have adapted accordingly. Fortunately, we had a solid foundation to build on, as we have always gone above and beyond what is legally required, especially regarding the S in ESG (Environmental, Social and Governance). We do this for our employees, suppliers and partners, but also for our customers and the communities we serve. After all, as a leading European provider of HR solutions for all organisations and their people, we can and want to have a significant positive social impact.

Our focus has always been socially inspired and intertwined with the advancement of sustainable workforces through (digital) people solutions offerings, for which we have been recognised. However, as our business, society and the environment continue to change, we are developing a comprehensive sustainability strategy. It's a process that deserves careful thought and additional resources.

This 2023 ESG report outlines our ongoing journey towards a minimal environmental footprint, maximum social impact, and strong and ethical business practices. It has been a year of increased activity: efforts have accelerated across all ESG dimensions, not only at SD Worx, but also through developments across our stakeholder base, which we are pleased to confirm.

The Executive Committee of SD Worx

Sustainability vision and strategy

SD Worx wants to maximise its social impact. Each and every one of us has a spark; we support you in making yours as bright as possible.

In line with our 2023 business strategy, SD Worx aims to be the trusted leading European provider of integrated, end-to-end HR solutions for all organisations and people, all while growing our business in a durable and respectful way. To achieve this sustainable goal for nearly 90,000 customers, we want to ensure that long-term value is created and maintained, while considering all risks associated with our growth ambitions.

Our business objectives are interwoven with our social ESG vision. That's a must, since a sustainable workforce includes strong engagement, personal well-being, talent-based careers, proactive recruitment, dedicated talent management and inclusive teams.

More broadly speaking, this also means caring for the environment and communities in which our people live, and managing our business wisely to ensure that everyone has a meaningful job tomorrow. The success that comes from this vision will reflect on the entire SD Worx community – not only the inner circle of employees, customers and their employees, job candidates, partners, etc., but also the families of all our stakeholders. In other words, all the people for whom we want to create maximum social impact.



For SD Worx, business sustainability is about more than the environment. We also contribute to fostering inclusive communities and business practices that integrate environmentally sound objectives. The latter covers a wide range of practices: lowering emissions, reducing energy consumption, sourcing products from fair-trade organisations, ensuring that physical waste is disposed of properly and with a minimal carbon footprint... These are all steps towards sustainability.

In short, there are many ways to concretise our goal of maximising social impact and contributing to sustainable communities and business practices.

Activating our brand story

Through our people solutions portfolio, which spans the entire employee lifecycle, we aim to create the right working environments for people and organisations to thrive in. For Life, For Work. It's with confidence that we describe our people solutions as ESG-inspired offerings, as they help build sustainable workforces. Workforce planning, skills-based talent management, analytics, flexible reward and expertise building are just a few examples of these offerings.

Contributing to Sustainable Development Goals

We actively track progress towards the UN targets, or Sustainable Development Goals (SDGs), to foster and contribute to a more sustainable world. Meaningful ESG impact is sought by focusing on 4 main objectives that reflect the social role we play through our

activities, both within our organisation and in relation to external stakeholders. These activities contribute to good social and environmental stewardship and a shared culture of sustainability, and include:

- Activities that focus on the human impact of economic systems, including activities to combat inequality and promote diversity, inclusion, equity and belonging (DEIB).
- The production of social goods: activities that bring social benefits (simplification of labour law, payroll seminars, etc.) and facilitate transparency and dialogue.
- Activities that focus on preventing and addressing negative impacts (employment, health and safety, training).
- SD Worx not only addresses the risks and threats of sustainable development, but also seizes business opportunities that improve the welfare and well-being of present and future generations. As future generations are unable to express and articulate their views, we do our best to forecast future scenarios and key topics.

4 main goals



Given the size and complexity of our organisation and the solutions we provide, we also support other SDGs in addition to the five that we have identified as our priorities. For example, CRS's activities in support of vulnerable groups in society support the achievement of SDG 1 (No poverty), SDG 2 (Zero hunger) and SDG 10 (Reduced inequalities).

For SD Worx, sustainability is thus linked to social stewardship, i.e., the urge to not only serve the company's (financial) goals, but also to consider their impact or long-term benefits on the environment in which the Group operates. Such stewardship has embedded CSR activities in the Group's philosophy, mission, goals and purpose since our company was founded as a 'social secretariat'. As a result, a portion of our profits is reinvested in a wide range of social activities.

5 support goals



Confirming public accountability through sustainability ratings

To confirm that SD Worx meets the highest standards in all areas, and to communicate our sustainability performance in a transparent way, we undertake an annual independent assessment by Ecovadis. Ecovadis is widely used in service organisations and provides a sustainability rating and a scorecard summarising our performance using simple metrics.



Our public accountability and engagement is also strengthened by the fact that we are a signatory to the UN Global Compact network, thus committing to integrate the 10 UN principles or core responsibilities related to human rights, labour, the environment and anti-corruption into our business practices through sustainable strategies, policies and operations. Our public page can be accessed at: [SD Worx | UN Global Compact](#). An overview of the 10 principles can be found at: [The Ten Principles | UN Global Compact](#).



Our ESG ambitions

Ambitions	KPIs	Actions
Environment Support global decarbonisation by reducing emissions in line with EU 2030 targets, and be a catalyst for our stakeholders by providing digital and sustainable services & solutions	<ul style="list-style-type: none"> • Reduce GHG emissions by at least 55% by 2030 (vs 2017) 	<u>Includes</u> <ul style="list-style-type: none"> • Carbon footprint registration • Development of Climate Action Plan • Green mobility vision / increased electrification • Environmental provisions in policies
Social Be a social impact and innovation leader by building diverse, inclusive and equitable communities and workforces, and foster a culture of belonging, wellbeing and professional growth	<ul style="list-style-type: none"> • Improve NPS and other work related survey outcomes • Activate ESG-inspired offerings 	<u>Includes</u> <ul style="list-style-type: none"> • Social and DEIB programmes (incl. well-being sessions) • Knowledge sharing and legal advice • People management (incl. SD Worx Academy and training / employability / reskilling sessions)
Governance Demonstrate leadership through our accrued capabilities in terms of accountability, integrity and transparency, and set the highest compliance and ethical standards in our profession	<ul style="list-style-type: none"> • Compliance with rules and regulations for all products and services • BOD diversity and independence 	<u>Includes</u> <ul style="list-style-type: none"> • Recognition at e.g. The Rewards 2022 and CIPP Annual Excellence Awards • Social dialogue and collective bargaining • Assurance and ISO/ISAE certifications • Ecovadis rating, new procurement policy

E: in line with the EU's Green Deal and increasing international environmental regulation, we will play our part in reaching the EU's decarbonisation target by 2030.

Concrete actions were taken in 2023 to meet our responsibilities regarding climate change and environmental risks. As decarbonisation efforts gain ground, SD Worx is increasingly committed to integrating them into real estate and mobility strategies.

- A carbon footprint assessment was carried out covering almost every office across the Group, with an increasing focus on energy use (source) and the level of renewable energy used, including our data centre providers.
- Additional statistics and intensity figures were calculated, as required by the forthcoming EU sustainability regulations, to achieve our decarbonisation targets.
- We launched green initiatives ranging from 'plant a tree' with customers, solar panels, smart energy management, carbon offsets and the creation of a food forest.
- A total cost-of-ownership model was introduced to ensure a future-proof mobility policy.

S: as an HR provider, SD Worx wants to set a good example and raise the bar in terms of inclusive HR policies and people management. Our ambition is to provide an optimal, healthy, safe and stimulating working environment and the right support for our employees, thus contributing together to social projects. This social impact is also something we want to communicate and transfer to our clients through our portfolio and ESG-inspired offerings.

Inspiration and commitment are essential ingredients needed for us to grow and continually reinvent ourselves. To continue to spark innovation, we share research, client success stories and expert insights to help clients navigate the changing HR landscape across Europe.

We practise what we preach, by transforming our approach to talent management and HR tech, and implementing diversity, equity, inclusion and belonging (DEIB) programmes to enhance employee experience.

Talent management

- Roll-out of talent programmes for employees and customers, use of SMART principles and feedback loops
- Impact pulse/cycle, year-end impact conversation with employees
- Talent mobility sessions, training, employability, reskilling sessions

Human energy/wellbeing

- Fit@work programme, organised running/cycling events
- Ergonomics sessions, flexible and digital/personalised employment models
- Expanded scope of engagement survey

DEIB

- Launch DEIB charter
- Onboarding days
- Antwerp Pride days

G: governance is about more than compliance and following corporate governance principles. For SD Worx, it's also about setting the standards in our profession regarding ethics, data security, social legislation or, for example, responsible business practices in labour markets.

With more than 7,500 employees spread across most European countries, we're conscious of the need for sustainable governance processes to ensure an efficient organisation at work.

Combined with the involvement of our shareholders (WorxInvest – the 77.5% majority shareholder – and CVC) and related investments (GIMV), changes have been made to our Executive Committee and the Board of Directors in 2023 that reflect the importance of international growth and customer focus.

Related actions are:

- Further harmonisation of ESG frameworks in line with regulatory changes
- Improved customer experience and complaint-handling processes
- Establishment of a third-party assurance desk
- Supplier onboarding process redefined (including policies & guidelines)
- Significant improvement in our sustainability rating/ Ecovadis score
- Signatory to the UN Global Compact and an improved Communication of Progress report
- Improved code of conduct and risk & security learnings
- Revised anti-bribery and corruption policy
- New risk management policy

Futureproofing ESG strategy through a double materiality assessment (DMA)

What activities are relevant or material that reflect our organisation's significant economic, environmental or social impacts?

With our ambition to promote purposeful work and have a positive impact on individuals and society through our role as a social, economic and health promoter, we focus on three key areas:

1. shaping the future of work
2. career and employee experience
3. sustainable governance

SD Worx profile and brand story

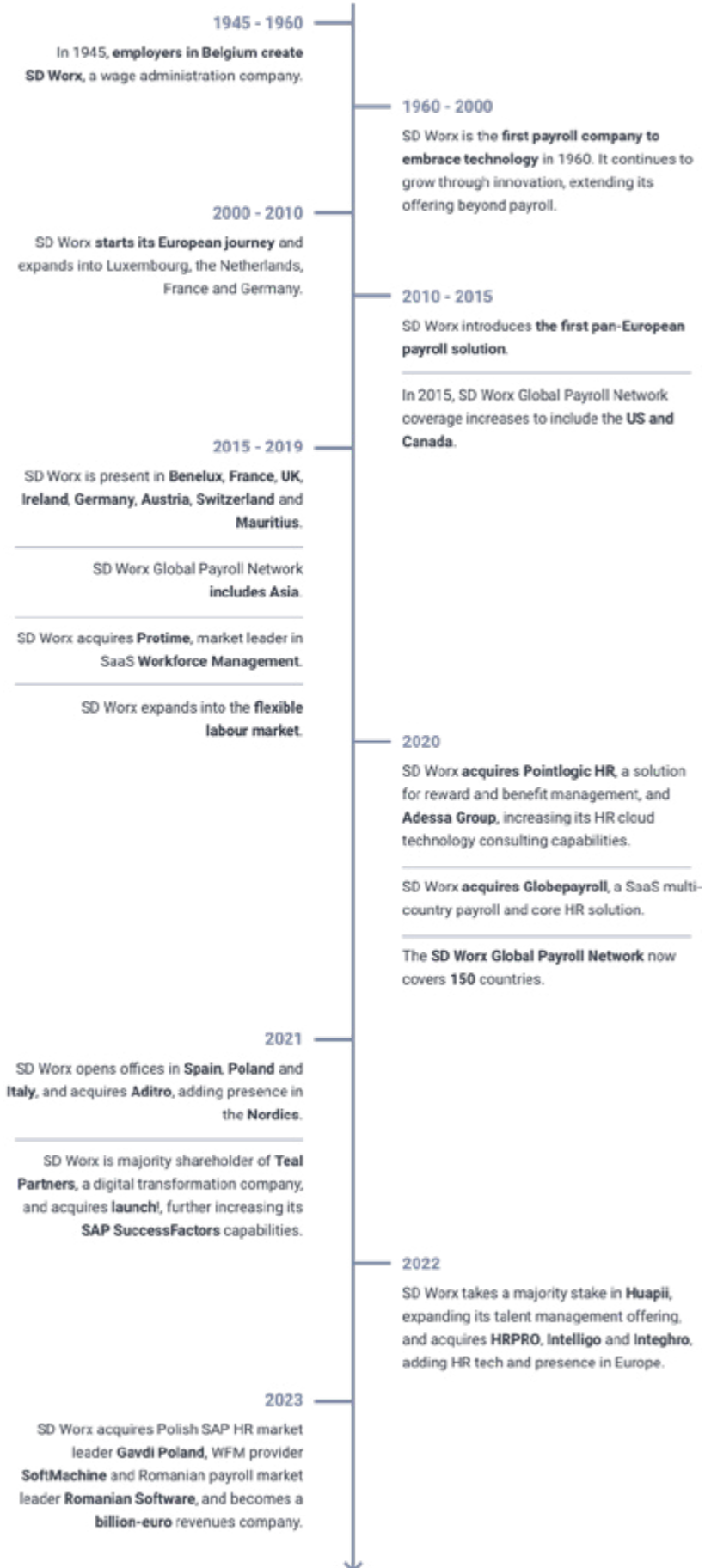
SD Worx is the trusted leading European provider of end-to-end HR solutions for all organisations and workers



- Present in 25+ countries
- Global reach: worldwide



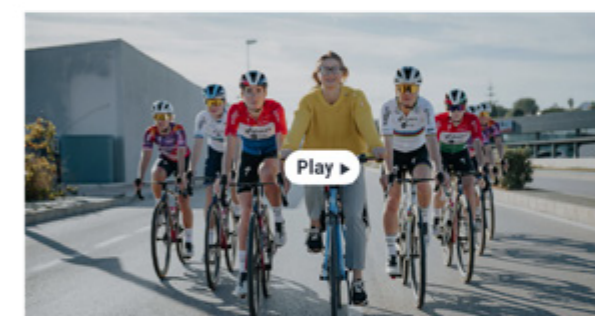
History



For life. For work. People solutions for the age of fluidity.

In today's new world of fluid work, people want to be inspired by what they do and have the freedom to focus on what matters. Organisations need a dynamic, motivated workforce empowered by smart technology. As a leading European provider of integrated HR solutions, SD Worx turns HR into a source of value for our customers' business and the people that work for them.

We spark success at the heart of your business, so you and your people can thrive.



People solutions across the entire employee lifecycle

SD Worx delivers HR solutions across the entire employee lifecycle, from paying employees to attracting, employing, rewarding and developing the talent who make businesses succeed. SD Worx powers performance through four core capabilities: software, outsourcing, consultancy and data-driven insights.

We believe that people are always at the heart of business success. That is why we help our customers empower their people at every step of the way, enabling them to benefit fully from our solutions—driving better results for individuals, for teams, and for their bottom line.

Our value statements



To be a spark: this is the core of our corporate culture. Our company values will guide us towards this.

Dear Customer

We always put our best foot forward for our customers. By placing their needs and requirements before anything and everything else, we keep them ahead of the game. However, we manage expectations and are not afraid to challenge questions. We listen to and put ourselves in the shoes of the people who use our products and services. By truly understanding their goals, we use our expertise to provide the highest quality service with passion and professionalism. Placing the customer first is a team achievement: we are all responsible and we all have roles to play.

Commitment Drives Us Forward

We have the will to succeed, and we feel the need to progress. We take pride in and ownership of our work, from start to finish. Every day, we take charge of the situation and look after our customers by guiding them in the right direction. No matter how big the challenge or how many stumbling blocks we encounter along the way, we are dedicated to delivering results. We look ahead with confidence and keep moving forward to find the way to new solutions.

We Believe In Each Other

Trust and integrity are what we stand for. We have faith that each one of us will do what is expected. Our colleagues as well as our customers rely on us to look after them and guide them in the right direction. We have confidence in our own abilities and are empowered to make our own decisions, knowing that the team will always support us. As trust and honesty are closely tied together, we're sincere and we dare to set boundaries. In other words, we stick to our promises, but we only promise what we can deliver.

The Road is Open

We dare to look at things from a different perspective. Not always knowing what comes next, we look in all directions to form new ideas to make things better. Innovation is in our DNA and imagination is our best friend, as these inspire creativity and pushed us to see possibilities beyond the realities of today. Looking toward the future, we accept new challenges without prejudice. We are open to learning new things and questioning old habits. This requires us to be bold and positive. We can only be truly open minded if we rely on our spontaneous enthusiasm without taking things too seriously.

One for All, All for One

We are close and feel interconnected, even if we are physically apart. With the interests of the team at heart, we all pull together with a clear view on where we are going. All team members are equal partners, and everyone knows their roles and responsibilities. Even though we have our share of differences, we always keep the dialogue going. With respect for different opinions, we understand that we can achieve so much more when we join forces. Working closely together triggers a sense of belonging and camaraderie: we are all part of the SD Worx family.

Purpose and constructive collaboration

Our values serve as a guide for how we work together. They are closely linked to our future competencies, which define what it takes to stay relevant and successful. Together, our values and competencies express what we believe in and how we must act to achieve our common purpose. To ensure that our values are more than just words, they are included as criteria in our recruitment policy, performance reviews and onboarding processes. Our values apply to all at SD Worx and are set out in our new code of conduct with our expectations and standards for behaviour and management practices. These form the foundation of our organisation, our approach to doing business and the way we work.

About this report

Our 2023 ESG report is driven by upcoming sustainability reporting requirements and our strategy to strengthen our sustainability efforts, which are increasingly shaping our society and the way people live and work. In this report, we explain how we are embedding sustainable approaches into our processes and activities. We provide our stakeholders with an overview of our ESG ambitions and explain the diversity of our strategies and the related actions we have taken or are in the process of taking. The discourse is structured around the themes of E(nvironment), S(ocial) and G(overnance). Reporting is performed for SD Worx NV. While SD Worx NV – headquartered and founded in Belgium in 1945 – unites SD Worx People Solutions and SD Worx Staffing & Career Solutions (established in 2019), activities undertaken by SD Worx People Solutions are more dominant in this report due to the size of operations and international market reach.

To enable a clearer understanding of our ESG governance process and to provide more insights into our ESG initiatives along the entire value chain, we will expand the reporting boundary upstream in line with sustainability reporting standards whenever required. To become more agile, high-performing and transparent, a new Group structure was established in 2022, with WorxInvest (worxinvest.com) as the parent company of SD Worx. This diversified investment company with a long-term focus will continue the track record of SD Worx and facilitate our further growth ambitions. Indeed, 2023 saw a significant expansion of the Group to a total of over 7,500 employees, realised by organic growth and the integration of Gavdi (Poland) and SoftMachine (Spain) into our organisation.

The same holds for three non-profit entities related to WorxInvest: two private foundations (Private Stichting SD and Private Stichting SD Patrimonium) and SD Worx for Society cv/so.

If you have questions about this report, please contact Kelly.Lespinoy@sdworx.com.

GRI still sets the standard

This report adheres to the reporting principles defined by the Global Reporting Initiative (GRI), a non-profit organisation that provides an internationally recognised framework for sustainability reporting on governmental, economic, social and ecological levels. In accordance with the GRI's G4 reporting principles, this report complies with the Core level of sustainability reports. More information on our reporting practices and standards can be found in Annex 1. The GRI reference table in Annex 2 completes the overview.

Stakeholders and value

An appropriate stakeholder model complements the strategic vision of our company. Multiple stakeholders contribute to the success of the business and deliver positive societal outcomes that enhance the value of the business. This value relates to both economic performance and social impact values. There are many examples of the benefits of a stakeholder engagement model, such as a broadened knowledge base (learning from business partners), increased responsiveness (close to customers), clear accountability to relevant stakeholders and a motivated (engaged) workforce. It also means incorporating the perspectives of individuals, groups and other companies into our strategies so that all voices are heard. By including all relevant stakeholders, SD Worx strives to execute its ESG strategy, responding to important social themes that we and future generations will face.

Types of stakeholders

Proper segmentation enables us to estimate the impact our stakeholders generate through their activities and business operations.

- **Organisational stakeholders** often have vested interests in company performance. These can be internal stakeholders, such as the owners of SD Worx, or designated management teams, but these can also constitute investors and shareholders. It's up to the owners and the highest governance bodies, e.g., the BOD and EXCO, to manage the company and execute its vision, goals and growth strategies. It's in this context that they 'instigate' the departments of the company. The interrelation of their complex roles (benefiting vs. driving stakeholder interests) demonstrates a robust corporate governance approach, as described in the 'Governance' section.
- **Driving stakeholders** include SD Worx entities and the departments that generate economic value, thus driving the company's ESG impact. These include all SD Worx employees who are able to develop and manage all relevant activities the company is involved in to realise business and social goals.

- **Benefiting stakeholders:** there are many stakeholders that benefit from SD Worx. The social value that SD Worx creates benefits society and the (local) communities we reach. This impact is not only generated by the CSR actions we have been developing from the start but also by the many social efforts made to improve the relations between employers and employees, for instance. The labour market is therefore an important beneficiary stakeholder. In addition to our customers, partners and suppliers, it is SD Worx's employees that we want to see included, empowered and thriving.



“The social impact outcomes we pursue are to benefit many different stakeholders. Through our daily activities, we generate social benefits that eventually contribute to a more inclusive society.”

Tania Deswelgh, Brand strategy & Analyst relations

Social impact matrix

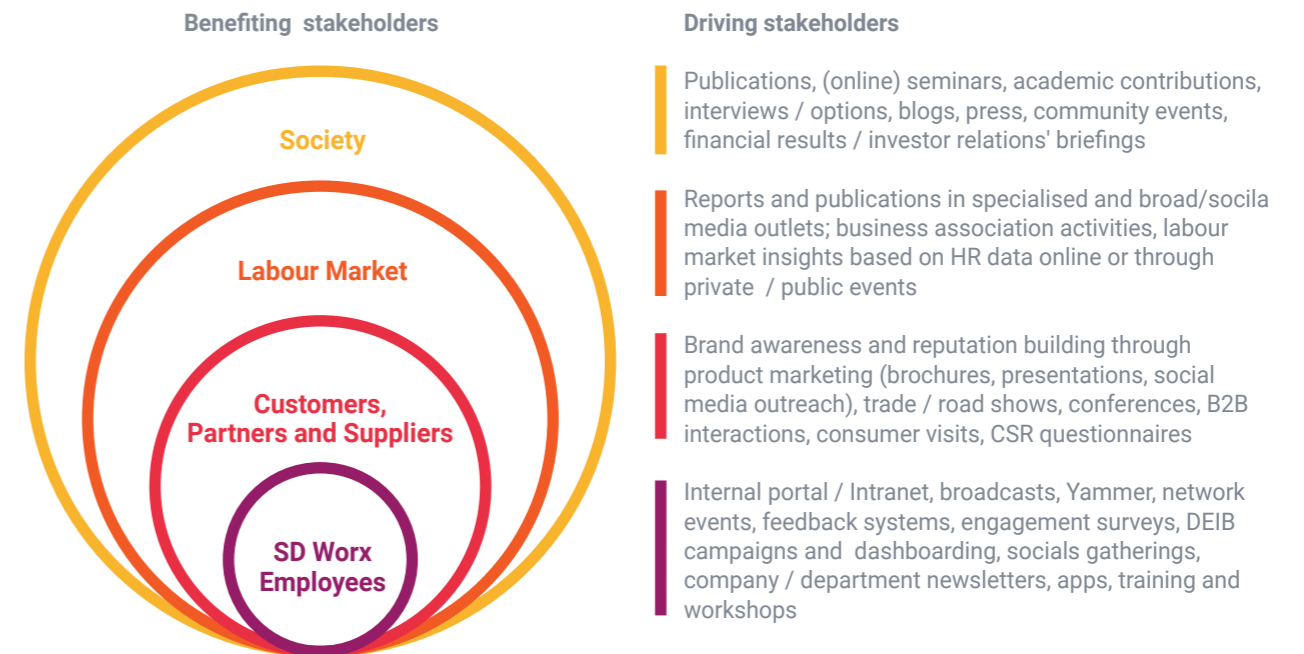
The social impact matrix shows our intended social impact actions that drive and benefit stakeholders, with a view to activating our brand story and contributing to the Sustainable Development Goals (SDGs). The table does not set out what we do, but expands on the many dimensions of non-financial and social value we create in addition to what we do every day. It transparently shows and addresses our ambitions in the area of social action. The benefits are inclusive and cumulative: all impacts created for society will also benefit the labour markets, as these benefits will also touch our customer base and our own employees.

DRIVING STAKEHOLDERS

Products, marketing, sales & operations	Finance, procurement	Legal & compliance, knowledge centre	People
SOCIETY			
<ul style="list-style-type: none"> Pan-European HR digitisation / integration 	<ul style="list-style-type: none"> Decarbonisation efforts Reliable reporting 	<ul style="list-style-type: none"> Sustainability rating Exchange knowledge Social law contribution-assurance 	<ul style="list-style-type: none"> Mobility vision Hybrid working CSR
LABOUR MARKET			
<ul style="list-style-type: none"> Career tooling Employee benefit systems Flexible income Data & Insights 	<ul style="list-style-type: none"> Hybrid working office management and mobility 	<ul style="list-style-type: none"> Labour law, product, service development ESG risk scrutiny Market standard setting 	<ul style="list-style-type: none"> DEIB & recruitment Talent, learning & reskilling insights Compensation & benefits
CUSTOMERS, PARTNERS and SUPPLIERS			
<ul style="list-style-type: none"> ESG-inspired offerings NPS Customer service SD Worx hubs 	<ul style="list-style-type: none"> Sustainable procurement Supply/customer diversity Optimise value for investment 	<ul style="list-style-type: none"> Standardised audit, vetting & compliance Trust centre Assurance practice Capability developments 	<ul style="list-style-type: none"> Social value, due diligence and outreach Employer recognitions Growth commitment Human capital management
SD WORX EMPLOYEES			
<ul style="list-style-type: none"> Personalised and frictionless experience 	<ul style="list-style-type: none"> Healthy, safe and vibrant workplaces Office transformation 	<ul style="list-style-type: none"> European Workers Council, social dialogue Sustainable policies 	<ul style="list-style-type: none"> Sustainable workforce practice Employer of reference DEIB, professional growth and wellbeing eNPS

SD Worx engages with our entire stakeholder base via numerous channels, including the many ways that driving stakeholders interact with and reach the benefiting stakeholders. Through designated feedback loops like eNPS (employee satisfaction) and NPS (customer experience check), communication flows in both ways and all stakeholders are accounted for.

'Driving' stakeholders engaging and inspiring 'benefiting' stakeholders



Customer experience

A robust customer experience (CX) program has long been in place at SD Worx. By actively promoting positive customer interactions, e.g., by soliciting and incorporating customer feedback, we ensure a customer-centric approach that focuses on long-term relationships and reinforces our reputation as a leader in social impact.



"If we create a spark for our clients – and thus foster employee happiness – they in turn can do the same for their customers, and so on, creating a positive chain reaction from which our society will benefit. As a company, you must take on that responsibility. That's what I ultimately want to achieve with CX."

Sigrid Van Duffel, Customer Experience Director

In 2023, we developed a new customer experience strategy, including among other things:

- **Voice of the customer measurement:** incorporating the voice of the customer ensures that client perspectives and concerns are actively considered in decision-making processes. The efforts to listen and respond to their feedback show our dedication to social engagement and responsible governance.
- **Customer insight:** implementing metrics and measurement tools allows us to track the impact of our customer-centric initiatives so that our efforts serve both financial success and social responsibility.
- **Service design:** by streamlining processes, reducing waste, and optimising resources usage, we focus on delivering products and services that address genuine customer needs.
- **Organisational adoption:** adopting customer-centric principles across the entire organisation reinforces our commitment to social responsibility. Our new customer promise, including some behavioural guidelines, indicates a collective effort to align our business operations with the well-being of our customers and the communities we serve.

Our customer promise

Dear Customer,

As your trusted HR solutions partner, we want to spark success at the heart of your business. That's why we deliver integrated and smart HR solutions and services that you and your people can rely on.

We're here for you, and we're here with you.

We aim to provide the expertise and support you need, right when you need it, so that you and your people can thrive.



Behavioural guidelines

We commit to the following:

1. **Understanding:** we step into your shoes so we can truly understand your needs, concerns, and feelings. We listen carefully without interrupting. We make our impressions clear by responding thoughtfully, in a human way.
2. **Quick responses:** we reply promptly to your questions or comments, and we keep you up to date on our progress, so you always know what to expect.
3. **Solving problems:** we take ownership of your requests and work proactively to solve them. We find the best solutions by involving the right people from both our team and yours.
4. **Expert knowledge:** we are experts on every SD Worx product and service. We stay updated on all relevant regulations and legislation across Europe.
5. **A personal approach:** we greet you by name because we're friendly, we want to connect and build a real relationship. We always treat you with respect, even in challenging situations.
6. **Getting better:** we always want to improve. That's why we regularly ask you for feedback and use it to make our products, processes, and services even better.

Furthermore, we developed these key initiatives for 2024:

- A new NPS program with a focus on 'acting on customer feedback'. A new governance model to follow up on strategic projects by promoting customer advocacy and a customer-centric culture.
- Our customer promise and behavioural guidelines are integrated into an updated Spark training session aimed at developing our employees' skills related to customer intimacy and delivered as standard to new employees and available to all others via e-learning and live sessions.
- A better-aligned complaint-handling process for all customer-facing teams.
- A new churn process to retain customers and improve the overall CX.

To be consistent, the processes for dealing with NPS, complaints and churn will be aligned with our Spark guidelines or broader CX principles across the organisation. Our goal? To really move from identifying and communicating with stakeholders to inspiring them.



Sense the needs – we really listen and put ourselves in your shoes to truly understand your goals and help you thrive.



Promise & stick to it – we take ownership of our work. We are dedicated to delivering results. We dare to set boundaries and stick to our promises.



Act as one – even when we're physically apart, we act as one. Sharing our talents and celebrating our differences. We're all part of the SD Worx family.



Remain in touch – we always keep the dialogue going and keep looking for solutions together.



Keep ahead – We dare to look at things from a different perspective. For us, learning and innovating are like breathing, inspiring us to always go further and keep you ahead of the game.

Economic performance

Success as an international service provider depends on the involvement and management of all stakeholders. The table below provides high-level aggregates of the economic performance created by and for our various stakeholders. It shows the economic value generated, distributed and retained based on our financial statements. The table confirms that most of our revenues are distributed to employees in the form of wages and benefits.

	Stakeholder	Measurement	2022	2023
Economic value generated	Customer	Revenue	962.142	1,057.957
	Supplier of goods & services	Operating costs	125.114	160.441
Economic value distributed	Employees	Employee wages and benefits	692.516	734.042
	Supplier of goods & services	Payment to providers of capital	24.260	88.280
	Society	Payment to governments (taxes)	8.975	18.994
	Society	Community investments / CSR	3.399	3.779
Economic value retained		Direct economic value generated less economic value distributed	107.878	52.421

Source. Audited financial statements and managed accounts
 Payments to government (taxes) do not contain social security taxes which are part of Employee wages and benefits (118,654.2/109,736.2 in 2023/2022). Likewise, other taxes such as property taxes and local municipality taxes are part of Operating costs (1.724,2/1.272,1 in 2023/2022).
 Community investments contain predominantly sponsorship and donations. Compared to last year's reported figures, these now also include local initiatives and CSR efforts across the Group



“Our procurement policy ensures an efficient, best-practice approach, and supports the concept that our suppliers are part of the (extended) organisation.”

Christophe Van der Weken, Head of Procurement a.i.

SD Worx operates in 25+ countries and relies on many suppliers. In 2023, we worked with about 3,000 suppliers based in ±40 countries, totalling a few hundred thousand transactions. As part of our procurement policy, we began distributing ESG/CSR questionnaires in 2022 to our partners to verify their responsible business practices, in line with our values and compliance policies.

In 2023, we evolved towards a standardised third-party assurance framework with key suppliers. It covers a range of domains, ranging from compliance and security to ESG-related topics.

Double Materiality Assessment (DMA)

Definition

In line with the upcoming European Sustainability Reporting Standards (ESRS), we've taken the first steps towards a Double Materiality Assessment (DMA). This DMA exercise significantly enhanced last year's materiality assessment, which specifically examined the relevant or material areas that impact the company's decision-making process. Rather than considering only the financial impact, the DMA examines the mutual impact between the organisation and society:

- **Financial materiality** looks at the outside-in impacts or assesses risks to business operations originating from E, S, G or non-financial factors. Typically, this is managed through ESG disclosures that evaluate the material financial effects of society on company business performance.
- **Impact materiality** relates to the inside-out impacts and gauges the impact of business operations on society and the environment. Typically, this is what sustainability has been about and related to describing the company's long-term social and environmental impact, considering the needs and resources of future generations.

ESG and sustainability are thus two sides of the same coin but are viewed from different perspectives. Bringing both perspectives together and linking their material impacts, risks and opportunities will then constitute a double materiality assessment, as required by the European Commission's standards.



“A DMA helps to prioritise sustainability topics and recognises the mutual impact of business and society.”

Steve Engelen, Integrated Reporting Officer

Impact areas and material topics

Our business and sustainability strategy are based on three impact areas:

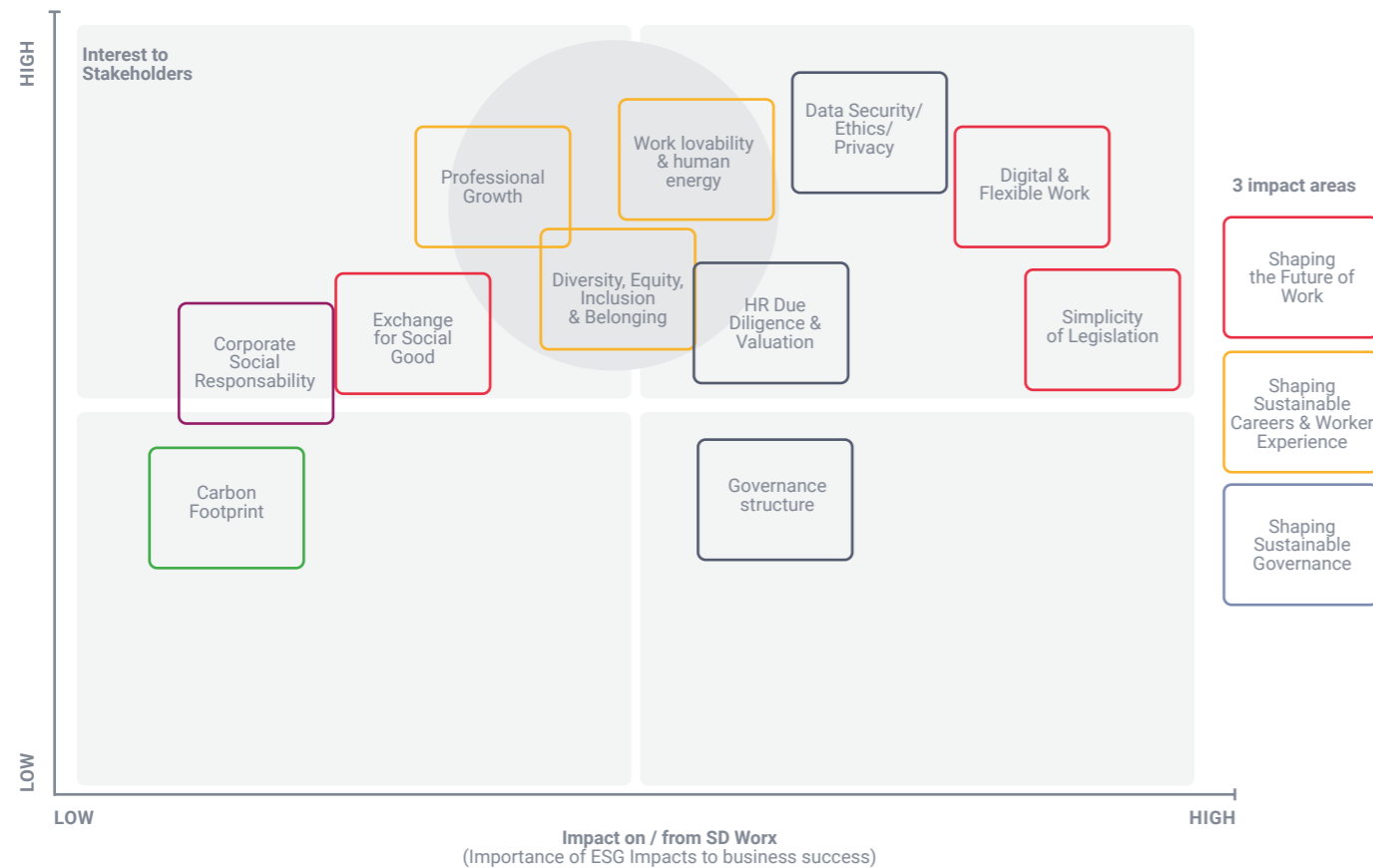
1. **Shaping the future of work:** we want to be a trusted provider of future employment models, value-added worker experience and digital work(place).
2. **Shaping sustainable careers and worker experience:** we want to be an active promotor of initiatives that turn work into an added value in the life of employees (For Life, For Work), promote purposeful work and simultaneously fulfil the role of a social, economic and ecological health promotor.
3. **Shaping sustainable governance:** we want to be a positive contributor to SDG objectives and a reliable B2B partner. Examples include raising awareness and helping clients to achieve sustainable engagement and compliant HR reporting.

To define concrete material topics for each impact area, an impact model is used as a guideline along the following axes:

- degree of fit with brand story and business strategy
- ability to impact and reach society through our operations
- relevance of the topic or activity domain to our shareholders
- amount of (potential) risk taken concerning return through enterprise risk management

Coupled with brainstorming sessions and workshops, this exercise enabled us to create and visualise a materiality map, showing relevant and material topics that are plotted according to their importance or impact and relation to stakeholder interest.

Materiality map



Shaping the future of work

This impact area covers what we daily do and relates to our portfolio.

- **Digital and flexible work:** this includes all digital and controllable, integrable or scalable HR solutions that aim to improve the employee experience for our clients. To the extent that we are able to do this, it creates revenue and therefore more (financial) impact.
- **Simplicity of legislation:** our business is built on our knowledge of social and labour law, which we share with our clients and simplify. Tailor-made hybrid work policies, for example, are a good example of how to create productivity in the workplace and reduce short-term absenteeism.
- **Exchange for social good:** we are committed to sharing HR expertise and best practices on a wide range of topics such as talent management, reward policies, social dialogue, etc. We do this through a variety of channels such as blogs, seminars, e-books and newsletters.

The DMA table reflects the impact we (want to) have for this impact area. As efficiencies are realised and markets are reached, positive impacts are generated. Conversely, if we fail to reach the right audience or provide the right solution, the impact can be reversed, affecting our financial results, market share or brand strength, for example. Given our aim to create sustainable workforces and in line with the SDGs we are pursuing, it goes without saying that we strive to ensure that the potential double materiality impact for this impact area is maximised.



Impact assessment and Sustainable Development Goals (SDGs)

For each impact area and relevant topic, we looked at how we impact society (impact materiality) and how society impacts our operations (financial materiality). The DMA table links everything together and summarises the results.

The impact of a particular activity is not necessarily the same as the impact sought, and vice versa. Or, the role SD Worx wants to play in certain areas may not always correspond to the greatest impact – positive or negative – on society or the organisation. The relationship with the SDGs and the 'pedigree' matrix are important complements that cement the DMA exercise with our sustainability strategy.



“Through our people solutions portfolio, we're committed to embracing digital transformation to improve the entire customer/employee journey.”

Michael Custers, Chief Strategy Officer

Shaping sustainable careers and worker experience

This impact area relates to all activities that contribute to our 4 main SDGs.

- **Professional growth:** SD Worx is committed to offering employees and customers tools to develop their talents and skills. Many courses and learning pathways are offered to HR professionals and knowledge seekers each year. Reward recognition (e.g., great place to grow) or number of training hours given/taken are concrete KPIs that we can use to decipher our impact.
- **Human energy and work lovability:** promoting purposeful work is key to realising social and economic benefits for all stakeholders. By offering wellbeing programs, comprehensive health & safety management (mental health guide, mindfulness training, ergonomics sessions, etc.) or engagement surveys, we are well positioned to measure the subsequent impact and actions required to improve working conditions.
- **Diversity, equity, inclusion & belonging (DEIB):** we strive to ensure that workplace practices reflect a commitment to fair work, leading to a sense of inclusion and belonging. Appropriate dashboarding tools (e.g., payroll, surveys, gender gap) and digital strategies allow us to quantify impact and facilitate evidence-based recommendations.

The DMA table shows that although the financial impact of these activities related to the advancement of sustainable careers and positive employee experiences is somewhat lower, it is seen as an important role for SD Worx to contribute to. We want to add this dimension to our portfolio to contribute to sustainable workforces, hence the notion of ESG-inspired offerings.



“To further activate our efforts to develop sustainable careers, we are weaving ESG-inspired offerings into our portfolio.”

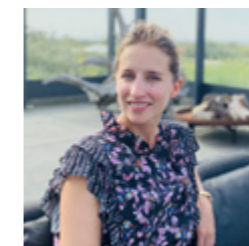
Filip Verbrigghe, Marketing Excellence Director

Shaping sustainable governance

As a trusted service provider, our ESG capabilities enable us to ensure proper governance processes and structures.

- **Data security/ethics, privacy:** through appropriate certifications (ISAE 3402, ISAE 3000, ISO27001) and an enterprise risk management platform/department, we are constantly working to minimise vulnerabilities and threats to the security of customer and employee data. We also take a proactive approach to promoting strict ethical standards and combating corruption, extortion and other illegal business practices.
- **HR reporting, due diligence & valuation:** SD Worx supports human capital valuation efforts (e.g., well-being as a pivotal metric for understanding people) and building HR models (e.g., our Payroll Proficiency Index). The increased relevance of ESG and due diligence requirements in Europe provide the Group with opportunities to serve our stakeholders with sustainable governance services.
- **Governance structure:** SD Worx prioritises sustainable corporate governance and adheres to the principles applicable to large, listed companies.

As the DMA table shows, the level of accountability and compliance is often a prerequisite for doing business. Setting benchmarks for labour market practices or transparent reporting are also elements that interact when assessing the mutual impact of this impact area.



“I truly believe that there is no trade-off between profitability and ESG. They go hand in hand to create value for the company and its stakeholders.”

Lesley Hellebuyck, Head of Group Internal Control & Compliance

Corporate Social Responsibility (CSR)

SD Worx has always been a strong supporter of CSR initiatives. They reflect our social values and our corporate culture, which is closely linked to our commitment and accountability to local communities, vulnerable groups, society, etc.

A corporate governance process has been put in place to monitor the initiatives undertaken, using specific criteria for budget allocation and decision making. This also allows us to evaluate the impact of the initiatives we support.



Carbon footprint

Although carbon footprint is not a strategic business objective for SD Worx, it is a significant result of our business practices due to the size of our operations, number of offices and fleet. As stated in our sustainability strategy, as a service provider, we are committed to sustainability in our business practices. In line with the CSRD, significant effort is being put into calculating our carbon footprint so that we can develop a decarbonisation plan and carbon reduction strategies.



“Long before sustainability reporting was high on the agenda, SD Worx was consistently reporting on its CSR efforts and social role. We even had our carbon footprint calculated in 2008, confirming our commitment to ESG.”

Nadine Aerts, Chief Financial Officer





Impact area	Materiality topic	Examples of impact generated	Type of impact	Impact materiality	SDG Reference	Financial materiality	Double materiality
ENVIRONMENT Sustainability in business	Carbon footprint	Electrification of car fleet, sustainable facilities/procurement practices	▲	●○○○○		●●○○○	
		Increase impact due to failure of implementing 'green' measures	▼	●○○○○			
SOCIAL Shaping the future of work	Digital & flexible work	Efficiency gains generated through our product portfolio	▲	●●●○○		●●●●●	●●●●●
		Unsuccessful business solutions offered	▼	●●●○○			
	Simplicity of legislation	Support labour markets with efficiency	▲	●●●●●		●●●○○	●●●●●
		Fail to reduce complexity	▼	●●●○○			
	Exchange for social good	Sharing knowledge to the public/labour markets	▲	●●●●●		●●○○○	
		Not address the right public	▼	●●●●●			
SOCIAL Shaping sustainable careers and worker experience	Professional growth	Talent and skills management, employability, feedback systems	▲	●●○○○		●●○○○	
		Quality of services offered	▼	●●○○○			
	Work lovability & human energy	Purposeful work and wellbeing, H&S programmes	▲	●○○○○		●●●○○	
		Lack of engagement or energy fostered	▼	●○○○○			
	Diversity, equity, inclusion & belonging	Human capital management and equitable, inclusive practices	▲	●●●●●		●●○○○	
		Not reaching certain stakeholders and workforce	▼	●●●●●			
SOCIAL CSR strategy	Corporate social responsibility	Support underprivileged and vulnerable groups	▲	●●●○○		●○○○○	
		Supporting unsuccessful initiatives or create negligible impact	▼	●●●○○			
GOVERNANCE Shaping sustainable governance	Data security/ethics, privacy	Create customer confidence by professional business practices	▲	●○○○○		●●●●●	
		Lack of proficiency governance jeopardizes the business proposition	▼	●○○○○			
	HR reporting, due diligence & valuation	Demonstrate proficiency in data & insights and compliant reporting	▲	●○○○○		●●●○○	
		Lack of transparency or compliance in (non-)financial reporting	▼	●○○○○			
	Governance structure	Support corporate governance (board diversity and independence)	▲	●○○○○		●●○○○	
		Lack of accountability and transparency in management structures	▼	●○○○○			

▲ ● ▼ Positive/neutral/negative impact

●○○○ ●●○○ ●●●● Degree of impact (low to high)

○ ● 1/2 3/4 ● Degree of impact (low to high)

Impact materiality: company impact on society

Financial materiality: impact society on company

Double materiality: mutual impact

ESG-inspired offerings

Our offerings embody clear ESG values and characteristics that directly activate our sustainability strategy to create social impact and foster the right environment for people and organisations to help them thrive.

For example, SD Worx makes significant efforts to improve social dialogue in the Belgian labour market. By sharing knowledge and evidence-based research with the public and the media (thought leadership), we promote social dialogue and transparency on employment trends to the benefit of all stakeholders. Initiatives launched around compliant teleworking models and the transformation of data and insights into best practices for working from home are shaping the future of work (impact area for SD Worx).

In doing so, we also touch upon several UN Sustainability Development Goals (SDGs). For example, by driving innovation across our portfolio we support our commitment to SDG 12 'Responsible Consumption and Production'. To the extent that innovation is fostered, and social growth is realised, these activities also touch upon SDG 9 'Industry, Innovation and Infrastructure'. Personalised digital employee services (Ella legal database, on-demand payroll, flexible reward systems) also contribute to several of the SDGs.

These solutions are being incorporated into our portfolio in various markets. They impact the social dimensions of career development, wellbeing and DEIB, contributing to sustainable careers and a better employee experience. Increasingly, we are seeing clear environmental and governance or compliance impacts.

Environmental

As stated in our sustainability strategy, we adhere to the principle of "sustainability in business", i.e., maximising the positive impacts of our business operations while minimising the negative (environmental) impacts. This can be done directly through a modern mobility policy and encouraging the use of alternative modes of transport other than fossil-fuelled cars, but also by advising our customers on how to adopt more flexible work-from-home policies.

As a service provider, we especially contribute indirectly by:

- Promoting innovative HR employment models, hybrid working/'workation' policies, so that teleworking models are flexible and ensure that employees or customers can work from multiple locations. This minimises the need for frequent or long-distance travel.
- Developing digital solution offerings, such as workforce (time) management software, that improve the user's digital experience and reduce the use of environmental resources such as paper or (over)consumption of energy.

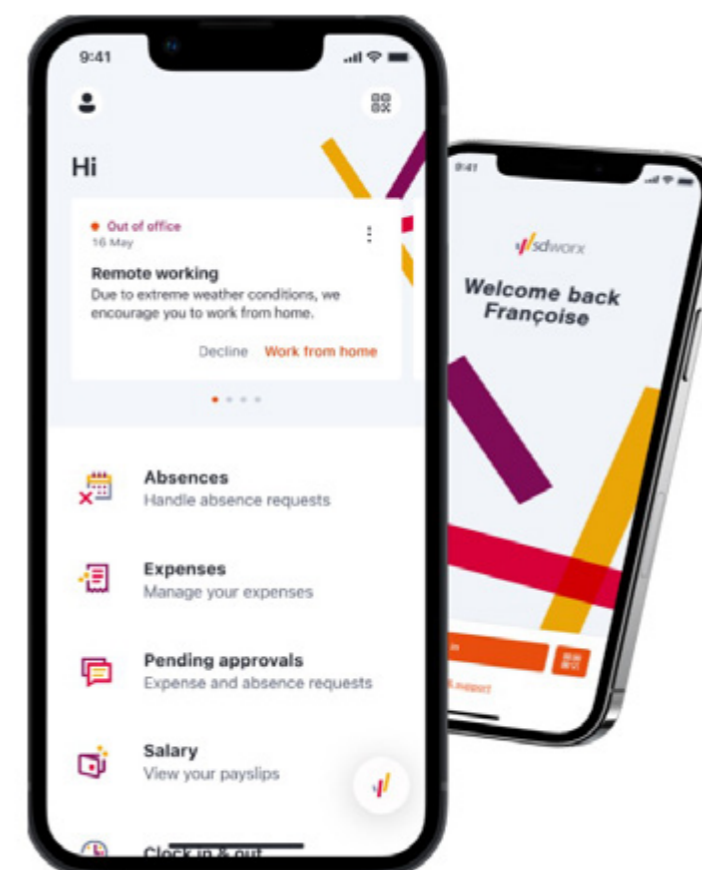


"Through our digital solutions, such as our 'mysdworx app', for which the number of users has doubled in the last 12 months, we are significantly improving the digital user experience while reducing paper use."

Edgar Ertel, Director Customer Excellence Teams Germany

The mysdworx app is a centralised gateway to access many HR functionalities for professionals, organisations and their employees. Every month, more than 1 million users consult this mobile app to check their payslips or tax documents, request leave or submit expenses. The number of active users of the app has doubled in the last 12 months and is set to grow.

The app is becoming available in more and more countries and new features are being added to provide a more digital employee experience. SD Worx Germany even organised a 'Carbon Free' campaign with selected clients to position the benefits of the mysdworx app and digital payslip.



Social

Social impact dimensions of ESG-inspired offerings

<p>DEIB One for all, all for one</p> <p>Diversity & Inclusion</p> <ul style="list-style-type: none"> • ESG dashboarding • HR Analytics • Data & Insights • Recruiting / Unconscious Bias • Market studies & intel <p>Equity & Belonging</p> <ul style="list-style-type: none"> • Gender pay gap & Equity • Absenteeism management (equal workload) • Digital Whistleblowing • Accessibility of software (WCAG) 	<p>Work lovability & human energy Wellbeing</p> <table border="1"> <tr> <td data-bbox="439 569 676 716"> <p>Financial</p> <ul style="list-style-type: none"> • Reward consulting • Employee benefit / Participation programmes • Salary / Tax optimisation • Candidate Benefit Statement • Flexible benefit • Earned wage access </td> <td data-bbox="688 569 926 716"> <p>Digital</p> <ul style="list-style-type: none"> • Frictionless / personalised employee experience • Transparent communication • Platform solutions (Mbrella) </td> <td data-bbox="937 569 1175 716"> <p>Mental</p> <ul style="list-style-type: none"> • BloomUp / Preventive Management • Time registration management • Employer branding • Purpose creation </td> <td data-bbox="1184 569 1362 716"> <p>Physical</p> <ul style="list-style-type: none"> • Fitness / Sport partnership programmes </td> </tr> </table>	<p>Financial</p> <ul style="list-style-type: none"> • Reward consulting • Employee benefit / Participation programmes • Salary / Tax optimisation • Candidate Benefit Statement • Flexible benefit • Earned wage access 	<p>Digital</p> <ul style="list-style-type: none"> • Frictionless / personalised employee experience • Transparent communication • Platform solutions (Mbrella) 	<p>Mental</p> <ul style="list-style-type: none"> • BloomUp / Preventive Management • Time registration management • Employer branding • Purpose creation 	<p>Physical</p> <ul style="list-style-type: none"> • Fitness / Sport partnership programmes
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<p>Professional growth Skills based-career paths</p> <table border="1"> <tr> <td data-bbox="439 831 926 930"> <p>Learning & Development</p> <ul style="list-style-type: none"> • SD Worx Academy, Employability, Reskilling • Talent & Competence management • HR Traineeship • Continuous feedback </td> <td data-bbox="937 831 1362 930"> <p>Career Management</p> <ul style="list-style-type: none"> • Internal mobility • Outplacement • Coaching & Guidance • International employment </td> </tr> </table>	<p>Learning & Development</p> <ul style="list-style-type: none"> • SD Worx Academy, Employability, Reskilling • Talent & Competence management • HR Traineeship • Continuous feedback 	<p>Career Management</p> <ul style="list-style-type: none"> • Internal mobility • Outplacement • Coaching & Guidance • International employment 			
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Many of the activities and services offered at SD Worx embody the social values outlined in the table above.

Professional growth

One way to create a more sustainable workforce is to promote skills-based career paths. Training and education programs ensure greater career growth and employability. This can be delivered through a traditional classroom approach, internships, webinars, online programmes and other digital means. Transparent talent & competence management programmes can be developed to ensure that human capital is valued in every respect.

An example of supporting the development of HR & Payroll professionals is the **SD Worx Academy**, which has been rolled out to 6 European countries in 2023, providing HR professionals with greater insight into and understanding of employment-related legislation.

Employee feedback tools, such as SD Worx Talent, ensure bi-directional and regular communication to the mutual benefit of clients and their workforces.

Employee empowerment often goes hand in hand with career management, an area where SD Worx coaches and guides employees on their employee journeys. Outplacement services and internal mobility management are examples of ways to ensure meaningful careers. This service is not limited to a client's home country; we are fully capable of planning and managing international career paths.



“SD Worx frequently provides insight into how organisations can improve their talent management processes. Research and insights can be found on our [website](#).”

Jolien Vosselmans, People Growth Expert - Talent

Work lovability & human energy

Our employee wellbeing programmes help to increase employee engagement and human energy so that people can work happily. These wellbeing programmes go beyond reward strategies and focus on digital, mental and physical wellbeing at work, highlighting the complexity of the concept of work lovability.

- **Financial:** using our knowledge of reward, payroll and HR solutions, SD Worx can serve a wide range of needs in terms of reward and employee benefit systems.
- **Digital:** the low digital maturity of HR solutions can be overcome through further digitalisation and personalisation at the employee level. By integrating or interrelating various products and services we and our partners provide, we can enhance the employee experience and lower the administrative burden on our customers.
- **Mental:** purpose creation, employer branding and preventive management programmes ensure that employees are energised both at work and at home.
- **Physical:** interlinking reward programs and sports partnership/ergonomics programmes can further engage employees and improve their health and wellbeing.

Diversity, equity, inclusion & belonging (DEIB)

Employees need to be included, treated equally and experience a feeling of belonging at work. We offer a range of products and services that contribute to DEIB topics, enabling organisations to reflect changes in society and ensure that their employees are cared for. By developing DEIB-friendly recruitment policies and practices, or offering unconscious bias courses, we can address and potentially overcome issues related to DEIB practices. Within the sustainability discourse, DEIB is the most relevant non-financial value driver.

For most companies, this means finding ways to benefit from and value a diverse workforce. In addition to data & insights services, SD Worx can help all stakeholders set up HR analytics and dashboards related to DEIB statistics and the wider ESG reporting space. Tools that facilitate transparency and insight can reveal whether companies are truly living up to the responsible business and ethical standards they claim to uphold. Gender pay gap reporting, promotion rates, diversity metrics and absenteeism management are examples of drivers that turn human capital management into hard numbers.



“Within the sustainability journey, DEIB metrics such as pay equity are considered the largest relevant non-financial driver for an organisation.”

Lorenzo Andolfi, Senior HR Researcher

Governance

The need for ongoing compliance and sustainable governance practices is greater than ever, the upsurge in regulatory activity over the past year has been clear. More 'green' regulation is on the cards in the coming years, such as the Renewable Energy Directive (RED III), the CSDDD, a proposal for a Directive on Green Claims, etc., hence the call for more climate experts in companies.

To optimise our software, outsourcing, data and consulting strengths, we have set up several SD Worx hubs, in Poland, Mauritius and Spain. Owned and operated by SD Worx, these service delivery centres are in cost-effective locations that provide resources, skills and capabilities, as well as the flexibility to meet demand across all business sectors. This will also help to harmonise services across the Group while improving customer service through centralised processes. These centres of competence will help to offer services to customers who need customised ESG features for their products.

A tailored (digital) whistleblowing channel (mandatory for European companies with more than 250 employees from 15 February 2023) is a good example of how we can offer this solution to our client base. For example, the new whistleblowing framework in Portugal is different from the one in Belgium. SD Worx's focus on software accessibility following the Web Content Accessibility Guidelines (WCAG) also demonstrates our commitment to embedding social features into our offerings, in line with sustainable governance.

In addition to professional development, employee wellbeing and DEIB programmes, we believe that the activation of sustainable governance solutions will further enhance the resilience of our organisation. These factors, combined with indicators such as growth potential in terms of customers, markets and products, are key drivers of business valuation practices and M&A deal values. Through these activities, SD Worx can help organisations become more future proof, better aligned with regulations and expectations, save time and money, and remain relevant to their stakeholders (retaining and attracting customers and employees). There is no better illustration of this than the rise of artificial intelligence (AI) and its relationship to the need for compliance and properly managed processes.

Artificial intelligence



“SD Worx is at the forefront of AI adoption in its portfolio of people solutions, leveraging its power to enhance customer and employee satisfaction, streamline operations, and drive innovation in all respects.”

Kevin Ledegen, Group IT Director

2023 indeed saw AI appear as a transformative force for industries and, especially, services. SD Worx has embraced AI to help enhance the customer experience, improve productivity, streamline internal operations, and drive product innovation.

- As we are a people solution provider, AI empowers our experienced HR professionals to focus on strategic and complex tasks while automating routine processes, optimising workflows, and extracting valuable insights from data.
- As we are a software provider, AI is an integral part of our software development process, accelerating development and boosting product quality (e.g., by identifying and resolving software defects, tracking performance metrics).
- As we are a social impact leader, AI contributes to building a skilled workforce by delivering tangible benefits through products and faster services. Professional growth, continuous learning and enriched decision-making are examples here.
- For our customers, generative-AI-based chatbots can offer real-time support, tapping quickly into deep compliance knowledge. Automatic translation services on top make these interactions even more inclusive, uniform and valuable.
- SD Worx has embraced open-source large language models (LLMs) and OpenAI GPT models (through a GDPR-compliant third party). LLMs are advanced AI models that are adept at understanding and generating human-like text through extensive dataset processing. They can perform diverse tasks such as summarising, translating, and transforming unstructured text into structured data. LLMs can also contribute to proper governance processes by producing innovative and contextually relevant content and solutions, particularly in the context of risk and security considerations. Our approach of relying on both open-source and proprietary LLMs promotes efficient solutions and minimises redundancy and resource requirements.
- Sustainable business practices are ensured with machine learning operations (MLOPS). MLOPS is a method that emphasises continuous integration and delivery of AI models so that the designed solutions run ethically and responsibly.

In short, it is already self-evident that AI will transform many processes and benefit our entire stakeholder base.

Environment

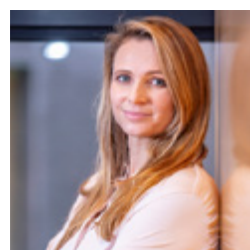
Environmental highlights

Full Group carbon footprint registration	Development CARBI®	100% green fuel for electric vehicles	Sustainable mobility policy	New procurement policy in force
Decarbonisation target set	Food forest/ Beekeeping initiatives/carbon offsets	Cooperation with Mbrella	Solar panel investment plan	Data centre scrutiny

Sustainability trends

Climate change has moved up the global sustainability agenda. The COP28 climate conference in Dubai highlighted the need for urgent action to keep the 1.5°C target within reach. Respondents to the World Economic Forum's 2022-2023 Global Risks Perception Survey identified environmental risks and concerns as the most serious risks over the next 10 years. Natural disasters, extreme weather events and failure to mitigate the negative impacts of climate change are seen as critical risks. This explains why we address these issues in our crisis management and business continuity policies and processes, as described in the Governance section.

While environmental risks entered the mainstream discussion in 2022, 2023 was the year of effective adoption of ESG regulations, alongside recognition of climate change and global warming, and therefore the year of rapid and increasingly concrete action on commitments. Rightly so, the sustainability transition is underway, and SD Worx recognises the ongoing sustainability trends that companies need to get ahead of to maximise impact and commercial success.



“2023 was the year of ESG regulation: the Corporate Sustainability Reporting Directive (CSRD) came into force and the European Sustainability Reporting Standards (ESRS) were adopted, confirming that sustainability practices are here to stay.”

Kelly Lespinoy, Chief Legal & Compliance Officer

- Enforcement of ESG regulation in 2023 under the EU Green Deal:

- The CSRD came into force in January 2023 creating sustainability reporting obligations for companies both within and outside of the EU.
- To render this binding reporting standard more concrete and auditable, the EU also adopted the European Sustainability Reporting Standards (ESRS) in July 2023.
- The additional sustainability requirements of the EU Taxonomy Regulation (2020) will enter into force together with the CSRD application, compelling companies to report on a set of 'green' indicators (turnover, OPEX, CAPEX) on eligible activities and so cement the link between financial statements and sustainability reporting.
- Although the proposed Corporate Sustainability Due Diligence Directive (CSDDD) of February 2022 imposing due diligence obligations covering human rights, environmental protection and climate change mitigation was rejected, 14 December 2023 saw the Council and European Parliament reach a provisional deal on a reinvigorated version of the CSDDD. In the meantime, an increasing number of Member States had already adopted national due diligence legislation with significant ramifications on how companies are liable for actual and potential adverse impacts on human rights and the environment, for their own operations, those of their subsidiaries, and those carried out by their business partners.

- **A battery of new sustainability regulations is in development:** the European Commission is unceasingly working on new green regulations ranging from sustainable finance, renewables, biodiversity, fossil-fuel emission standards and environmental protection to pollution, underpinning the ongoing trend to combat climate change. In this context, it's clear that the growing importance of ESG reporting will make ESG an increasingly powerful market driver. The adoption of sustainability reporting requirements has accelerated the emergence of a new economic (ESG) framework. Business success is not only about financial performance, but also about the extent to which societal risks associated with climate change are considered. It's precisely the aim of ESG to create transparency in the management of these risks.

- **Increased use of net zero ambitions and science-based targets:** over 130 countries have already set targets to achieve net zero emissions by 2050. However, after failing to meet the targets set at COP26, there's a consensus that technological innovations must be developed to increase efforts to achieve this goal. In addition, science-based targets, i.e., targets set to reduce GHG emissions consistent with limiting global warming to 1.5°C, often look good on paper but fail the test due to outdated data and flawed frameworks. As explained below, the first step is to get the relevant data right so that we can still be early adopters in reducing our emissions, backed by a credible decarbonisation plan.

- **Decarbonisation becomes part of business practice:** the creation of competitive advantage or shareholder value will be realised by effectively reducing carbon emissions across all three emission scopes, as detailed below. Changing consumer trends, the choice of companies to work for, sustainable capital allocation or technical innovation and digital strategies are just some examples that contribute to this trend.

- The entire **value and supply chain** is under scrutiny: not just disruptions due to weather events, but also fluctuating supply and demand, geopolitical conflicts and labour shortages are behind the growing need for more sustainable and resilient supply chains. Often more than 90% of a company's environmental impact is related to its supply chain, or more precisely, its scope 3 emissions. Visibility into one's own supply, value chain or procurement practices is seen as a must to identify the associated impacts. The emergence of **expenditure-based emissions factors, and the rise of AI and machine learning**, can also be seen in this trend.

- The above trends coincide well with the **growth of data technology and ESG software**, enabling companies to better track data and turn it into information – not just to meet reporting or disclosure requirements, but to act on the insights gained. That way, sustainability goals and the use of technology as a future-proof accelerator go hand in hand.

Carbon footprint

Reducing emissions, reducing energy consumption, sourcing products from fair trade organisations, ensuring that physical waste is disposed of properly and with the smallest-possible carbon footprint ... These broad and environmentally sound goals are all steps towards sustainability. A proper carbon footprint assessment helps us structure and prioritise our actions and forms the basis of a decarbonisation plan that is being developed, as required by EU regulations.

Methodology

Our carbon footprint calculation includes all greenhouse gas (GHG) emissions caused by our organisation, expressed in CO₂ equivalents using the standard European framework, the GHG Protocol. The 2023 study, based on 2022 data, shows a significant expansion of the carbon footprint calculations compared to the previous year's assessment: 109 units or offices were included, covering almost the entire Group, with a combined area of over 88,000 m² and 7,458 employees (headcount at the end of 2022). A dedicated team has been set up to collect data on energy, office space and, where possible, waste and water.

We've also made a detailed calculation of the Group's mobility impact, which mainly consists of commuting and car use. We've again used the Bilan Carbone® method, which is still considered the reference method in Western European countries and which takes into account all the greenhouse gases defined by the Intergovernmental Panel on Climate Change (IPCC) for all the necessary physical flows within an organisation. This approach allows Group companies to make a global assessment of their direct and indirect greenhouse gas emissions. The impact categories used are:

- **energy:** emissions related to direct energy use
- **non-energy:** leaks of halocarbons from cooling installations
- **inputs:** emissions from the production of purchased materials and services, ICT equipment and services
- **waste:** emissions from transport and treatment of waste collected at offices
- **transporting and mobility:** emissions from employee commuting and business travel, including emissions from the production of fuels and vehicles
- **capital goods:** energy-related emissions from the production, construction, and renovation of infrastructure, equipment and vehicles owned or leased
- **end of life:** air conditioner

To collect data for all offices and then turn it into useful information, a proper modelling effort is required, as well as a set of compliant emissions conversion factors that allow emissions data (e.g., energy in kWh, water in m³, space in m²) to be converted into CO₂ equivalents. Therefore, an emissions tracking model, 'CARBI®', was developed in house to provide a future-proof solution for carbon accounting. This carbon accounting tool is designed to fully accommodate all the sustainability trends described in the previous section, such as the CRSD and ESRS carbon accounting reporting requirements.



“A carbon accounting tool, CARBI®, was developed to track all relevant emissions. This program can handle sensitivity/scenario analysis to substantiate and validate targeted environmental actions.”

Steve Engelen, Integrated Reporting Officer

An important addition to our previous assessment is the inclusion of a location-based and market-based analysis for purchased electricity (scope 2). The location-based method considers the average emission intensities of the national electricity grid where the energy is consumed, while the market-based method reflects emissions from electricity that companies have deliberately chosen to use. The motivation, in addition to being a mandatory part of CSRD reporting, is that companies investing in green energy contracts from suppliers or sources such as renewable energy can significantly reduce their carbon footprints. Both methods have their pros and cons; where possible, we have attempted to track the source of energy or the percentage of renewable energy consumed, as this information is also dependent on the lease/rental contract in place for the office in question.

We have also substantially expanded the calculation of inputs or purchased goods and services. While some categories, such as water and direct waste, were treated explicitly, purchased goods and services were treated separately, following the generally accepted and growing trend to use expenditure-based emission factors. Several arguments in favour of this approach:

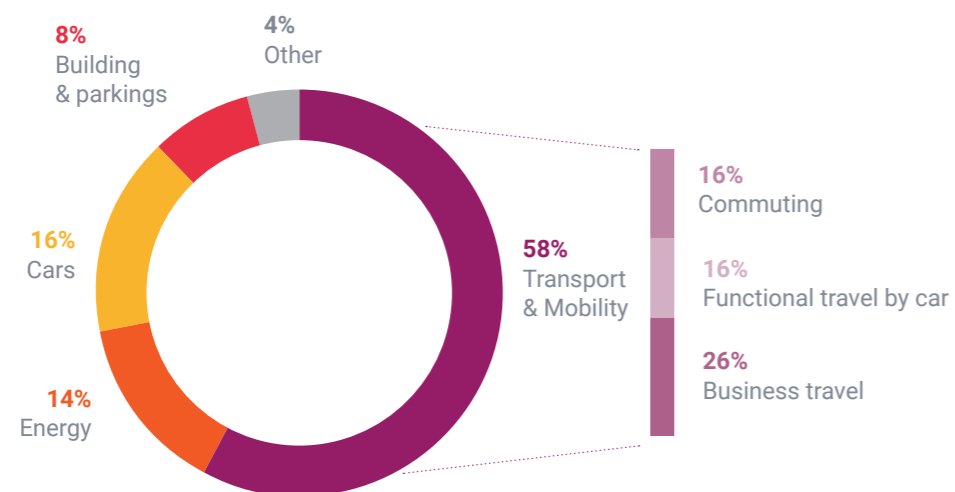
- There's a growing demand for companies to perform due diligence on their value/supply chain and to consider all relevant indirect emissions (= scope 3 emissions).
- It's impossible for a company to assess its emissions across the entire value/supply chain, either upstream or downstream.
- For many goods and services, there is no simple conversion to CO₂ equivalents. Most data, often denominated in euros, can only be converted into CO₂ equivalents by using 'expenditure-based' emission factors. This also provides a consistent link to financial reporting and creates a level playing field for companies struggling to calculate scope 3 emissions.

To be as transparent as possible, we report on indirect emissions (scope 3) using a rigorous methodology (capital goods, car use, ...) as well as an expenditure-based approach (e.g., services).

Results

The pie chart below quantifies the group carbon footprint of SD Worx on 31 December 2022, with a total of approximately 18,180 tonnes of CO₂ equivalents using the location-based method. The main drivers are emissions from mobility, capital goods (buildings, parking and cars) and energy consumption. As there are big differences between countries, environmental measures are also tailored to locations and units. The chart visualises the main categories without considering our carbon offsetting initiatives, which offset approximately 1091 tonnes of CO₂, or other environmental initiatives such as tree planting done at the end of 2022.

2022 Carbon footprint (CO₂eq)



Carbon footprint emissions are subdivided into three scopes:

- **Scope 1 (direct GHG emissions)** consists of all the direct GHG emissions onsite or produced by the cars the company operates. This includes fuel consumption for heating, machinery and mobility (e.g., functional cars), as well as gas leaks from cooling equipment. For SD Worx in 2022, 71% of scope 1 emissions are due to transport via company cars and 27% are due to gas consumption.
- **Scope 2 (electricity, indirect GHG emissions)** consists of the indirect GHG emissions resulting from the direct onsite consumption of purchased electricity, including emissions at electricity power plants. For SD Worx in 2022, the difference between site-based electricity (1373 tonnes) and market-based emissions (858 tonnes) was 515 tonnes. These savings were achieved through the use of renewable energy and/or energy contracts that require cleaner energy than the national (grid) average.

- **Scope 3 (other indirect GHG emissions)** includes all other indirect emissions associated with the production of purchased goods and services, waste management, commuting, transport and business travel. Scope 3 emissions are often by far the largest component of most organisations' carbon footprints. For SD Worx in 2022, 34% of indirect emissions are due to capital goods. Commuting (22%) and other car travel (27%) together accounted for almost half of scope 3 emissions. Direct waste and water only accounted for 2.4% and 2.6% of indirect emissions respectively.

The below table summarises the main results and distinguishes between measured results based on data collection and extrapolated outcomes. For each category that was lacking observations, data were extrapolated based on either number of employees or square meter of office space used.

2022 Carbon footprint (tonnes CO₂)

Scope	Measured	%Total	Extrapolated	%Total
Scope 1	3,967	23%	4,160	23%
Scope 2	1,238	7%	1,373	8%
Scope 3	11,901	70%	12,648	70%
Total (location-based)	17,106		18,180	
Total (market-based)	16,642		17,666	
Total (location-based) – incl. offsets	16,015		17,089	
Total (market-based) – incl. offsets	15,551		16,575	

The table only includes scope 3 emissions that are tracked and therefore does not include all inputs. As explained above, there is a growing trend to calculate emissions from relevant purchased goods and services, using an expenditure-based approach.

The table below uses Exiobase (a global, detailed, multi-regional, environmentally extended supply and use/input-output database) expenditure-based emission factors to convert euro amounts into CO₂ equivalents. As expected for a service provider, most of the CO₂ generated is related to services such as professional fees and campaigns.

2022 Carbon footprint spend-based method for scope 3 inputs (tonnes CO₂)

Category	Spend (mio EUR)	Total	%Total
Office supply costs	0.88	397	5%
Cleaning costs	1.42	327	4%
Marketing and communication	20.00	2,200	25%
Publicity	4.75	523	6%
Events/exhibitions	0.96	105	1%
Sponsoring	2.90	319	4%
Marketing campaigns	3.84	422	5%
Other	7.56	831	9%
Professional fees	24.81	4,962	56%
Commissions	3.12	623	7%
Insurance costs	1.42	283	3%
Relevant spend good and services	51.65	8,793	23%

Carbon KPIs and decarbonisation target

To meaningfully compare carbon performance over time, the absolute figures need to be scaled so that carbon intensities or relative figures can be used for policy making. The graph below shows some KPIs that will be closely monitored in the future. We are confident that by implementing environmental measures we will be able to reduce carbon intensities and thus meet the EU's 2030 (and 2050) environmental targets.

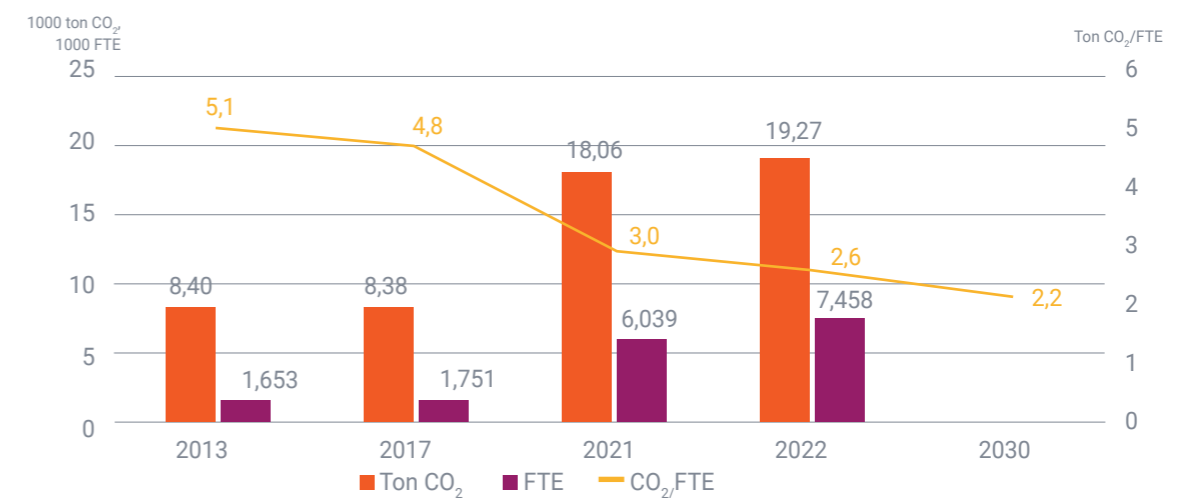
2022 Carbon intensity

KPI	Incl offsets	Total
Carbon-to-revenue ratio (tonnes CO ₂ /mio EUR)	17.76	18.90
Tonnes CO ₂ / employee	2.29	2.44
Marketing and communication	19.34	20.57

The graph summarises all the information over time by plotting the decarbonisation target for 2030, which is to reduce CO₂ emissions by at least 55% compared to the base year of 2017. If we were to achieve this target of 2.2 tonnes of CO₂ per FTE, we would need to continue to reduce our carbon footprint. This threshold is a moving target due to several factors:

- CO₂ conversion factors and carbon footprint calculations change each year.
- Employee count changes according to Group activities and growth strategy.
- Rules and regulations change each year, so the extent to which, e.g., scope 3 emissions are included may change. In the graph, we have adjusted the 2022 total site-based CO₂ results by integrating the 'inputs' we considered in previous years for consistency.

Carbon footprint SD Worx NV 2013-2030



The results shown do not consider carbon offsets or market-based results, and therefore represent a conservative approach. With a sustainable real estate strategy, further electrification of the car fleet and the increasing popularity of alternative forms of transport, we are confident that the 2030 target will be met. In the coming year, efforts will be intensified to develop a decarbonisation plan that can assess scenarios and formalise the impact of the chosen reduction pathways. In addition, SD Worx will continue to consider environmental actions across the Group, the effects of which are not always easy to calculate.



“In the coming years, we will continue to develop our climate action plan, which will help us formulate decarbonisation reduction strategies and take targeted action.”

Laura Antila, Quality Manager

Environmental actions

People solutions

As a service provider, we are not involved in manufacturing activities that directly emit greenhouse gases. Through our people solutions product portfolio, we enable digital solutions, green compensation policies, remote working opportunities, and reduced workweeks that have a direct or indirect impact on the environment. Although these digital transformations contribute to sustainable labour markets, it is not easy to quantify their carbon-reducing effects.

Mobility

The carbon footprint study confirmed that most of our greenhouse gas emissions come from transport and commuting activities, especially scope 3 emissions that are not related to our core activities.

SD Worx has been a prominent player in the labour market, promoting fully hybrid working models, teleworking and 'workation' policies. Teleworking is the most sustainable way to commute, and remote working has been standard at SD Worx since 2021. In addition, SD Worx has a green mobility vision that is closely linked to flexible reward strategies that enable employees to switch to green mobility alternatives.

2022 has introduced a new 'Bike Mobility' program which, in addition to bicycle leasing, offers employees attractive ways to purchase a bicycle through their salaries. E-bikes and scooters are also promoted as alternative means of transport. In addition to bike days to encourage people to leave the car at home and use alternative means of transport, employees are rewarded for cycling to work. In 2023, we strengthened our Belgian collaboration with Mbrella to create a personalised mobility plan for each employee. As part of its digital strategy, this platform partnership makes it possible to manage the bicycle allowance, public transport and mobility budgets in a single tool.

In 2023, a new car policy based on total cost of ownership has led SD Worx to expand the EV range and accelerate the shift to more electric cars. Prottime has already committed to a 100%-electric fleet, so this trend will continue. We have started to track EV consumption closely, but as the fleet has only been growing since 2020, the total EV fleet stock is still small compared to fossil fuel-powered vehicles. However, we have seen a significant shift towards PHEVs in 2023. An additional benefit is that our Belgian EV energy supplier provides 100%-green electricity from solar and wind.



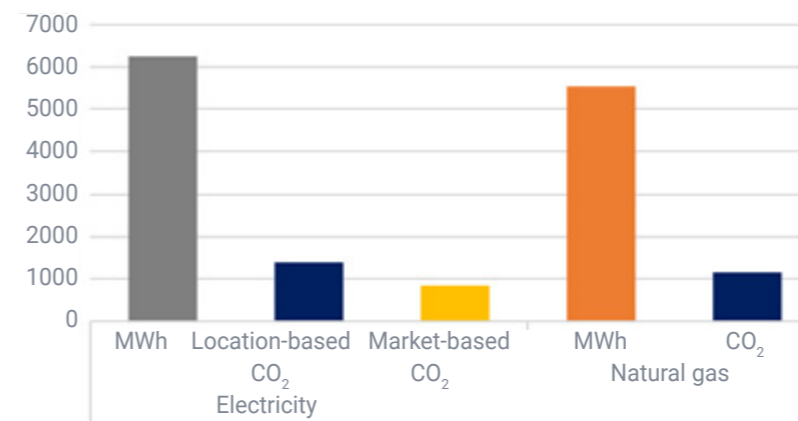
“Our new car policy takes into account the total cost of ownership, including fuel type, emissions, CO₂ impact and green investments such as home charging points.”

Wim van Rompay, People Director

Energy

Energy management and use are closely linked to real estate management and the extent to which office space is owned or rented/leased. Approximately 15% of the office space used is owned, which provides more flexibility in terms of energy investment and property management. Heating, air conditioning and lighting are the main energy consumers that determine the electricity and gas consumption shown in the graph below.

Energy consumption (MWh and CO₂ eq)



There are many ways to manage energy consumption:

- With over 120 entities in the SD Worx Group and current hybrid working models, office space can be reduced through newly owned office space, relocation, or the revision of leasing contracts. The combination of more green procurement strategies (e.g., green electricity contracts) and less office space per person will notably impact our ecological footprint. A 'book my desk' app is used to better manage reduced offices space and utilisation factors.
- Green electricity is already contracted for some offices, depending on local conditions and office usage. Choosing energy-efficient leased office space can also reduce energy consumption. These factors explain why the chart shows a lower market-based CO₂ result compared to the location-based method. This means that we are better than the national average for CO₂ emissions from electricity sourcing thanks to a higher use of renewable energy. In 2022, 21% of the energy consumed comes from renewables; excluding Belgium, this rises to 47%.
- Smart energy technics and artificial intelligence devices can be used to track and counter excessive energy use. Consumption peaks can be monitored, enabling detection of moments of unusually high energy consumption.
- We've developed a solar investment plan and installed solar panels on several of our owned buildings in Belgium and the Netherlands.
- A new SD Worx headquarters will be built in Antwerp. This new property will be certified and built according to the BREEAM Outstanding Award criteria, aligning the long-term sustainability ambitions of the building project with the UN SDGs. Other older buildings will close and be demolished to make room for the new SD Worx headquarters. The rental office in Espoo (Finland) is also BREEAM certified. Occasionally, SD Worx works together with NORNORM,

a fully circular, subscription-based furnishing service. NORNORM takes care of the design, delivery and implementation of the furnishings; afterwards, the furniture will be collected again and re-used or re-circulated.



“Our planned headquarters in Antwerp will be certified and built to BREEAM Outstanding Award criteria, aligning the long-term sustainability ambitions of the building project with the UN SDGs.”

Kristof Thiers, Real Estate Manager

A significant source of energy consumption is related to information services, particularly our use of data centres and servers, services that are often outsourced. In preparation for the EU Taxonomy and as part of our supply/value chain due diligence, we have started to look more closely at our data centre activities. An ESG/taxonomy questionnaire was sent to our data centre providers to obtain feedback on energy use and their preparations for the EU sustainability reporting framework.

Energy consumption and Power Usage Effectiveness (PUE) of our most relevant data centres

Data centre	# data centres	Energy consumption	Renewable energy %	PUE
Fujitsu	2	743,096	100	1.54
NRB	2	NA**	100	1.62
NaviSite*	2	975,744	100	1.24-1.6
Elisa	2	218,852	100	1.8
DNA	1	21,055	100	1.43
MS Azure		NA**	72	1.18

* Energy figures extrapolated from September 2023

** Only totals available but not for SD Worx specifically

PUE is a measure of the energy efficiency of a data centre and is the ratio of the energy consumed by the data centre to the energy supplied to the IT equipment. All our data centres have decarbonisation plans in place and we are pleased to see that most of our data centre partners are already well ahead of EU regulations.



“Commitment to green energy procurement is increasingly a KPI in data centre management contracts.”

Andrea Eschle, Chief Products Officer

ICT equipment

Equipment such as laptops, monitors and mobile phones contribute significantly to a company's carbon footprint. SD Worx is committed to optimising the lifecycle of its equipment. Whilst the life of equipment can be extended, there are times when it is a better strategy to recycle, sell or donate certain equipment as part of our CSR strategy. Security issues, changes in legislation and new IT requirements may mean that some equipment is retired sooner than expected. The CO₂ impact of ICT equipment is included under office supplies in the scope 3 emissions table.

Waste

In 2023, we attempted for the first time to calculate the carbon impact of direct waste across the Group. Even though waste is often collected differently in different countries and even locally, and is not always measured, we were able to estimate direct waste consumption and provide a CO₂ equivalent. Results show that direct waste is not a material or significant carbon driver in the business.

Nevertheless, several actions are taken to reduce our waste consumption:

- A certified shredding partner destroys our often-confidential documents, which are then completely recycled. Thanks to digitisation and a reduction in printing, we continue to reduce the amount of paper we produce each year. Electronic output is encouraged wherever possible, in line with our digital strategy.
- We offer paperless pay slips to our customers wherever possible. Considering our large client base to which payroll services are provided (over 6 million pay slips per month), this activity can save several hundred tonnes of CO₂ per year, resulting from all logistical activities related to paper production, transport and consumption.
- We will continue to reduce the use of plastics and focus on recycling and the use of recycled products by defining more stringent sourcing criteria for the purchase of goods and improving data collection efforts.

Indicator	Total	Ton CO ₂
Water (M ³)	29,208	332
Direct waste (tonnes)	665	310

Water

As with direct waste, efforts have been made to understand our water consumption across the Group. Most of the water used is for sanitation and cleaning. An increasing number of offices use surface water for toilet flushing.

Although water and waste do not make up a significant part of our carbon footprint, they are tangible issues that are not only part of the scrutiny of the EU reporting standards, but are also high on the agenda of upcoming EU regulations related to renewable energy standards, waste regulations, taxonomy criteria (circular economy, pollution prevention and control, biodiversity) and others.

Environmental initiatives

Supporting green projects

Employees of Protime and SD Worx will soon be harvesting the fruits of the first company food forest planted in Mechelen (Belgium). The first fruit trees were planted by an experienced contractor and the first apples, pears, berries or plums are expected in the coming years. The company garden will also be open to the neighbourhood. Later, in the second phase of this initiative, we will plant shrubs, including raspberry bushes and strawberry plants, for example, in collaboration with a nearby school.

With this food forest we want to make a positive contribution to the environment of this neighbourhood, with a positive social impact on our employees, visitors and neighbours. Instead of digging up the 500 square metre embankments, we are now providing a green space for relaxation. This is a good example of how we can combine environmental, social and governance (ESG) issues.



Carbon offsets

SD Worx offset approximately 1091 tonnes of CO₂ in 2022 by investing in carbon offsets. A carbon offset is a reduction in greenhouse gas emissions (or CO₂ equivalent) that compensates for emissions generated elsewhere. This can be a credit or certificate that a company can buy to reduce its carbon footprint. The value is then invested in green projects.

SD Worx in the Nordics (Finland, Estonia, Norway, Sweden) will offset more than 60% of its GHG emissions by offsetting the equivalent of 512 tonnes of CO₂ in December 2022. The projects supported are innovative carbon removal/avoidance projects: Luangwa Community Forests Project, Jubilacion Segura Agroforestry, Soil Carbon with Biochar, Running Tide Ocean Carbon Removal.

SD Worx in Germany has offset the consumption of 216,566 litres of fuel or the CO₂ equivalent of 569 tonnes for 2022 by partnering with DKV/myclimate (myclimate.org) to support climate protection through the internationally recognised Gold Standard project portfolio. Three projects are currently being supported: a biogas project in Nepal, a solar cooker project in Madagascar and the 'Stoves for Life' project in Kenya. This ensures that the projects make an additional contribution to climate protection and the fight against climate change. The projects also directly benefit local people through jobs, reliable energy supplies and improved health.

We can also offset indirectly through our suppliers. Our Belgian EV energy supplier guarantees that all electricity is 100% green, using certificates of origin. For every kWh charged by an EV, a corresponding number of certificates of origin are purchased, representing certified investments in European wind farms. This is an efficient way of working, as it is impossible for energy suppliers to always provide green energy when, for example, employees charge their EVs at home. Admittedly, the amount of CO₂ offset was only about 10 tonnes due to the small EV fleet. We expect this to increase significantly over time as the EV fleet expands.



Social

Social highlights

Roll-out MyMove	Expansion Engagement Survey	Workation policy launched	Activation SPARK JOYners, Switch and exchange programmes	Fit@Work month
58% increase in learning hours processed	61% women in workforce	CSR Spend up by 11%	Brain@Worx	11% growth number of employees



“ESG is increasingly top of mind among clients, employees, candidates, investors, media and other stakeholders. For SD Worx, ESG has always been an inherent part of who we are as a company and what we offer, but now we’re taking it up a few notches. For example, we’re redefining our strategy to make ESG in all its facets a top strategic priority. Since all employees can also be ESG ambassadors, HR has a crucial role to play on this front. It also means that, as a company, we sometimes must make compromises to keep all business, people and ESG goals in balance and we need to be aware that it takes time to get everyone on board for such a change. So again, the role of HR is critical in making this transition happen.”

Bruce Fechey-Lippens, Chief People Officer at SD Worx

We are committed to changing the way we live and work together. As well as proposing innovative HR policies and approaches to work, it is vital that we actively demonstrate how we manage our own people and enable them to take full advantage of this new era of digital and flexible working. This is why we are building a people growth strategy that focuses on talent management, open feedback, competency-based career paths and flexible reward and policies. We believe that these elements, among others, will help create sustainable career paths and employee experiences, which is tantamount to another social material topic.

In addition to these 'thinking' roles, considerable attention is paid to our social role, or activities around corporate social responsibility. These are also covered in this section, along with ongoing community investment and sponsorship.

Shaping the future of work

People growth management: unleash your highest potential

Our approach is driven by the belief that people are the most important asset in any business. Even more so for a fast-growing company like ours, stimulating our people to unlock their full potential is an essential way to pursue sustainable careers, hence the name People Growth Team rather than HR department.

3 pillars to unlocking people's full potential:

1. **Self-leadership:** employees are in the driver's seat. We stimulate them to pursue their interests and passions to reach their goals.
2. **MyMove:** with a talent management tool and interactive sessions, we develop a dialogue and feedback loops with employees to guide them in their day-to-day work.
3. **SD Worx identity:** by actively enabling a culture of growth based on engagement and DEIB permeate all levels of our organisation, it comes alive – with our employees acting as true SD Worx ambassadors.



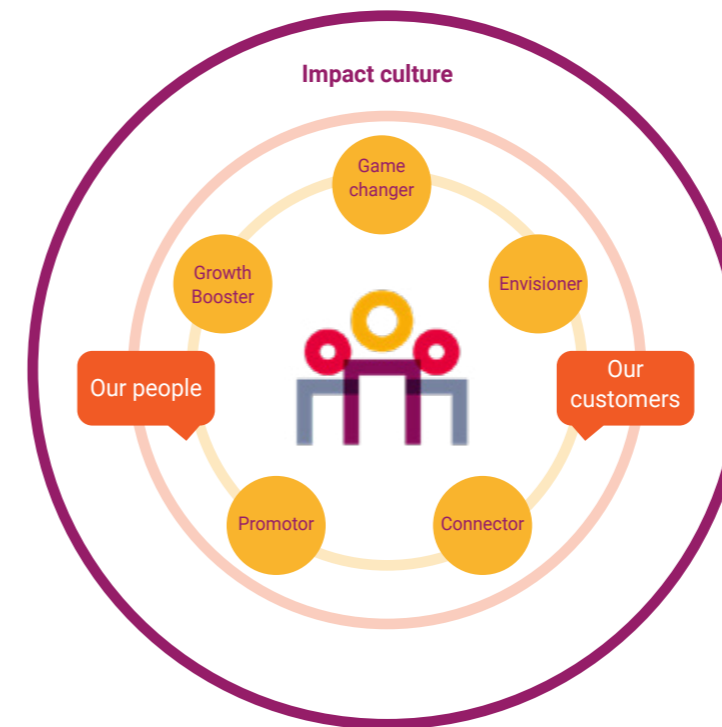
“We want to change people management and HR policies for the benefit of our employees and the wider labour market. Flexible working and empowering our people to achieve their full potential are key elements in achieving this.”

Bruce Fechey-Lippens, Chief People Officer

Employees are in the driver's seat: self-leadership

We believe that everyone should be the 'CEO of their own life'. That's why we encourage everyone at SD Worx to attend the Self Leadership Workshop, run by our Learning & Development Campus, to build their confidence, own their energy, define their goals and make an impact. In addition, the Learning & Development Campus has an updated training catalogue, including courses on project management, presentation skills and much more.

The positive SD Worx leader



“At SD Worx, we are committed to providing more than just jobs; we offer sustainable careers. We have several programs in place to help employees take control of their own careers.”

Ellen Neyrinck, People Director

Because change comes from within, we give our people the freedom, flexibility and tools to take charge of their careers. We also offer a range of programmes that enable employees to be proactive, such as SPARK JOYners, Switch and SD Worx Exchange.

In 2023, for example, we welcomed three colleagues from Mauritius for the first SD Worx Exchange Program, which aims to promote knowledge sharing, enhance teamwork and develop leadership skills by providing opportunities for cross-functional and cross-country collaboration. This initiative also increases employee engagement and contributes to a positive organisational culture.

Light your spark

To maximise talent development and talent visibility, we need to offer the right culture, mindset and tools. So, how do we go about achieving this? In 2023, we translated our sharpened talent vision into numerous initiatives, and 2024 will be the year of implementation in all countries where we operate.

Our view on talent

We want all employees to find their sparks, which they can grow and develop as they please. That's why, in 2023, we launched our MyMove platform, where career ambitions, goals and (wanted) skills become visible, feedback is encouraged, appreciation is given... In short, where our entire talent vision becomes concrete.

Ellen Neiryndck, People Director at SD Worx: "We worked on many fronts in 2023, both in terms of content and geography. Take internal mobility, for example: through our Switch programme, we are building talent pools with employees who are ready for new jobs within the company. Meanwhile, we are increasingly recruiting with a focus on inclusivity. Our offering with internal trainers has also grown significantly – and we are developing more and more leadership and mentoring programmes. What's more, people are eager to participate in these and other programmes, which we highly appreciate."

Some examples

SPARK JOYner

Ellen: "All our employees can apply to join the SPARK JOYner programme, a strategic project group. For an entire year, they get support in their leadership journeys through discussion groups, training sessions, mentorship and team days."

"Thanks to my mentor, I was able to improve my marketing and leadership skills. It was also interesting to get to know the SD Worx culture better, which is not always as obvious as a Protimer. My growing internal network is helping me to build more bridges with our parent company, too."

Geert Segers, Marketing Manager at Protimer, an SD Worx brand

"Honestly, it's been an awesome ride that exceeded my expectations! I have gained invaluable advice and insights that will shape my future and stay with me as I move forward in my career. For example, 'Embrace change as gracefully as a river flows' is a guiding principle that has profoundly shaped my current perspective. Change, like a river, brings new beginnings and opportunities that flow on like time itself. Don't fear it. Instead, embrace it with an open heart and a resilient spirit, and learn from it."

Diego Allauca, junior SAP Consultant at SD Worx

"Through a micro-innovation track, I helped develop a project from A to Z with people from different departments. I was able to learn quickly, expand my network and I am convinced that we will have a lot to gain from each other as a group in the future."

Liese Debakker, People Learning & Development Partner at SD Worx

The extra mile

Ellen: "What I will take away from 2023 is the growing sense of ownership and engagement. People are increasingly asking to take on initiatives or contribute to projects, often outside of their job descriptions. This is taking control of your career in practice!"

"During my SPARK JOYner trajectory, I focused on women's leadership. Within SD Worx, we work on leadership in general, but we still need to pay special attention to women across borders. Having been an entrepreneur, I've become deeply interested and invested in the topic of female leadership. I want to inspire and empower other women. 'Why settle for the ordinary if we can be extraordinary' is my motto – and it gives me a great sense of purpose to continue to put my shoulder to the wheel in this respect within SD Worx."

Sarika Jutton, Mid-Market Service Delivery Manager UK at SD Worx

"I have been working at SD Worx as a consultant since 2021, but I also have a degree in Gender & Diversity. As SD Worx is actively working on this theme, I told my Team Lead that I wanted to use and share my passion and knowledge in this area. That's how the ball got rolling and soon I will be able to give internal training sessions. I'm also allowed to free up one day a week to support the diversity and inclusion working group."

Michon Engels, International Payroll Consultant at SD Worx

"As a SPARK JOYner I've grown a lot in a short period of time, which is why I would highly recommend this track. My mentor, with whom I was perfectly matched, coached me through it with her proficient HR and management skills. This made me think about my further growth path within SD Worx and led me to attend a Train-the-Trainer session. After all, it's the people who make a job exciting!"

Sofie Vorrsselmans, Consultant Process & Projects Management at SD Worx

Empowering careers through MyMove and open feedback

We recognise the importance of empowering our employees to manage their own career paths. Our digital talent platform, MyMove, is designed to be a companion on this journey of personal and professional growth. At the heart of MyMove is the belief that every employee is the architect of their own success.



MyMove enables employees to:

- set clear career goals
- discover and capitalise on personal strengths
- capture career aspirations
- identify and address development needs
- engage in a culture of two-way feedback

You're in the driver's seat of your career

At SD Worx, we promote an open feedback culture as a cornerstone of our commitment to personal and professional development. It provides a mirror into the impact of our employees' actions and behaviours, offering invaluable insights. This continuous improvement loop empowers everyone to refine their approach and deliver exceptional results. Acknowledging and responding to feedback not only boosts motivation but also strengthens commitment.

We want to guide our employees throughout their careers and professional journeys. Guiding them in our company also means showing them the opportunities available to them. Enter: the SD Worx Discovery Tour. During this global online event, we raise awareness of all the different opportunities within our organisation and how employees can take control of their careers.

What's your mindset?

To make careers as durable, joyful and meaningful as possible... That is our goal.

Ellen Neiryck, People Director at SD Worx: "When we talk about 'sustainable careers', we don't mean that we aim to keep everyone in the same role for, say, 30 years. Instead, we provide a forum for people to unleash their full potential internally. Also, it's not our goal to set out someone's entire career path in one go, for there is no such thing as 'the only way is up'. At some points in their lives, people may want to take on more or fewer responsibilities – and that's totally fine! – as long as they take responsibility for their choices."

Our Impact Cycle

"We have introduced a new form of performance management: our Impact Cycle. This approach is based on assessments by managers and employees themselves, who can also consult colleagues for this purpose. We consider not just performance but people's mindsets as well. Does someone opt for growth – extra projects, responsibilities, etc. – or focus – gaining expertise – in the year ahead? It's not an or-or story, there are variations in between, and they are all equally good. But it's something important that their managers need to know so that they can take the right actions."

Sien Janssens, People Growth Expert at SD Worx

"My favourite part of our new Impact Cycle is the feedback section. Throughout the year I've seen many examples of people praising each other and giving kudos to their peers. This culture of empowerment, trust and support helps to strengthen our professional relationships. It embodies our 'One for all, all for one' corporate value, which means we are close and feel connected even when we are physically apart.

"The shift to focused-growth mindset was something new for me. For the first time, I saw the possibility of not only recognising impact players, those who are visibly open to new challenges, but also supporting the development of those who feel comfortable in their current roles and want to become experts in them. It's a great opportunity to appreciate and develop our teams horizontally as well."

Anna Burda, Team Lead – Payroll DACH at SD Worx

"The Impact Cycle is a straightforward and intuitive process facilitated by the MyMove platform. Navigating and updating within the platform is a breeze, and the well-defined timeline serves as an excellent guide for cascading objectives and supporting progress. The built-in feedback module has been incredibly helpful. Overall, it provides a central space for everyone to progress across multiple dimensions, performance, mindset and values; putting each employee in the driver's seat of their career and enabling them to develop to their full potential."

Meeshal Dookheet, Agile Coach at SD Worx

"I'm really excited about the Impact Cycle process at SD Worx. It's not just about ticking boxes; the self-assessment has prompted me to critically evaluate my role and impact within the company. Encouraging a focused growth mindset has challenged me to go beyond my comfort zone and actively seek opportunities for improvement. In addition, MyMove empowers employees to drive meaningful change within the organisation. By assessing attitudes and values, we're not just measuring success, but aligning ourselves with the core principles that define SD Worx. It's a refreshing approach that promotes accountability and drives continuous progress."

Sylwia Swirydziuk, Team Leader Implementation at SD Worx

SD Worx identity through sustainable careers and worker experience

Our company culture is dynamic, informal and growth focused. By contributing even more to personal and professional development, in addition to offering new ways of working and new HR policies, we are trying to set new standards and truly build sustainable careers and employee experiences. This is also an impact area of our Double Materiality Assessment.

Future of work

As an HR services provider, SD Worx has a clear vision of the workplace of the future. Our Future of Work philosophy is made up of 3 basic principles:

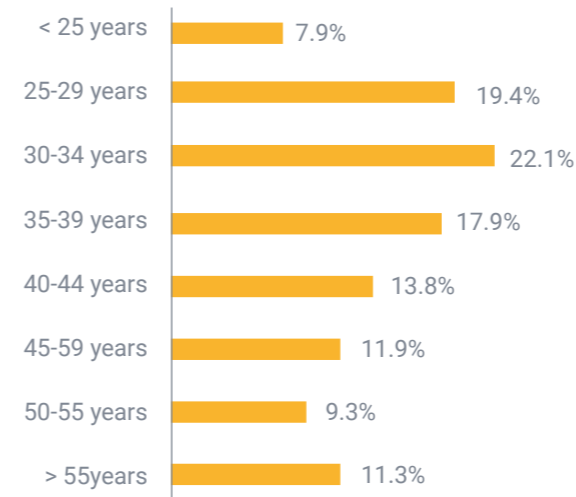
- **Autonomy:** working independently of location and time plays an important role in the workplace of the future.
- **Collaboration:** digitalisation allows employees to collaborate with colleagues and external parties much more efficiently, leading to better customer service.
- **Playing to our strengths:** employees achieve their maximum potential when their job content is oriented to their individual strengths and qualities.

We also apply these principles to our own way of working: SD Worx employees can work wherever they want since 2012, and the number of employees working from home has increased each year. In offering activity-based workplaces, SD Worx enables employees to perform their responsibilities in an adapted place of work, such as a silent area, a group area or a lounge, rather than in a permanent office.

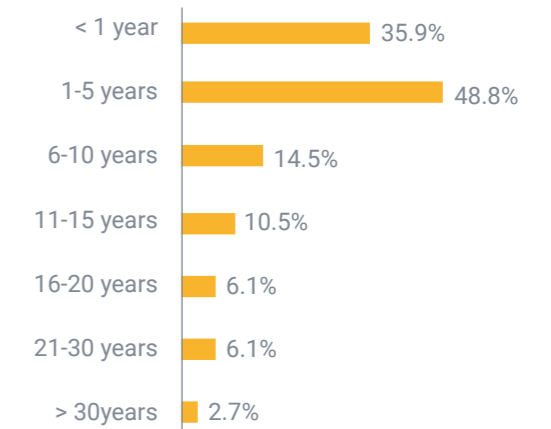
Employee response has been enthusiastic, and the benefits are clear: employees have more autonomy and feel more closely involved with customers. They also save time, concentrate better and maintain greater focus on their tasks, achieving a better work-life balance. Productivity increases, collaboration is enhanced, and more ideas and skills are shared. At the end of the day, people enjoy their jobs more – and reduce CO₂ emissions by teleworking instead of commuting.

Profile SD Worx employees 2023

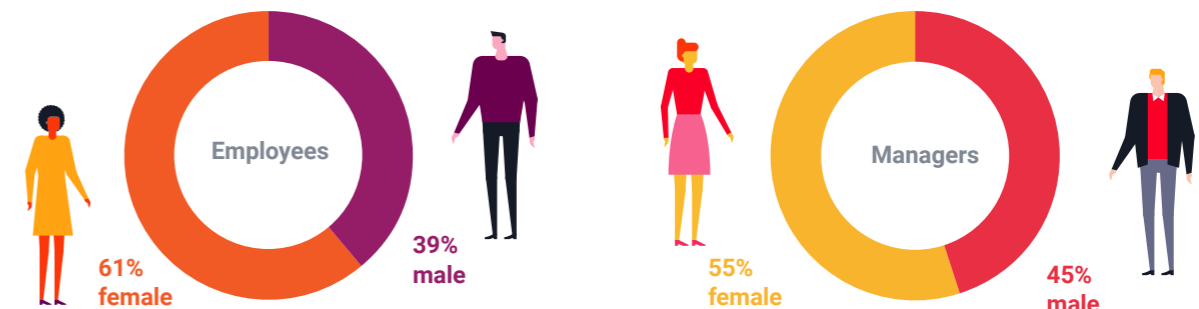
Age diversity



Seniority



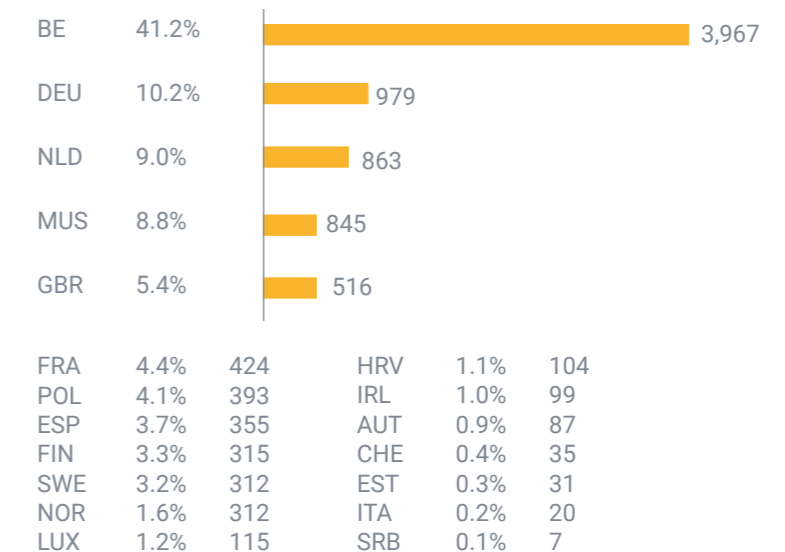
Gender equality



Number of nationalities

93

Employees by country



Flexible work

SD Worx wants to be as flexible as possible when it comes to job time, hybrid work and employment contract, for internal employees and contingent workers.

Employment contract vs job time

	Internal employees	Contingent workers
Full time	81,9%	71,55%
Part time	18,1%	28,45%

With work-life balance being one of the most important factors in attracting and retaining talent, SD Worx has ushered in a new era of workplace flexibility, leading to research into 4-day and short-time working, for example.

Trials and studies across Europe and around the world have shown that culture, industry and work patterns play an important role in the success or failure of compressed or reduced working hours. These approaches can offer attractive benefits such as improved employee wellbeing, increased attractiveness as an employer and efficiency gains – benefits that cannot be underestimated in today's highly competitive business environment.



“Reduced or compressed working weeks can have benefits such as increased engagement, higher productivity, improved wellbeing and higher retention. This requires clear agreements, transparent and ongoing dialogue with managers and colleagues, and strong workforce planning.”

Ellen Claes, People Director Belgium

We even have our own workation policy, because we strongly believe in giving our employees the ultimate flexibility to achieve a healthy work-life balance. Our workation approach allows individuals to choose not only their work hours, but also their work location, recognising the uniqueness of each employee's life. We believe this autonomy promotes motivation and efficiency in a personalised way. To ensure compliance, we limit the maximum stay in a country where we have a legal entity to a certain number of days, balancing the benefits of workation with operational requirements.



“Our workation policy allows employees to choose their own working hours and location, giving them maximum flexibility.”

Hicham Al Bouhali, People Director

Remuneration

Remuneration policy for employees

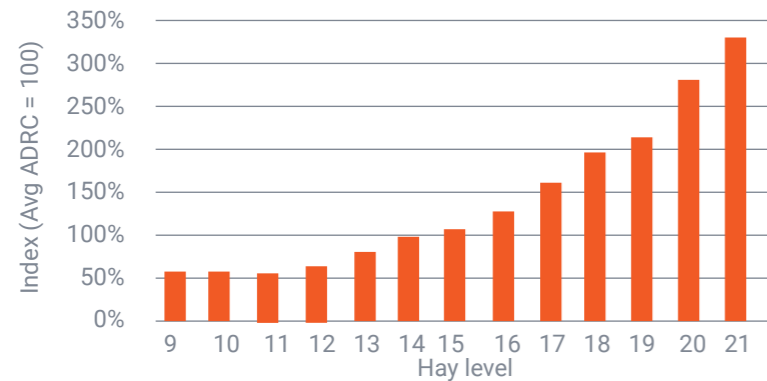
SD Worx's total remuneration package has the following objectives:

- link performance and reward
- align/steer performance towards business strategy and results
- attract and retain talented employees
- reward performance in line with the company's financial success and ability to pay

In addition, SD Worx strives for modern and market-based remuneration within a manageable and motivating framework:

- **Motivating for the employee:** it's essential for us to attract and retain the right people. Wage conditions play a significant role in this. Commitment and performance determine wage evolution and variable salary.
- **Manageable for SD Worx:** administrative and budgetary manageability are also important. The SD Worx wage policy supports this by permanently aligning wages with the market.
- **Market-based:** we want to reward markedly better than the market for all job levels and remuneration typologies.
- **Transparent:** within our wage policy, we strive for maximum transparency without compromising on the specific needs of our different environments and the profitable growth that we wish to achieve.
- **Internal legality:** clearly defined rules and guidelines ensure that a high degree of internal legality is achieved.

ADCR index vs Hay level



SD Worx uses a Hay level or job evaluation/salary mapping system that corresponds with a certain average daily remuneration cost (ADRC).

Remuneration package

In addition to gross salaries and aligned with market best practices, we offer our employees numerous benefits. Each country defines the rules applied to each benefit, but there is a common set (pension insurance, medical insurance, etc.) across all countries. Those benefits can be classified into 5 types:

- cash
- benefits
- mobility
- work-life balance and wellbeing
- culture and health

A Flex Income Plan™ (FIP) is available to Belgian employees, allowing them to choose a wide range of fringe benefits that relate to mobility, cash, multimedia/digital and/or corporate culture. This reward enables them to adjust their salary packages according to their personal needs. Since 2020, the Group has switched to a FIP shop that is constantly open, giving the employee control over the composition of their salary package. The FIP shop is a sort of 'employee bank account'.

Variable wage

Variable remuneration is part of SD Worx's total remuneration package. Variable pay is available for employees with contractually variable benefits (in sales and consultancy) or within a certain Hay/pay range (in business delivery & support). Variable remuneration depends on the budget available and the achievement of objectives. Since evaluation year 2020, instead of considering personal objectives, the Group focuses on collective targets and realisations to determine the variable salary. This means that the variable salary is determined in function of the business/segment results, customer experience and – for top-level management and the Executive Committee – employee engagement. This reduces variability. Through our SharePoint portal, all Group employees have access to a matrix containing annual targets per group together with different scales concerning financial results,

customer experience and employee engagement. Effective results and target-setting procedures are transparently communicated. Variable salaries are calculated based on the fixed annual gross salary levels of the relevant reference year.

SPARK bonus

Complementary to the variable salary – with the focus being on reaching collective targets – is the SPARK bonus, introduced in 2021. Under this incremental variable policy, each segment or department can award an ad hoc bonus on a quarterly basis within the available budget to employees who have demonstrated a clearly recognisable and outstanding performance and/or made an exceptional contribution to a specific project or task.

Global employee referral bonus

To attract the best talent in the market to realise our ambitions, SD Worx offers a global employee referral bonus program. This gives an incentive to an employee who brings new talent to the company by referring applicants who are selected and successfully employed for a minimum period of 6 months.

Remuneration policy for senior executives

Executive Committee (EXCO) members are also part of the compensation & benefit packages described. There are some differences due to their positions and responsibilities. SD Worx EXCO salaries are externally benchmarked every 2 years with the involvement of an external reward consultant. The review and validation of changes to individual packages usually take place during Remuneration & Nomination Committee (RNC) meetings.

The RNC also validates targets and key performance indicators for performance-related pay schemes operated by the company and approves the total annual payments made under these schemes, ensuring that they are structured to inspire staff to deliver sustainable long-term growth value.

Shaping sustainable careers and worker experience

Professional growth

Learning & Development Campus

Our training policy drives sustainable employability by encouraging our employees to continuously develop:

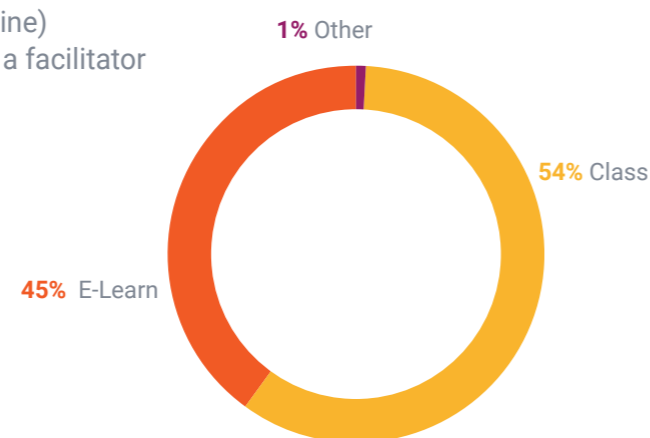
- (technical, functional) skills needed for their current role benefits
- competencies that prepare them and the company for the future

The training opportunities are tailored to individuals of different profiles, from new joiners to more senior roles.

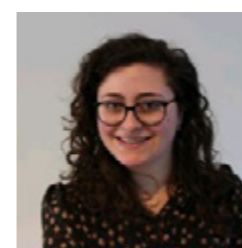
Over the past year we have focused even more on developing and delivering training that embodies the SD Worx culture, including SD Worx Values workshops, our Self-Leadership workshop and our SD Worx Positive Leadership workshop. To promote internal knowledge transfer, we offer Train-The-Trainer programmes to coach colleagues to become trainers in their respective areas of expertise. A wider range of learning and courses, more training for new hires, better recording of courses taken and more mandatory training on Code of Conduct and Evacuation & Safety have all contributed to a sharp increase in recorded learning hours.

The Learning & Development Campus aligns training courses over country and segment borders, facilitated by both external and internal instructors. The offering includes both digital and face-to-face training, allowing employees to personalise the experience to suit their own development needs and pace.

- Class: courses with instructor (physical/online)
- E-learning: education through tools without a facilitator
- Other: hybrid versions and other



	2023			2022		
	Employees	Learning hours	Hours/FTE	Employees	Learning hours	Hours/FTE
Total	6,657	85,045	12.8	6,198	50,183	8.1
Female	4,131	58,029	14.1	3,769	34,404	9.1
Male	2,526	27,016	10.7	2,429	15,779	6.5



“Internal learning hours increased by 58%, thanks to more training opportunities in general and more internal training on topics such as values, (self-)leadership and the Code of Conduct.”

Yente Helsen, People Learning & Development Partner

SD Worx Academy

SD Worx Academy offers training and education programmes for everyone's taste that are based on a wealth of expertise (a unique mix of payroll, socio-legal, HR and learning & development knowledge) and our core HR business activities covering the entire employee and employer life cycle.

Characteristics of our offering:

- Specialised and experienced 'sparkling' trainers are available to make legislation, for example, clear and practical through standard and tailor-made programmes.
- How you learn is up to you: online or physical, live or on-demand, high-level or in-depth, theoretical or practical, or a mix.
- Courses are available at all levels: beginner, intermediate, advanced and professional.
- Learning activities are directly related to business practice and there are many opportunities to network with other participants.
- SD Worx Academy is constantly on the move to address all HR trends and legal changes: training and courses are constantly updated and expanded.
- SD Worx Academy is committed to constantly reviewing and innovating its agile learning platform to keep customers up to date and on track. They also get access to sneak previews of online learning methods, podcasts, virtual learning, etc.



“The SD Worx Academy operates within a network of legal experts, payroll professionals, HR managers and employment/staffing services. This 'learning hub' allows us to access a wealth of information and make it available to the public accordingly.”

Jan Embrechts, Manager Academy Belgium

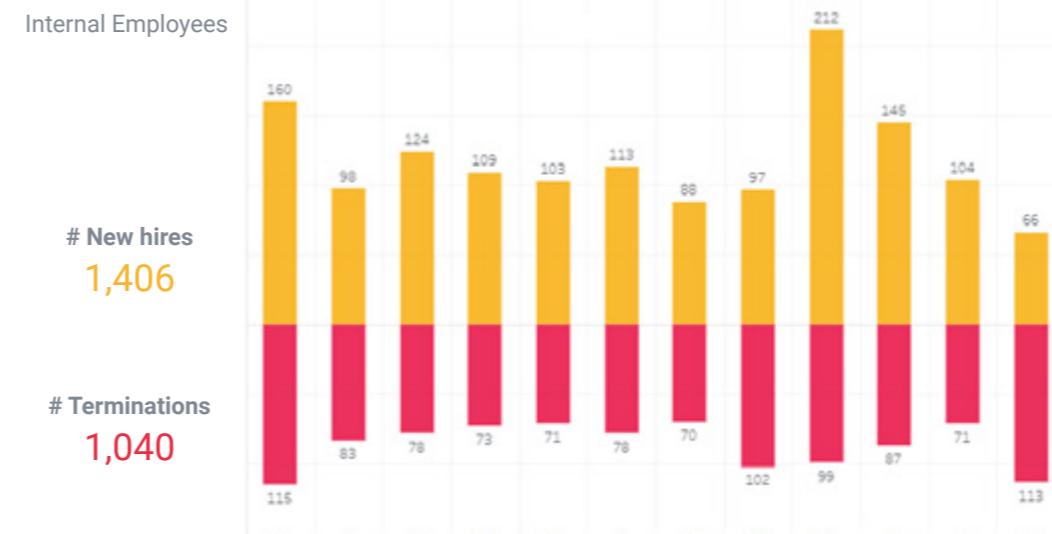
Work lovability and human energy

A shared responsibility for employee wellbeing

As an employer, we aim to provide a stimulating working environment with the best-possible conditions for every employee. To be the employer of choice, we must do everything we can to make our employees feel good. Firstly, our employees must be able to perform meaningful tasks and enjoy satisfying work content. Autonomy and the ability to contribute to the big picture are key elements here. That is why we work continuously to provide our employees with meaningful work and with opportunities related to talent and career development. We pay close attention to employee development and opportunities for job mobility and promotion.

We also have a responsibility to create an environment and culture that supports these opportunities, which is why safety, health and welfare are key elements of our day-to-day policies. The Board of Directors, leadership team and managers are responsible for the practical implementation of this policy on the work floor, according to our value statements. This approach places responsibility for health, safety and welfare in the hands of all employees and managers.

Workforce evolution 2023



Promotion levels 2023 (%)

	Female	Male
Manager promotion	87.0 %	69.7 %
Hay level promotion	62.3 %	64.6 %

Internal mobility 2023 (job change/team switch)



Employees who move into a new job function in another part of the organisation.

Manager Promotion
v 7 > 251 ^ 8

Hay Level Promotion
v 18 > 167 ^ 82



Employees who stay in the same job but move to another part of the organization/a new team.

Manager Promotion
v 7 > 1.607 ^ 6

Hay Level Promotion
v 20 > 167 ^ 82



Employees who stay in the same team but whose job function changes. Their expertise increased or they are taking up a new role

Manager Promotion
v 2 > 413 ^ 10

Hay Level Promotion
v 18 > 205 ^ 205

In addition to our legal responsibilities for safety, we have implemented a range of measures to support physical, mental, social and financial wellbeing. Through the #WeSPARKyourWellbeing campaign, we inform our employees about a wide range of offerings, from the Brain@Worx program, a mental health hotline, Mindfulness@Work, yoga, a Fit@Work campaign, a helpline and Headspace, to ergonomics e-learning and access to ergonomics coaches.

All this information is accessible via a dedicated portal. Social activities include parties and the famous SD Worx radio sessions. Employees are encouraged to launch their own health, sports, cultural and social initiatives, with approved proposals receiving financial or administrative support from SD Worx.

Brain@Worx



“We offer a range of e-learning courses inspired by the Brain Balance model. The aim is to give all our employees the opportunity to become more aware of their personal wellbeing by following e-learning sessions that contribute to keeping their brains balanced and healthy (e.g., focusing, decompressing, sleeping).”

Eric Junes, Senior Talent Project Manager

To promote wellbeing at SD Worx, we place great emphasis on individual and management awareness of how our brains work. To achieve this, we use the Brain Balance model developed by Professor Steven Poelmans, who is associated with institutions such as the Antwerp Management School.

This science-based model explains that our brains need a range of activities to function in a balanced and healthy way: Focusing, Disconnecting, Sleeping, Moving, Playing, Routine, Relating, Reflecting and Nutrition. SD Worx has created a SharePoint section and a series of e-learning sessions related to these activities, which are available to everyone. A training curriculum is currently being developed, which will be implemented in the HR department and then made available to anyone interested.

Occupational health & safety

Our global workforce of more than 8,000 people is our greatest asset. We want work and the workplace to spark all our people to thrive. Working in a safe and healthy environment is not only a right for employees, but it's also our duty to provide it. That's why we have these objectives:

- prevention of accidents
- prevention of physical, psychological, material as well as environmental damage
- facilitating physical and mental health
- offering a healthy, safe and pleasant work environment
- complying with all safety and health legislation and standards that apply to its companies

SD Worx promotes health and safety management initiatives tailored to the independence and capacity of each individual and entity within the Group. We are committed to developing and managing systems that go beyond the legal requirements of the countries in which we operate to provide more substantial support.

To accomplish 'Safety' objectives, SD Worx commits to:

- appointing dedicated prevention advisors and staff to reduce occupational risks and ensure that all health and safety measures are implemented and operating optimally. The Prevention Advisor advises management on measures to be taken to ensure an acceptable level of comfort in terms of health, ventilation, air conditioning and lighting, and to optimise the working environment.
- identifying and assessing the risks inherent in our activities, processes and working environment
- carrying out technical inspections and controls, as well as preventive checks, using internal and external parties in our offices
- analysing incidents so that preventive measures can be taken
- developing updated contingency plans, including emergency plans
- systematically and timely seeking advice from internal and external advisory bodies in procurement and tendering processes

To accomplish 'Health' objectives, SD Worx commits to:

- onboarding new employees with the necessary H&S information
- offering a variety of health initiatives
- communicating transparently regarding all aspects of welfare policy
- implementing procedures to prevent and deal with, e.g., violence, harassment and discrimination, and providing subsequent support
- providing all employees with medical insurance; employees are invited to regular medical check-ups to strengthen the general health of SD Worx staff
- counselling of employees with work-related complaints, physical and mental, by internal and external professional partners
- guaranteeing the right to (digital) disconnection
- actively supporting reintegration processes of people absent in the long term

We expect all employees to co-operate in reporting hazards and deficiencies so that we can achieve our health and safety objectives. Consultation on health and safety matters between management and employees takes place through safety committees and/or works councils. Health and wellbeing are interrelated concepts.



“SD Worx's focus is on a wide range of wellbeing and DEIB programmes that also contribute to sustainable careers and a great employee experience.”

Marc Vermeesch, Prevention advisor Belgium

Boosting engagement

Although we strive for the most diverse workforce, we are committed to ensuring that all (future) employees feel highly engaged. From our experience with different engagement models, we know that 'personal factors' related to the individual's personal mindset and behaviour, and 'team dynamics' are the foundations of high engagement and a healthy workplace. Team dynamics refers to the nature of interactions, the level of collaboration, camaraderie and trust within any team. Effective leadership styles and practices at all levels are also essential to create an environment of transparency, fairness and respect. Personal attitudes and work performance are strongly influenced by factors such as work pressure and motivation.

Through our engagement surveys, we spend a lot of time on questions related to 'job demands' (what drains your energy) and 'job resources' (what gives you energy), allowing us to assess how key factors such as autonomy, feedback loops, mental workload and culture relate to employees' energy levels. The results are input to our wellbeing strategy. All aspects are embedded into our practices to boost engagement, as only an engaged workforce can thrive and realise our mission 'to be a spark'.



SD Worx Mauritius won 2nd place in Best Workplaces 2023 award for the 2nd year in a row.

Another example of engagement success story is Protime, an SD Worx company, which strives to be and remain the 'Employer of a lifetime'. Over the years, Protime has won many awards for its commitment to being a great place to work. For ten consecutive years, Protime has been awarded the 'Great Place to Work' label, as well as the 'Best Managed Companies' award. In addition, Protime has been awarded the 'World-class Workplace' label and the 'Top 1% Leading Employers' label. The various awards are achieved in many ways:

- the use of frequent small engagement questionnaires and surveys to be completed by the whole workforce. All subsequent results are published in an open, transparent and honest manner.
- a team of energy coaches and cultural ambassadors has been in place since 2023 to focus on positive energy management and resilience. The coaches offer support, guidance and listening to those who need/want it.
- a flexible organisational structure
- a loyalty program based on seniority is in place. During the 'once in a lifetime employer survey', topics and themes are also discussed by seniority group (age group) to ensure everyone's mindset is aligned.
- workplace sports: employees are encouraged to move, exercise and take healthy breaks. Increasingly, meetings are held during a short walk.



“We want to be a workplace where everyone feels valued and listened to. But being a 'once in a lifetime' employer also means that we strive to include everyone with a sense of belonging and a strong group dynamic.”

Gille Sebrechts, CEO Protime

Diversity, equity, inclusion, belonging (DEIB)

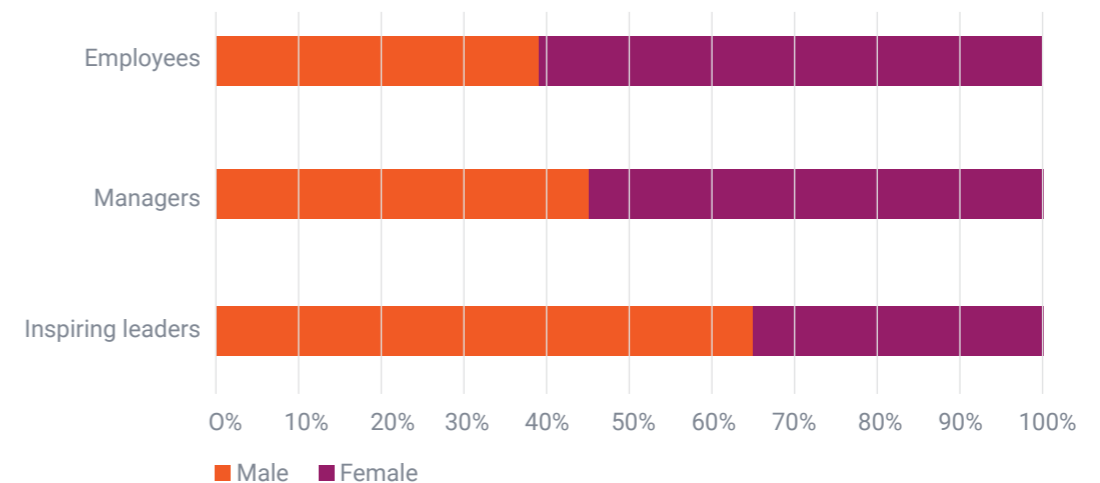
Diverse perspectives generate better ideas to solve the complex problems of a changing and diverse world. We want to act as one company and capitalise on our international presence. In doing so, it is essential that we treat each other with respect, trust and care – making diversity the cornerstone of all our corporate values. We aim to achieve the following goals:

- **Talent:** we provide equal opportunities to recruit, retain and develop talent that sparks our innovation.
- **Workplace:** we celebrate individual uniqueness and are inclusive in the way we work.
- **Marketplace:** we represent diversity in the marketplace and promote inclusion among our stakeholders.

Our commitment to DEIB is also reflected in the organisation of parental leave policies across the Group. Considering both part-time and full-time parental leave schemes, we calculate a return-to-work rate for employees returning after their leave and/or after 12 months. Due to differences in legislation, we take a country-by-country approach: in Belgium, for example, we find that the return-to-work rate is consistently above 90%.

We regularly communicate our understanding of all dimensions of diversity by organising numerous training sessions on topics such as unconscious bias, cultural awareness and the successful Female Leadership Program. We reaffirm our commitment to DEIB by engaging with other companies in a community. Open communication with employees is also encouraged through networks such as the LGBTQI+ community and events such as Antwerp Pride.

Year 2023 gender distribution vs job role



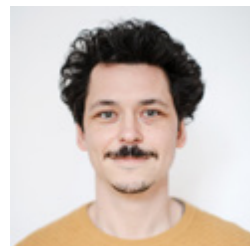
We focus on all the complex dimensions of diversity (age, gender, nationality, job function, seniority, Hay level, etc.) for our workforce through a dedicated internal portal that tracks all possible insights. In 2023, we also formalised a DEIB charter, available on our corporate website, with the aim of becoming an international inclusive company.



“With the DEIB Charter we want to emphasise that we embrace DEIB at SD Worx.”

Tea Colaianni, Board Member SD Worx

An example of our DEIB focus was the well-attended SD Worx seminar as a listening session on 2 April (World Autism Day) to raise awareness of the needs of people diagnosed with autism spectrum disorder. We celebrated their talents and highlighted the various efforts being made to make them an integral part of society. Also, we caught up with Autimatic, a Belgian organisation determined to maximise the employment of autistic people through a unique recruitment approach, and a long-standing partner. This initiative was part of our #WeSparkBelonging campaign.



“Choosing the right job for people with autism is not about filling open vacancies. Rather, we help craft jobs that are tailored to the individual.”

Thijs Calcoen, Chief Talent Officer Autimatic

Corporate social responsibility (CSR)

SD Worx Fund

Through the SD Worx Fund, established in 1999, SD Worx provides financial and professional support to projects of partner organisations that enable vulnerable people to participate fully in economic life. These organisations:

- prepare underprivileged people for employment either directly or indirectly
- ensure that disadvantaged groups remain active in the labour market
- ensure that underprivileged people can return to the labour market after an absence

Since 2020, SD Worx Fund has joined forces with the King Baudouin Foundation, which is ‘an actor for change and innovation in Belgium and Europe’, serving the public interest and increasing social cohesion. It seeks to maximise its impact by improving skills in organisations and for individuals and stimulates effective philanthropy by individuals and corporations.

<https://www.kbs-frb.be>

This objective matches perfectly with the SD Worx Fund. Operations are managed through a joint management committee set up by the King Baudouin Foundation, chaired by Fons Leroy and including board members from the private foundations. King Baudouin Foundation has taken over all engagements of SD Worx Fund and oversees new requests.

Initiatives SD Worx Fund

DUO for a JOB

With global mobility and a diverse society, we believe it is important that our society is inclusive so that everyone can find their place and actively contribute. With the aim of creating a more inclusive labour market, DUO for a JOB is an intergenerational and intercultural mentoring program that brings together young jobseekers and volunteers aged over 50. They meet weekly for six months, sharing experiences and working together to improve the mentee's chances of finding a job.

www.duoforajob.be

PROFO

Profo supports young people and their networks through various projects to promote their personal development, wellbeing and participation in the labour market.

<https://www.profo.be>

#SheDIDIT

Since 2018, #SheDIDIT has been offering individual business coaching to women with migrant backgrounds. It guides them through all the steps to start their own business as an alternative to regular employment. Participating women can develop their entrepreneurial skills, grow their confidence, become experts in their fields and create a future that fits their vision.

<https://www.shedit.be>

BeCode

BeCode offers pre-qualification training in digital professions to the most vulnerable job seekers in the Walloon and Flemish regions, with the aim of improving their access to professional careers.
<https://becode.org>

YouthStart

YouthStart provides disadvantaged young people aged 16-30 with a free 8-day training course to empower them to become entrepreneurs in their own lives. It provides essential self-awareness, attitudes and skills to encourage lifelong learning, enabling participants to launch successful careers or start their own projects (business or otherwise). The focus is increasingly on the vulnerable portion of the youth population with low levels of education.
<https://youthstart.be>

Interface3

Interface3 aims to expand and diversify employment opportunities for women and to enable them to build sound foundations for careers in a labour market where computer skills are not only important but indispensable.
<https://www.interface3.be>

Armen te kort (ATK)

Poverty and social disadvantage put a strain on people's lives and our society. Patching the problem reactively and limiting its impact is ineffective and costly. That's why Belgian non-profit organisation **ArmenTeKort** approaches **combatting poverty** differently by structurally addressing its causes. Their buddy project aims to **proactively guide disadvantaged people and improve their chances** in education, employment, health care, social networks, etc.

SD Worx Fund supports ArmenTeKort financially, but we also actively participate in the buddy project. By stimulating our employees to invest a fraction of their time in volunteering, we can make a difference and help others grow sustainably.

“If it weren't for SD Worx, I wouldn't have known ArmenTeKort”

“After being a foster parent for over 8 years, I wanted to make the most of my freed-up time and commit to another social initiative. So, when SD Worx organised an information session at work to present ArmenTekort, I was eager to learn more about them and their buddy project.

“As a buddy, you can't pick a specific person or situation, although you can indicate what makes you less comfortable during your training which ArmenTeKort provides. Once matched with your buddy, you meet weekly for about one hour. In doing so, you are not supposed to offer them concrete help or practical advice; it's all about lending a friendly ear and building trust.

“I've only been a buddy for a couple of months, so we're still getting to know each other. Unfortunately, some appointments have been cancelled at the very last minute. I understand that people who are in survival mode, often have other fish to fry than drinking a coffee with your buddy, but when I'm already at our meeting location, it feels like a loss of time for me. It's a small annoyance to me if I compare it with my own situation. But I'm confident that we'll both get the hang of it.

“Thanks to this initiative, I have also learnt a lot about myself. Normally, when we hear about problems, we tend to give advice and try to come up with practical solutions, but that's someone else's job. My role as a buddy is to be an equal sparring partner and a listening ear.”

Yo Jans, Agile coach Payroll & Reward tribe at SD Worx

With 1675 promising buddies trained and 1663 buddy duos paired, there are 353 ongoing buddy trails and 498 completed buddy trails.

1 out of 2 opportunity seeking buddies

completes a buddy program



More than 1 of 4 opportunity seeking buddies

were working at the time of the last measurement



7 out of 10 opportunity seeking buddies

score higher on empowerment after completion of the buddy program



<https://www.amentekort.be/>

Governance of the SD Worx Fund

CSR Committee (Board of Directors level)

- **Assignment:** general follow up on the functioning of the CSR Steering Committee and approval of new structural partnerships;
- **Meeting frequency:** twice annually;
- **Composition:** members of the Board of Directors.

CSR steering group (SD Worx employees)

- Assignment:**
- propose new projects to the CSR Committee (major projects);
 - present new projects to the executive committee (small projects);
 - contract structural partners;
 - determine KPIs in collaboration with social enterprises and monitor project progress;
 - budget control.

SD Worx community initiatives in 2023

The Payback Foundation

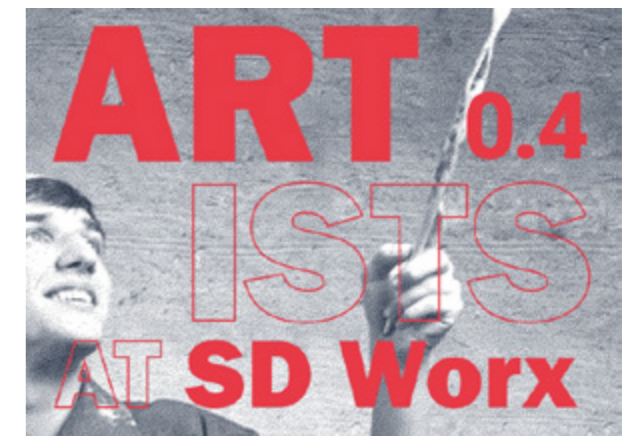
Through our Payback Foundation, we raise money to support local families in need within a 10-mile radius of the SD Worx offices. Some of our initiatives in 2023:

- donations from luncheons and social gatherings with the elderly went to various shelters and hospices such as the Hospice St Jean de Dieu, the Meenatchee Home, a food corner and a flea market event in the office.
- fun outings such as cinema sessions with children through the Association des Amis de Don Bosco.
- cleaning, building and decorating playgrounds for children, with lunch and gift donations (Pure Mind Haven)
- Casela excursion to support children and women in need
- Following the passage of cyclone Freddy in February, the Payback team organised a donation to help a family in Petit Raffray

SD Worx open art exhibition

For many decades, SD Worx has valued the beauty of art: we have our own art collection and regularly have artists exhibiting in our entrance hall at Brouwersvliet 2 in Antwerp (Belgium, HQ). Photography, sculpture, painting... there is something for everyone.

In 2023, we once again opened the doors for our employees to exhibit their work in the entrance hall of Brouwersvliet 2, so that their work could shine in front of colleagues, clients, friends, family and passers-by.



SD Worx Poland business runs

SD Worx in Poland took part in the 12th annual Poland Business Run, a charity that helps people with motor disabilities and those who have had mastectomies. The runners joined more than 30,000 participants in an event that helped subsidise the provision of prostheses, wheelchairs and orthopaedic equipment, as well as rehabilitation stays for people following mastectomies and amputations.



Noble gift charity 'Szlachetna Paczka'

As in 2022, in 2023 SD Worx Poland took part in 'Szlachetna Paczka', one of the largest social donation programs in Poland. Thanks to this initiative and the contributions of our colleagues, clothes, food, cleaning products and grocery packages were donated to families in need.



Grand Finale Fundraiser

SD Worx Poland participated in the donation to the 'Grand Finale Fundraiser', a charity event that supports Polish children's hospitals by providing medical equipment and educational initiatives. The Finale is a one-day public event in which the charitable Great Orchestra plays music around the world, wherever there are thriving Polish communities abroad.



Kom op tegen kanker

Belgian colleagues once again supported 'Kom Op Tegen Kanker', an initiative to fight cancer. SD Worx took part in two events, cycling 1,000 km and running 100 km in teams. Employees sold wine, beer, T-shirts, Easter eggs, etc. and organised breakfasts to raise money and donations. The Trooper platform also donated a percentage of its online sales.



De Warmste Week

Protime (Belgium) organised several initiatives for the charity event 'De Warmste Week', which in 2023 donated the funds raised to the fight against poverty. The initiatives ranged from selling a variety of (home-made) food, board game nights, breakfast sales, after-work party events, paying for a song to be broadcast on TV and radio, etc. It is also worth mentioning that for every 6 bottles of special Beer4Nature beer sold, a tree is planted in the Beer4Nature forests.



Protime: Time for Society

Every year, Protime employees are given a day off to volunteer for a charity of their choice. Being actively involved in a charity or social project changes one's perspective and strengthens team building and cooperation. Many employees got involved and committed themselves to the charity of their choice.



SD Worx Germany and children: 'Landgräflische Stiftung von 1721 Kinderheim'

Since 2015, SD Worx in Germany has taken part in the annual charity event for the Bad Homburg children's home, which takes in children from difficult backgrounds and supports them with educational, sporting and cultural projects. The aim of the 2023 event, which was to conquer the Via Ferrata in Boppard, was to spend time with the 35 children and 6 carers and show them that even if an obstacle or task looks daunting, you can overcome anything if you work as a team. All for one and one for all!



SD Worx Germany participated in the J.P Morgan Corporate Challenge and the Hospice run

The hospice run (Saxony-Thuringia/Werdau) is a 'run for a good cause' and is about solidarity and support for people in the final stages of their lives.



SD Worx Germany donates to the Frankfurter Tafel e.V.

Since 2015, SD Worx has been supporting social institutions with annual charity campaigns. This year's recipient was Frankfurter Tafel e.V., which is currently in need of support throughout Germany. The donation to Frankfurter Tafel e.V. will support the work of 250 volunteers. The food is distributed through 15 distribution points, benefiting 72 institutions or 27,000 people.



SD Worx Austria has been involved in several initiatives:

- Blinden- und Sehbehindertenförderungswerk GmbH: the annual donation helps blind people to complete their education. 20 employees, all of whom have a disability of more than 50%, produce almost 700 different items at the 'Blindenwerk - Handwerk mit Mehrwert', mostly on a full-time basis and paid according to a collective agreement.
- GFBS - Gesellschaft zur Förderung des Behindertensports GmbH: an annual sponsorship of the #herzensangelegenheit campaign, which sends a strong signal in favour of disabled sport, inclusion and solidarity in special and challenging times. We truly believe that sports activities and personal contacts are necessary to maintain the physical and mental health of all people.
- Herzkinder: around 700 children with heart defects are born in Austria every year. Through this organisation, parents of 'heart children' find support, advice and help, and can exchange experiences with other parents.

Sponsorships

Chair at the Antwerp Management school

Since 2011, we have been collaborating with the Antwerp Management School (AMS) on various chairs. For example, together with Professor Ans De Vos, we have started a longitudinal research programme investigating current and future career policies in Belgium. Ans de Vos is a renowned labour market expert and researcher focusing on employability and building sustainable careers with impact. The aim is to help employers and employees prepare for the labour market of the future. We renewed our cooperation in 2016. In 2022, we celebrated the 10th anniversary of the SD Worx Chair 'Next-generation work: creating sustainable careers'. This collaboration fits well with our materiality topics of Shaping the Future of Work and Shaping Sustainable Careers.



Cooperation agreement with VUB (Free University Brussels)

Since September 2022, SD Worx has a 3-year cooperation agreement with the VUB (Vrije Universiteit Brussels) for the Social Law Education Program, intending to attract (working) students interested in social law. Next year, several students will be placed and work at SD Worx.

The VUB is the only university in Flanders to offer an advanced master's degree in social law, accessible to those who do not have a master's degree in law. The program is aimed at both graduates and professionals. The best master's thesis will receive a prize from SD Worx.

SD Worx is involved with (guest) lectures on legal issues related to HR and company reorganisation.

Team SD Worx progresses on the road to success

2023 will go down in history as a banner year for Team SD Worx. But even off the track, the team was extremely visible. Let's cycle through some of the highlights.

With 64 victories and 116 podium finishes, the Dutch world team is winning steadily and is considered the undisputed number one in women's cycling. We added to this success by donating a large number of shirts to charity, raising a significant amount of money for 'Kom op tegen Kanker' and other good causes.

Highlights of 2023

May 2023

Donation for 'Kom op tegen Kanker'

'The 1000 km' is a unique cycling event to raise awareness of the fight against cancer. Team SD Worx-Protime donated 6 cycling shirts.

July 2023

Lotte Kopecky becomes ambassador of Plan International

Lotte showcases her dedication to gender equality and girls' rights with the 'Bike for Future' initiative. The aim is to provide 3,600 girls with opportunities in cycling, sports training, education and entrepreneurship.

August 2023

Cyclists donate competition bike for charity

The CVC Foundation is a philanthropy program for children and young people of CVC, new partner and minority shareholder of SD Worx. The riders donated 3 shirts and a competition bike.

September 2023

Fan day Lotte Kopecky

Lotte builds the future of women's cycling with a fun-filled day in Ghent, including a kids' peloton, an agility track and, of course, lots of time for photos and autographs. This day is all about bringing passion and enthusiasm for women's cycling to her youthful fans.

November 2023

New bike outfits for Velafrica

With the help of cyclist Marlen Reusser, we donated the team's old cycling gear to Velafrica, a Swiss charity that uses cycling to improve lives in Africa, especially in Tanzania, Burkina Faso & Côte d'Ivoire.

December 2023

Rainbow shirt and a green jersey for 'Warmste Week'

This year's solidarity campaign centred around the theme of 'growing up without worries'. Lotte Kopecky contributed by donating two shirts and advocating for equal opportunities for children in disadvantaged communities.

Trump card in the war for talent

SD Worx extended the sponsorship deal until 2026 to allow the women's cycling team sufficient time to further professionalise. The strong performance of the past year is also certainly a testament to SD Worx's investment in the cycling team paying off as a business reward – but that's not the only asset of this partnership.

"Potential candidates are drawn to our organisation via cycling, with half of our workforce comprising women, underscoring the significance of diversity. Finding the right people is one of the biggest obstacles to the growth of our industry", says CEO Kobe Verdonck.

In addition, the goals of SD Worx and Team SD Worx are particularly complementary, from developing and growing talents to putting the employee, or the cyclist, at the centre of the team.

Follow Team SD Worx-Protime via teamsdworxprotime.com.



Governance

Governance

Renewed Policy portal

ESG whitepaper

Revised Policy Governance framework

Revised Competition Law Compliance Policy

Anti-Bribery and Corruption Policy established

Integrated Risk Management Policy

Code of Conduct

Revised Salary Regulations Policy Training

Supplier Onboarding Policy Process Redefined

Communication of Progress UN Global Compact

Expanded management committees



Your trusted partner

“2023 was a defining year in which the focus on ESG within the organisation gained momentum. This was not only because clients are increasingly asking for ratings, policies, and so on, but also to prepare SD Worx to answer the question: 'What do we want to stand for as a company?' “We focused on our decision-making processes, resulting in governance charters for the Board of Directors and the Executive Committee, among others. But we’re also involving the departments where the impact occurs. After all, ESG ownership must be held by our entire organisation. We’ve made clear agreements on how we make the right, sustainable decisions, and what is required to make and communicate about these decisions.

“In 2023, we also developed a new code of conduct, covering a wide range of policies for topics such as human rights, diversity, anti-bribery and corruption, and conflicts of interest. We provide mandatory training on these policies because everyone needs to know them and act accordingly. In this way, we can assure our customers, employees, suppliers and other stakeholders that we’re on top of things and that they can rely on us.

“As our organisation continues to grow, we keep adapting, setting goals, realising them, and tracking them. In doing so, we also take the ESG compliance of our customers into account with our ESG-inspired offering, where we can certainly make a difference with and contribute to monitoring and achieving their targets, for example, through reporting via our systems.”

Kelly Lespinoy – Chief Legal & Compliance Officer at SD Worx

Governance structure

SD Worx aims to follow best practices in corporate governance – as set out in the Belgian Corporate Governance Code 2020, which applies to listed companies – while considering the specific context of the organisation. The Group believes that transparency and conscious and effective responsible management are key elements of sound corporate governance.

General Assembly

The General Assembly or General Meeting involves all the shareholders and members of the company. It acts as the link between the Board of Directors and the company’s shareholders.

Its main tasks are:

- changing the articles of association
- appointing and dismissing directors and members of the supervisory board and discharging from services rendered
- approval of the budget and annual accounts
- profit appropriation (limited company)

Board of Directors (BOD)

Role

The BOD has a strategic and control function and ensures that the company operates with maximum efficiency. In practice, the Board defines the company’s mission, strategy and general policies. It is also responsible for decisions relating to organisational structure, reorganisation, mergers and acquisitions.

The BOD oversees finance and investments, reviews the integrity of financial reporting and supervises the internal audit function. The Board also monitors budgets, spending patterns and the implementation of projects in line with strategic objectives, as well as the performance, remuneration and evaluation of members of the Executive Committee.

The BOD is assisted by two committees: the Audit & Risk Committee, the Remuneration and Nomination Committee. These committees have been mandated to analyse specific and specialised matters and report to the BOD to enable the Board to make decisions and fulfil its oversight role.

The BOD retains ultimate authority over all matters delegated to the committees. After each committee meeting, the committees report to the BOD on their activities and recommendations.

Each year, the BOD prepares a detailed annual report, which describes the company's status, potential risks and future prospects. The report highlights examples of corporate governance, provides an overview of the financial position and communicates the activities of the Board and the organisation.

Structure and members

The Board is small enough to promote an efficient decision-making process, but large enough to ensure the necessary experience in the many disciplines relevant to the company, thus providing continuity. SD Worx aims to appoint a minimum of eight and a maximum of twelve directors. The structure of the Board is defined based on the required level of diversity and complementarity.

The BOD is the highest decision-making body of the company. It supervises the company in general and the management in particular. The Board is collectively responsible for the long-term success and performance of the company in the interests of all stakeholders. It is also responsible for all matters that go beyond the scope of individual legal entities. Its members are as follows:



Ginkgo Associates
CommV, represented by
Filip Dierckx, chairman

- To Be Projects BV, represented by **Brigitte Boone**, director
- **Steven Buysse**, director
- **Teresa (Tea) Colaianni**, director
- DCM Seagull CommV, represented by **Dirk Collier**, director
- **Michael Lavrysen**, director
- **Georgette Schlick**, independent director
- Akeley BV, represented by **Jan Van Acoleyen**, director
- Van Bladel & partners BV, represented by **Frederik Van Bladel**, director
- Fusion Inc BV, represented by **Koen Van Gerven**, director
- Ellezé CommV, represented by **Kobe Verdonck**, director
- **Daniel Williamson**, director

Audit & Risk Committee (ARC)

Role and decision-making

The Audit & Risk Committee supports the Board of Directors of SD Worx NV and those of its underlying entities in the execution of their supervisory function and has an enterprise-wide audit and risk oversight role over all entities in the organisational chart of SD Worx NV.

Specifically, the Audit & Risk Committee of SD Worx NV is competent for all entities in SD Worx and provides advice to the Board of Directors.

The Audit & Risk Committee is an advising authority and assists the respective Boards of Directors in:

- financial reporting
- risk management and compliance
- internal audit
- external audit
- ESG

The ARC provides independent advice and reasonable assurance with respect to the adequacy and efficiency of risk management, internal control and governance to the BOD, which is ultimately accountable and responsible for risk governance. In doing so, the ARC recognises the responsibilities delegated to other committees by the BOD and understands that the other committees may perform risk monitoring actions through their activities.

The ARC is authorised to investigate any matter that falls within its area of competence and is granted access to all related information. The ARC can request advice from external experts when needed and when this is a majority decision.

The ARC prepares a summary of their activities after every meeting, which is presented to the BOD by the ARC chairperson or a Board member who is also a member of the ARC.

In the reporting to the BOD, the ARC can include recommendations which require attention and action. The BOD decides which action should be taken following the recommendations.

The ARC meets on a frequent basis, with a minimum of four times a year.

Members

Frederik Van Bladel (Chairman), Filip Dierckx, Koen Van Gerven, Patrick De Vos, Brigitte Boone, Michael Lavrysen (part of 2023)

Remuneration and Nomination Committee (RNC)

The Remuneration and Nomination Committee develops proposals for the appointment, remuneration and evaluation of the Board and the executive management of SD Worx and its subsidiaries.

Members

Dirk Collier (Chairman), Filip Dierckx, Teresa (Tea) Colaianni, Jan Van Acoleyen, Frederik Van Bladel, Steven Buysse (part of 2023), Fabienne Lallemand (Corporate Secretary)

Executive Committee (EXCO)

Role

The Executive Committee acts on behalf of the BOD and meets frequently. It is a key communicator and serves in an advisory capacity between the BOD and the CEO. The role of the Executive Committee is to manage the day-to-day aspects of the Group's activities by:

- developing and implementing strategy, operational plans, policies, procedures and budgets
- driving and monitoring operating and financial performance
- assessing and controlling risk
- prioritising and allocating resources

In fulfilling its purpose, the Executive Committee gives due consideration to:

- overseeing the BOD development and evaluations
- supervising the CEO, including conducting performance evaluations and setting compensation
- balancing the interests of various stakeholders (employees, partners, clients, regulators and the public at large)
- upholding the integrity, brand and reputation of SD Worx
- planning the firm's future development

Members



Kobe Verdonck
CEO

- **Nadine Aerts** (Finance)
- **Patrick Barazzoni** (DACH, CEE & Adriatic)
- **Michael Custers** (Strategy)
- **Magnus Engman** (Nordics, UK & Ireland)
- **Andrea Eschle** (Products)
- **Bruce Fechey-Lippens** (People)
- **Eric Janssens** (Belgium SME)
- **Kelly Lespinoy** (Legal & Compliance)
- **Sebastiaan Peeters** (Commercial Excellence)
- **Tom Saeys** (Operations)
- **Dominique Tassent** (Benelux & Southern Europe)

The Group's ongoing expansion is well reflected in an expanded Executive Committee.

ESG Governance

Corporate structure

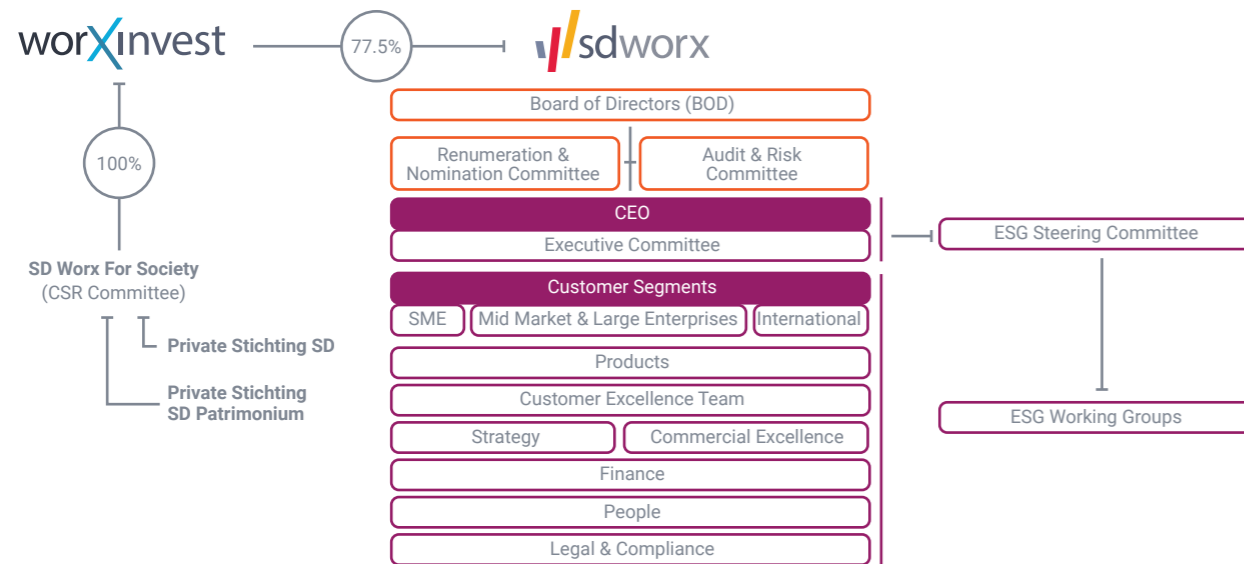
To better understand how ESG is managed across the Group, it is important to consider the broader organisational structure of SD Worx. In line with sustainability reporting standards, we extend the reporting boundary upstream as this provides more insight into the ESG impacts of SD Worx along its value chain.

As set out in our 2023 Annual Report (Note 4. Group structure), WorxInvest, the parent company of SD Worx, is continuing the track record of SD Worx on a journey of becoming a diversified investment company with a long-term focus and ESG at the core of its investment strategy.

There are also three non-profit legal entities: two private foundations (Private Stichting SD and Private Stichting SD Patrimonium) and SD Worx for Society cv/so. The latter is fully linked to WorxInvest and is dedicated to the management of our CSR activities without the existence of a specific business goal that we seek to derive from it.

WorxInvest's investment priorities and capital allocation strategies may have an impact on the ESG activities and management of SD Worx. The same applies, for example, to the expenditure incurred through SD Worx for Society or SD Worx. A proper budget allocation system is in place to help decide whether certain expenses should be considered in the SD Worx ESG budget or channelled through the CSR activities of SD Worx for Society.

ESG governance



ESG governance structure

The ESG governance structure at SD Worx ensures that our corporate policies and ESG strategies are properly managed, implemented and adhered to. SD Worx has a three-tier structure consisting of the Board of Directors, the ESG Steering Committee under the Board of Directors and ESG working groups. This structure ensures effective policy implementation, rational target setting, appropriate risk monitoring and timely performance tracking.

First, there are the traditional governance bodies like the BOD, Audit & Risk Committee (ARC) and the Executive Committee (EXCO). For ESG matters, the following additional provisions have been added to the ARC charter:

- recommending the overall strategy of SD Worx in relation to ESG matters
- oversee SD Worx's policies, practices and performance in relation to ESG matters
- oversee the company's reporting standards in relation to ESG matters and safeguarding
- providing assurance on ESG disclosures
- reporting to the BOD on current and emerging issues relating to ESG matters that may affect the business, operations, performance or public image of SD Worx or that are otherwise relevant to SD Worx and its stakeholders and, where appropriate, detailing actions taken in relation to them
- advising the BOD on significant stakeholder concerns relating to ESG matters

An ESG Steering Committee was established that consists of members of the EXCO and relevant other participants. Material ESG topics are identified, discussed and managed. ESG actions and policy effectiveness are also reviewed by this committee.

Members

- Nadine Aerts (CFO)
- Michael Custers (Chief Strategy Officer)
- Steve Engelen (Integrated Reporting Officer)
- Bruce Fechey-Lippens (Chief People Officer)
- Lesley Hellebuyck (Head of Internal Control & Compliance)
- Kelly Lespinoy (Chief Legal & Compliance Officer)

To implement specific actions, ESG working groups can be set up to improve cross-departmental collaboration. ESG working groups consist of SD Worx employees who interact with colleagues, department heads or members of the ESG Steering Committee. For a large and international organisation such as SD Worx, it's important that synergies are created and that all business units work together to drive the implementation of, for example, routine ESG-related work, under the coordination and guidance of the ESG Steering Committee or the traditional management/Board governance bodies.

ESG dialogue

ESG is brought to life throughout our organisation through communication and dialogue. The table below summarises how ESG dialogue is managed across the business, both internally and externally. While environmental, ethical, sustainable and governance issues are considered non-financial performance indicators, their role is to ensure accountability and systems to manage the impacts of a business that may affect financial results. There cannot be a disconnect between business strategies and corresponding ESG or sustainability measures.

As ESG becomes more prominent, there is an increasing need to focus on aligning our ESG objectives with our overall strategic drivers. For example, when considering M&A transactions or other business opportunities, due diligence is carried out to ensure that there is a cultural and social fit between SD Worx and the target company.

ESG consultation

Stakeholder	Dialogue
BOD	ESG strategic sessions and presentations
EXCO/senior leadership'	ESG strategic sessions and department presentations, sounding boards
ARC	Recommending ESG strategy, policy and practices Overseeing reporting standards and safeguarding assurance Informing BOD on ESG matters with respect to business practice, performance and image
ESG Steering Committee	Bi-monthly meetings to propose and validate ESG strategy framework and actions
CSR Committee	Bi-annual meetings, concerned with CSR decisions / SD Worx Fund
Participating, M&A transaction (investment team)	ESG due diligence, questionnaires, synergy/cultural fit check
SD Worx employees	Regular department meetings, presentations, awareness sessions Social impact matrix communication Engagement surveys, DEIB training sessions and workshops
Public	ESG reporting, social matrix actions and communication
Investors/shareholders	(Non-)financial results briefings, investor presentations, General Assembly meeting

Because ESG covers many different issues, a one-size-fits-all approach is not appropriate. It's not enough to have a dialogue; we need to make sure that the entire workforce, our customer base and the wider community are well informed and empowered. This requires all stakeholders to be aware of and involved in ESG issues and activities. The fulfilment of our ESG objectives and social impact ambitions is realised by the entire SD Worx workforce.

Risk management

Approach to risk management

SD Worx believes that good risk management leads to better operational and commercial decisions, fostering a growing, resilient and sustainable business. Risk management is an integral part of everything we do. SD Worx operates under the 'Three Lines Model' to ensure strong governance and risk management practices.

- The first line, consisting of the teams that deliver SD Worx products and services to our customers and their support functions, owns and manages risk, maintains effective internal controls and implements risk and control procedures for the delivery of services to our customers.
- Our second line consists of our specialist functions such as legal, cybersecurity, data protection, internal control and compliance, which support the management of risk and our internal control environment. The second line functions provide complementary expertise, ensure that risk levels remain within the risk appetite set by the Board and report on the adequacy and effectiveness of risk management.
- Finally, Group Internal Audit serves as the third line of defence, providing independent, reasonable assurance and advice on governance, risk management and internal controls to support the achievement of our objectives.

Three Lines Model



Key: | Accountability, reporting | Delegation, direction, resources, oversight | Alignment, communication coordination, collaboration

SD Worx's risk appetite varies according to the activity undertaken and our strategic priorities. The Board defines its risk appetite for the activities in a risk appetite statement. When taking risks, we always ensure that the potential benefits and risks are fully understood before approving business developments and that appropriate risk mitigation measures are put in place.

Partners and suppliers are an integral part of our business practices and ecosystem. Therefore, we do not define specific or different risk appetite statements for partners and suppliers. Risk appetite statements are assessed and applied in the same way when working with partners and suppliers.

In terms of the governance process, both the risk appetite statement and the risk management process approach are validated by the Audit & Risk Committee and the Board of Directors. The country management teams review their risk registers on a quarterly basis. Once a year, the key risks for the organisation are reviewed by the Executive Committee as part of the annual strategy review and the top risks to the achievement of our objectives are agreed. These top risks are owned and monitored by the Executive Committee and are also reported and assessed annually by the Audit & Risk Committee.



“Managing risk is an integral part of how we do business. We believe that integrated risk management leads to better operational and commercial decisions, creating a growing, resilient and sustainable business.”

Gert Beeckmans, Chief Risk & Security Officer

Risk & security

The Risk & Security department assists management in assessing and monitoring risks and setting up the required risk management processes on a corporate level for the group. The team is focussed on:

- enterprise risk management
- cybersecurity
- data protection
- business continuity

The Chief Risk & Security Officer reports semi-annually to the Audit & Risk Committee on the progress and results of the above activities.

Major risk areas

SD Worx is exposed to various risks in the normal course of business that could have a material adverse effect on its results. We manage these risks as well as possible through our risk management system.

The table below highlights the most significant risks, not ranked nor exhaustive.

Note 27 to the consolidated financial statements provides further information on the management of financial risks, in particular foreign exchange risk, credit risk, interest rate risk and liquidity risk concerning the Group's financial liabilities.

Key risk	Description & impact	Mitigation
Macroeconomic unpredictability and volatility	HR activity is highly correlated with economic activity. General uncertainty about the economic outlook, weak European growth and rising geopolitical tensions create a volatile environment. Although unemployment rates in the EU remain at record lows, this volatility could lead to the postponement of further hiring or even downsizing by our customers, which in turn could have a negative impact on our results.	SD Worx is closely monitoring market conditions and is prepared to respond quickly to changes. We have a strong balance sheet and financial position. Our agile processes allow us to act quickly and shift priorities as volatile market conditions require.
Talent attraction and retention	Given our people-focused business and the current competitive labour markets and 'war for talent', our ability to attract and retain the right people is critical. Failure to continue to attract the talent to support SD Worx's rapid growth could impact operational efficiency and our ability to deliver, resulting in sub-optimal results.	SD Worx is proud of its strong culture and values. Employee engagement is a key metric that is actively monitored throughout the year through work and engagement surveys. As an end-to-end HR provider, we are constantly striving to promote innovation in HR practices and to apply new HR concepts within our own organisation as quickly as possible. As part of this, in 2023 we launched and implemented My Move as the leading talent management platform across the Group.

Key risk	Description & impact	Mitigation
Cybersecurity	Managing cybersecurity risk remains challenging, as evidenced by the many events impacting our industry. The rapid proliferation of new vulnerabilities and subsequent cyberattacks, as well as the ever-increasing damage caused by ransomware attacks, make cyber risk difficult to manage. As technology and data are core business enablers for SD Worx, cybersecurity attacks resulting in HR data breaches can disrupt business operations and have significant reputational and financial implications.	Processes are in place to prevent and detect cybersecurity threats on a 24/7 basis, and security controls are embedded in our IT environment. A comprehensive threat and vulnerability management programme aims to identify and manage new vulnerabilities on time. Continuous improvement and expansion of our security capabilities remain key priorities for the future.
Disruptive technology	The tremendous speed at which generative AI is coming to market from the end of 2022 has led to a boom in potential use cases. AI will lead to significant changes and new challenges for businesses and policymakers. New innovative platforms and remote working, combined with cutting-edge technology, are changing business dynamics and the way companies manage their workforces. Failure to respond in time could affect the bottom line or even the viability of certain businesses.	SD Worx is investing heavily in new digital solutions through a large R&D budget, including advanced new technologies such as robotic process automation (RPA). We continuously scan the market for new trends and solutions through our Market Research and Intelligence team and use this information to strengthen our processes and products.
Legal compliance with labour and tax regulatory frameworks	The covid pandemic has led to an increase in tax and subsidy regulations, making payroll processing more complex. Complexity is also increasing in Eastern European countries as they become more regulated. Failure to comply with regulatory changes can lead to an increase in claims, which in turn can have a significant impact on our financial results.	SD Worx has a knowledge centre of legal experts and specialists who monitor laws, decrees and regulatory changes issued by social security and tax authorities. We do not wait for a regulatory change to be enacted, but proactively seek information to analyse the impact of such changes at an early stage. A dedicated Knowledge Tools team develops solutions to ensure that we can efficiently communicate new content and regulatory changes to both our employees and clients.

Key risk	Description & impact	Mitigation
Data protection regulations	SD Worx processes large amounts of personal data. As the risk of cyber-attacks increases, so does the risk of personal data breaches and data-related litigation. Customers' desire to maximise the benefits of data insights further increases these risks. Overall, SD Worx is exposed to a higher risk of non-compliance, which can result in significant claims, fines and reputational damage.	We have a dedicated Privacy and Data Protection team who, together with our Group Data Protection Officer, ensure compliance with data protection regulations. SD Worx has invested in an ISAE3000 assurance report to demonstrate GDPR compliance for the processing activities we carry out for our customers.
Supply chain resilience	SD Worx relies on business partners to provide timely and accurate payroll and HR services. This risk has increased due to the increased demand for HR systems integration. Failure of a key business partner to deliver services on time due to cyberattack or technology or capacity issues could result in claims and reputational damage if SD Worx is unable to meet its obligations to its customer base.	SD Worx carefully selects suppliers based on their characteristics and business continuity. A documented procurement policy and supplier risk management policy are in place. As part of our supplier risk management processes, suppliers are categorised into tiers based on the inherent business risk they pose, after which supplier risk assessments are carried out. Business continuity requirements are included in contracts with suppliers.
Sustainability/ESG transition	Environmental, social and governance (ESG) factors are increasingly driving investor and customer preferences, making sustainability/transition risk management critical to SD Worx's continued growth. Failure to implement robust policies and processes for all components of sustainability that can meet stakeholder expectations can lead to a loss of confidence among prospects and investors, and ultimately slower growth and lower performance.	Through appropriate ESG governance structures and dedicated ESG working groups, we continuously track ESG reporting standards and EU/global legislation. SD Worx already complies with ESG reporting frameworks such as GRI, which are largely aligned with approved EU reporting standards. We do not just want to comply with new standards; we want to be inspired by ESG and support our customers with ESG-inspired offerings.

In April 2023, SD Worx experienced a cyberattack on our UK systems, which temporarily affected our services in the UK & Ireland. SD Worx activated its security incident response and crisis management plans and was able to swiftly restore our services. Although the attack was ultimately unsuccessful and the forensics investigation concluded that there was no confirmed evidence that customer data was taken from the SD Worx environment, it was a challenging time for our SD Worx UK & Ireland business and customers. The attack caused a temporary disruption to our UK & Ireland client services. Following the incident, we have taken the opportunity to further invest in our cybersecurity measures and bolster our defences and we are continuing to invest and to reinforce the protection of our systems and processes. We would like to thank our customers for their patience and support during this period.

In addition to the risks outlined above, events related to climate change, such as prolonged heat waves and extreme weather events, could have a significant impact on the health and safety of our employees, which in turn could affect our operations and the availability of our IT systems (e.g., data centre cooling).

Sustainable governance

Accountability, integrity and transparency are clear hallmarks of effective leadership that come to the fore when action is taken. Setting the highest ethical and compliance standards is central to shaping the standards of our profession. These standards are relevant not only internally, but also in our dealings with suppliers, customers and all stakeholders.

Ethical business model

An SD Worx Policy Governance Framework sets the requirements and guidelines for all SD Worx Group policies, ensuring consistency, accuracy, completeness and timely updates of policies. The policy defines the rules of the game, our hierarchy and the different types of policies and procedures, improving governance throughout the organisation. Together with the SD Worx Code of Conduct and Risk Appetite Model, they provide the foundation for SD Worx's business and employees to deliver high-quality products and services to all our customers.

In a rapidly changing environment, our core values serve as the foundation upon which our Code of Conduct is based and built. The Code of Conduct reflects the fundamental principles and rules of the organisation and defines our interactions with all stakeholders. Its revision reflects the heightened standards to which we all must adhere, particularly as the Group's activities expand both in scope and geography.

The Code contains many provisions that also ensure that we contribute to and implement the UN Sustainable Development Goals, contributing to our overall sustainable governance profile:

- SD Worx is committed to upholding fundamental human rights, including civil and political rights, freedom of expression, social and cultural rights, and the right to health and education. We continuously comply with all relevant national and international laws. SD Worx always seeks to avoid complicity in human rights abuses.
- A dedicated SD Worx prevention advisor regularly assesses the measures in place to prevent, report and deal with instances of bullying, aggression, discrimination, stress overload, etc.
- Potential strategic partners are required to complete an extensive questionnaire before working with SD Worx. Through this thorough screening process, SD Worx aims to ensure that future partners apply the same social and ethical principles as we do.
- If a client or prospective client is found to be violating human rights, all cooperation will be terminated and no services will be provided to that client or prospective client.
- Over the last few years, SD Worx has implemented a number of human resources policies and procedures that support our labour principles.
- SD Worx ensures a balance of employee characteristics (age, gender, nationality, religion, etc.). Discrimination is prohibited. SD Worx has also taken measures to ensure comparable pay for comparable work.
- If a (prospective) client is found to be violating labour rights or involved in illegal practices such as child labour, forced labour, etc., the relationship will be terminated and no services will be provided to the (prospective) client.
- SD Worx is committed to complying with all relevant laws in our dealings with stakeholders and in the provision of services to customers. To this end, SD Worx maintains a legal knowledge centre that monitors changes in laws and regulations and informs affected internal and external parties. SD Worx has never been involved in any legal cases, judgments or other events related to corruption or bribery.
- SD Worx has a zero-tolerance policy towards corruption, bribery and extortion. We consider economic sanctions or similar restrictive measures that may affect the way SD Worx conducts its activities. Our Anti-Bribery and Corruption Policy is designed to set the rules and guidelines to ensure the correct way of working in all SD Worx countries and companies.
- Where relevant, SD Worx has policies in place to prevent internal fraud.
- SD Worx complies with all applicable laws and regulations relating to fair competition. A competition policy is in place to prevent any breaches and sets out details of specific conduct requirements relating to fair competition at SD Worx when dealing with competitors, potential partners and other third parties.

Data security and privacy

SD Worx is committed to protecting our customers' information assets and the personal data of our customers' employees. To this end, our security and privacy management system ensures the confidentiality, integrity and availability of information and the protection of personal data. These safeguards are provided through the implementation of appropriate controls in a number of different areas. These controls are an integral part of and embedded within SD Worx's organisation, service delivery and supply chain.

- Security controls based on the recently updated ISO 27001:2022 information security management standard and framework.
- Security, privacy, and data protection control framework in line with GDPR requirements as covered by our ISAE 3000 attestation.
- Business and supporting process controls for which the ISAE 3402 standard is still the best way to provides assurance on a variety of effective control objectives and activities across all relevant countries.

Social dialogue

Right of association and collective bargaining

The right to collective bargaining and social dialogue has been rooted in the SD Worx project since its inception. Our Code of Conduct specifically addresses the right to freedom of association and collective bargaining. Respect for human rights at work is considered essential, and the Group ensures compliance with applicable legislation to ensure well-being at work and fair working conditions, including those governing working hours and remuneration.

One of the Group's core activities is to study all the legal aspects of social dialogue in the workplace and to share this knowledge with society. SD Worx has dedicated departments in the form of competence and knowledge centres that focus on expertise in social dialogue, working conditions and the legal aspects of working practices and payroll in general. This expertise is then shared through seminars, academic and professional events, and made available to clients and partners as part of advisory and consultancy services.

For SD Worx, collective bargaining is only one aspect of social dialogue. Social dialogue covers all types of exchanges, consultations, negotiations within the Group among its different entities, employees and their representatives about economic and social matters relating to working life. These topics can vary across Group entities, but dialogue related to health & safety, work hours, training and equal opportunities are generally shared via a centralised portal.

The Group ensures that the social dialogue is conducted properly for all its entities, in full consideration of national differences. During M&A activities, for instance, significant efforts are spent on due diligence to ensure that labour (law) practices and the right to social dialogue and collective bargaining are adhered to in line with the Group's ESG and stakeholder engagement practices.

European Works Council

As most of the Group's activities take place in Europe, a European Works Council has been set up to provide SD Worx employees with a platform for representation at Group level, as the European Works Council has authority over subjects of cross-border interest. The aim is to ensure that its members are informed and consulted by management when Group management decisions affect two or more subsidiaries/branches in different Member States or affect one Member State but have an impact on the organisation of production in several Member States. This membership will help to strengthen international cooperation, promote solidarity and improve the exchange of information between all participating countries. As SD Worx, we want to move towards more co-creation with our works councils.

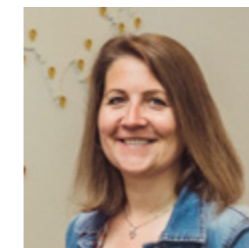
Communication of concerns

SD Worx employees can raise complaints and issues of unfair treatment through our confidential external counsellors. The necessary action will be determined together with the confidential advisor. There are also two separate procedures, the use of the grievance mechanism or the use of a whistleblowing channel.

Grievance mechanism

An anonymous complaint box is always available to employees via the company intranet. This mechanism can be used anonymously or through a designated HR contact. Employees can use this mechanism to share personal concerns or suggestions that may be cumbersome to communicate directly. Complaints are kept confidential, and it is up to the employee to decide whether to receive feedback and through which channel or trusted person.

In line with the UN Guiding Principles on Business and Human Rights, SD Worx ensures that its complaints mechanism is legitimate, accessible, equitable, rights-based and a source of continuous learning. The SD Worx grievance mechanism is ideally based on engagement and dialogue.



“At SD Worx, we ensure that there are ample tools and opportunities for everyone to speak up and communicate their concerns.”

Ellen Claes, People Director Belgium

Whistleblowing

Considering the EU Whistleblowing Directive and its transposition into national legislation, SD Worx has a comprehensive Whistleblowing Policy in addition to the provisions set out in the Code of Conduct on Ethical Compliance Processes. SD Worx has put in place this policy and an effective process to ensure that it is safe to speak up about illegal or unethical behaviour in the workplace and to enable employees to do so at an early stage in the right way. It is designed to encourage whistleblowers to come forward and raise concerns and to help foster a culture of transparency in the workplace. This enables concerns to be investigated and the necessary action to be taken. We do this for SD Worx employees as well as providing a whistleblowing-as-a-service tool for our customers.

Suppliers and procurement

SD Worx supports open, honest collaboration with reliable partners, suppliers and customers. We only work with key suppliers who have earned a good reputation in the marketplace, relying on pre-screening to ensure they share our principles and complement our portfolio of products and services in line with our strategy and go-to-market approach. When we consider working with a new supplier or partner, we carry out a range of due diligence activities that considers financial, social and environmental issues. If we suspect that a (potential) partner or supplier has violated a legal requirement or has been negligent concerning fundamental principles and rights, (further) cooperation is not possible.

SD Worx's comprehensive procurement policy supports the concept that our suppliers increasingly form our (extended) organisation. It is designed to support the business in making purchasing decisions and managing change most cost-effectively.

The aim is to ensure a consistent, efficient, impartial and best-practice approach to the procurement of goods and services from our third-party suppliers. This policy will reinforce SD Worx's reputation as a mature, leading HR provider with our suppliers, our customers and the market in general.

In 2023, SD Worx developed a standardised Third-Party Assurance Framework for its key suppliers. The framework covers a range of areas including security, compliance and ESG-related issues. It provides key insights into our partner and supplier landscape and gives us confidence that we are working with quality suppliers who share SD Worx's values and goals.



“In 2023, we evolved towards a standardised third-party assurance framework covering a wide range of areas, including security, compliance and ESG-related topics.”

Koen Van den Eynden, Group Internal Control & Compliance Officer

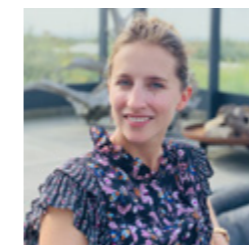
Complaint-handling process

To deliver more than good service to our customers and to excel in customer experience, we put the customer at the heart of everything we do, in line with our 'Dear Customer' corporate value and a new customer experience strategy described in the 'Stakeholder' section of this report. As we strive to ensure the same customer-centric approach in all our customer interactions, we have implemented a consolidated corporate complaint handling process. This process aligns all customer-facing teams around the process of handling and resolving complaints, including any ongoing transactions with complainants.

We strongly believe that an effective and timely solution will improve the complainant's perception of SD Worx. We strive to ensure that whoever handles the complaint has the tools, knowledge and mandate to take appropriate action. The process for handling complaints consistently across the organisation is in line with our SPARK policy.

External assurance and recognition

As a European end-to-end HR and payroll partner, we ensure that our customers can rely on secure solutions that are compliant with ever-changing industry standards and aligned with best practices. Our commitment goes beyond our marketing efforts, and we've focused on gaining independent approvals and certifications that are valuable to our customers. This is why we have created a Trust Centre, where our most authoritative credentials are available on our corporate website.



“Through our Trust Centre, we show that our credentials, external assurance and recognition reassure all our stakeholders that we are a reliable business partner.”

Lesley Hellebuyck, Head of Internal Control & Compliance

Attestations

Payroll is not only an essential business function; it also plays an important role in corporate culture. In addition, payroll data has become one of the most important assets in a company. However, payroll does not have to be time-consuming and complicated – not with an experienced payroll partner like SD Worx. Our leading payroll services and powerful payroll technology are subject to regular independent reviews, demonstrating how we succeed in sparking success at the heart of your business.

ISAE 3402

Issued by the International Auditing and Assurance Standards Board (IAASB), ISAE 3402 is an assurance standard specifically designed for outsourcing activities related to processes with financial impact, such as payroll. SD Worx does not stop there. We also cover several key IT support processes as we believe that payroll is a highly IT-driven activity. On an annual basis, an independent auditor assesses the quality of our (payroll) outsourcing services.

The subsequent ISAE 3402 report discloses all control activities and processes, including the auditor's opinion.

SD Worx issues annual ISAE 3402 Type 2 reports on selected payroll products and services. The report not only includes the service description of the controls but also confirms that we have performed the controls correctly over a defined period.

ISAE 3000

ISAE 3000 is an international standard for providing assurance on non-financial information. It is considered the standard for demonstrating compliance with the GDPR. This attestation confirms that SD Worx has established all the data security and privacy controls required to comply with the principles of GDPR.

SD Worx has achieved an ISAE 3000 Type 1 attestation, demonstrating that our internal control framework is designed to meet the stringent requirements of GDPR.

ECOVADIS assessment

SD Worx adheres to the highest standards in all areas, including sustainability. To communicate our standards and sustainability performance in a transparent way, SD Worx undergoes an annual independent assessment by Ecovadis. Ecovadis is widely used in service organisations and provides a sustainability rating and a scorecard that summarises our sustainability performance in simple metrics.

UN Global Compact membership

Our public accountability and commitment are also strengthened by our status as a signatory to the UN Global Compact network. With this status, we commit to integrating the 10 UN principles or core responsibilities related to human rights, labour, the environment and anti-corruption into our business practices through sustainable strategies, policies and operations.

Our public page: [SD Worx | UN Global Compact](#).

An overview of the 10 principles: [The Ten Principles | UN Global Compact](#)

ISO 27001

Security controls are based on the ISO 27001 Information Security Management Standard and Framework. This framework ensures that we protect information systematically and cost-effectively through an information security management system and demonstrates to our customers and partners that we are protecting their data. This widely recognised standard aims to protect three aspects of information: confidentiality (only authorised people have the right to access information), integrity (only authorised people can change information) and availability (information is accessible to authorised people when it is needed).

SD Worx has already achieved formal ISO 27001 certification for a significant proportion of its activities and is currently implementing a program to ensure that ISO 27001 certification is achieved across all our group entities against the latest version of the standard, ISO 27001:2022.

ISO 14001

ISO 14001 is the internationally recognised standard for environmental management systems (EMS). It provides a framework for organisations to design and implement an EMS and to continually improve their environmental performance. By complying with this standard, organisations can ensure that they are taking proactive measures to minimise their environmental impact, comply with relevant legislation and achieve their environmental objectives. The framework covers a range of aspects, from resource use and waste management to environmental performance monitoring and stakeholder involvement in environmental commitments. ISO 14001 demonstrates an organisation's commitment to a sustainable future, combining environmental responsibility with strategic business growth.

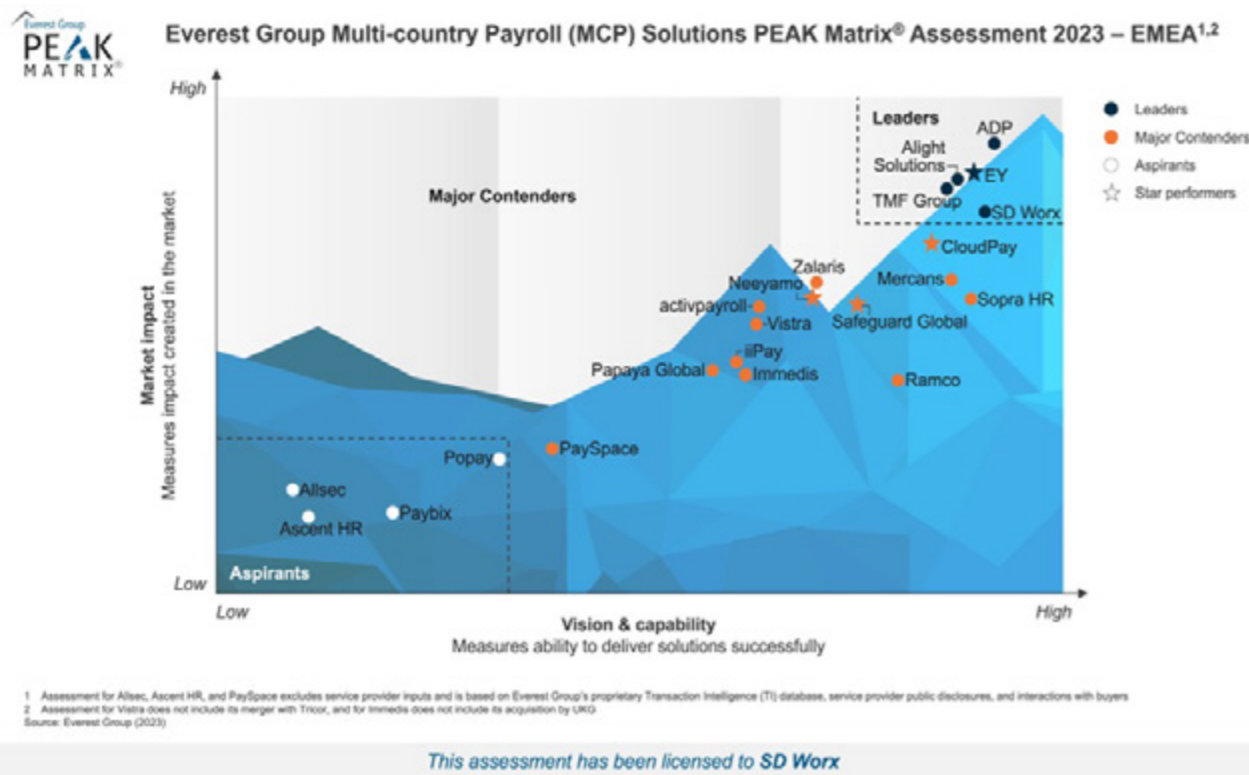
SD Worx holds this certificate in the Nordic countries (Finland, Estonia, Sweden and Norway) and in the Netherlands.

Industry recognition

The success of our people solutions isn't only highlighted by our happy customers. For us, analyst recognitions are also important reputation, credibility, and confidence boosters. Here's an overview of the recognitions we received in 2023.

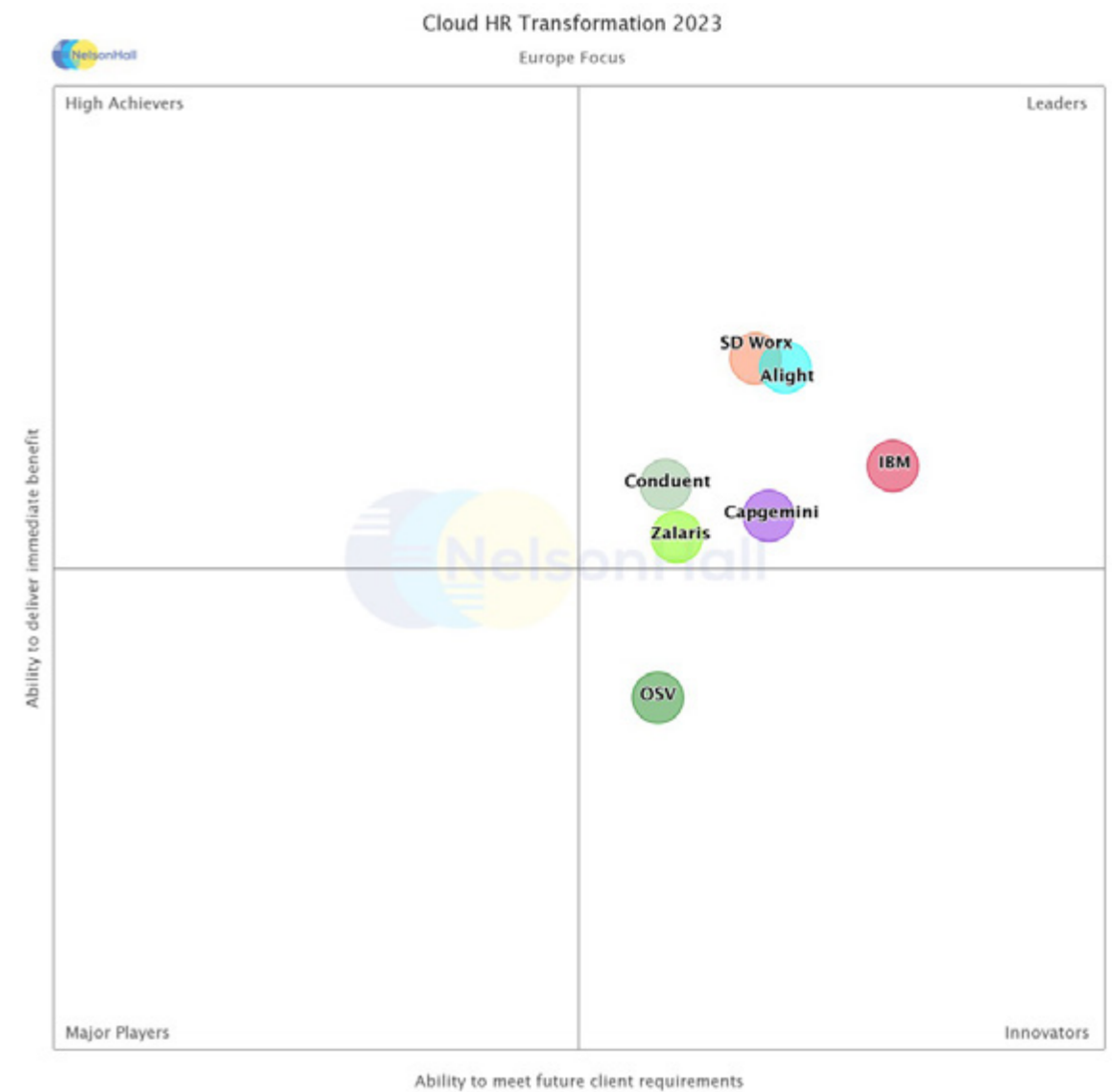
"SD Worx differentiates itself in the European market by offering flexibility in terms of different payroll service models to cater to the diverse needs of its clients. Its localized expertise in Europe, continued investments in expanding its delivery footprint and enhancing technology capabilities, and end-to-end process coverage have contributed to its success in the EMEA region. This has helped SD Worx retain its position as a Leader on Everest Group's EMEA Multi-country Payroll (MCP) Solutions PEAK Matrix® Assessment."

Priyanka Mitra, Vice President Everest Group



"SD Worx has again been named a Leader for its innovation and strong capability in supporting European Cloud HR transformation services. Its positioning as a Leader is a result of ongoing investments which include increasing local capability as it continues to expand geographically, SD Worx Insights, SD Worx Academy, and SD Worx Talent, and supported by its flexible GRO, FLO, PRO service models."

Elizabeth Rennie, HR Technology and Services Research Director at NelsonHall



For multi-process HR outsourcing and cloud transformation services

- Recognised as Leader in Nelson Hall's NEAT vendor evaluation for Cloud HR Transformation 2023
- Recognised as Leader in Quadrant's SPARK Matrix "HR Outsourcing Services 2023"
- Recognised as Major Contender in Everest Group's Multi-Process Human Resources Outsourcing (MPHRO) Services PEAK Matrix® Assessment 2023-

For our multi-country payroll solutions

- Recognised as Leader in NelsonHall's NEAT vendor evaluation for Next-generation Payroll Services 2023
- Recognised as Major Contender (Global) and Leader (EMEA) on Everest Group's Multi-country Payroll Outsourcing PEAK Matrix® Assessment 2023
- Recognised as Leader in the ISG Provider Lens™ (IPL) Quadrant study on "Payroll Solutions and Services 2023"
- Recognised as a Representative Vendor in the Gartner® 2023 Market Guide for Multicountry Payroll Solutions¹
- Recognised as Innovator in the Avasant Payroll Business Process Transformation 2023-2024 RadarView™
- Recognised as Technology Leader in Quadrant's Spark Matrix report 2023 on Multi-country Payroll Platforms

For our workforce management solutions

- Protime (an SD Worx' brand) recognised in the Gartner 2023 Market Guide for Workforce Management Applications² as a Representative WFM Vendor, headquartered in Europe

For our cloud HR technology

- Recognised as Core Leader in Fosway's 9-Grid™ for Cloud HR Technology 2023
- SD Worx cited in the Gartner 2023 article 'Hype Cycle for HR Technology' as a Sample Vendor for Unified Multicountry Payroll³
- Listed as a top vendor in IDC's 'European HCM and Payroll Applications Market Shares, 2022: Reshaping the HR Department', June 2023 and in their 'Market Analysis Perspective: European Enterprise Applications, 2023 – December 2023 Update'

1. Gartner, Market Guide for Multicountry Payroll Solutions, 18 September 2023
2. Gartner, Market Guide for Workforce Management Applications, 16 August 2023
3. Gartner, Hype Cycle for HR Technology, July 21 2023

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"For our business, industry recognition is an important way to build reputation, credibility and trust."

Tania Deswelgh, Brand Strategy and Analyst Relations

Annex 1: reporting practice

The purpose of this section is to describe our reporting practices, reporting principles and information system standards in relation to (sustainability) reporting. This is an essential part of the ESG standards, enabling a transparent and accurate assessment of the company's operations, sustainability performance and impact on society.

- GRI 1 requires a description of the quality and content of the reporting principles used.
- ESG is multifaceted; the reporting framework is complex as data and information is collected in different ways depending on its source and characteristics. Data is compiled according to different protocols and methodologies.
- As SD Worx is a multi-entity group, describing the system framework and data management standards helps to support the accuracy and verifiability of the reported information.



GRI - What it is?

The Global Reporting Initiative (GRI) is an international and independent organisation: it was founded in 1997 with the participation of the UN Environment Programme (UNEP). Its objective is to ensure transparent guidelines for sustainable development. The GRI guidelines are the world's most widely used ESG standard framework.

They make reporting comparable and contain all relevant topics required by EU Directives. GRI standards are multi-stakeholder in focus and can be relevant for a range of users, from investors to governments to civil society.

Reporting principles

Our ESG/Sustainability reporting approach follows the GRI Reporting Guidelines. Through our corporate website, integrated reporting and communication channels, we report to our shareholders, investors and all other stakeholders on the financial and non-financial aspects of SD Worx Group's business activities, as well as our approach to sustainability initiatives and achievements. To define reporting quality, the reporting principles include accuracy, balance, clarity, comparability, timeliness and verifiability.

- **Accuracy:** we report as accurately as possible. High-quality information is often derived from our policies and the way the Group operates. Information is tracked and often sourced from database and software systems. Data can be replicated to a reasonable extent (e.g., going back several years) and the information provided can be used to assess the business and its impact. The methodology used to calculate performance measures is explained where appropriate.
- **Balance:** information is presented fairly and objectively. Reporting does not overemphasise positive results over more negative results. We inform stakeholders appropriately about key issues without underplaying poor performance. Wherever possible, factual figures are used and, where this is not possible, an explanation of the interpretation of the information is provided.
- **Clarity:** information is presented in an accessible format, e.g., via graphics or other representations in a consolidated format that accompany the text so that the reader can understand the message and key points. Abbreviations are explained and a glossary/syntax is included. The ESG/annual reports can be downloaded from the company's website.
- **Comparability:** data and information are compiled in a way that ensures comparability across organisations and consistency over time. Where this is not possible, this is stated and explained (e.g., changes in accounting policies or corporate structure). Both financial and non-financial reporting are combined to provide a better overall understanding of the information. Acquisition activities have an impact on comparability and are documented.
- **Timeliness:** SD Worx produces large volumes of information for various purposes. We ensure that the relevant information is available to support proper decision-making. While some data is available frequently, such as monthly financial figures, other information may only be reported annually, such as balance sheets. This does not mean that data produced annually is not reported on more frequently internally or is not available at regular intervals. Workforce data is an example of this, as it is always available through our automated HRM/database systems.
- **Verifiability:** the quality and accuracy of information is monitored and verified. The Group has an enterprise risk management system and professional IT systems that check data quality. Our Audit and Risk Committee and IT department ensure that both internal and external control procedures contribute to the concept of auditability. For example, when customers enter payroll data that SD Worx uses for statistics, input validation controls are applied to limit the risk of error. Data is entered and approved at defined levels within the Group's country and business units. The necessary safeguards are in place for our systems and reporting to ensure that, for example, sustainability reporting is done professionally. Qualitative information, such as the process used to identify material issues and governance processes, is documented and reported accordingly. In addition to activities, governance, stakeholders and materiality, the GRI Reporting Principles address completeness and the broader sustainability context to define the content of the report.
- **Completeness:** coverage is as complete as possible, e.g., on material topics, while data sets cover the full reporting period, i.e., one year, which is sufficient to assess ESG impacts. Given the growth of the Group and the large number of entities covered, we indicate what the information used represents in terms of Group coverage.
- **Sustainability context:** the Group considers its environmental impact within the broader sustainability and social context. Careful consideration is given to the definition of sustainability and what this concept means for SD Worx in fulfilling its social role as a service provider. We consider future generations by fully describing corporate social responsibility and our long-term track record. Responsible business conduct, location, local legal structure, the role of leadership in certain social areas and the policies we adhere to all contribute to a sustainable context for our business activities.

Reporting framework

Group reporting is mainly based on:

- For workforce, diversity, equity and inclusion (DEI) and other social data, on internal HR/payroll data collected through a company protocol and methodology. The HR system SuccessFactors has been configured internally to manage employee data such as salary, job history, etc. in real time.
- For health & safety, on incident/event occurrence, statistical reporting and surveys (e.g., ergonomics).
- For social and qualitative information, through market analysis and research conducted by relevant departments and as directed by the business.
- For environmental information, GHG protocols, external consultants, reports, company instructions and suppliers.
- For market and research reports (e.g., absenteeism reports), internal analysis and departmental studies using input from all registered payroll data.
- For financial data, on accounting principles and on a consolidated basis through various accounting programmes and SAP packages.

Scope

The extent to which information is collected, assessed and analysed is determined by the double materiality analysis and the impact areas on which the company focuses. There are limits to the scope of the reporting and the selection of topics that are most important to our stakeholders. In terms of scope, we indicate on a case-by-case basis for which entities data has been tracked and collected. In general, as we publish consolidated financial statements, we aim to achieve a consolidated scope of reporting. The entity structure is set out in our annual report.

Method specificity

The methodology of data collection may be adjusted to reflect the diversity and growth of the Group's activities, the integration of newly acquired businesses, the absence of regulations or standardised international definitions, practicalities of data collection or changes in methodology. Restatement of prior years' published data may be limited to changes in methodology (e.g., change from GAAP to IFRS).

Internal audit and control

Given the size of the Group, some data may be collected at divisional level or controlled by a specific entity or operating unit. Regular internal audits and controls are performed to ensure that the information processed at Group level is accurate and complete.

External verification

External assurance is provided by auditors at Group level. Additional assurance (e.g., internal control procedures, appropriate design and effectiveness of controls) is performed for relevant departments or activities and in view of attestations/certifications such as ISO/ISAE.

System standards

The IT systems used by the Group are closely linked to the accuracy and verifiability of the information, as they form the basis for data reporting. SD Worx develops and uses numerous software programmes for internal (SuccessFactors, etc.) and external use. Regarding database and IT systems and the appropriate design and effectiveness of controls, the criteria for implementing these systems are inspired by international control standards and are based on legal and business requirements related to the HR/payroll services offered by SD Worx.

Reporting period

The reporting period is from 01/01/2023 to 31/12/2023.

Annex 2: GRI reference table

Profile	
1. Strategy and analysis	
Profile	Definition
G4-1	Statement about the relevance of sustainability for the organisation and its strategy
G4-2	Description of key impacts, risks, and opportunities
2. Organisational profile	
Profile	Definition
G4-3	Name of the organisation
G4-4	Primary brands, products, and/or services
G4-5	Location of headquarters
G4-6	Number of countries where the organisation operates
G4-7	Nature of ownership and legal form
G4-8	Markets served
G4-9	Scale of the reporting organisation
G4-10	Total staffing by employment type, gender, employment agreement and region
G4-11	Percentage of employees covered by collective labour agreements
G4-12	Description of the supply chain
G4-13	Significant changes during the reporting period
Organisational profile: involvement in external initiatives	
Profile	Definition
G4-14	Statement on how the precautionary principle is addressed by the reporting organisation
G4-15	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses
G4-16	Membership in associations and/or national or international organisations representing interests
Identified material aspects and boundaries	
Profile	Definition
G4-17	Operational structure
G4-18	Process for defining the content
G4-19	List of all material aspects identified
G4-20	Specification of the boundary for each material aspect inside the organisation
G4-21	Specification of the boundary for each material aspect outside the organisation
G4-22	Explanation of the effect of any re-statements of previously provided information

G4-23	Significant changes from previous reporting periods
Stakeholder engagement	
Profile	Definition
G4-24	List of stakeholder groups
G4-25	Basis for identification and selection of stakeholders
G4-26	Approaches to stakeholder engagement
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns
3. Report parameters	
Profile	Definition
G4-28	Reporting period of the information
G4-29	Date of the most recent report
G4-30	Reporting cycle
G4-31	Contact point for questions regarding the report or its contents
Report parameters: GRI table of contents	
Profile	Definition
G4-32	Table that lists the standard components of the information disclosure
Report parameters: assurance	
Profile	Definition
G4-33	Policy and current practice with regard to seeking external assurance for the report
4. Governance, obligations and involvement	
Profile	Definition
G4-34	Governance structure of the organisation
G4-35	Process for delegating authority for economic, environmental and social topics
G4-36	Presence of executive-level position for economic, environmental or social topics
G4-37	Process for consultation between stakeholders and the highest governance body on economic, environmental and social topics
G4-38	For organisations with a unitary board structure: indicate the number of independent and/or members who are not managers of the highest governance body.
G4-39	Managerial function of the chairman of the highest governance body
G4-40	Process for determining the qualifications and expertise of the members of the highest governance body for steering the strategy of the organisation regarding economic, environmental and social topics
G4-41	Processes in place for the highest governance body to ensure, that conflicts of interest are avoided
G4-42	Roles of the highest governance body and senior executives for modifying economic, environmental or social topics
G4-43	The measures taken to enhance the highest governance body's knowledge regarding economic, environmental and social topics
G4-44	Processes for evaluating the highest governance body's own performance, in particular regarding economic, environmental and social topics
G4-45	The highest governance body's role in the identification and the management of economic, environmental or social topics, and possible stakeholder consultation
G4-46	The highest governance body's role in reviewing the effectiveness of the organisation's risk management processes for economic, environmental and social topics
G4-47	The frequency of the review of economic, environmental and social impacts, risks, and opportunities

G4-48	The highest committee or position that approves the organisation's sustainability report and ensures that all material aspects are covered
G4-49	The process for communicating critical concerns to the highest governance body
G4-50	The nature and total number of critical concerns that were communicated to the highest governance body and the mechanisms used to address them
G4-51	Link between compensation for members of the highest governance body, top managers and executives, and the organisation's performance
G4-52	The process for determining remuneration.
G4-53	Process to know the vision of stakeholders regarding remuneration and to take it into account
G4-54	The ratio of the annual total remuneration for the organisation's highest-paid individual in each country of significant operations to the median annual total compensation for all employees
G4-55	The ratio of the annual percentage increase for the organisation's highest-paid individual in each country of significant operations to the median percentage increase of the annual total remuneration for all employees

Ethics and integrity

Profile	Definition
G4-56	Internally developed statements of mission or values, codes of business conduct & ethics, and principles relevant to economic, environmental, and social services and the status of their implementation
G4-57	The internal and external mechanisms for seeking advice on ethical and lawful behaviour, and matters related to integrity
G4-58	The internal and external mechanisms for reporting concerns on ethical and lawful behaviour, and matters related to integrity

Performance indicators

Economic performance indicators

Performance indicator	Definition
G4-EC 1	Direct economic value generated and distributed
G4-EC 2	Financial implications and other risks and opportunities for the organisation's activities due to climate change
G4-EC 3	Coverage of the organisation's defined-benefit plan obligations
G4-EC 4	Significant financial assistance received from authorities
G4-EC 5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation
G4-EC 6	Procedures for local hiring and share of top management hired from the local community at significant locations of operation
G4-EC 7	Development and impact of infrastructure investments and services which are mainly provided in the public interest through obligations of a commercial nature, in kind or pro bono
G4-EC 8	Significant indirect economic impacts, including the extent of impacts
G4-EC 9	Policy, methods and proportion of spending on local suppliers at significant locations of operation

Environmental performance indicators

Performance indicator	Definition
G4-EN 1	Total quantity of materials used by weight and volume
G4-EN 2	Percentage of the materials used that are recycled from external waste
G4-EN 3	Energy consumption within the organisation
G4-EN 4	Energy consumption outside the organisation
G4-EN 5	Energy intensity
G4-EN 6	Reduction of energy consumption
G4-EN 7	Reductions in energy requirements of products and services
G4-EN 8	Total water withdrawal by source
G4-EN 9	Water sources significantly affected by withdrawal of water
G4-EN 10	Percentage and total volume of water recycled and reused
G4-EN 11	Location and size of land owned, leased, managed in or adjacent to protected areas and areas of high biodiversity value outside protected areas
G4-EN 12	Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas

G4-EN 13	Habitats protected or restored
G4-EN 14	Total number of IUCN red list species and national conservation list species with habitats in areas affected by operations
G4-EN 15	Direct greenhouse gas emissions
G4-EN 16	Indirect energy-related greenhouse gas emissions
G4-EN 17	Other relevant indirect greenhouse gas emissions
G4-EN 18	Intensity of greenhouse gas emissions
G4-EN 19	Reduction of greenhouse gas emissions
G4-EN 20	Emissions of ozone-depleting substances by weight
G4-EN 21	NOx, SOx and other significant air emissions
G4-EN 22	Total water discharge by quality and destination
G4-EN 23	Total weight of waste by type and disposal method
G4-EN 24	Total number and volume of significant spills
G4-EN 25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annexe I, II, III, and IV, and the percentage of transported waste shipped internationally
G4-EN 26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organisation's discharges of water and drainage
G4-EN 27	Initiatives to compensate the environmental effects of products and services, and the scope of this compensation
G4-EN 28	Percentage of products sold and their packaging materials that are reclaimed by category
G4-EN 29	Monetary value of significant penalties and total number of non-monetary sanctions for non-compliance with environmental laws
G4-EN 30	Significant environmental impacts of transporting products and other goods and materials that are used for the organisation's operations, and transporting members of the workforce
G4-EN 31	Total environmental protection expenditures and investments by type
G4-EN 32	Percentage of new suppliers that were screened using environmental criteria
G4-EN 33	Significant actual and potential negative environmental impacts in the supply chain and actions taken
G4-EN 34	Number of grievances about environmental impacts filed, addressed, and resolved

Labour practices and decent work

Performance indicator	Definition
G4-LA 1	Total staff and personnel turnover by age group, gender and region
G4-LA 2	Cash benefits provided to full-time employees that are not available to temporary or part-time employees, by significant locations of operation
G4-LA 3	Return to work and retention rates after parental leave
G4-LA 4	Minimum periods of notice regarding operational changes, including whether these are specified in collective agreements
G4-LA 5	Percentage of total staffing represented in formal joint management-worker health and safety committees that help monitor and advise employers and employees on occupational health and safety programmes
G4-LA 6	Injuries, occupational diseases, lost days, and rate of absenteeism, and total number of work-related fatalities, by region and by gender
G4-LA 7	Workers with high incidence or high risk of diseases related to their occupation
G4-LA 8	Health and safety topics covered in formal arrangements with trade unions
G4-LA 9	Average hours of training per year per employee by gender, and by employee category
G4-LA 10	Programmes for competency management and lifelong learning that support the continued employability of employees and help them in managing career endings
G4-LA 11	Percentage of employees receiving regular performance and career development reviews
G4-LA 12	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership and other indicators of diversity
G4-LA 13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation
G4-LA 14	Percentage of new suppliers that were screened using labour practices criteria
G4-LA 15	Significant actual and potential negative labour conditions in the supply chain and actions taken
G4-LA 16	Number of grievances about labour practices filed, addressed, and resolved

Performance indicators for human rights

Performance indicator	Definition
G4-HR 1	Total number and percentage of significant investment agreements that include human rights clauses or that underwent human rights compliance screening
G4-HR 2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of personnel trained
G4-HR 3	Total number of incidents of discrimination and actions taken
G4-HR 4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights
G4-HR 5	Operations and suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of this kind of labour
G4-HR 6	Operations and suppliers identified as having significant risk for incidents of forced or mandatory labour, and measures taken to contribute to the effective abolition of this kind of labour
G4-HR 7	Percentage of security personnel trained in the organisation's human rights policies or procedures that are relevant to operations
G4-HR 8	Total number of incidents of violations involving rights of indigenous people and actions taken
G4-HR 9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments
G4-HR 10	Percentage of new suppliers and contractors screened using human rights compliance criteria
G4-HR 11	Significant actual and potential negative impact on human rights in the supply chain and actions taken
G4-HR 12	Number of grievances about human rights filed, addressed, and resolved

Social performance indicators

Performance indicator	Definition
G4-SO 1	Nature, scope and effectiveness of all programmes and methods that determine and manage the effects of operations on local communities, including establishment, operations and winding up
G4-SO 2	Operations with significant actual or potential negative impacts on local communities
G4-SO 3	Percentage and total number of operations assessed for corruption-related risks
G4-SO 4	Communication and training on anti-corruption policies and procedures
G4-SO 5	Confirmed incidents of corruption and actions taken
G4-SO 6	Total value of political contributions by country and recipient
G4-SO 7	Total number of lawsuits for anti-competitive conduct, anti-trust, and monopoly practices and their outcomes
G4-SO 8	Monetary value of significant penalties and total number of non-monetary sanctions for non-compliance with laws and regulations
G4-SO 9	Percentage of new suppliers that were screened using criteria for impacts on society
G4-SO 10	Significant actual and potential negative impact on society in the supply chain and actions taken
G4-SO 11	Number of grievances about impacts on society filed, addressed, and resolved

Performance indicators for product liability

Performance indicator	Definition
G4-PR 1	Percentage of significant products and services categories subject to health and safety procedures
G4-PR 2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes
G4-PR 3	Type of product and service information that is mandatory by procedures, and percentage of significant products and services subject to such information requirements
G4-PR 4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and services information and labelling, by type of outcomes
G4-PR 5	Results of surveys measuring customer satisfaction
G4-PR 6	Sale of banned or disputed products
G4-PR 7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsoring, by type of outcomes
G4-PR 8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data
G4-PR 9	Monetary value of significant penalties for non-compliance with laws and regulations concerning the provision and use of products and services