ESG REPORT 2022

SD Worx Group

sdworx

Each and every one

of us is a spark

—

We support you in making yours as bright as possible

2022 was a turbulent year. In addition to the aftereffects of the global pandemic, the ongoing Russia-Ukraine predicament – besides causing soaring inflation levels and record energy prices – has led to increased social unrest and reduced access to food and services. The resulting global erosion of social cohesion and geo-political instability pile on top of mounting societal callouts related to climate action failure. These amplified risk factors require SD Worx to be a resilient and responsible organisation – and confirm that we have a multifaceted role to play in society. With all this top of mind, SD Worx has taken significant action throughout 2022 to both futureproof our company and address global concerns.

Boosting ESG and sustainability management

This 2022 report describes a clear expansion of our ESG commitment, driven by upcoming sustainability reporting requirements and our strategy to power up our sustainability efforts, which increasingly shape society and how people live and work. On the one hand, our goal to be acknowledged as a social impact leader is being achieved through the activation of our 'For Life, For Work' brand story to create a sustainable workforce and enabling people to spark. On the other hand,

we are also pursuing progress on selected UN Sustainable Development Goals. We are amplifying this ambition by reinvigorating our UN Global Compact membership and taking tangible action on the E, S and G fronts.

1. **Environment:** we participate in the global decarbonisation movement by reducing our carbon emissions in line with EU targets to safeguard the health of our planet. Our Group's broader carbon footprint registration, focus on sustainable/digital service solutions, green mobility initiatives, green energy investments such as solar panels, and reforestation initiatives are cases in point. Establishing an eco-minded culture and raising environmental awareness through, e.g., a sustainability course, keep protection of the environment a shared responsibility and top of mind for our people.

2. **Social:** we offer our people numerous social and DEIB programmes (including well-being sessions) together with People management (training, employability, re-skilling, etc.) services to create an impact on the social side of sustainability. In turn, this fosters a culture of belonging, well-being and professional growth. To monitor outcomes and effectiveness, regular employee engagement surveys and feedback systems are in place to help us win in the 'war for talent'.

As stakeholder engagement is more important than ever, we strive to engage suppliers and customers into our business practice. Our product portfolio is inspired by ESG developments. We have several offerings that enable customers to shape their own ESG strategies, clearly demonstrating our ESG knowledge, expertise and capabilities.

3. **Governance:** we continue to be committed to demonstrating leadership in accountability, integrity and transparency and to setting the highest compliance and ethical standards in our profession. 2022 saw plenty of 'governance' changes that reflected changed business realities and our broader sustainability reporting scope.

Empowered by a diverse Board of Directors and independent Directors, diligent ESG management processes and a revised Code of Conduct, new recruitment, competition and procurement policies entered into force – all of which contain sustainability provisions. The launch of Competency Centres across the Group and an enterprise risk management system that tracks social and climate risks empower us to remain an international and inclusive organisation.

As this report will show, we strive to align our activities with the world's most widely used ESG framework: the Global Reporting Initiative (GRI). This underpins discussions on topics such as materiality, stakeholder inclusion, economic performance, remuneration and social dialogue. At the same time, we are keeping a close eye on the European Sustainability Reporting Standards expected in June 2023, as well as the initiatives of the IFRS Foundation/International Sustainability Standards Board – which will help harmonise the complex landscape of sustainability reporting.

Corporate social responsibility (CSR) as part of our DNA

As always, SD Worx continues to invest in CSR initiatives that reflect the social engagement and accountability we demonstrate toward vulnerable and underprivileged groups, local communities and society. 'SD Worx for Society' was set up to manage our CSR activities, which remains separate from our business goals. Numerous activities were supported by the SD Worx Group in 2022, such as Campus '19, laptop donation to Ukrainian children, and offering employment to IT developers relocating from Russia to Finland, among many others.

Despite the many actions we're taking, we know that there is still a long way to go. We have set many continuing sustainability initiatives in motion in 2022 that will be further tracked in the years to come. Dealing with today's precarious global situation and the related challenges that lie ahead are one thing. However, we are committed to seizing the opportunities that accompany the challenges and working together with our customers and people to shape a sustainable society.

The Executive Committee of SD Worx

SD Worx profile and brand story

Leading provider of end-to-end HR & Payroll Solutions with European focus & global reach

Staffing & Recruitment

Core HR

Payroll & Reward

Workforce Management

Talent & Careers
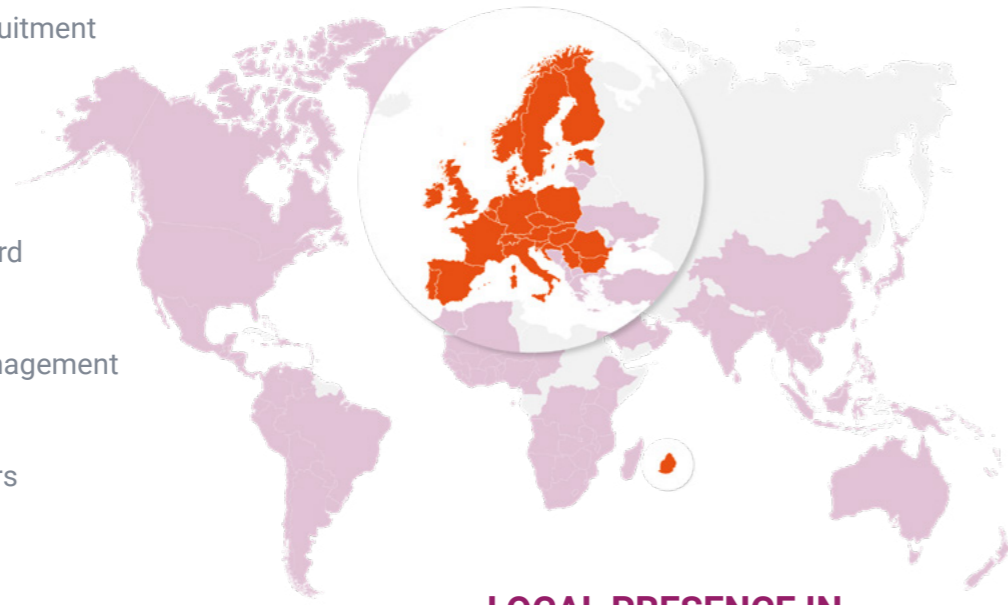
LOCAL PRESENCE IN 25+ COUNTRIES

GLOBAL REACH IN 150+ COUNTRIES

+75
Years of experience

+7,000
HR Professionals

+5,000
Temp workers/day

+82,000
Customers

+5,200,000
Payslips per month

€ 962 million
Total turnover 2022

History

1960 - 2000
SD Worx is the **first payroll company to embrace technology** in 1960. It continues to grow through innovation, extending its offering beyond payroll.

2010 - 2015
SD Worx introduces **the first pan-European payroll solution.**

In 2015, SD Worx Global Payroll Network coverage increases to include the **US and Canada.**

2020
SD Worx **acquires Pointlogic HR**, a solution for reward and benefit management, and **Adessa Group**, increasing its HR cloud technology consulting capabilities.

SD Worx **acquires Globepayroll**, a saas multi-country payroll and core HR solution.

The **SD Worx Global Payroll Network** now covers **150** countries.

2022
SD Worx takes a majority stake in **Huapii**, expanding its talent management offering, and acquires **HRPRO, Intelligo** and **Integhro**, adding HR Tech and presence in Europe.

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |

1945 - 1960
In 1945, **employers in Belgium create SD Worx**, a wage administration company.

2000 - 2010
SD Worx **starts it European journey** and expands into Luxembourg, the Netherlands, France and Germany

2015 - 2019
SD Worx is present in **Benelux, France, UK, Ireland, Germany, Austria, Switzerland and Mauritius.**

SD Worx Global Payroll Network **includes Asia.**

SD Worx acquires **Protime**, market leader in **Workforce Management.**

SD Worx expands into the **flexible labour market.**

2021
SD Worx opens offices in **Spain, Poland** and **Italy**, and acquires **Aditro**, adding presence in the **Nordics.**

SD Worx is majority shareholder of **Teal Partners**, a digital transformation company, and acquires **launch!**, further increasing its **SAP SuccessFactors** capabilities.

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Our brand story, company purpose and corporate values form a firm foundation for constructive collaboration and a shared corporate culture. Our strong governance principles and professional ethics make it simpler for us as a unified organisation to grasp the aim and ambitions set out for ESG and sustainability management.

For Life, For Work. People solutions for the age of fluidity

Today, work is more fluid. Workers want to be in control, they have an appetite for real-time information, and they expect things to get done instantly, on the go. Today's workforce has an agile mindset and little tolerance for friction.

We see this fluidity of work reflected in how work and life are intertwined. Our people solutions help businesses and HR adapt to the new world of work. They make it easier for workers to combine various jobs and employment types, receive flexible rewards and continuous feedback, and weave their work lives into their life's work. By bringing these people solutions to life, companies of any size can turn HR into a source of value for the business and the people in it.

People solutions across the entire employee life cycle

Creating the right working environment for people and organisations to thrive

Staffing & recruitment **Core HR** **Payroll & Reward** **Workforce Management** **Talent & Careers**

Software	Outsourcing	Consulting	Data
Our growing portfolio of HR tech solutions spans the entire employee lifecycle and creates a fluent experience for your workforce	Through a range of flexible payroll & HR outsourcing we enable businesses to reward employees in 150 countries, ensuring compliance and focus on their core activities.	Our HR and technology consultants provide thorough analysis, expert advice, real-world insights and state-of-the-art technology solutions.	From a wealth of HR data, we distill clear insights, smart analytics and reliable benchmarks to enable organisations to make the right people decisions.

Company purpose and corporate values

A strong company culture is essential to achieving the best-possible with highly engaged people. This is our company's purpose.

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

This purpose is supported by energising employee values that aim at tangibly driving engagement. What makes us who we are and what unites us across teams, business units and countries? How can we all be sparks?
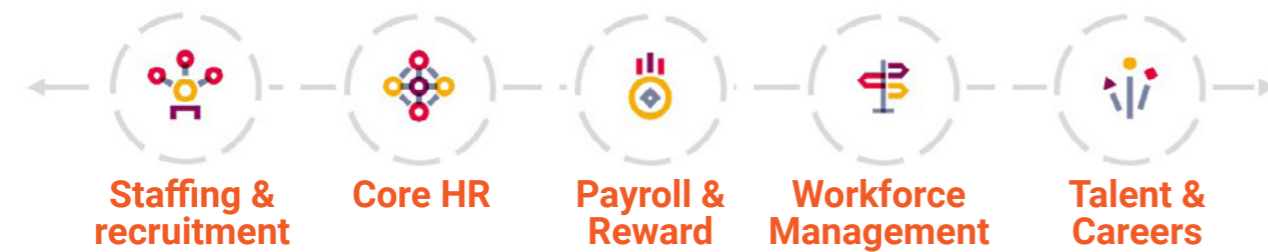
In responding to these questions, we have defined the following value statements:

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, that's our company culture. Our renewed company values will guide us towards this:

Dear customer	Commitment drives us forward	We believe in each other	The road is open	One for all, all for one

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 of challenging questions. We truly strive to put ourselves into the shoes of the people that rely on 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 unique roles to play.

Commitment drives us forward

We have the will to succeed, and we feel the urge to make 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 pave the way toward new solutions.

We believe in each other

Trust and integrity are what we stand for. We have faith that each and every one of us will do what is expected. Our colleagues and our customers rely on us to look after them and take them in the right direction. We have confidence in our own abilities and are empowered to make our own decisions, believing that the team will always support us. As trust and honesty are closely tied together, we remain 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 is coming next, we look in all directions to form new and better ideas. Innovation is in our DNA and imagination is our best friend, as these inspire creativity and push 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 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 are different, 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 value statements serve as a guiding set of principles for how we work together. They are closely tied to our future competencies, which define what it takes to stay relevant and remain successful. Combined, our value statements and our competencies express what we believe in and how we need to act to achieve our common purpose.

Under the guidance of the cultural ambassadors and HR, the teams brainstorm on how to translate these value statements into concrete daily operations and behaviours. To ensure that our value statements are more than just words, they are included as criteria in performance reviews. These are also part of our new recruitment policy and the employee onboarding process.

Our corporate values apply to all employees and are laid out in the new Code of Conduct. In addition, this Code of Conduct outlines our expectations and standards for behaviour and management practices. These form the foundation of our organisation, our approach to executing our business activities, and our way of working.

Our Code of Conduct defines how our values are implemented in our daily responsibilities.

The five basic principles of successful operations are founded on these values:

- Senior management must exemplify the conduct expected of employees.
- Strategy must guarantee ethical interaction and collaboration with customers and other parties.
- A balance must be achieved between 'the letter of the law' and appropriate actions in specific cases.
- Our organisation must respond to blurring boundaries between private and working life.
- People managers must play a pivotal role in embedding our values in our organisation.

Maximum flexibility for our customers

SD Worx offers a complete range of people solutions spanning the entire employee journey, from attracting, paying, rewarding and managing the workforce to developing the talent that makes businesses succeed. Beginning with a core business in payroll and HR, we have now developed a comprehensive range of human resources management (HRM) solutions, which form the backbone of every company. These solutions are the result of decades of experience and proven expertise and supported by our HR and legal knowledge centres.

Our HRM solutions blend software, services, expertise and insights according to the specific requirements of each customer, a group that includes both small and large enterprises in a range of industries. We offer them the means to guide, develop, and unleash high performance—and to help their people love every minute of it.

Our flexible organisational structure, digital transformation and – especially – our people make SD Worx an adaptable and agile company that is ready to provide answers to all HR challenges. These enable us to continuously adapt our products and services portfolio to changing market conditions – and stay one step ahead.

This was especially relevant during 2022, when many companies struggled due to the uncertainty caused by the Russia-Ukraine war, interrupted supply chains, social unrest, high energy and raw materials prices, and soaring inflation. But their employees also had to deal with that same uncertainty and the increased cost of living, making HR the glue that holds everything together. Advice, tools and best practices in HR areas such as workforce management and reward can make the difference. Since HR is not the core business of most organisations, we are more than happy to help, contributing to a stronger economy and a thriving, active population. In other words: we create a social compact.

Weaving ESG-inspired offerings into our portfolio

Considering the higher prominence of the ESG agenda and an increasing need for encompassing end-to-end HR solutions that respond to upcoming ESG regulations and contribute to human capital management, we have developed ESG-inspired offerings. They embody social values, as these impact professional growth (e.g., talent management, reskilling), work lovability (well-being programmes) and diversity, equity, inclusion & belonging (DEIB) (e.g., HR dashboarding tool) – in turn, shaping sustainable careers and workers' experiences.

About this report

Our 2022 ESG report is driven by upcoming sustainability reporting requirements and our strategy to power up our sustainability efforts, which are increasingly shaping our society and how people live and work. In this report, we expand on how ESG is managed and how we embed sustainable approaches into our processes and activities. We provide our stakeholders with an overview of our ESG ambitions and explain the versatility of our sustainable strategies and corresponding actions that have been taken or being processed. The discourse has been structured along the topical aspects 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 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 to become the number one European provider of end-to-end people and staffing solutions. Indeed, 2022 saw a significant expansion of the Group to a total of over 7,000 employees, realised by the integration of Pro-Pay (Belgium), huapii (Belgium), HRPRO (Croatia), Intelligo (Ireland) and Integrho (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.

ESG, CSR and sustainability at SD Worx

To explain how ESG is managed, it is important to define what ESG means for SD Worx. ESG is typically used as a framework to assess how a company manages risks and opportunities that shifting economic conditions create with respect to changes in environmental, social and governance systems. Because these systems impact the entire landscape the company operates within, ESG concerns **the ability to create and sustain long-term value in a rapidly changing world, and to manage the risks and opportunities associated with these changes**.

There are many reasons why we, just like society, are focusing ever more on this through structured ESG management processes. In view of the 'war for talent', for example, ESG activities can boost our corporate reputation by attracting and keeping sustainable workforces and cementing customer relationships. More, besides reducing risks and managing complexity (e.g., IT landscape changes), it contributes to our company's resilience and enables us to identify new opportunities (e.g., developing new products and services for customers). Finally, as it offers insights into intangible factors such as culture, talent recruitment and retention, it fits perfectly into the HR domains we are engaged in and thus contributes to a purpose-driven workforce and an inclusive culture. In unifying our approach, we are committed to building a strategic ESG platform for long-term company success.

ESG, corporate social responsibility (CSR) and sustainability are often used interchangeably in practice. While ESG is more of a holistic concept that zooms in on non-financial 'E-S-G' elements to improve company performance, CSR activities at SD Worx are more related to corporate philanthropy, accountability, and employee volunteerism used to align social issues. The term 'sustainability' is often applied to the reduction of environmental impacts, but we are also deeply concerned with the social side of sustainability, as we feel that we can be most impactful in this area.

ESG vision

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

Ambitious? Definitely, but that also describes us as a company. There is no other way forward, as a sustainable workforce includes strong engagement, personal well-being, strength-based careers, proactive recruitment, dedicated talent management and inclusive teams. More broadly, that also means taking care of the environment and communities our people live in and managing our business wisely, ensuring that everyone will have a meaningful job tomorrow.

The success that stems from this vision will reflect on the whole SD Worx community. Not only the inner circle of employees, customers and their employees, job candidates, partners, etc., but also the families of all of our stakeholders. All people, in other words, for which we want to create maximum social impact.

ESG ambitions

Activating our brand story and contributing to sustainable development goals

Our aim is to generate maximum social impact by activating our brand story 'For Life, For Work', thus creating sustainable workforces and enabling people to spark as strongly and brightly as possible.

In 2015, the UN set 17 targets or Sustainable Development Goals (SDGs) to create a more sustainable world by 2030. The key to success in achieving these goals is collaboration between developing and developed countries, authorities, businesses, trade unions NGOs, educational institutions and citizens.

SD Worx is actively pursuing progress on **4 main goals** and **5 supporting goals**. By doing so across our entire company, with over more than 7,000 employees and our offerings touching over 5.2 million employees, we can be proud of our meaningful ESG impact over time.

4 main goals

These goals reflect the social role we pursue through our activities, both within our organisation and in collaboration with other external stakeholders. The versatility of the roles that SD Worx assumes will be further explained in the 'Materiality assessment' section. For example, while we strive to develop HR solutions for customers and be market leader in Europe, we share our knowledge on social/labour law developments with universities and professional organisations, assuming a thought leadership or social role.

5 support goals

Considering the size and complexity of our organisation and solutions offered, we do support other SDGs beyond our 5 focal ones. CRS activities to help support vulnerable groups in society support the achievement of SDG 1 (No poverty), SDG 2 (Zero hunger) and SDG 10 (Reduced inequalities).

Signatory of the UN Global Compact's ten principles

To confirm our public accountability and engagement and make our message more powerful and transparent to the international community, we are a UN Global Compact Network signatory (unglobalcompact.org). In signing, we demonstrate our committment to supporting and integrating the ten UN principles or fundamental responsibilities related to human rights, labour, environment and anti-corruption, into our business practices through sustainable strategies, policies and operations.

Launched in 2000, the UN Global Compact is the largest corporate sustainability initiative in the world, with more than 17,000 companies and 4,000 non-business participants based in over 160 countries. Its mission is a call to companies to align strategies and operations with universal principles and effectively take actions to advance societal goals. Every year, members like SD Worx must report on and communicate progress made on these goals, which are interlinked with the UN SDGs. In return, we can rely on global sustainable policies supported and recognised by the UN. This voluntary platform also facilitates the exchange of best practices, establishing partnerships and commercial contacts.

United Nations Global Compact

Well-defined ESG ambitions

Our aim to be recognised as social impact leader shifts the question to how ambitious we want to be on the different aspects of E, S and G. In line with sustainability reporting standards, the table below depicts our ambitions as well as overall key performance indicators (KPIs) and main areas of action.

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	• **Reduce GHG emissions by at least 55% by 2030 (vs 2017)**	Includes • 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, well-being and professional growth	• **Improve NPS and other work related survey outcomes** • **Activate ESG-inspired offerings**	Includes • Social and DEIB programmes (incl.well-being sessions) • Knowledge sharing and legal advice • People management (incl. SD Worx Academy and training / employablility / 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	• **Compliance with rules and regulations for all products and services** • **BOD diversity and independence**	Includes • 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

- Aligned with the EU Green Deal programme and mounting international regulation on environmental practice, we will play our role in exceeding the set decarbonsation threshold of the EU by 2030. Our environmental plan and efforts are documented in the 'Environment' section of this report.
- As an HR provider, SD Worx wants to set a good example for others. That is why we strive to raise the bar in the field of inclusive HR policy and people management. Our ambition is to provide an optimal, healthy, safe and stimulating working environment and the right support for our employees, and to contribute together to a range of social projects. This social impact is also something we want to convey and transfer to our customers through our portfolio of people solutions and recently developed ESG-inspired offerings.
- Governance is about much more than compliance and following corporate governance principles. For SD Worx, it is also about setting the standards in our profession pertaining to ethics, data security, social law or, for instance, responsible business practice in the labor markets. The 'Governance' section of the report demonstrates this by showcasing examples and policies that future-proof the company.
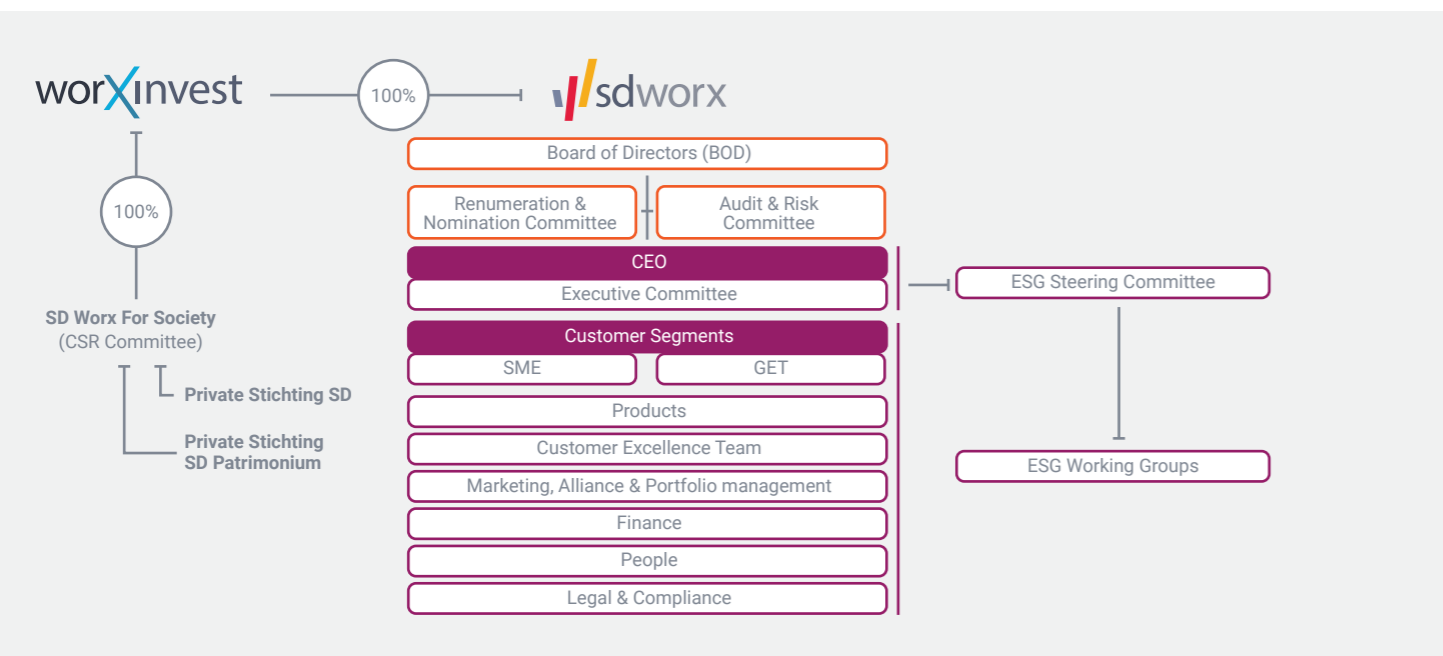
ESG governance

Corporate structure

For a better understanding of how ESG is governed across the Group, it is important to consider the broader organisational structure of SD Worx. In line with sustainability reporting standards, we expand the reporting boundary upstream, as this will provide more insights into the ESG impact of SD Worx along its value chain.

As set out in our 2022 Annual Report (Note 4. Group structure), WorxInvest, the parent company of SD Worx, is continuing the track record of SD Worx on a journey to become 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 managing our CSR activities without the existence of a specific business goal we seek to derive from its workings.

It goes without saying that investment priorities and capital allocation strategies of WorxInvest can impact SD Worx's ESG activities and management. The same holds true, for instance, for spending occurring via SD Worx for Society or SD Worx. A proper budget allocation system is in place that helps decide as to whether certain expenses should be taken into account on the SD Worx ESG budget or be channelled via the CSR activities of SD Worx for Society.

ESG governance

ESG governance structure

The ESG governance structure at SD Worx ensures that our corporate principles and ESG strategies are properly managed, implemented and adhered to. SD Worx applies a three-level structure comprising the BOD, the ESG Steering Committee under the BOD, and ESG Working Groups. This structure ensures effective policy implementation, rational goal setting, adequate 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). The roles and structures of these entities are explained in the 'Governance' section of the report. For ESG matters, the following additional provisions have been added to the ARC charter:

- recommending SD Worx' overall general strategy with respect to ESG matters;
- overseeing SD Worx' policies, practices and performance with respect to ESG matters;
- overseeing the company's reporting standards in relation to ESG matters and safeguarding assurance on ESG disclosures;
- reporting to the BOD on current and emerging topics relating to ESG matters that may affect the business, operations, performance, or public image of SD Worx, or that are otherwise pertinent to SD Worx and its stakeholders and, if appropriate, detail 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.

ESG Steering Committee members:
- Nadine Aerts (CFO)
- Michael Custers (CMO)
- Steve Engelen (Integrated Reporting Officer)
- Annette Ergenzinger (People Growth Manager - DEIB)
- Bruce Fecheyr-Lippens (Chief People Officer)
- Lesley Hellebuyck (Manager Group Internal Control & Compliance)
- Kelly Lespinoy (CLO)

To realise specific actions, ESG Working Groups can be established to improve cooperation across departments. ESG Working Groups consist of SD Worx employees that interact with colleagues, department managers or members of the ESG Steering Committee. For a large and international organisation like SD Worx, it is important to generate synergies and for all company entities to work together to advance the implementation of, for instance, routine ESG-related work under the coordination and guidance of the ESG Steering Committee or the traditional management/BOD governance bodies.

ESG dialogue

ESG comes to life across our organisation through communication and dialogue. The table below summarises how the ESG dialogue is managed across the company, both internally and externally. While environmental, ethical, sustainable and corporate governance are considered non-financial performance indicators, their role is to ensure accountability and systems to manage a corporation's impact, which will affect financial results. There can be no disconnect between business strategies and corresponding ESG or sustainability actions. For example, when M&A transactions or other business opportunities are considered, a due diligence check is carried out to examine whether there is also a cultural and social match between SD Worx and the target company.

ESG consultation

Stakeholder	Dialogue
BOD	ESG strategic sessions and presentations
EXCO/inspiring leaders	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

As ESG addresses many different topics, a one-size-fits-all approach is inappropriate. It is not enough to enter into a dialogue; we must ensure that the entire workforce, our customer base and the wider community are well-informed and empowered in order to benefit over time. That is why all stakeholders need to be aware of and engaged in ESG matters and activities. Fulfilling our ESG aim and ambitions to foster social impact is realised by our entire workforce at SD Worx.

Stakeholder inclusion model

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An appropriate stakeholder model complements the strategic vision of our company. A clear view and analysis of the (potential) stakeholder universe shows that multiple stakeholders add to the success of the company and enact positive societal outcomes, which, in turn, will reinforce the value of the company. This value pertains to both economic performance and social impact values. Examples abound of the benefits of a stakeholder inclusion model, such as an enlarged knowledge base (learning from business partners), higher responsiveness (close relation to customers), clear accountability towards relevant stakeholders and a motivated employee base (engaged). It also means that we incorporate perspectives of individuals, groups and other companies into our strategies so that all voices are heard. By including all relevant stakeholders, SD Worx strives 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

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 and external stakeholders. It is up to the owners and the highest governance bodies, e.g., the BOD, EXCO and ARC, to manage the company and execute its vision, goals and growth strategies. It is in this context that they 'instigate' the departments of the company. The interrelation of their complex roles (benefiting vs. driving stakeholder interests) demonstrate a robust corporate governance approach, as described in the 'Governance' section.

Driving stakeholders

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, their organisation and their ability 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' employees that we want to see included, empowered and thriving.

From managing to engaging and inspiring…

Social impact matrix

In line with our ESG ambitions, the social outcome matrix indicates our intended social impact actions and outcomes across driving and benefiting stakeholders, with the view of activating our brand story and contributing to the SDGs. The table does not set out what we do but expands on the many dimensions of non-financial and social values we create on top of what we do every day. It transparently shows and addresses our ambitions in the domain of social action. The benefits are inclusive and work in a cumulative way: all impact created for society will also benefit 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			
• Pan-European HR digitisation / integration	• Decarbonisation efforts • Reliable reporting	• Sustainability rating • Exchange knowledge • Social law contribution-assurance	• Mobility vision • Hybrid working • CSR
LABOUR MARKET			
• Career tooling • Employee benefit systems • Flexible income • Data & Insights	• Hybrid working office management and mobility	• Labour law, product, service development • ESG risk scrutiny • Market standard setting	• DEIB & recruitment • Talent, learning & reskilling insights • Compensation & benefits
CUSTOMERS, PARTNERS and SUPPLIERS			
• ESG-inspired offerings • NPS • Customer service • Competency centres	• Sustainable procurement • Supply/customer diversity • Optimise value for investment	• Standardised audit, vetting & compliance • Trust centre • Assurance practice • Capability developments	• Social value, due diligence and outreach • Employer recognitions • Growth commitment • Human capital management
SD WORX EMPLOYEES			
• Personalised and frictionless experience	• Healthy, safe and vibrant workplaces • Office transformation	• European Workers Council, social dialogue • Sustainable policies	• Sustainable workforce practice • Employer of reference • DEIB, professional growth and well-being • eNPS

SPARK principles: from communicating to inspiring

Besides identifying and communicating with stakeholders, we strive to engage with and include our entire stakeholder base. To do this, we keep SPARK, an acronym for 5 guiding customer experience (CX) principles, in mind:

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.

SD Worx engages with our entire stakeholder base via numerous channels, including the many different ways 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

DRIVING STAKEHOLDERS

Publications, (online) seminars, academic contributions, interviews / opinions, blogs, press, community events, financial results / investor relations' briefings

Reports and publications in specialised and broad/social media outlets; business association activities, labour market insights based on HR data online or through private / public events

Brand awareness and reputation building through product marketing (brochures, presentations, social media outreach), trade / road shows, conferences, B2B interactions, customer visits, CSR questionnaires

Internal portal / Intranet, broadcasts, Yammer, network events, feedback systems, engagement surveys, DEIB campaigns and dashboarding, social gatherings, company / department newsletters, apps, training and workshops

Society

Labour Market

Customers, Partners and Suppliers

SD Worx Employees

BENEFITING STAKEHOLDERS

Economic performance

Direct economic value

Realising success as an international service provider depends on including and managing all stakeholders. The table below provides high-level aggregates on economic performance created by and for our different stakeholders. The table indicates economic value generated, distributed and retained based on our financial statements. The table confirms that most of our revenue is redistributed to employees as wages and benefits.

In terms of supplier diversity, note that SD Worx operates in many different countries and relies on many different suppliers. In 2022, suppliers based in ±40 countries were used, totalling over 2,800 different suppliers responsible for a few hundred thousand transactions every year.

SD Worx also has many customers and suppliers and transacts with many different companies. As part of our procurement policy, we began distributing CSR questionnaires in 2022 to our partners to verify their responsible business practices, in line with our values and compliance policies.

	Stakeholder	Measurement	2021	2022
Economic value generated	Customer	Revenue	858,134.4	962,141.9
	Supplier	Operating costs	133,357.6	125,113.8
Economic value distributed	Employees	Employee wages and benefits	620,128.0	692,516.2
	Supplier	Payments to providers of capital	20,638.6	4,998.0
	Society	Payments to government (taxes)	17,191.9	8,975.4
	Society	Community investments / CSR	2,570.0	2,859.0
Economic value retained		Direct economic value generated less economic value distributed	64,248.2	127,679.5

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 (109,736.2/103,214.5 in 2022/2021). Likewise, other taxes such as property taxes and local municipality taxes are part of Operating costs (1.272,1/1.920,8 in 2022/2021). Community investments contain predominantly sponsorship and donations

Materiality assessment

Concept defined

The finance industry, investors and integrated reporting frameworks refer to 'materiality' as aspects that are material to assessing the organisation's ability to create value in the short, medium and long-term.

According to the Sustainable Accounting Standards Board (SASB), now part of the IFRS Foundation, materiality covers aspects that are important to the fair representation of an entity's financial condition and operational performance necessary for a reasonable investor to make informed investment decisions. The concept of (financial/legal) materiality is foundational to the corporate disclosure regime framework, especially in the US. It concerns aspects presenting a substantial likelihood that the disclosure of the omitted fact would have been viewed by a reasonable investor as having substantially altered the total mix of information available.

A more general approach from the Global Reporting Initiative (GRI) framework considers aspects that reflect the organisation's significant economic, environmental or social impacts in terms of whether these positively or negatively influence the organisation's ability to deliver its vision and strategy, and substantially influence the assessment and decisions of stakeholders.

Our approach to materiality is guided by our commitment to responsible growth and business practices and performing our activities in a sustainable manner. We are confident that this approach will deliver returns to our customers and other shareholders while also addressing the challenges facing society.

Materiality process

Trends and market changes

Our 'For Life, For Work' brand story aimed at improving the working experience of more than 5.2 million employees. On this front, SD Worx organised several workshops on goal setting, strategies and our mission in order to effectively respond to ESG-related risks and opportunities. We took full account of our ESG ambitions when considering the relevant and material topics for the organisation amid a changing society increasingly concerned with sustainability.

Brainstorming sessions were done through ESG/CSR committee meetings with management and relevant people. Beforehand, we carefully analysed trends and changes in HR management, payroll markets and the way people organise their work and social lives, which are related to macro-events like the covid pandemic, the war in Ukraine, baby boomers retiring, the digitalisation of the economy, etc. Our analysis demonstrated that technology, legislation, society, environment, politics and economics all have a profound impact on the needs of employees and organisations. To keep on top of all macro-events, particularly the key shifts and trends for our business, the Group engages services from several analysts, including Gartner, NelsonHall, Quadrant, and others. Based on this information, the market of payroll and human resources is scattered and complex. Internationalisation, the further consolidation of HR service suppliers, mounting integration of HR offerings, and increasingly multigenerational workforces add to this complexity. Our in-house knowledge centre and marketing departments use this knowledge to stay ahead of new and emerging trends and communicate them to our customers and stakeholders.

This research demonstrates that a people-centred approach is required that is fluid and generates social impact on workers, organisations and society. Redesigning offices and changing leadership styles are part of this fluidity concept. Technology and the digital transformation have a key impact on how work is done and will continue to influence the characteristics of the workplace of the future. Worker-employer relationships and contracts are changing, as is the concept of 'work organisation'. An increasing number of short-term work contracts and non-standard types of employment are the order of the day, and work is no longer exclusively life-sustaining but provide meaning and match each employee's personal needs and preferences.

In this context, the hybrid or teleworking model may result in employees feeling disconnected from the organisation via estrangement from the company culture, feelings of isolation, etc. To mitigate the risk of job hoppers, effort should be dedicated connecting employees: smart communication, recognition and company events may help to enhance this.

Impact model

Estimating the impacts and materiality of these trends and market changes is not simple. When comparing the current activities and product offerings of the Group with the goal of maximising social impact, the following questions came up:

1. How can we create a flexible labour market with enough talent mobility and social security?
2. How can we reinvent work(places) where technology and humanity go hand in hand and augment each other?
3. How can we enrich lives through meaningful work that develops people as human beings keeping them happy, healthy and productive?
4. How can we value and grow our human capital in a working world where people are our greatest asset?
5. How do we develop a safe and valuable way of working based on and with human capital data?

Considering these questions enable the identification of key topics during a materiality assessment. These questions centre around three impact areas underpinning our business strategy:

> Shaping the future of work (force) (question 1+ 2): SD Worx wants to be a trusted contributor to future employment models, value-added worker experience and digital work(place).
> Shaping sustainable careers & worker experience (3): SD Worx aims to be an active promotor of 'For Life, For Work' ideas, actively promote purposeful work and simultaneously fulfil the role of a social, economic and ecological health promotor.
> Shaping sustainable governance (4+5): SD Worx wants to be a positive contributor to SDG objectives and a reliable B2B partner. Raising awareness and assisting customers in sustainable commitment-building and compliant HR reporting are cases in point.

It is the fulfilment of these roles that will create impact and articulate our brand story. In addition to pursuing the relevant SDGs, this versatile role as social impact leader fuels our ESG ambitions. To substantiate this social impact leader role and adhere to our commitment to being the number-one HR end-solution provider in Europe, we use an 'impact model assessment' method to select material topics for the organisation that fit into these different impact areas. This impact model is a guideline along the following axes to define concrete material topics:

• 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 (possible) risk taken relative to return through application of enterprise risk management.

Materiality map

Through this exercise, we defined a materiality map that visualises the focus domains or material topics – by impact area – that are important for the Group to execute its business and sustainable strategy and successfully reach its stakeholder base.

The result is a dynamic, ongoing process used to weigh information (aligned with ESG-related risks and opportunities) and offer a view of how priorities are ranked by importance to core business success and importance to external stakeholders.

Materiality map
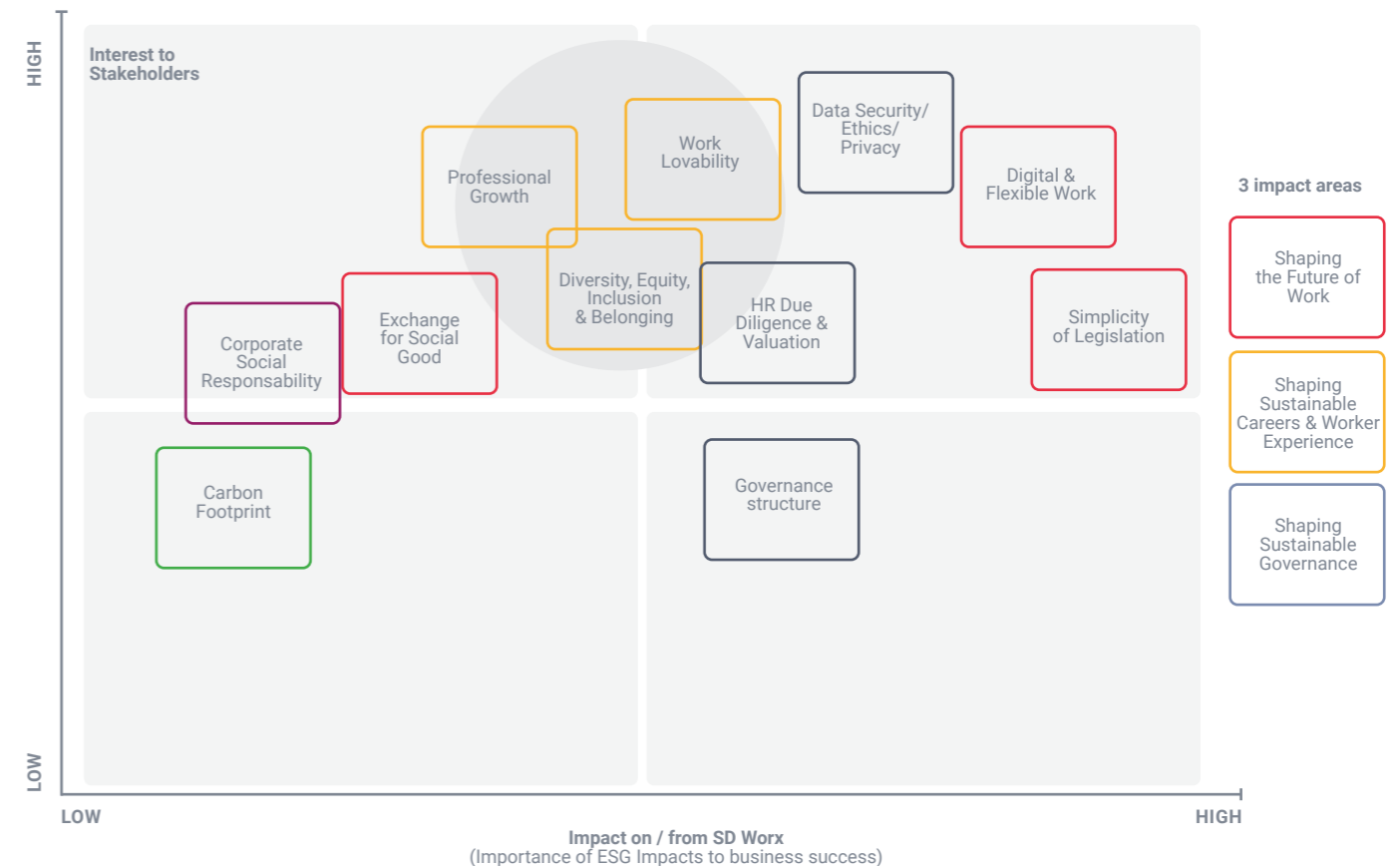
Impact areas and materiality topics

With the three impact areas in mind, ten interlinked material topics were identified that are all important for our business.

Shaping the future of work

- **Digital work:** the products and tools offered embrace the digital transformation to improve the employee experience and personalise services by focusing on all (digital) aspects of the employee journey and by automating HR processes. SD Worx serves customers by developing digital flowcharts, and employee journey canvases.
- **Flexible work:** closely tied to 'digital work' are the controllable, integrable and scalable HR solutions that enable employees and customers to work remotely. By providing flexible and easily accessible HR/digital solutions, companies enable people to work from any location and at their pace. From an employer's point of view, telework is an effective way to increase productivity and combat short-term absenteeism.
- **Simplicity of legislation:** with a long-standing tradition in payroll services and HR expertise, SD Worx is well-positioned to understand and reduce the complexity of social and labour law when liaising with local legislators. Via an in-house knowledge centre and a large team of payroll consultants and legal advisors, the Group assists all stakeholders in applying the complex and fast-changing HR legal reality through concrete solutions.
- **Exchange for social good:** HR expertise and evidence-based practices related to employment, talent management, reward policies, etc. are transferred to the public and sector/professional organisations through webinars, business events, social dialogue and many communication channels (internet, academic speeches, presentations, …). Through the company website and blog, for instance, we offer free e-books on a variety of topics such as reward strategies for employers based on expert insights and extensive research among European employers and employees.

The impact area 'Shaping the Future of Work' covers what we do every day.
This relates to our portfolio of people solutions.

Shaping sustainable careers and worker experience

- **Professional growth:** SD Worx is committed to offering employees and customers tools to develop their talents and skills. Each year, we provide over 400 courses to HR professionals and knowledge seekers. SD Worx Academy combines specialised instructors with an excellent understanding of learning styles and methods. Further strengthened by partnerships (e.g., with IIBA), a broad portfolio of classroom and digital training courses are used to offer every participant a learning path that fits their needs and learning preferences. We help companies transform into 'Great Places to Work' and 'Great Places to Grow', growing employability.
- **Work lovability:** promoting purposeful work is key in realising social and economic benefits for all stakeholders. We offer extensive employee well-being programmes through a dedicated health & safety portal (guide to mental health, mindfulness training, mental helpline, headspace app) and company brochures ranging from medical and health advice (e.g., ergonomics) to sponsored activity events and fitness facilities. Employee engagement surveys take the company's pulse and enable us to continuously improve working conditions and employee satisfaction. Employee engagement is heavily linked to trust, career growth and belonging, as SD Worx' research employer attractiveness illustrates.
- **Diversity, equity, inclusion and belonging (DEIB):** we strive to ensure that the company workforce reflects its global business and customers, and that workplace practices reflect a commitment to equitable work, leading to feelings of inclusion and belonging. We offer our customers social (e.g., DEIB, payroll, gender gap) dashboarding and platform solutions to facilitate evidence-based recommendations.

The impact area 'Shaping sustainable careers & workers experience' relates to all activities that contribute to our 4 main SDGs. To further activate these efforts, we are weaving ESG-inspired offerings into our portfolio.

Shaping sustainable governance

- **Data security/ethics, privacy:** this includes SD Worx's approach to identifying and addressing vulnerabilities and threats to customer and employee data security, safeguards for preventing fraudulent transactions and breach of privacy, data security, and responsible use of data and business platforms. Certified by ISAE 3402 and ISAE 3000, our large risk & security department ensures that the principles of GDPR are adhered to and that our customers' information assets are protected. We promote strict ethical standards in business behaviour and with business partners and actively fight corruption, extortion, and bribery in all markets in which SD Worx operates or does business. SD Worx has never been involved in legal cases, rulings or other events related to corruption or bribery.
- **HR reporting, due diligence & valuation:** this includes efforts to provide clear and comparable business and sustainability information in an accessible, transparent and accountable way. In a world where our people are recognised as the greatest asset, SD Worx supports human capital valuation efforts (e.g., well-being as a pivotal metric to 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 cf. listed companies:** SD Worx prioritises sustainable corporate governance and adheres to principles applicable to large, listed companies. With respect to BOD diversity and independence, we pay careful attention to improving the diversity of the SD Worx board structure, as well as its independent oversight of the company, ESG governance, and role of the CEO/Chairperson.

The impact area 'Shaping sustainable governance' relates to all ESG capabilities across our portfolio.

Carbon footprint

All topics on the materiality map are relevant to the company. For instance, the materiality topic 'carbon footprint' does not constitute a strategic business goal for SD Worx, but it is a significant outcome of our business practices through the size of our operations, number of offices and fleet. The regulations that are being developed by international and European regulators (e.g., the EU Green Deal) affirm that sustainable reporting – especially carbon footprint assessment and decarbonisation plan – and management will only become more important for companies.

Corporate social responsibility (CSR)

To exercise its social role to the fullest, SD Worx has historically been very active when it comes to supporting CSR initiative. Our CSR activities reflect our social value statements and our corporate culture, which is closely interwoven with our engagement and accountability toward local communities, vulnerable groups, society, etc.

SD Worx uses a dedicated entity, 'SD Worx for Society', to execute its CSR mission. A corporate governance process has been set up to monitor the initiatives pursued using certain budget allocation and decision-making criteria. The degree of E-S-G alignment and whether proposals are business driven are factors considered during this process.

ESG-inspired offerings

Starting from our portfolio of people solutions…

Considering our corporate profile and the portfolio of people solutions we offer, SD Worx has gained significant experience in and knowledge related to software, outsourcing, consulting, and data & insights services. In light of our materiality assessment and ambition to become the number-one end-to-end HR solution provider in Europe, we are committed to using these capabilities for more than pure market-driven services.
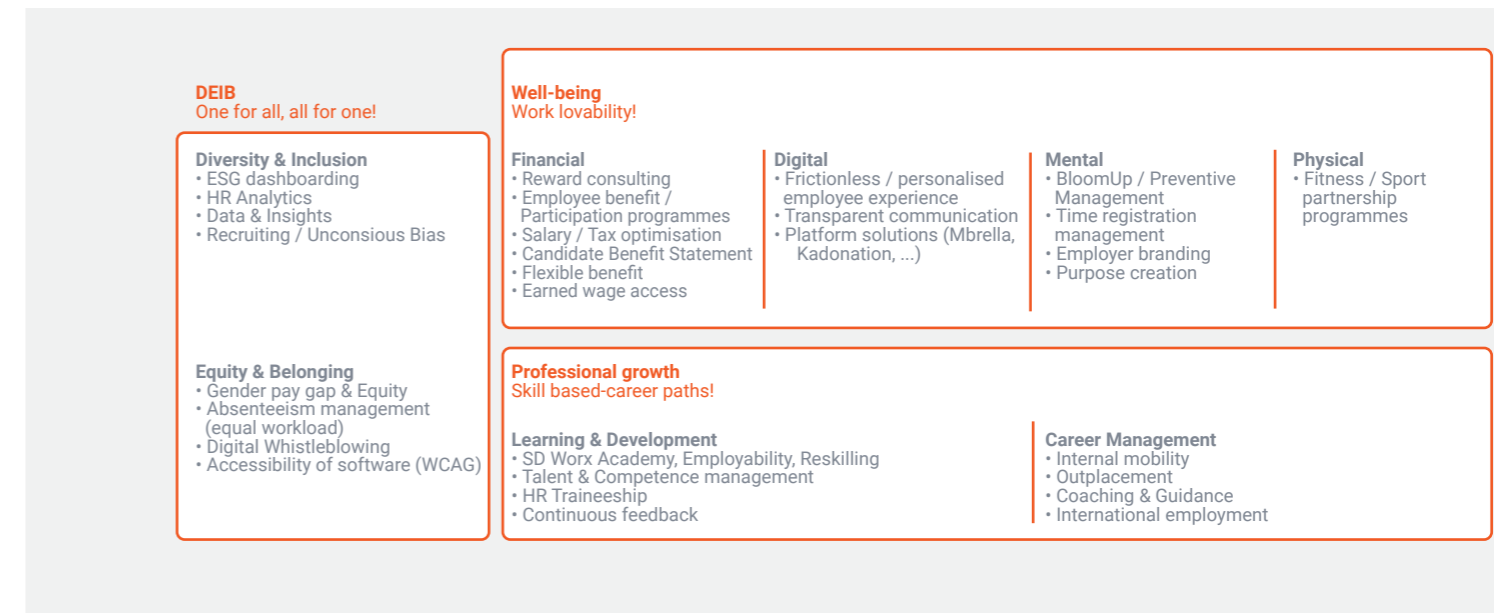
As part of our core HR activities, SD Worx puts much effort into improving social dialogue in the labour market and sharing knowledge and evidence-based research output with the public (thought leadership role) so that all stakeholders benefit from it. Initiatives launched concerning compliant teleworking models and transforming data insights into changed office practices are literally shaping the future of work, one of the 3 impact areas for SD Worx.

…we are building ESG-inspired offerings…

We have developed a portfolio of ESG-inspired products and services that can be tailored to the needs of our customers. These offerings embody clear social values and features, directly activating our ESG ambitions to create social impact and foster the right environment for people and organisations to thrive. The process of innovating these responsible products demonstrates 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, on-demand payroll, flexible reward systems) also contribute to several of the UN's sustainability goals.

These solutions are or will be woven into our portfolio. They impact mainly the dimensions of professional growth, well-being and DEIB, thus helping to shape sustainable careers and the employee experience.

Social impact dimensions of ESG-inspired offerings

DEIB
One for all, all for one!

Diversity & Inclusion
• ESG dashboarding
• HR Analytics
• Data & Insights
• Recruiting / Unconsious Bias

Well-being
Work lovability!

Financial
• Reward consulting
• Employee benefit / Participation programmes
• Salary / Tax optimisation
• Candidate Benefit Statement
• Flexible benefit
• Earned wage access

Digital
• Frictionless / personalised employee experience
• Transparent communication
• Platform solutions (Mbrella, Kadonation, …)

Mental
• BloomUp / Preventive Management
• Time registration management
• Employer branding
• Purpose creation

Physical
• Fitness / Sport partnership programmes

Equity & Belonging
• Gender pay gap & Equity
• Absenteeism management (equal workload)
• Digital Whistleblowing
• Accessibility of software (WCAG)

Professional growth
Skill based-career paths!

Learning & Development
• SD Worx Academy, Employability, Reskilling
• Talent & Competence management
• HR Traineeship
• Continuous feedback

Career Management
• Internal mobility
• Outplacement
• Coaching & Guidance
• International employment

Professional growth

One path toward sustainable workforces is the promotion of skill-based career paths. Training and education programmes (e.g., skills of the future, reskilling) ensure greater professional growth and employability. This can be delivered through a traditional classroom approach, traineeships, webinars, online programmes and other digital means. Talent & competence management programmes can be developed to ensure that human capital is valued in every respect. Feedback tools ensure bi-directional and regular communication, mutually benefiting customers and their workforces.

Employee empowerment is often closely intertwined with career management, a domain where SD Worx can coach and guide people on their employee journeys. Outplacement services and internal mobility management are cases in point when it comes to ensuring meaningful careers. This service is not restricted to a customer's home country; we are fully capable of planning and guiding international employment trajectories.

Well-being

Offerings that contribute to professional growth also add to the social dimension of well-being. Some offerings that do not directly optimise the career path through learning and development and career management can, however, impact well-being and work lovability.

These employee well-being programmes often boost employee engagement so that they are happy to come to work. Such programmes are not only financial but can also be digital, mental and physical in inspiration, which illustrates the complexity of the concept of work lovability.

- **Financial:** using our knowledge of 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 offering platform solutions and integrating or interrelating different products and services we and our partners provide, we can enhance the employee experience and unburden 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 programmes and sports partnership/ergonomics programmes can further engage employees and improve their health and well-being.

Diversity, equity, inclusion & belonging (DEIB)

Offerings that generate positive social effects pertaining to professional growth and well-being do not cover the entire spectrum of sustainable career and employee experience solutions. It's also key for employees to be included, treated equally and experience a feeling of belonging in their workplaces.

SD Worx offers 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 capitalise on and value a diverse workforce. In addition to data & insight services, SD Worx can assist all stakeholders in setting up HR analytics and dashboarding with respect to DEIB statistics and the wider ESG reporting space. Tools that facilitate transparency and insights can reveal whether companies truly adhere to the responsible business conduct and ethical standards they claim to. Gender pay gap reporting, promotion rates, diversity metrics and absenteeism management are examples of drivers that transform human capital management into hard numbers.

...that through sustainable governance practices will boost company valuation

Stricter mandatory sustainability standard requirements, as well as national and local legislative differences, illustrate the need for continued compliance and sustainable governance practices. Post-covid, we observe an uptick in regulatory activity, with various laws postponed during the pandemic now coming into effect.

We set up several centres of competence to optimise our software, outsourcing, data and consulting strengths, such as those in Mauritius and Malaga. These SD Worx owned and operated service delivery centres are in cost-effective locations that provide resources, competencies and capabilities along with flexibility, enabling us to meet demand across all business sectors. This will also contribute to the harmonisation of services across the group while improving customer services through centralised processes. These centres of competence demonstrate our ability to offer services to customers that need customised ESG features for their products.

A tailor-made (digital) whistleblowing channel (mandatory from 15 February 2023 for European companies with more than 250 employees) is a good example of how we can offer this solution to our customer base. For instance, the new whistleblowing framework in Portugal differs from that in Belgium. SD Worx' focus on the software accessibility in compliance with Web Content Accessibility Guidelines (WCAG) also shows our commitment to embedding social features in our offerings, in line with sustainable governance.

Besides professional growth, employee well-being and DEIB programmes, we believe that activating sustainable governance solutions will further boost our organisation's resilience. These factors, combined with indicators such as growth potential in terms of customers, markets and products, are crucial drivers of company 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 stay relevant for their stakeholders (keep and attract customers and people).

People, planet and profit

In line with the People, Planet and Profit theory, SD Worx' business activities must offer benefits to all people affected by them. Sustainability management optimises the benefits of the 3Ps without compromising on the opportunities offered to future generations and their ability to meet their own needs.

People

As an HR provider, we seek to raise the standard in our profession by creating sustainable workforces and by providing innovative tools that facilitate people management and improve the relationships between employers and employees. Ensuring safe and healthy working conditions, paying adequate compensation and empowering employees so that they feel inspired and included are examples of social sustainability. To the extent that our portfolio of people solutions enables the digital transformation and hybrid working models, they heavily impact resource use (e.g., enabling less commuting and paper use) and help substantially reduce greenhouse gas (GHG) emissions.
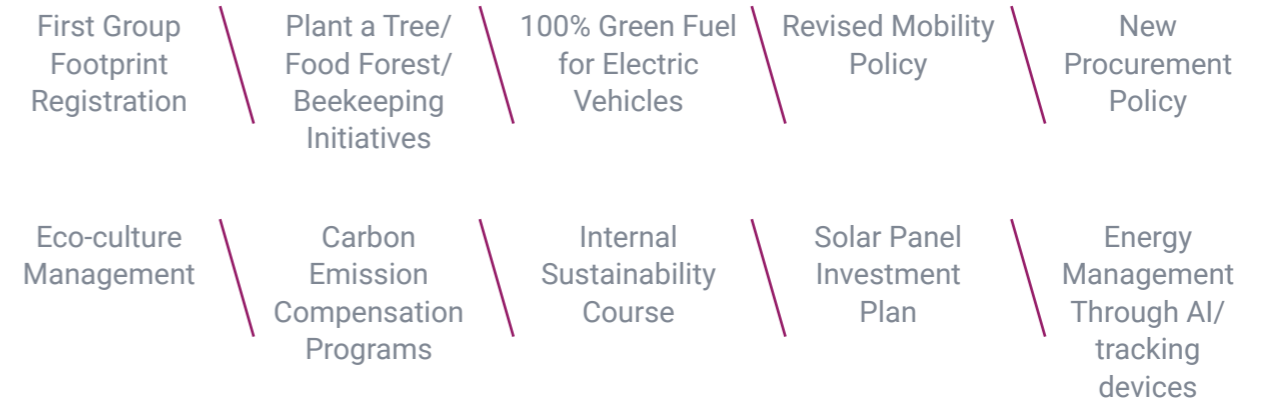
Planet

Environmental concerns have gained prominence on the ESG agenda. Climate change and adverse weather effects continue to be the top risks to society, according to the World Economic Forum. Proper risk management and carbon footprint measurement are only part of our efforts. We must take concrete action to ensure sustainability through the application of the 3Ps.

Profit

Considering the environment (Planet) through our activities, which aim to improve the lives of employers and employees (People), SD Worx also intends to ensure a profitable business (Profit). SD Worx strives to generate social prosperity, whether it is through our portfolio of people solutions or our CSR efforts. Robust corporate governance practices and an ethical approach have been part of our company's culture since its inception. A focus on short- and long-term sustainable growth, stability, financial discipline and strategic company management are the main ingredients of our financial policy, which generates long-term value for shareholders and stakeholders. In applying this policy, relevant ESG and business risks are monitored together with financial performance indicators. The growth of our activities within Europe combined with a conscious cost approach and the commitment to efficiently managing the sources and uses of capital also help us responsibly reach our financial goals. More information on our financial performance: www.sdworxannualreport.com/2022.

Environment

Environmental highlights

| First Group Footprint Registration | Plant a Tree/ Food Forest/ Beekeeping Initiatives | 100% Green Fuel for Electric Vehicles | Revised Mobility Policy | New Procurement Policy |

| Eco-culture Management | Carbon Emission Compensation Programs | Internal Sustainability Course | Solar Panel Investment Plan | Energy Management Through AI/ tracking devices |

Sustainability and climate change

Climate change and covid

Sustainability is intertwined with resource use in order to safeguard a healthy ecosystem and healthy society for current and future generations. Top of mind in this regard are the effects of the covid pandemic and the calamities resulting from climate change. Respondents to the 2022-2023 Global Risks Perception Survey of the World Economic Forum clearly identify environmental risks and concerns as the most severe risks over the next 10 years. The threat of covid and infectious diseases has lessened, while social unrest and instability due to the Russian-Ukraine conflict and rising inflation costs are very relevant in the short term.

Global risks ranked by severity over the short- and long-term
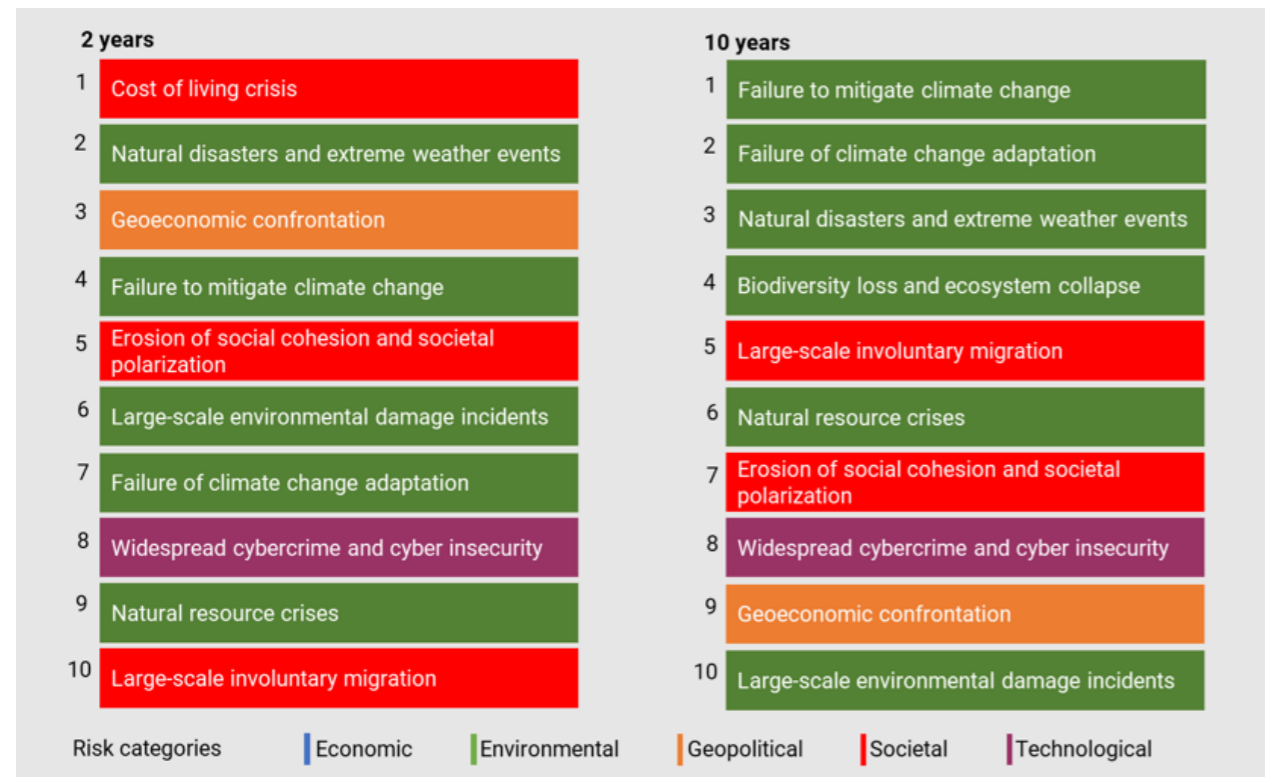
Source: World Economic Forum Global Risks – Perceptions Survey (2022-2023)

The impacts of climate change are becoming increasingly severe, with influences on the environment, society and people's daily lives as well as on the Group's business activities. In addition, the aftereffects of the pandemic have led to mounting carbon emissions driven by reinstated global economic activity.

The Paris Agreement was adopted in 2016 to promote the global reduction of greenhouse gas emissions in order to limit global warming to 1.5 degrees Celsius above pre-industrial levels. It was also announced that the EU, the United States and Japan would target net-zero emissions by 2050, and China by 2060. The COP (Conference of the Parties, the governing body of the United Nations Framework Convention on Climate Change (UNFCCC)) meetings and the EU Green Deal have raised environmental awareness and heightened expectations, not only for countries and governments to play key roles in mitigating climate change, but also for the private sector to act responsibly. Going forward, companies are expected to not only report on environmental matters but also to implement concrete measures to achieve a low-carbon decarbonised society through their business activities.

EU regulation and ESG standards

The overarching objective of the EU Green Deal (announced in 2019) for Europe is to be the first climate neutral continent by 2050. Corresponding actions are to improve the well-being and health of citizens and future generations by providing fresh air, clean water and healthy soil, biodiversity, energy-efficient buildings, healthy and affordable food, more public transport, etc.

EU Directives demonstrate how multifaceted the concept of sustainability is and lay out what companies must do to step up sustainability reporting. Mostly relevant are the EU Corporate Sustainability Reporting Directive (CSRD) and EU Taxonomy (2020/852/EU), which set out mandatory reporting requirements for large companies like SD Worx, to be adhered to by 2025.

The EU Taxonomy builds on the CRSD by providing a uniform classification system that establishes which activities are 'environmentally sustainable', i.e., that safeguard the environment. The taxonomy provides a methodology to calculate the 'greenness' of revenue, investments and expenses. Companies will have to calculate a set of green financial indicators or KPIs, e.g., % revenues/turnover, capex, and opex, that are aligned with taxonomy-defined activities. The EU Taxonomy is delayed, but we continue to closely monitor the EU Directives and recognise the set environmental objectives.

SD Worx is predominantly a service provider in the domain of employment activities (N78 'Employment activities'), many of which are not listed in the Taxonomy compass. Activities pertaining to information and communication services such as data processing, software solutions, consulting and related activities are listed in the Taxonomy compass, but do not constitute a significant part of our carbon footprint. Nevertheless, we are increasingly focused on boosting green energy use and procurement practices and take full accountability with respect to the EU Green Deal.

Predominantly a social concept

Although SD Worx recognises that the planet and its ecosystems, human beings and corporate activities are vulnerable to climate change, the concept of sustainability for our business practice is socially inspired. As a large company with over 7,000 employees, the environmental impact of our business is generated indirectly, mainly via employee car commuting and office activities.

For SD Worx, sustainability is in first instance about 'People'. Sustainability in business concerns much more than the environment. The Harvard Business School lists two categories of sustainable business practices: the effect a business has on the environment, and the effect a business has on society. The goal of sustainable business practices is to have a positive impact on at least one of those areas. SD Worx seeks to generate positive social impact on society, thereby pursuing inclusive and environmentally sound objectives. The latter covers a wide range of practices: cutting emissions, lowering energy usage, sourcing products from fair-trade organisations, ensuring that physical waste is disposed of properly and with a minimal carbon footprint are all steps toward sustainability.

In line with the Social Taxonomy, SD Worx wants to contribute to inclusive and sustainable communities and societies. These sustainable activities contribute to good citizenship and a common culture of sustainability and social business practice, constituting:

- Social activities centred around 'For Life, For Work' balance: workforce planning, digital workplace, human capital management, employee well-being, work lovability.
- Activities that focus on the human effects of economic systems, including activities to combat inequality and to promote DEIB.
- The production of social goods: activities that bring about social benefits (simplifying labour law, payroll seminars, etc.) and facilitate transparency and dialogue.
- Activities that focus on avoiding and addressing negative impacts (occupation, health and safety, training).
- Activities that promote CSR (reinvesting profits in activities that generate social impact, e.g., eradicating poverty and hunger), governance and minimum safeguard criteria.
- Investment activities in social sustainability (e.g., community investment, improving working conditions): the United Nations Programme Development Index forecasted a decline in human development indicators in 2020. Social and sustainable investments can help (e.g., DEIB, stability) to undo the harm done through socially unsustainable practices and reduce the negative effects caused by the move to transition to a green/net-zero climate-resilient economy (e.g., hardship for workers and communities).

For SD Worx, sustainability is tied with social stewardship, meaning there is an urge to not only serve company (financial) goals, but also to consider their impact or long-term benefits on the environment in which the Group operates. Such stewardship has, since our company's origin as 'Sociaal Secretariaat', embedded CSR activities in the philosophy of the Group, its mission, goals and purpose.

It goes without saying that SD Worx does not only address the risks and threats of sustainability development, but also grasps business opportunities that improve the welfare and well-being of current and future generations. As future generations are not able to express and articulate their views, we do our best to forecast future scenarios and key topics.

Carbon footprint assessment

Carbon footprint measurement

Methodology
SD Worx was an early adopter of the carbon footprint measurement, applying it as early as 2008. The concept of the carbon footprint includes all greenhouse gas emissions (GHG) caused by our organisation, expressed in CO_2 equivalents using the standard (European) framework, the GHG protocol. There are many reasons why we are calculating our carbon footprint:

- it is in line with the UN SDG, ESG reporting frameworks and forms the basis of climate action and decarbonisation strategies in order meet EU 2030/2050 climate targets;
- it helps assess our (financial) vulnerability with respect to exposure pertaining to fossil fuels/ CO_2 taxation and volatile pricing environments, and ESG risks in general;
- it is in line with our People, Planet and Profit theory, through which we hold ourselves accountable as part of our overall corporate social responsibility approach.

SD Worx was long a solely Belgian organisation and focused on Belgian entities. This exercise was regularly redone after 2008, enabling comparison. In 2022, for the first time, we began calculating the carbon footprint for a significant part of our organisation.

Besides accounting for SD Worx Nordics (covering Sweden, Finland, Estonia, Norway, which computed its entire carbon footprint as part of its Environmental Management System ISO 14001 programme for all entities in these countries), we focused on the largest entities with >1,000 sqm across the Group. By doing so, we covered over 70% of our employees, and made extrapolations to cover for the many small locations in the Group with respect to energy use, waste, and inputs closely linked with employees. Following verification, the extrapolations lead to fairly accurate results that can be used at Group level, especially considering our efforts to compute mobility effects for the entire car fleet in detail. Regarding transport, we focused on all mobility effects ranging from commuting and car usage across the Group.

SD Worx relied on certified energy consultants that helped compute our carbon footprint in line with the EU GHG protocol and ISO standards. We adhered to the Bilan Carbone® methodology, which is considered the reference in Western European countries. This method accounts for all greenhouse gases defined by the Intergovernmental Panel on Climate Change (IPCC) for all physical flows without which an organisation could not function. This approach allows group companies to carry out a global assessment of GHG emissions, both direct and indirect. The following impact categories are used:
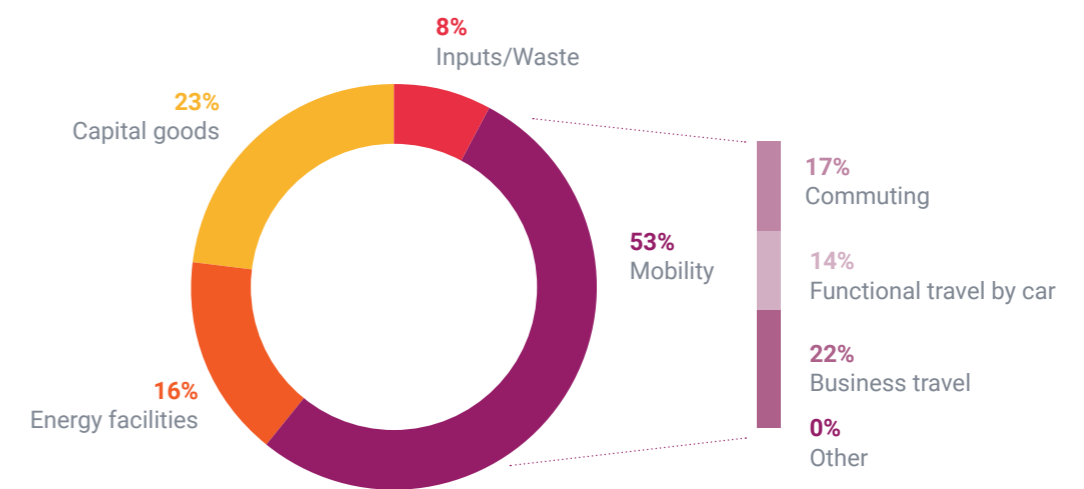
- **energy:** emissions related to direct energy use
- **non-energy:** leaks of halocarbons from cooling installations
- **inputs:** emissions from the production of purchased materials and services, ICT equipment and services
- **waste:** emissions from transport and treatment of waste collected at 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 conditioners

We are committed to continuously optimising our data collection process. Growth, geographical market span, lack of data or issues related to defining our supply chain and thus measuring scope 3 emissions, make the carbon footprint exercise a moving target and a challenge.

Results

The pie chart below quantifies carbon footprint of SD Worx on 31 December 2021, with a total of about 18 thousand tonnes of CO_2 equivalents. The main drivers are emissions caused by mobility, capital goods and energy consumption. There are big differences across countries, so environmental actions are also tailored to locations and entities.

2021 Carbon footprint (Co_2 eq)

8%
Inputs/Waste

23%
Capital goods

53%
Mobility

17%
Commuting

14%
Functional travel by car

22%
Business travel

0%
Other

16%
Energy facilities

The chart depicts all computed emissions without considering our carbon offset initiatives, which compensated for about 1,072 tonnes of CO_2 (see section "Carbon offsets"), green EV fuel, impacts from solar panel installations or planting trees.

Carbon footprint emissions are subdivided into three scopes:

- **Scope 1 (direct GHG emissions)** consists of all the direct GHG emissions onsite or produced the cars the company owns. This involves fuel consumption for heating, machinery and mobility (e.g., functional cars), as well as leaks of gases from cooling installations.
- **Scope 2 (electricity, indirect GHG emissions)** consists of the indirect GHG emissions resulting from the direct consumption of purchased electricity onsite, including emissions at electricity power plants.
- **Scope 3 (other indirect GHG emissions)** contains all other indirect emissions, related to the production of purchased goods and services, waste processing, commuting, transport and business travel. Scope 3 emissions are often by far the largest component of most organisations' carbon footprints.

Carbon footprint emissions 2021

Emissions in tonnes of CO_2 eq

Scope 1	3,844
Scope 2	1,711
Scope 3	12,507
Total	**18,062**

Environmental actions

People solutions

As a service provider, we are not involved in production activities that directly emit GHGs. Through our product portfolio of people solutions, we concentrate on offering our customers a seamless and cohesive experience, which generally means supplying them with digital, personalised and integrated HR solutions. These digital solutions facilitate paperless payslips, green reward policies, remote working opportunities, flexible income plans, reduced work weeks, etc., which have direct or indirect impacts on the environment. By enabling this digital transformation and improving work-life balance, our solutions contribute to more sustainable labour markets and working environments. However, these carbon-reducing effects are not easily quantified.

Mobility

The carbon footprint study indicated that most of our GHG emissions originate from transport and commuting activities and consist of scope 3 emissions that are not directly related to the company's core activities.

SD Worx has a Green Mobility vision in place that is closely linked to flexible reward strategies, empowering employees to switch to green mobility alternatives. Bicycle days are used to inspire employees to leave the car at home and find alternative transport. Each commute has an impact on society and the environment. For each commute, it is important to ask whether it is essential, and if there are alternative working or meeting spaces closer by. Teleworking is the most sustainable commute, which is why remote working has been standard since 2021. The full hybrid working model will increasingly allow us to reduce office space and corresponding impacts on the environment.

If commuting is necessary, the Green Mobility vision favours public transport and bicycle use or lease. 2022 introduced a new 'Bike Mobility' programme that enables employees to cost-effectively purchase a bicycle through their salary. The Committee for Prevention and Protection at Work also promotes new alternative modes of transportation such as e-bikes and scooters. We strive to strike the right balance between social, economic and ecological aspects of mobility. The car policy considers environmental criteria (type of fuel, commuting distance, CO_2 emission levels and eco score) which have become more stringent regarding the cars available to employees. SD Worx is committed to electrifying its fleet by incentivising the lease of electric cars (e.g., the support of a charging station at home) and broadening the EV assortment. Plug-in hybrids and electric cars were introduced in August 2020, with our supplier providing 100% green electricity from solar and wind. SD Worx has already started tracking its EV consumption data, but as the transition has only recently begun, the share of EVs within the fleet is still small, with most cars still powered by fossil fuels.

More stringent environmental criteria will also be applied to business travel, especially flights.

Energy

Regarding energy use and energy efficiency, owned real estate and leased offices or office space are two different things. Heating, climate control and lightning are the main energy consumers. In addition to the new environmental provisions in the revised Code of Conduct, emphasis is placed on the conscious use of energy, consumption monitoring and continuous improvement. Reducing energy consumption also plays a key role in our investment strategy. An overview of how energy consumption can be managed and reduced:

- 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 often outsource our use of data centres and servers, shifting the discussion to the source of the energy used. More due diligence efforts are taken by our data centre managers as green procurement strategies become part of supplier contracts. Data centres are increasingly becoming carbon neutral and energy-efficient, enabling us to require the use of renewables and green procurement practices. We confirm that all our data centres have decarbonisation plans in place, and many of them have already committed to renewables and even carbon neutrality.
- Green electricity sourcing is already contracted for some offices, subject to local conditions and office use. One contributing factor to ensuring more green energy is the use of renewables and the installation of solar panels. SD Worx has installed solar panels on several of its owned buildings in Belgium and the Netherlands. In 2022, a solar investment plan was developed that will see a considerable number of solar panels installed on several more of our buildings.
- The debate around energy-efficiency is also closely tied to our real-estate policy, especially considering the new entities 'WorxInvest' and 'Real Estate'. The building at Brouwersvliet 5 in Belgium will close and be demolished to make room for the new SD Worx headquarters. The new HQ 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. To accommodate the temporary relocation of about 500 workplaces to the Haven Building, new office furnishings were required. SD Worx called in NORNORM, a fully circular, subscription-based furnishing service. NORNORM takes care of the design, delivery and implementation of the furnishing; afterwards, the furniture will be collected again and re-used or re-circulated.
- The SD Worx Denmark offices are located in the World Trade Centre Ballerup building in Copenhagen, where environmental initiatives are taken such as the use of solar photovoltaic systems, certified green power, LED lighting waste sorting and car-charging stations.
- 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.

ICT equipment

Equipment such as laptops, screens and mobile phones contribute significantly to a company's footprint. SD Worx is committed to optimising the lifecycle of its equipment. While device lifetime may be prolonged, there are also cases where it is a better strategy to recycle, sell or donate certain pieces of equipment as part of our CSR strategy. Security issues, changes in legislation and new IT requirements may cause certain equipment to be decommissioned sooner than expected.

Waste

Paper continues to be a significant source of waste for SD Worx. A certified partner destroys our often-confidential documents, after which it is then completely recycled. Thanks to digitalisation and printing reductions, we continue to cut the volume of wastepaper every year. Electronic output is promoted wherever possible.

As part of its strategy to cut GHG emissions, SD Worx has committed to offering paperless payslips to its customers. Considering the large client base for which payroll services are carried out (over 5.2 million payslips per month), a few hundred tonnes of CO_2 can be saved every year through this activity, originating from all logistics activities related to paper production, transport and consumption.

Across the Group, several actions have been taken to avoid single-use plastics. By defining more stringent procurement criteria for purchasing goods and improving data registration efforts, we will further reduce the use of plastics and focus on recycling and using recycled products. Compared to 2017, when the previous carbon footprint study was done, the amount of waste in Belgium has been massively reduced, thanks to a halt in catering services, better sorting of waste and more telework.

Water

Most of the water consumed at SD Worx is used for sanitation and cleaning activities. We do not (yet) have a structural policy in place for water consumption, but we do take advantage of reduction opportunities that come up. For example, several offices use surface water to flush toilets.

Eco-culture

SD Worx also considers health management and awareness programmes to be an integral element of environmental quality. A dedicated portal on the company's intranet is available with many initiatives (fitness accommodation, yoga sessions, medical screening, etc.) launched to improve the health and well-being of our employees. This is ensured by a regular risk analysis report for our offices performed by the internal Health & Safety desk (concerning, e.g., ventilation, green office concept, light plan, analysis of Wi-Fi/mobile signals). Onboarding sessions and a sustainability course contribute to a culture in which people are considerate of the environment.

Shaping our eco-culture also means that greenwashing or sharing misleading information about sustainability and the environment is forbidden at SD Worx. In this context, we adhere to the following criteria set by the EU when referring to 'green' or 'environmentally friendly' products:

An economic activity shall qualify as environmentally sustainable where that economic activity:

a. contributes substantially to one or more of the following environmental objectives;
i. climate change mitigation;
ii. climate change adaptation;
iii. the sustainable use and protection of water and marine resources;
iv. the transition to a circular economy;
v. pollution prevention and control;
vi. the protection and restoration of biodiversity and ecosystems;

b. does not significantly harm any of the above-mentioned environmental objectives.

SD Worx will fully comply with the EU definition and EU Taxonomy requirements. Environmental awareness is also growing through due diligence requirements and questionnaires both downstream and upstream in the logistics chain. Our customers increasingly require us to be conscious and expand on our sustainable policies, while we, in addition to a new procurement policy introduced in November 2022, have started defining criteria for sustainable procurement in collaboration with our suppliers.

When SD Worx considers an M&A or partnership, corresponding due diligence efforts account for ESG criteria. A dedicated knowledge centre thoroughly checks relevant social law practices. A risk team of about 20 people ensures that privacy and data are protected, and security is managed for programmes and products used. In this, SD Worx strives for full compliance with applicable environmental laws & regulations.

Environmental initiatives

Supporting green projects

SD Worx Austria sponsored the 'Leopold Hinteregger beekeeping' project. This collaboration will continue into 2023 and aims at safeguarding the bee ecosystem and counteracting bee mortality.

Protime, developer of workforce management software and an SD Worx Group company, also manages a bee colony in Aartselaar (Belgium) comprised of 100-160,000 bees. To avoid pushing away other groups of wild bees, we also grew a wildflower meadow around the beehives to host a variety of pollinators (animals that move pollen). In addition, we are building a food forest next to the wildflower meadow to provide employees with an outdoor space. Apart from preservation and a positive environmental impact, the honey produced is shared among employees and sold to support good causes. Additionally, schools nearby have been invited to work with bees in their biology and science classes. This is a nice example of when E, S and G go hand in hand.

At the end of 2022, Protime also launched a 'Plant a Tree' campaign to generate environmental awareness among customers. An email was sent to customers and relations, encouraging them to click on a designated web-link/QR-code so that Protime would plant a tree on their behalf. Reactions were plenty and customers appreciated feeling connected through a shared sense of responsibility.

Belgian SME employees set up a campaign to encourage their peers to go outside and move. Around 4,000 participants collected a total of 330,000 activity minutes, equal to over 50,000 km. SD Worx turned this into a donation on behalf of the Ukrainian Red Cross (10,000 euro), and Natuurpunt (10,000 euro). The part donated to Natuurpunt was used to purchase a plot in Mechelen (Belgium) that reconnects two separated snippets of land in the Natuurpunt Rivierenland natural reserve.
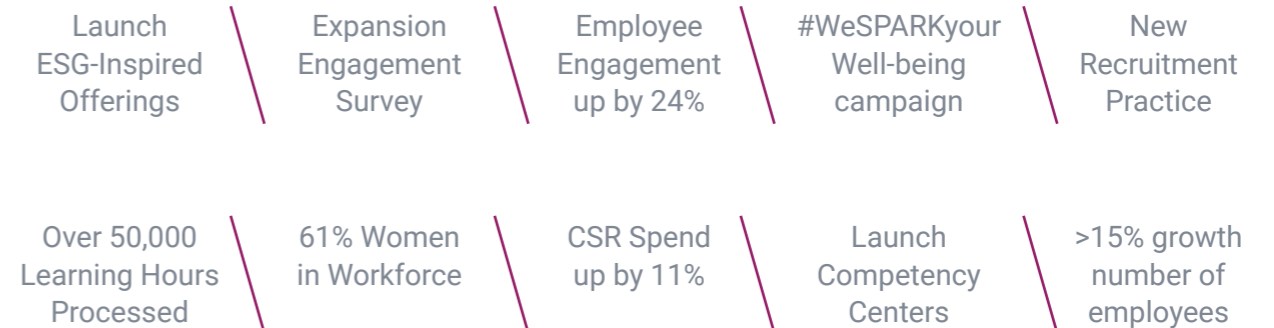
Carbon offset projects

Carbon offset refers to a reduction in GHG emissions (or CO_2 equivalent) that compensates for emissions that occur elsewhere. This may entail a credit or certificate a company can buy to decrease its carbon footprint. The value is then invested in green projects. In 2022, SD Worx invested in several carbon offset pilot projects:

- SD Worx in the Nordics (Finland, Estonia, Norway, Sweden) offset over 60% of their GHG emissions by compensating for the equivalent CO_2 amount of 512 tonnes in December 2022. This is in addition to the 25% CO_2 savings achieved over the last 12 months. The corresponding 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 consumption of 216,566/134,000 litres of fuel consumption or the CO_2 equivalent of 569/361 tonnes for 2022/2021 by partnering up with DKV/myclimate (myclimate.org) to support climate protection through the internationally recognised Gold Standard project portfolio. Three projects are currently 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 combat climate change. In addition, local people also benefit directly from the projects through jobs, reliable energy supply and improved health conditions.

We can also offset indirectly through our suppliers. Our Belgian supplier of EV energy guarantees that all electricity is 100% green using certificates of origin. This means that, for each kWh loaded by an EV, a corresponding number of certificates of origin are bought, representing certified investments in European wind parks. This is an efficient way of working, as it is impossible for energy suppliers to always offer green energy when, e.g., employees charge their EVs at home.

Social

Social highlights

Launch ESG-Inspired Offerings	Expansion Engagement Survey	Employee Engagement up by 24%	#WeSPARKyour Well-being campaign	New Recruitment Practice
Over 50,000 Learning Hours Processed	61% Women in Workforce	CSR Spend up by 11%	Launch Competency Centers	>15% growth number of employees

Unleashing our people's full potential

People are at the heart of the success of any business. That's a belief we hold dear: it shapes our solutions, our customer relations, our partnerships, and, of course, our own HR approach. Growth was always a vital part, but now we're embedding it deeply into our company culture. Stimulating our people to unleash their full potential, we're aiming for more sustainable careers – and the happiest of people.

"SD Worx' company culture has always been dynamic, informal and growth focused. But now we're taking personal and professional development to another level. Ultimately, we're trying to cultivate a pioneering HR policy that sets a new standard."

Bruce Fecheyr-Lippens, Chief People Officer

People Growth Team

In September 2022, Bruce Fecheyr-Lippens was appointed Chief People Officer at SD Worx. With his long-standing track record in HR, leadership, people analytics and – as one of the founders of huapii – a burning passion for talent management, he's a first-class successor to Cathy Geerts, who successfully led our HR department for three years.

Together with the People Growth Team – of which the new name better aligns with our view that HR is more than people management – he started off by incorporating three remarkable cornerstones in our HR policy.

Three pillars to unleash our people's full potential

1. Self-leadership	2. My Move	3. One SD Worx identity
By stimulating our employees to pursue their interests, impulses and 'superpowers' and helping them to reach their goals, we empower everyone to be the leaders of their own careers.	Through interactive sessions, exercises and SD Worx's talent management tool huapii, we help employees pinpoint their superpowers and guide them in applying those more in their day-to-day jobs.	By actively letting this cultural shift seep through all layers of our organisation, it will become a living, breathing thing – with our employees as true SD Worx ambassadors.

Employees in the driver's seat

Change comes from within. We offer our employees the freedom, flexibility and tools to take control over their careers – but it's up to them to grab the opportunity and become the superheroes they want to be.

And it's working. Our employees not only wax lyrical about the actions we're taking, they want to participate.

Take our SPARK Leaders & JOYners Programme, for example. What once was a strategic project group only the more senior managers could join, turned into an inclusive, diverse and multi-functional mishmash of ambitious SD Worx colleagues in 2022.

SPARK Leaders & JOYners

**Collaborating closely on strategic projects
> support employees in their leadership journeys and boost their careers**

discussion groups   training sessions   team days

The best part of all that? The SPARK JOYners applied to this project group and really went all in. After pitching themselves and their ambition to think along strategically for a jury, 30 entrepreneurial SD Worx employees were selected for the programme for the following year.

"Despite my limited work experience, I'm eager to demonstrate my willingness to learn and grow professionally. So, as soon as I heard about the programme, I wanted in. It felt like the perfect way to acquire new skills and knowledge while connecting with professionals in my field. Learning from their experiences will help me grow – both in life and in work."

Diego Allauca, junior SAP Consultant

"As I'm always hungry for growth, this programme is an exciting new challenge for me. The kick-off felt incredibly promising, and I can't wait to learn from all the experienced colleagues across the organisation."

Geert Segers, Marketing Manager Protime, an SD Worx' brand
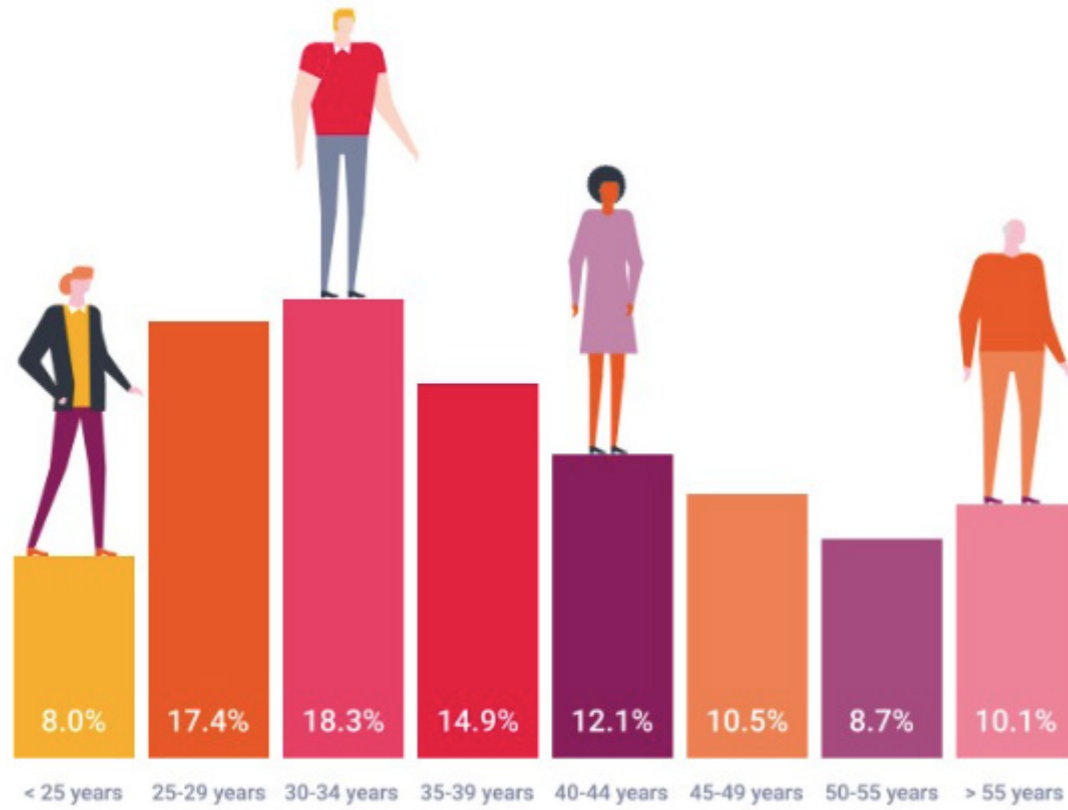
Future of work

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 have been able to work where they please 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 CO_2 emissions by teleworking instead of commuting.

Age diversity

< 25 years	25-29 years	30-34 years	35-39 years	40-44 years	45-49 years	50-55 years	> 55 years
8.0%	17.4%	18.3%	14.9%	12.1%	10.5%	8.7%	10.1%

Employees by country

Country		Percentage
Belgium	🇧🇪	40.77%
Germany	🇩🇪	12.81%
Mauritius	🇲🇺	10.70%
The Netherlands	🇳🇱	8.48%
United Kingdom	🇬🇧	6.61%
Finland	🇫🇮	4.57%
France	🇫🇷	3.89%
Sweden	🇸🇪	3.64%
Spain	🇪🇸	1.96%
Norway	🇳🇴	1.75%
Luxembourg	🇱🇺	1.38%
Poland	🇵🇱	1.31%
Austria	🇦🇹	0.90%
Estonia	🇪🇪	0.50%
Switzerland	🇨🇭	0.33%
Ireland	🇮🇪	0.23%
Italy	🇮🇹	0.12%
Denmark	🇩🇰	0.05%

Gender equality

Distribution by role

Overall
- 38.4% Male
- 61.6% Female

Employees
- 35.2% Male
- 64.8% Female

Managers
- 47.1% Male
- 52.9% Female

Female | Male

Number of nationalities
86

Seniority

< 1 year	26.30%
1-5 years	39.60%
6-10 years	11.30%
11-15 years	9.40%
16-20 years	4.70%
21-30 years	5.90%
> 30 years	2.80%
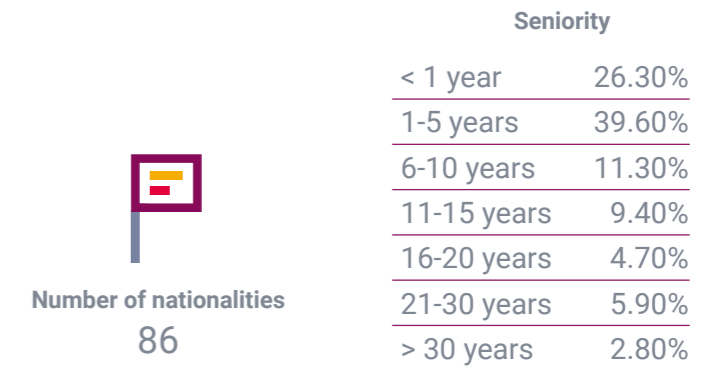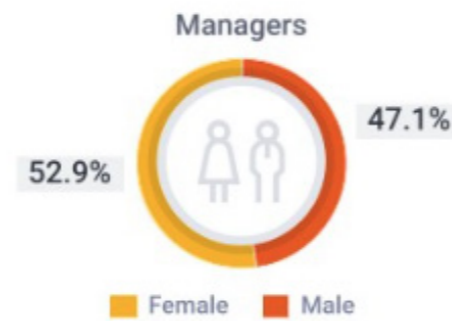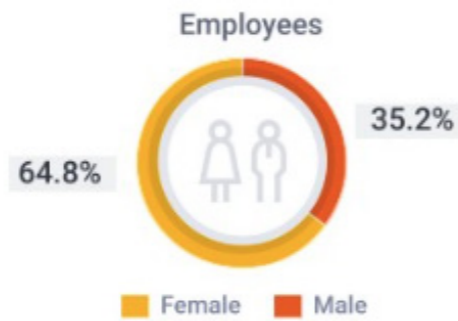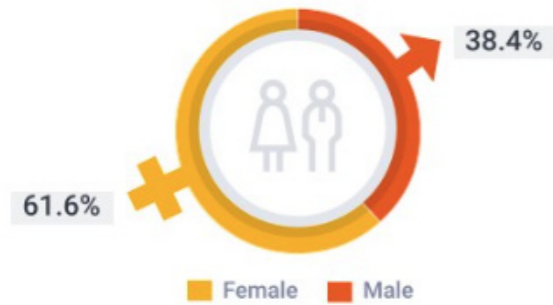
Remuneration

Remuneration policy for employees

SD Worx' 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 is essential for us to attract and retain the right people. Wage conditions play an important 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 the wage with the market.
- **Market-based:** our wage policy offers a clearly developed concept, which is based on the vision and strategy of SD Worx and a broad market assessment of our full remuneration package. 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.

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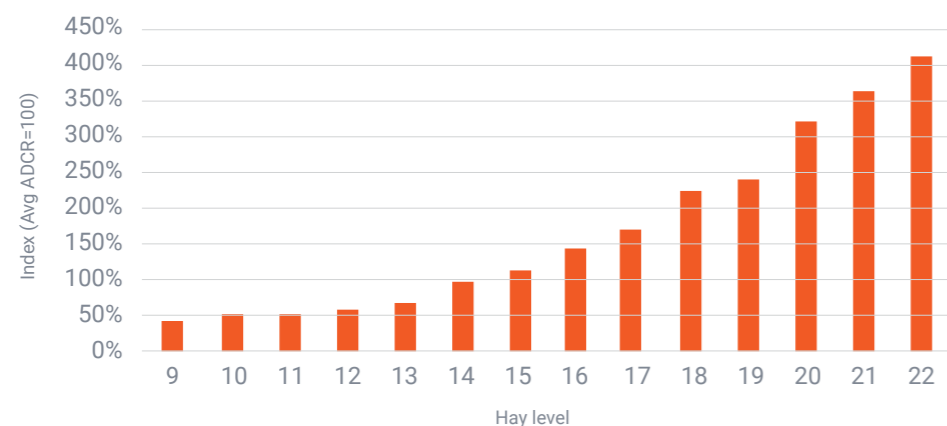
SD Worx uses a Hay level or job evaluation/salary mapping system that corresponds with a certain average daily remuneration cost (ADRC).

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, …) across all countries. Those benefits can be classified into 5 types:

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

There is a Flex Income Plan™ (FIP) available to Belgian employees offering the choice of 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' total remuneration package. Variable pay is available for employees with contractually variable benefits (in sales and consultancy) and/or within a certain Hay/pay range. 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 results/segment results, customer experience and – for top-level management and the Executive Committee – engagement. This will reduce variability. Through the intranet portal, all Group employees have access to a matrix containing annual targets per group together with different scales concerning financial results, customer experience and 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 made a clearly recognisable and outstanding performance and/or an exceptional contribution to a specific project or task.

Global employee referral bonus

To attract best talent in the market to realise our ambitions, SD Worx offers a global employee referral bonus programme. 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.

Employee stock purchase plan

SD Worx offers colleagues the opportunity to invest in the company via the Employee Stock Purchase Plan, aligning the interests of all employees, generating engagement with our ambitious and inspiring shared journey. To benefit from the growth ambition, each such employee can invest in the further development of the SD Worx Group. This alignment around a shared vision will be beneficial for the entire SD Worx Group and its stakeholders.

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 (e.g., HayKornferry/Willis Towers Watson). 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.

Flexible work

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

Employment contract vs. job time

	Internal employees	Contingent workers
Fulltime	72.5%	64.1%
Parttime	16.4%	21.5%

As work-life balance is one of the most crucial drivers when it comes to attracting and retaining talent, SD Worx has ushered in a new era of workplace flexibility, leading to investigation of 4-day and reduced-hour workweeks, for instance.

It's clear from trials and studies conducted across Europe and worldwide that culture, industry and work patterns play important roles in the success or failure of the compressed or reduced hour working week. These approaches can offer attractive advantages, such as greater employee well-being, higher employer attractiveness, and efficiency improvements – which can't be underestimated in today's highly competitive business environment.

"The key to success with compressed or reduced-hour working weeks is to shape your approach to the needs and references of your industry, your people and their unique roles."

Ellen Claes, People Director Belgium

(Occupational) health & safety

Our global workforce of more than 7,000 people is our greatest asset. We want work and the workplace to spark all our employees so that they can thrive. Working in a safe and healthy environment is not only a right for employees, but our duty to provide. That explains why we pursue the following objectives:

- prevention of accidents
- prevention of physical, psychological, material as well as environmental damage
- facilitate physical and mental health
- offer a healthy, safe and pleasant work environment
- comply with all safety and health legislation and standards that applies to its companies.

SD Worx promotes initiatives around occupational health and safety management, tailored to the independence and capacity of each individual and entity in the Group. We are committed to building and managing systems that go beyond meeting the legal requirements in the countries where we operate to provide support that is more substantial.

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

- appointing dedicated prevention advisors and staff to reduce labour risks and ensure that all health and safety measures are implemented and operating optimally. The prevention advisor provides advice to management on measures to take to assure acceptable comfort levels regarding health, ventilation, air conditioning, lighting, and to optimise working environments
- identifying and assessing risks inherent in our activities, processes and working environment
- executing technical examinations and controls and performing prevention checks by using internal and external parties in our offices
- analysing incidents so that preventive measures can be taken
- developing updated crisis management plans, including emergency plans
- systematically seeking the advice of internal and external advisory bodies in procurement and tendering processes in a timely way

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 long-term absent people

We expect all employees to cooperate to report dangers and shortcomings so that we can achieve our health and safety targets. Consultation on safety and health matters between senior managers and employees is carried out through the safety committees and/or workers counsels. Health and well-being are interrelated concepts. SD Worx focuses on versatile well-being and DEIB programmes that also contribute to sustainable careers and great employee experiences.

Sustainable careers and the employee experience

Professional growth

Learning Academy
We strive to act as one company, regardless of business unit or location, with standard operating procedures for all. Our technical expertise and innovative solutions remain essential to achieving that ambition, but we also need to develop future-focussed competencies to thrive in a fast-changing world and market.

Our training policy drives sustainable employability by encouraging our employees to continuously develop (1) (technical, functional) skills needed for their current role, and (2) the competencies that prepare them and the company for the future: Connecting (learning to build networks, communication), Agility (agility and resilience) and Think and Act Outside In (customer focus, results-based orientation, etc.).

The Learning Academy aligns training courses over country and segment borders. The offer contains both digital as classroom training courses, enabling the employee to personalise the experience to their own development needs and pace.

The visual shows the type of training and number of training hours followed:
- **Class:** courses with instructor (physical/online)
- **Coaching:** in groups or individually
- **E-learning:** education through tools without a facilitator
- **Other:** mixed versions and other, e.g., Goodscan
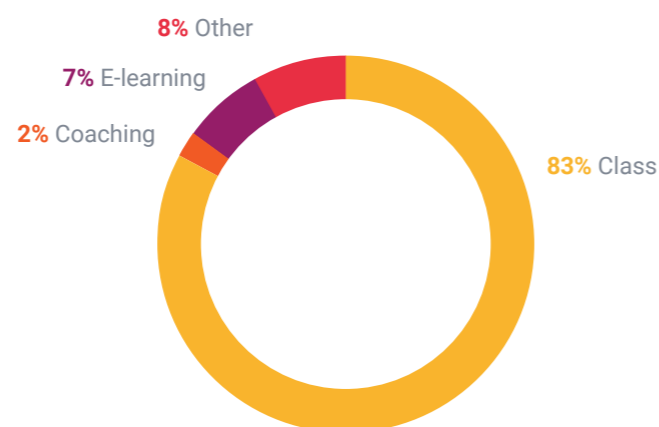
	Female	Male	Total
Average annual training time (followed hours per gender/number of employees)	9.13 (34,404/3,769)	6.50 (15,779/2,429)	8.10 (50,183/6,198)

SD Worx Academy
SD Worx Academy offers education programmes to everyone's taste. The supplied training and education course programmes are founded on a rich expertise (unique mix of payroll, socio-legal, HR and learning & development knowledge) and our core HR business activities cover the entire employee and employer life cycle. Characteristics of our offering:

- Specialised and experienced 'sparkling' trainers are available who make, for instance, legislation crystal-clear and practically applicable 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 mixed.
- Training and courses are offered at all levels: from starter, advanced to professional.
- Learning activities are directly translated to business practices, and there are many opportunities to connect with other participants.
- SD Worx Academy is in constant motion so that all HR trends and legal changes are processed accordingly: training and courses are continuously updated and expanded.
- SD Worx Academy is committed to constantly reviewing and innovating its agile learning platform so that customers remain updated and are followed up on. They also get access to sneak previews of online learning methods, podcasts, virtual learnings, etc.
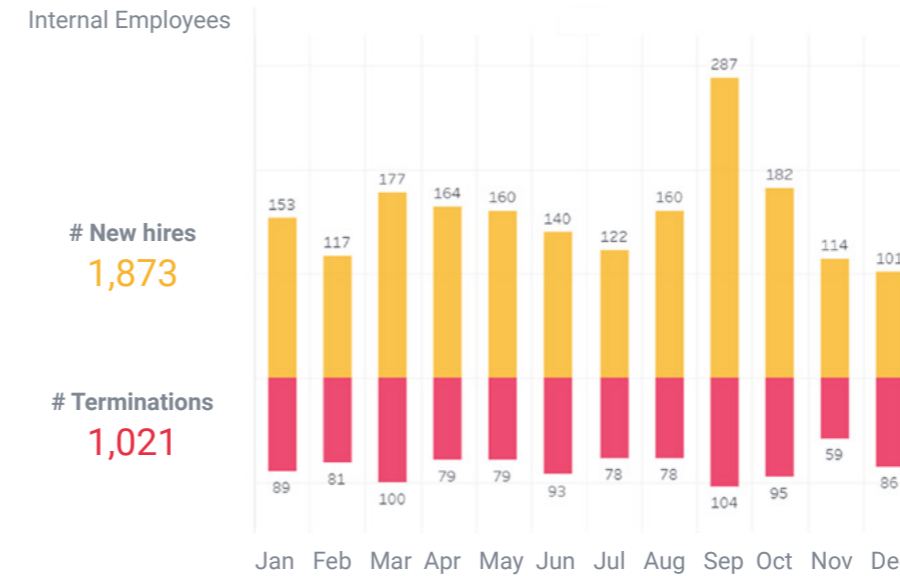
Work lovability

A shared responsibility for employee well-being
As an employer, we strive 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. First, 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's why we work continuously to provide our employees with meaningful work and with opportunities related to talent and career development. We keep a close eye on employee evolution and opportunities for job mobility and promotion.

We are also responsible for creating an environment and culture that caters for these opportunities, which is why safety, health and welfare are vital elements of our daily 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 puts the responsibility for health, safety and welfare into the hands of all employees and managers.

In addition to our legally required safety responsibilities, we have implemented several support measures in the areas of physical, mental, social and financial well-being. Through the #WeSPARKyourWellbeing campaign, we informed our employees about extensive offers ranging from a mental health hotline, mindfulness@work, yoga, a 'Let's keep moving' challenge, a helpline, and headspace, to ergonomics e-Learnings and the ability to contact ergonomic coaches. All this information is accessible through a dedicated portal. For social well-being, parties, online speed dates and the famous SD Worx radio sessions were organised. Employees themselves are encouraged to launch initiatives related to health, sports, culture and society, with approved proposals receiving financial or administrative support from SD Worx.

Workforce evolution 2022

Internal Employees

 # New hires
1,873

 # Terminations
1,021

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
New hires	153	117	177	164	160	140	122	160	287	182	114	101
Terminations	89	81	100	79	79	93	78	78	104	95	59	86

Promotion levels 2022 (%)

	Female	Male
Manager promotion	80.0%	85.1
Hay level promotion	82.0%	69.1%

Internal mobility 2022 (job change/team switch)

Internal mobility
397

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

Manager Promotion			Hay Level Promotion		
∨ 10	> 363	∧ 25	∨ 19	> 217	∧ 167

Boosting engagement
Although we strive for the most diverse possible workforce, we are committed to ensuring that all (future) employees feel highly engaged. From our experience with various engagement models, we know that 'personal factors' related to the individual's personal mindset and behaviours and 'team dynamics' are the foundations of high engagement and a healthy workplace. Team dynamics relates to the nature of the interactions, level of collaboration, camaraderie and trust within each team. Also, effective leadership styles and practices at every level are vital to create an environment characterised by transparency, fairness and respect. Personal mindset and work performance are highly impacted by factors such as work pressure and motivation.

Through our engagement surveys, we spend considerable time on questions related to 'job demands' (what takes energy away) and 'job resources' (what gives you energy). The outcome of this job demands-resources model allows us to assess how important factors such as autonomy, feedback loops, mental load and culture are with respect to employees' energy levels. The results are input factors for our well-being 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'.

## Diversity, equity, inclusion & belonging (DEIB)

Sincere dedication to diversity and inclusion
Varied perspectives generate better ideas to solve the complex problems of a changing and diverse world. Our ambition is to act as one company and capitalise on our international presence. In doing so, it is essential that we show respect towards each other, give trust and care – making diversity the cornerstone of all our corporate value statements. We aim to fulfil the following objectives:

• **Talent:** we provide equitable 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 when we go to the market and foster inclusion across our stakeholders.

We focus on all 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. The chart below depicts one possible interrelation, such as gender combined with job role. Managers are employees that manage other people or a team, while inspiring leaders are managers that report directly to EXCO members.

Gender distribution vs. job role
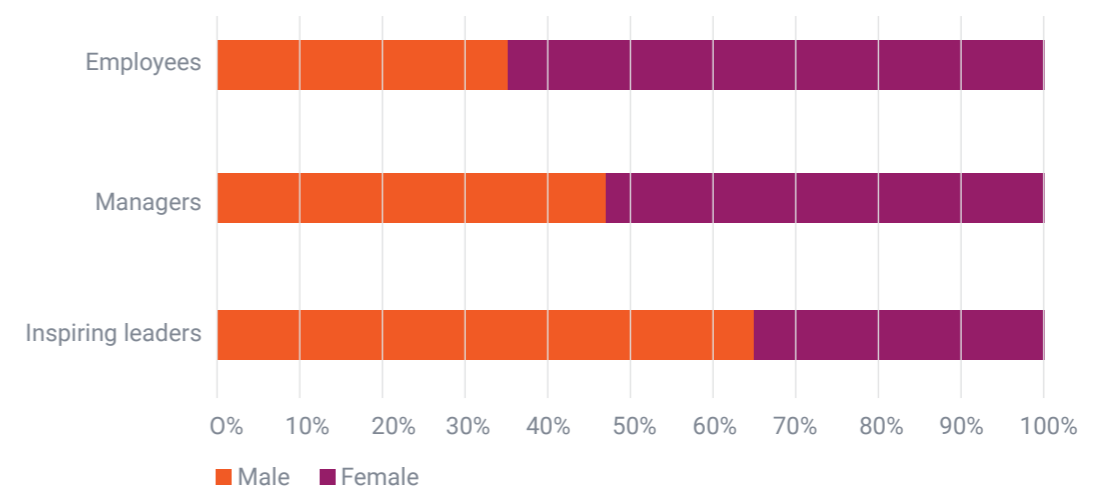
Our dedication to DEIB is also illustrated by the organisation of parental leave schemes across the Group. Considering both part-time and full-time parental leave schemes, we compute a return-to-work rate for employees coming back after their leave and/or after 12 months. Due to legislative differences, we take a country-based approach: for Belgium, for instance, we observe that return-to-work rates are consistently above 90%.

With our #WeSPARKbeloning campaign, during which we regularly communicate our understanding on all diversity dimensions and organise speaker sessions, and by organising numerous trainings on topics such as unconscious bias, cultural awareness and the successful Female Leadership Programme, we affirm our commitment to DEIB. Open exchanges with employees are also promoted via networks such as the LGBTQI+ community and speaker sessions such as those organised on International Women's Day.

In Germany, for example, we are members of 'Charta der Vielfalt' (promoting recognition, appreciation and integration of diversity in business culture), 'Erfolgsfaktor Familie' (recognising the importance of family life as a competitive factor to retain skilled workers) and 'Komm mach MINT' (initiative to focus on the potential of young woman in scientific/technical professions).

Corporate social responsibility

SD Worx Fund

Through the SD Worx Fund, established in 1999, SD Worx provides financial and professional support for partner organisation projects 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' – extract from 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 current engagements of SD Worx Fund and will oversee new requests.

Initiatives SD Worx Fund

Rising You
In Flanders, 1 in 5 young people with a migration background are unemployed. In Brussels, the situation is even worse. Those who are employed often have jobs that do not match their potential and capacities, which is more likely to lead to demotivation and quitting. Rising You wants to guide young refugees towards challenging jobs, tailored to their mental resilience and physical abilities.

In 2022, Rising You continued using the 'TalentTrainer', thanks in part to the support of the SD Worx Fund. This mobile technical school gives job-seeking newcomers a taste of various techniques, guiding them towards a training course. People are effectively employed and followed up on until 6 months after employment begins.

Make it Work
Make it Work coaches young people in finding work, which is not straightforward for certain groups. Many factors can limit young people's chances on the labour market. Young people from certain backgrounds may struggle with the most difficult filters that make talent invisible: inexperience, limited education, limited network, low self-esteem and unique characteristics of their circumstances. Make it Work coaches and trains these young people and strengthens their self-confidence and feelings of responsibility. We effectively put them to work and follow them for another 6 months after their employment. https://www.make-it-work.be/

Steunpunt Terwerkstelling
For some young adults, setting a course for the future is a tough nut to crack. This is especially true when they struggle with challenging situations and don't actively participate in society through jobs or education. That's why the 'Spoorzoeker' project offers these young people 'a shortcut to a sustainable job'.

Through an intense 16-week coaching programme, they acquire important skills that improve their chances in the labour market while helping them build confidence, motivation and self-knowledge. Depending on the participants' needs and wants, they are then guided to a support organisation, education or job.

The Shortcut To Work programme facilitates the full integration and active citizenship of underprivileged young people in society by guiding them on their tracks toward sustainable careers. The support of the SD Worx Fund has contributed to the development of the organisation's successful approach and the expansion of their reach.
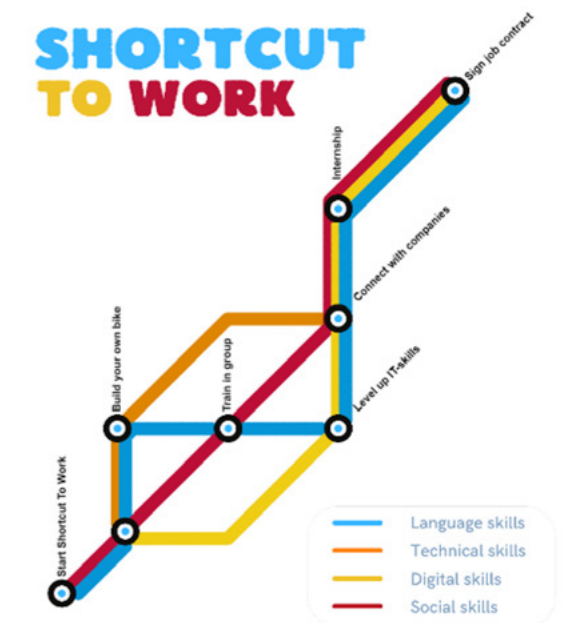
YouthStart Belgium
YouthStart offers disadvantaged young people between the ages of 16-30 a free 8-day training course, empowering them to become entrepreneurs of their own lives. YouthStart provides essential self-knowledge, attitudes and skills to encourage lifelong learning, enabling participants to launch successful careers or start their own projects (business-related or otherwise). The focus is increasingly on the vulnerable portion of undereducated youth populations.

City Pirates Foundation
The SD Worx fund has sponsored City Pirates, a socially committed football club in Antwerp, since 2016. The organisation involves over 1,000 youth players of over 80 nationalities, which often come from underprivileged families and/or suffer from learning impairments.

In addition to football, the club invests in social impact through town square activities, home and school visits, and targeted homework support, among others. These efforts help prepare young people for the labour market, illustrating the role of City Pirates Antwerp as a social platform where children, parents, employees, volunteers and sponsors contribute to society. Thanks to the support of SD Worx, in 2022 City Pirates Antwerp was able to engage several social workers.

DUO for a JOB

Global mobility has made modern society a melting pot of ethnic origins and cultures. Unfortunately, many young people with immigrant backgrounds experience inequality in access to the labour market and struggle to land their dream jobs.

With the goal of creating a more inclusive labour market, DUO for a JOB is an intergenerational and intercultural mentoring programme that brings together young job seekers and volunteers aged 50+. Over the course of 6 months, they meet up weekly, exchange experiences and work together to boost the mentee's chances of finding a job.

In 2022, DUO for a JOB put together over 1,200 new duos in Belgium, France and the Netherlands – over 500 of them were made possible thanks to the support of the SD Worx Fund. Mentors were professionally trained and personally guided throughout their trajectories, while the mentees got the opportunity to receive tailored advice in their job searches.

With 13 active branches in Belgium, 3 in France and 1 in the Netherlands, the organisation is dismantling prejudice, strengthening social cohesion and facilitating socio-professional integration internationally – with success!

1 mentee out of 2
finds an employment solution within 12 months following the coaching period

7 out of 10
find a job, a traineeship or a training program within 12 months following the coaching period

9 mentors out of 10
start a new duo

University of Gent (diversity & learning)
Maximise future opportunities for unaccompanied foreign minors through innovative care networks around school, work, well-being and integration.

In this process, the 'Development Hub in Diversity', together with relevant actors, explores innovative care networks for unaccompanied foreign minors. We are experimenting with this methodology to eventually include all unaccompanied foreign minors in Ghent or even across Flanders with optimal learning careers and guidance to the labour market. Every care network consists of a collaboration between counsellors from different sectors: school, work, welfare, and integration.

Microstart Support
Microstart Support assists candidate entrepreneurs with the start-up and management of their companies through group training, consultations with experts and individual guidance before, during and after start-up. All guidance is offered free of charge by 150 volunteers nationally.
https://microstart.be/en

La Bourrache
JOB. Green (Bio Oriented Young People and Green professions)

JOB. Green aims to train several groups of NEETs in bio (organic) gardening and maintenance of parks and gardens. The course is intended to be practical, concrete, concise, dynamic and personalised. We want to give the opportunity to young people who have dropped out to meet, share their professional expectations and fears, and engage themselves in green professions in a benevolent and supervised environment. We train/accompany them as they take steps towards their future green jobs. https://www.labourrache.org/

Debut des haricots
'Peasant Seeds' agricultural test area
This project from 'Debut des Haricots' is the first incubator for agricultural activities in the Brussels region. Our objective is to support urban start-up farmers in Brussels on their journey of developing activities that allow them to test the viability of their agricultural model. The goal is to maintain a balance with the social and natural environment in a secured framework for a fixed period and with the prospect of having a permanent and autonomous installation.
https://www.haricots.org/

Interra
Inter-Lab, the inclusive incubator for people with an immigrant background
The Inter-Lab is an innovative project which provides support to immigrants with little access to the labour market in setting up their own businesses. The use of a community and partner networks helps meet their specific needs and increase their chances of success in creating their own employment. https://www.interra-asbl.be/interlab

Le Monde des Possibles
Mégapixel - support and pre-qualifying training for the digital professions of tomorrow
Mégapixel trains and manages undereducated young people and (unemployed) adults to guide them along a consistent career path. It aims to prepare them during the digital training process by providing support during the phases with high dropout rates (starting training, admission test, application file, motivation, social monitoring). The project integrates the CPAS of Liège (90% of the target public) as well as the IFAPME (20 training courses for digital professions).
https://www.possibles.org/

Tout Est Possible
Job Lab is a multifaceted programme allowing immigrants established in South Hainaut to design their professional projects and test them in practice. Starting directly from a specific case and a certain target, Job Lab raises awareness and supports participants during each stage while taking account of intercultural aspects relevant int the workplace. The support, capped at one year, is adapted to the availability and pace of each participant.
https://vivre-ensemble.be/tep-tout-est-possible

BeCode
Enabling tomorrow's digital talents to blossom
Since 2017, BeCode has been offering free training courses for jobseekers to become web developers in partnership with the public and private sectors. https://becode.org/

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/

Profo
Education projects for young people to prepare them for the labour market. We support a versatile set of projects especially focused on specific groups and targets in youth care.
https://www.profo.be/

Shedidit
A unique talent platform for women with different ethnic-cultural backgrounds. The initiative highlights these women's stories and skills, supports them in realising their projects or ideas and collects their expertise in an online talent pool. https://www.shedidit.be/

ArmenTeKort
Poverty and social disadvantage put a strain on people's lives and society as a whole. Patching the problem reactively and limiting its impact – the usual way of dealing with it – turns out to be ineffective and costly.

The Belgian non-profit organisation ArmenTeKort has developed a different approach to combatting poverty and structurally addressing its causes. Based on extensive research, their buddy project aims to proactively guide disadvantaged people and improve their chances with regards to, among others, their education, employment, healthcare and social networks.

To fuel the non-profit's mission and contribute to poverty alleviation and equality in opportunity the 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 to being volunteers, we can make a difference and help others grow sustainably.
www.armentekort.be

Happy Farm
The Companion Farm
Happy Farm (educational farm), in collaboration with a dozen employers active in the gardening and sustainable food sector, support and train young people from Brussels between 18 and 25 who have had difficult educational paths to empower them with skills and the confidence necessary to fit into community life and society. https://happyfarm.be/

Espaces Enfance asbl
Supporting services for children between 3 months and 3 years of age.
http://www.espacesenfance.be/

Governance of the SD Worx Fund

CSR Committee (Board of Directors level)	CSR steering group (SD Worx employees)
• **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.	**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 montor project progress; • budget control.

SD Worx community initiatives in 2022

Campus 19
In light of the war for talent, there is a shortage of a skilled IT workforce on the market. Covid clearly demonstrated that there is a need for digitally trained employees who can function in the business world. These elements have been the driving force behind 'Campus 19', a coding platform project that opened in Antwerp in 2022, which SD Worx chose to sponsor. Campus 19, a member of Network 42, is a progressive learning platform without classes or teachers, but with one important goal: to bring more IT profiles onto the job market. This initiative gives people without diplomas a second chance to be trained and reskilled as IT professional and prepare for the labour market. At this moment, there are already 43 campuses in 25 countries around the world and more than 15,000 students.
https://campus19.be/

Russia – Ukraine predicament: finding solutions for people!
SD Worx has no presence in Ukraine nor in Russia. However, we served a limited number of customers in Russia through our payroll partners, which are all local branches of international companies.

We used to work with a Russian supplier for the development of our software solutions in the Nordics. In view of the difficult circumstances, we could not but end that cooperation. After negotiations with the supplier, we found a solution for the developers, with whom we had a long working relationship: we offered them the opportunity to move to Finland on a permanent basis through employment contracts with SD Worx. By doing so, we offer these people employment security while assuring business continuity for our customers.

We also work with a Ukrainian supplier for the development of IT software, which continues. SD Worx will always put its customers and people first to offer best-in-class services to our customers. We have taken robust measures to ensure business continuity and actively monitor and harden our cybersecurity policies, considering the heightened risk of cyberattacks.

Ukraine refugee support
Across the entire organisation, funds were collected and donations made to support the crisis in Ukraine through, among other initiatives, 'Help for Ukraine'. SD Worx in Poland worked together with refugee hubs to help satisfy their most urgent needs.

Putting smiles on Ukrainian children's faces The Russian invasion in Ukraine affected all of us in some way or another. Our colleagues mobilised to help people fleeing the war, and we as company did not remain indifferent either. One of our initiatives was to donate our older laptops to children who fled the country so they can continue their education. We are very happy that we could bring smiles to those children's faces!

SD Worx Austria and sports
SD Worx in Austria partnered up with the Special Olympics in Burgenland in June 2022 with the purpose of enabling intellectually impaired athletes to train, participate and be supervised in different competitions.

Through the 'Society for the Promotion of Sports for the Disabled' project, we supported the Austrian Association for the Disabled in their campaign '#herzensangelegenheit'. This initiative aims at promoting sports for people with disabilities in order to improve their health, mobility and quality of life, and to ensure that they can participate in society.

Blindenwerk
We have been supporting 'Blindenwerk' in Austria, a project that supports blind and visually impaired people in providing training and securing jobs especially related to fabricating products requiring handcraftsmanship skills.

Kom Op Tegen Kanker
Belgian employees took part in 'Kom Op Tegen Kanker', an initiative that fights cancer. SD Worx participated in two events, cycling 1,000 km and running 100 km in teams, generating over EUR 18,500. Employees sold wine, beer, t-shirts, etc. to collect money and make donations. The Trooper platform also donated part of its corresponding online sales.

De Warmste Week
Protime (Belgium) organised multiple initiatives for the charity event 'De Warmste Week' which in 2022 donated collected funds to fight poverty. Initiatives ranged from selling a variety of (self-prepared) foods, boardgame nights, breakfast sales, after-work party events, etc.

Protime: Day for Society
Every year, employees from Protime have a free day to volunteer for a charity of their choice. Becoming actively involved in a charity or a social project changes one's perspective and reinforces teambuilding and cooperation. Many employees were engaged and made commitments to their charities of choice.

Christmas cards
Every year, SD Worx in Croatia orders Christmas cards to support SOS Children's Village, which provides humanitarian and developmental assistance to children in need by protecting their interests and rights around the world.

SD Worx Germany and children: 'Landgräfliche Stiftung von 1721 Kinderheim'
Since 2015, SD Worx in Germany has participated in the annual charity event for the Children's home of Bad Homburg, which shelters children from difficult housing backgrounds and supports them with education, sports and cultural projects.
The goal of the 2022 event, which was a Viking run of 4km, was to spend time with the children and show them that, even if an obstacle or task looks scary, you can overcome anything if you act as a team.

The Payback Foundation
The Payback Foundation is our corporate charity in the UK, Ireland and Mauritius. We raise money to support local families in need within a 10-mile radius of the SD Worx offices. The charity was paused in 2021 due to covid, but in 2022 several actions were performed. Equipment was supplied to children with disabilities, including walking aids, chairs, tricycles, etc. Other activities included:

- donations following food events and social gatherings with the elderly went to several shelters and hospices such as the 'Hospice St Jean' or the 'Meenatchee Home';
- fun outings with children through 'Association des Amis de Don Bosco';
- cleaning, setting up and decorating playgrounds for children, with lunch and gift donations (Pure Mind Haven);
- outing event l'Aventure du Sucre to support children and women in distress.

SD Worx Poland business run
SD Worx in Poland participated in the 11th annual Poland Business Run, a charity organisation that helps people with motor disabilities and people who have undergone mastectomies. The runners joined the more than 30,000 participants in an event that helped subsidise the provision of prosthetics, wheelchairs and orthopaedic equipment as well as rehabilitation stays for individuals following mastectomies and amputations.

Noble gift charity 'Szlachetna Paczka'
In December 2022, SD Worx in Poland took part in 'Szlachetna Paczka', one of the largest social donation programmes 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.

Sponsorships

Chair at the Antwerp Management School
We have worked with the Antwerp Management School (AMS) since 2011 on various chairs. In collaboration with professor Ans De Vos, we kicked off a longitudinal research programme that investigates current and future career policies in Belgium. The aim is to help employers and employees prepare for the labour market of the future. We renewed our collaboration in 2016. In 2022, we celebrated the 10th anniversary of the SD Worx Chair 'Next-generation work: creating sustainable careers'.

Strategic partnership with Vlerick Business School
Together with Vlerick Business School, we want to give an extra boost to digitalisation in the HR world. One of our initiatives on this front is the development of a digital ecosystem for the world of work and beyond. We are setting up a platform through which external parties can also offer their services – the first of its kind in Europe.

Cooperation agreement with VUB (Free University Brussels)
Since September 2022, SD Worx has a cooperation agreement in place for 3 years with VUB (University Brussels) for the Social Law Education Programme with the goal of attracting (working) students interested in social law. SD Worx is engaged with (guest) lectures around legal issues regarding HR and the reorganisation of companies.

The VUB is the only university in Flanders that offers an advanced master's degree in social law, which is accessible to those who do not have master's degrees in law. The programme is aimed at both recently graduated masters and working people.

Main sponsorship top women's cycling team extended
With more teams, more riders and races like Paris-Roubaix and the Tour de France, women's cycling is growing fast. Much is changing, but there are still some hurdles to take to fully professionalise the sport.

Since 2021, SD Worx has been the main sponsor of Team SD Worx, composed of the world's best women cyclists. By extending our sponsorship early in 2022 instead of when the former contract would have ended in 2024, we gave them the stability they need to grow and make long-term decisions. They can work on the future with peace of mind: we're committed to the team as its main sponsor until the end of 2026.

This sponsorship contract helps Team SD Worx riders to develop their full potential so they can maintain their leading position in the UCI rankings. But that's not the only reason why SD Worx puts its trust in the winning team.

"Our company and our customers attach great importance to equal opportunities for everyone. By investing in women's cycling, we want to create an environment where top female athletes can develop themselves in the best possible conditions," says CEO Kobe Verdonck.

"By extending our partnership until 2026, we are committing ourselves to the further professionalisation of women's cycling."

Team SD Worx, an inspiring leader
A glimpse at the team's achievements in 2022:

- 20 victories and 46 podium finishes
- the title of worlds' best women's cycling team in the UCI rankings for the 6th time in 7 years
- the Tour of Flanders winner's trophy for newcomer Lotte Kopecky
- the polka dot jersey for rider Demi Vollering in the very first Tour de Frances Femmes

Fun fact: a camera crew followed the team around during the preparations for and the first round of the Tour de Frances Femmes. This unique behind-the-scenes footage was made into the very first documentary series about a women's cycling team – available on Amazon NL and Belgian national television.

At the same time, Team SD Worx is also strongly aligned with our organisation and values and helps to promote the messages that we hold dear. For example, the riders have raised awareness of the need for a healthy work-life balance, women's day and talent development in 2022.

Want to keep track of Team SD Worx? Follow www.teamsdworx.com.

Governance

Governance highlights

First Materiality Assesment	Digital Spend up by 22.4%	New Group Entity Structure	Revised Code of Conduct	Recognition by Everest Group, Gartner, ...
Signatory to UN Global Compact	Establishment ESG Steering Committee	New Competition Policy	Launch World of Work Platform/ SPARC	Set up Business Platform Department
Launch Corporate Complaint Handling Process	New Governance Policy Framework	ISO 14001 certification SD Worx Nordics	ESG-disclosures ESG-aligned	Launch Local SD Worx Websites

Governance structure

SD Worx aims to follow best practices for corporate governance – elaborated in the 2020 Belgian Code of Corporate Governance that applies to listed companies – taking the specific context of the organisation into account. The Group believes that transparency, conscious and effective responsible leadership are key ingredients of robust corporate governance.

General Assembly

The General Assembly or General Meeting involves all the shareholders and members of the company. It is the link between the Board of Directors and the shareholders of the company. Its main tasks are as follows:

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

Board of Directors (BOD)

Role
The Board of Directors has a strategic and control function and ensures that the company operates with maximum efficiency. In practice, the Board of Directors outlines the company's mission, strategy and general policies. Decisions concerning organisational structure, reorganisation, cooperation agreements, mergers and take-overs also fall under its jurisdiction.

The Board of Directors oversees finances and investments, checks the integrity of financial reporting and monitors internal auditing. The budgets, spending patterns and execution of projects, in line with strategic objectives, are also monitored by the Board, as are the performance, remuneration and evaluation of members of the Executive Committee.

Each year, the Board compiles a detailed annual report that outlines the company's status, possible risks and future prospects. It 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 guarantee the necessary experience in the many disciplines relevant to the company, thus safeguarding 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 levels of diversity and complementarity. The Board consists of independent directors, except for the CEO.

The Board of Directors is the ultimate decision-making authority of the legal entity. It supervises the company, in general and regarding management. The BOD is collectively responsible for the success and performance of the company in the long-term and in the interests of all stakeholders. It is also responsible for all matters that surpass individual legal entities.
Its members are the following:

Ginkgo Associates BV represented by its permanent representative **Filip Dierckx – Chairman**

ELLEZE BV represented by its permanent representative **Kobe Verdonck**

To Be Projects BV represented by its permanent representative **Brigitte Boone**

Teresa (Tea) Colaianni

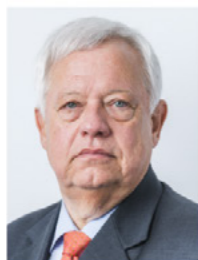DCM Seagull BV represented by its permanent representative **Dirk Collier**

Michel Delbaere

Georgette Schlick

Akeley BV represented by its permanent representative **Jan Van Acoleyen**

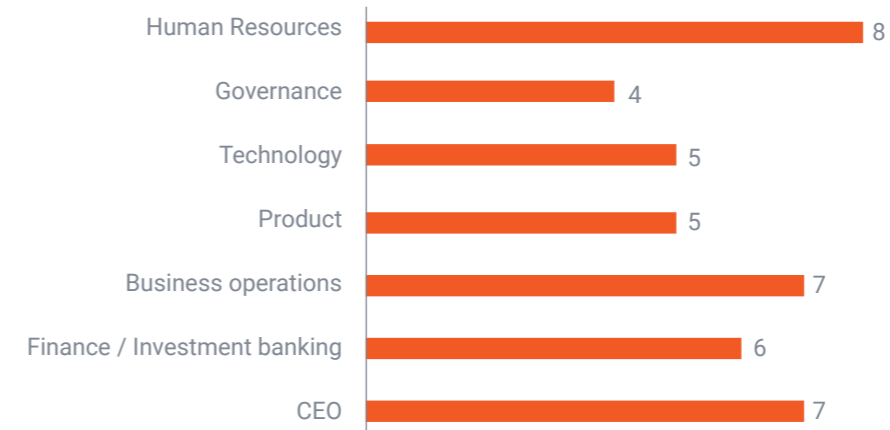Van Bladel & Partners BV represented by its permanent representative **Frederik Van Bladel**

Fusion Inc BV represented by its permanent representative **Koen Van Gerven**

DIHRConsult BV represented by its permanent representative **Steven Van Hoorebeke**

BOD skill set (11 Directors)

Skill	Value
Human Resources	8
Governance	4
Technology	5
Product	5
Business operations	7
Finance / Investment banking	6
CEO	7

The average age of the members is 61 years. 10 out of 11 directors are independent and average BOD experience is 9 years. 5 out of 11 members have a tenure of 5 years or less. Their experience and skillsets are diverse.

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 activities 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:

• Balancing the interests of various stakeholders (employees, partners, clients, regulators and the public at large);
• Coordinating the Group's different business operations, and fostering cooperation and synergies between the business operations with an aim to maximally integrate business operations;
• Corporate housekeeping and governance of the Group;
• Upholding the integrity, brand and reputation of SD Worx; and
• Planning the firm's future development.

Members

Kobe Verdonck
CEO

Nadine Aerts
CFO

Michael Custers
Chief Marketing Officer

Bruce Fecheyr-Lippens
Chief People Officer

Eric Janssens
Senior Vice President for
the SME Market

Kelly Lespinoy
Chief Legal & Compliance
Officer

Patricia Molenaar
Chief Commercial Officer

Tom Saeys
Chief Operations & Shared
Services Officer

Tom Wouters
Chief Products Officer

Audit & Risk Committee (ARC)

Role and decision-making

The ARC assists and supports the BOD and those of its underlying entities by exercising its auditing role, notably in terms of providing financial information, risk management and compliance services, internal audits, ESG overview and management, internal review systems and external auditing. It has an enterprise-wide audit and risk oversight role over all Group entities.

The ARC provides independent advice and reasonable assurance with respect to the adequacy and efficiency of risk management, internal control and governance to the BODs, which are 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.

All members of the ARC have an equal vote as part of the decision-making procedure and seek maximum consensus when making decisions. If no consensus can be reached, the decision is taken by a majority vote. In cases when equal votes are cast for a topic, the vote of the ARC Chairperson is decisive.

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

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 the issuer and its subsidiaries.

In 2022 the members were Dirk Collier (Chairman), Filip Dierckx, Teresa (Tea) Colaianni, Jan Van Acoleyen, Frederik Van Bladel.

Risk management

Approach to risk management

SD Worx believes that good risk management drives better operational and commercial decisions, creating a growing, resilient and sustainable business. Managing risk is an integral part of everything we do. SD Worx operates following 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 as well as its supporting functions, owns and manages risk, maintains effective internal controls and executes risk and control procedures for provision of services to our customers.
- Our second line is made up of our subject matter expert functions such as legal, cybersecurity, data protection, internal control and compliance that provide support in managing risk and our internal control environment. Second-line roles deliver the complementary expertise, ensure that risk levels remain within the boundaries of the risk appetite set by the Board of Directors and report on the adequacy and effectiveness of risk management.
- Finally, the Group Internal Audit function serves as the third line that provides independent, reasonable assurance and advice on governance, risk management and internal controls to support the achievement of our objectives.
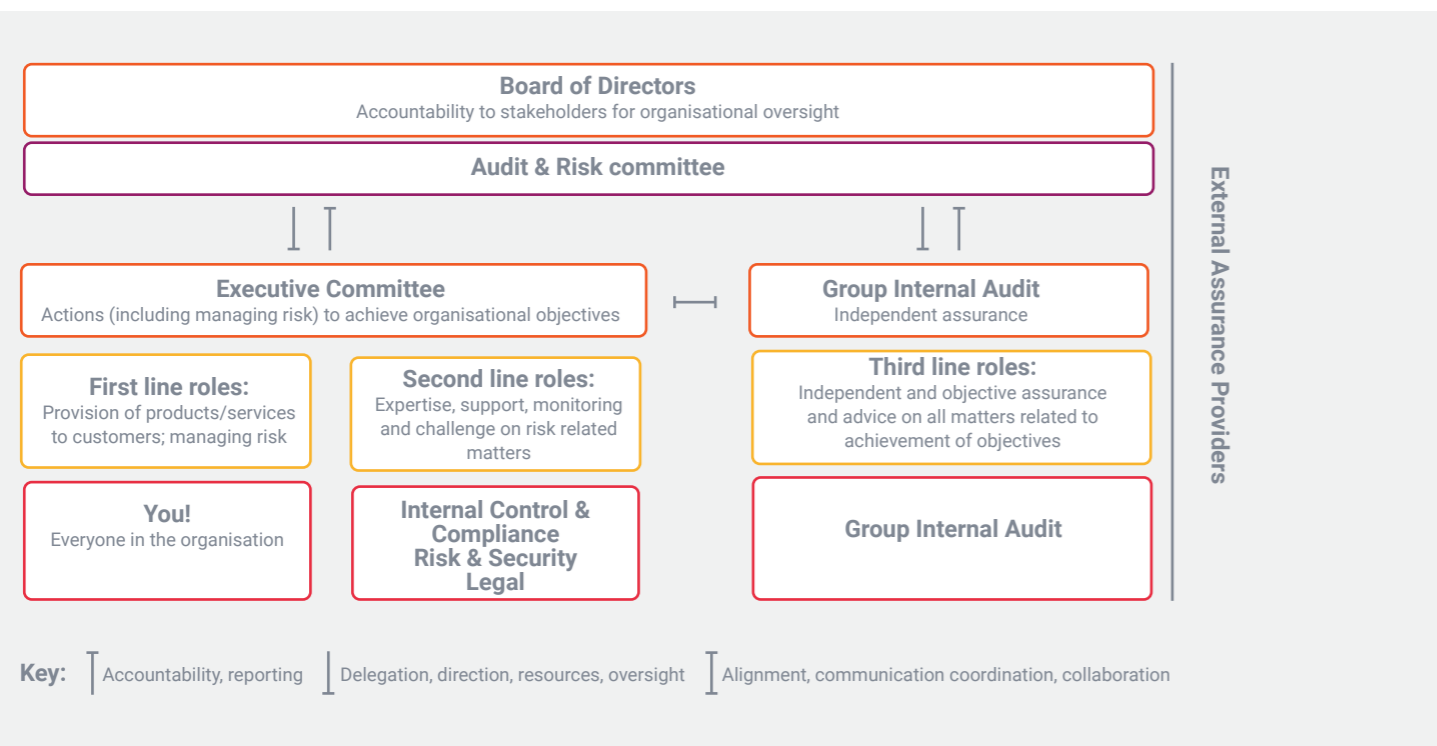
SD Worx's risk appetite varies according to the activity undertaken and our strategic priorities. The Board of Directors defines its risk appetite for the activities in a risk appetite statement. In accepting risk, we always ensure that potential benefits and risks are fully understood before business developments are authorised, and that sensible measures to mitigate risk are established. Partners and suppliers are an integral part of our business practices and business ecosystem. As a result, we do not define any specific or different risk appetite statements for partners and suppliers. Risk appetite statements are evaluated and applied in the same way when working with partners and suppliers.

With respect to the governance process, both the risk appetite statement and the risk management process approach are validated and signed off by the Audit & Risk Committee and the Board of Directors. Quarterly, the business divisions and functions review their risk registers, facilitated by the Risk and Security team. Semi-annually, the key risks of each business division and function are reviewed by the Executive Committee, and the top risks to the achievement of our objectives are agreed and consolidated in the Group-wide risk register. These Group-level risks are monitored at the Executive Committee level and are also reported and evaluated on a semi-annual basis by the Audit & Risk Committee.

Three lines model

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:

1. cybersecurity
2. data protection
3. business continuity
4. enterprise risk management

On a semi-annual basis, the Chief Risk & Security Officer reports on the progress and results of the above activities to the Audit & Risk Committee.

Major risk areas

SD Worx is exposed to various risks within the context of its normal business operations that can have a material adverse impact on its results. We strive to manage these risks as well as possible through our risk management system. The table below highlights the most important risks. These risks are not ranked by priority and this list should is not an exhaustive overview of all risks currently faced by the company.

Note 27 of the consolidated financial statements zooms further in on financial risk management, especially foreign exchange risk, credit risk, interest rate and liquidity risk in relation to Group financial liabilities.

Major risk areas

Key risk	Description & impact	Mitigation
Macroeconomic unpredictability and volatility	HR activity is highly correlated with eco-nomic activity. Enduring supply-side shortages and the (in)direct impact of the war in Ukraine have created a high-inflation regime and a cost-of-living crisis. Although unemployment rates remain at record-low levels in the EU, the increasing cost pressure on businesses could lead to reductions in workforce at customers that in turn may have a negative impact on our results.	SD Worx is closely monitoring market conditions and is prepared to quickly respond to changes. We have a robust balance sheet and financial position. Our agile processes allow us to quickly act, and shift priorities should volatile market conditions require so.
Talent attraction and retention	Considering our people-driven business and given the existing 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 on operational efficiency and our delivery capabilities, leading in turn to sub-optimal results.	SD Worx takes pride in its strong culture and values. Employee engagement is a key metric that is monitored actively during the year through work-related and engagement surveys. As end-to-end HR provider, we are continuously looking to foster innovation in HR practices, and we seek to apply new HR concepts to our own organisation as quickly as possible. As part of this, we will further shape our talent management processes in 2023 by implementing huapii/My Move as the leading talent management platform across the group and by further investing in talent/job mobility across the organisation.
Cybersecurity	Geopolitical instability has made managing cybersecurity risks more challenging and volatile. The rapid propagation of new vulnerabilities and subsequent cyberattacks as well as the ever-increasing damage of ransomware attacks render cyber risk hard to manage. Given that technology and data are core business enablers for SD Worx, cybersecurity attacks leading to data leaks of HR data can disrupt business operations and so cause significant reputational and financial impact.	Processes are in place to prevent and detect cyber security threats in a 24/7 manner, and security controls are embedded in our IT environment. An extensive threat and vulnerability management programme is in place to timely detect and manage any new vulnerabilities. Continuously improving and enhancing our security capabilities remain a key priority going forward.

Key risk	Description & impact	Mitigation
Disruptive technology	The manner in we work continues to rapidly evolve with advanced technology such as AI and machine learning gradually maturing. New innovative platforms and remote working combined with cutting-edge technology are changing business dynamics and the way companies manage their staff. Untimely reaction could impact results or even the viability of certain business operations.	SD Worx is heavily investing in new digi-tal solutions through a high R&D budget, including advanced new technology such as robotic process automation (RPA). We are continuously scanning the market for new trends and solutions via our market Research and Intelligence Team and leverage this intelligence to strengthen our processes and products.
Legal compliance with labour and tax regulatory frameworks	The covid pandemic has resulted in a rise of regulations providing tax and government grants, increasing complexity in payroll processing. Also, complexity in countries in Eastern Europe is rising as they are increasingly being regulated. Errors in complying with regulatory changes can effect an increase in claims and in turn have a material impact on our financial results.	SD Worx has a knowledge centre of legal experts and specialists that ensures the monitoring of laws, decrees and regulato-ry changes issued by the social security and tax authorities. We do not wait until a regulatory change is enacted, but proac-tively seek to stay informed to be able to analyse the impact of such changes at an early stage. A dedicated knowledge tool team develops solutions ensuring that we can efficiently convey and bring new content and regulatory changes swiftly to both our employees and customers.
Data protection regulations	Enforcement of data protection regulations is becoming more stringent. As the risk of cyberattacks rises, risks of personal data breaches and data-related litigation in turn increase too. The desire of customers to maximise the benefits from data insights further adds to these risks. Altogether, SD Worx is exposed to a higher risk of non-compliance that can result in significant claims, fines and reputational damage.	We have a dedicated Privacy and Data Protection team that together with our Group Data Protection Officer ensures compliance with data protection regulations. SD Worx invested in an ISAE3000 assurance report to demonstrate GDPR compli-ance for the processing activities we execute for customers.

Key risk	Description & impact	Mitigation
Supply chain resilience	SD Worx is dependent on business partners to deliver timely and accurate payroll calculations and HR services. This risk has increased due to the higher demand for HR systems integration. A failure of a key business partner to deliver services in a timely way due to a cyberattack, technological or capacity issues can cause claims and reputational damage for SD Worx not being able to meet its commitments to its customer base.	SD Worx carefully selects suppliers, considering their characteristics as well as business continuity. A documented procurement policy and a supplier risk management policy are in place. As part of our supplier risk management processes, suppliers are categorised in tiers based on the inherent business risk they represent, according to which supplier risk assess-ments are executed. 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 the management of sustainability/transition risks critical to the further growth of SD Worx. Not having robust policies and processes in place for all components linked to sustainability that can meet expectations of stakeholders can lead to loss of confidence with prospects and investors, and eventually slower growth and lower performance.	Through proper ESG governance structures and dedicated ESG working groups, we continuously follow up on ESG reporting standards and EU/global legislation. SD Worx is already complying with ESG reporting frameworks such as GRI which are expected to be in line with upcoming EU reporting standards. We do not only want to commit to new standards but are inspired by ESG and assist customers with ESG-inspired offerings.

In addition to the above risks, climate change-linked events such as prolonged heat waves and extreme weather events may have a significant impact on the health and safety of our employees, which could in turn impact our operations and the availability of our IT systems (e.g., data centre cooling). As shown during the covid pandemic, SD Worx has the necessary business continuity plans in place to cope with these adverse events, and we will continue to update and test these plans. We consider climate change an important physical risk that we will closely monitor as part of our risk management framework henceforth. As such, environmental risks comprise both transition risks towards a more sustainable world and effective physical risks.

Sustainable governance

2022 was an active year for SD Worx in terms of sustainable governance efforts. Accountability, integrity and transparency are clearly characteristics of proficient leadership that come to fore when real actions are performed. Setting the highest ethical and compliance standards are pivotal ingredients in shaping the standards of our profession. These standards are not only relevant internally but also when we interact with suppliers, customers and all stakeholders involved.

Ethical business model

In 2022, a new Policy Governance framework established the requirements and guidelines of 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 entire organisation.

For example, with an efficient policy governance framework, the revised Code of Conduct (formerly known as the ethical charter) was rolled out in 2022 across the entire organisation. This can be regarded as the cornerstone of SD Worx' ethical business model. Confronted with a fast-changing environment, our core values serve as our foundation upon which the Code of Conduct relies and builds on. The Code of Conduct reflects the fundamental principles and rules of the organisation, defining our interactions with all stakeholders. Its revision mirrors the increased standards that we all must uphold ourselves to, especially in line with the expanding activities of the Group in both scope and in geographical spread.

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

1. SD Worx is committed to basic human rights, including civil and political rights, freedom of speech, social and cultural rights and the right for health and education, among others. We continuously adhere to all relevant national and international laws. SD Worx always aims to avoid complicity in human rights abuses.
2. A dedicated SD Worx prevention advisor regularly assesses measures taken to avoid, report and handle instances of bullying, aggression, discrimination, stress overload, etc.
3. Potential strategic partners must respond to an extensive questionnaire before cooperating 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.
4. When a customer or prospect violates human rights, all collaboration will be discontinued, and no services will be provided to this customer or prospect.
5. Over the last several years, SD Worx has introduced several human resources policies and procedures that support labour principles. The new 2022 recruitment policy is a good case in point. Its objective is to define a harmonised recruitment process and practice across the organisation that considers wide range of recruitment, DEIB and ESG criteria tout court.

6. SD Worx ensures a balance in employee characteristics (age, gender, nationality, religion, etc.). Discrimination is prohibited. SD Worx has also taken measures to ensure comparable pay for comparable work.
7. When a customer or prospect violates labour rights or appears to be involved in illegitimate practices such as child labour, compulsory labour, etc., collaboration will be discontinued, and no services will be provided to the customer or prospect.
8. SD Worx is committed to compliance with all relevant laws in our dealings with stakeholders and in our provision of services to customers. For this purpose, 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 legal cases, rulings or other events related to corruption or bribery.
9. SD Worx has a zero-tolerance policy for corruption, bribery and extortion. We consider economic sanctions or similar restrictive measures which may affect the way SD Worx conducts its activities.
10. Where relevant, SD Worx has installed policies to prevent internal fraud.
11. SD Worx complies with all applicable laws and regulations dealing with fair competition. prevent any breaches, a new Competition Policy has been established that sets out details of specific conduct requirements relating to fair competition at SD Worx when interacting with competitors, potential partners and other third parties.

To strengthen our 'one SD Worx culture', we reinvigorated our commitment to the UN Global Compact Ten Principles (see the 'ESG Management' section) which make our standards and values more powerful in an international context.

Data security and privacy

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

1. Security controls based on the ISO 27001 information security management standard and framework.
2. Security, privacy, and data protection control framework in line with GDPR requirements as covered by ISAE 3000 attestation.
3. Business and supporting process controls for which the ISAE 3402 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 origins. Our Code of Conduct explicitly focuses on the right of association and collective bargaining. Compliance with human labour rights is considered essential, and the Group ensures that compliance with applicable legal provisions ensuring welfare at work and fair working conditions, including those regulating working hours and compensation, are always preserved.

Even more, as explained in the 'Materiality' section, one of the Group's core activities is to scrutinise all legal aspects around social dialogue in the workplace and share this knowledge with society. SD Worx has dedicated departments under the form of competence and knowledge centres focused on expertise in social dialogue, working conditions, as well as the legal aspects surrounding labour practices and payroll in general. This expertise is then shared through seminars, academic and professional events, and provided to clients and partners as part of advisory and consulting services.

For SD Worx, collective bargaining is only one aspect of the 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 activities take place in Europe, it is important to mention that a European Workers Council is in place. This council provides SD Worx employees with a platform for representation on the Group level, as the European Works Council has jurisdiction 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 whose effects may impact the organisation of production in several member states. This membership will help enhance international collaboration, promote solidarity, and improve information sharing among all participating countries.

Communication of concerns

SD Worx employees can air complaints and raise issues related to unfair treatment via our confidential external advisors. The required actions are determined together with confidential advisors. Two separate procedures are also in place, the use of the grievance mechanism or speaking up through a whistleblowing channel.

Grievance mechanism
An anonymous grievance box is always accessible on the company's intranet for employees. This grievance mechanism can be used anonymously or via a designated HR department contact. Employees can use this mechanism to share personal concerns or suggestions that may be tedious to communicate directly. Grievances are kept confidential, and it is up to the employee to decide whether they want to receive feedback and through which channel or trusted person.

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

Whistleblowing
Against the background of the EU Whistleblowing Directive (whistleblowing channel mandatory from 15 February 2023 in Europe for companies with more than 250 employees), SD Worx has an extensive whistleblowing policy in place in addition to the provisions provided in the Code of Conduct on ethical compliance processes. This policy was introduced by SD Worx to ensure that it is safe to speak up about behaviour in the workplace that is illegal or unethical, and to enable one to do so at an early stage in the right way. It should encourage whistle-blowers to come forward and voice any concerns they have and be used to help cultivate a culture of transparency in the workplace. This enables concerns to be investigated and necessary measures to be taken. We do this for both SD Worx employees and offer a whistleblowing-as-a-service tool to our customers.

Suppliers and procurement

SD Worx supports open, honest collaboration with trustworthy partners, suppliers and customers. We only partner with key suppliers that have earned good reputations in the market, relying on advance screening to ensure that they share our principles and complete our portfolio of products and services, aligned with our strategy and go to market approach. We conduct a range of due diligence activities when looking to team up with a new supplier or partner, including financial, social and environmental topics. If we suspect that a (potential) partner or supplier a party has breached a statutory requirement or has been negligent regarding fundamental principles and rights, (further) collaboration is not possible.

To engage formally in 2022, a new encompassing procurement policy was launched supporting the concept that our suppliers increasingly make up our (extended) organisation. Its mission is to assist the business with buying decisions and manage change in the most cost-effective way. The goal 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 strengthen SD Worx' reputation as a mature, leading HR provider with our suppliers, our customers and the market in general.

Complaint-handling process

As we want to offer more than good services to our customers and excel in customer experience, we put the customer at the heart of everything we do – in line with our company value 'Dear Customer'. As we strive to guarantee the same customer-centric approach in everything our customer encounters, we have launched a consolidated corporate complaint-handling process. With this process, we align all customer-facing teams around the process of attending to and resolving complaints, including any ongoing transactions with complainants.

We strongly believe that finding an effective and timely solution will improve how the complainant views SD Worx. We strive to ensure that whoever manages the complaint has the tools, knowledge and mandate to take appropriate action. The process for handling complaints consistently across the entire organisation aligns with our SPARK guidelines.

Sense the needs | Promise & Stick to it | Act as one | Remain in touch | Keep ahead

External assurance and recognition

Our marketing and communication department can only do so much to demonstrate that SD Worx is a reliable payroll and HR partner. Even more, independent attestations and recognitions often speak louder than any customer testimonial. That's why we've created a Trust Centre, with our most telling credentials available on our corporate website.

Attestations

Payroll is not just an essential business function; it plays a vital role in company culture as well. On top of that, payroll-related data hs become one of the most important assets in a company. Payroll processing, however, doesn't 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 to demonstrate how we succeed at sparking success in the heart of your business.

ISO 27001
Security controls based on the ISO27001 information security management standard and framework are in place. This framework ensures that we protect information in a systematic and cost-effective way through an Information Security Management System, proving to our customers and partners that we safeguard their data. The goal of this widely recognised standard is to protect three aspects of information: confidentiality (only authorised persons have the right to access info), integrity (only authorised persons can change info) and availability (info accessible to authorised persons whenever needed).

ISAE 3402
The ISAE 3402 standard issued by the International Auditing and Assurance Standards Board (IAASB) is an assurance standard developed specifically for outsourcing activities that are related to processes with financial impacts, such as payroll. SD Worx doesn't stop there. We also cover a set of key IT supporting processes to provide an end-to-end view of the services we deliver. 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 over selected payroll products and services. The report not only includes the service description of the controls, but also confirms we have executed the controls correctly over a defined period of time.

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

SD Worx has obtained an ISAE 3000 type 1 attestation for its payroll services, demonstrating that our internal control framework is designed to meet the strict GDPR requirements.

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 fine recognitions we received in 2022.

> **"SD Worx has differentiated itself in the European market by providing services across the entire HR value chain, as well as in-country support through its onshore delivery centres. Its technology offering, multilingual support and acquisitions aimed at further strengthening its pan-European coverage have been well received by the market, and helped it emerge as a Leader in Everest Group's EMEA MCP PEAK Matrix® Assessment."**

Priyanka Mitra, Practice Director, Everest Group

For multi-process HR outsourcing and cloud transformation
- Recognised as Technology Leader in Quadrant's Spark Matrix report on HR outsourcing services
- Recognised as Major Contender and Star Performer in Everest Group's Multi-Process Human Resources Outsourcing (MPHRO) Services PEAK Matrix® Assessment 2022
- Recognised as Leader in NelsonHall's NEAT vendor evaluation for Cloud HR Transformation 2022

For our multi-country payroll solutions
- Recognised as Technology Leader in Quadrant's Spark Matrix reports on Multi-country Payroll Platforms
- Recognised as a representative vendor in the Gartner® 2022 Market Guide for Multicountry Payroll Solutions[1]
- Recognised as Leader in NelsonHall's NEAT vendor evaluation for Next-generation Payroll Services
- Recognised as a Major Contender (Global) and a Leader (EMEA) on Everest Group's Multi-country Payroll Outsourcing PEAK Matrix® Assessment 2022

For our workforce management solutions
- Protime (an SD Worx' brand) recognised in the Gartner 2022 Market Guide for Workforce Management Applications[2] as a representative WFM Vendor, headquartered in Europe
- Recognised in NelsonHall's NEAT vendor evaluation

For our cloud HR technology
- Recognised as a Core Challenger in Fosway's 9-Grid for Cloud HR Technology
- SD Worx cited in the Gartner 2022 article 'How EMEA-Centric Organizations Build an HCM Technology Strategy' as a primary HCM Provider, considered when payroll is a primary requirement in EMEA[3]

1. Gartner, Market Guide for Multicountry Payroll Solutions, September 2022
2. Market Guide for Workforce Management Applications, July 2022
3. How EMEA-Centric Organizations Build an HCM Technology Strategy, August 2022

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Annex 1: reporting practice

The purpose of this section is to describe our reporting practice, reporting principles and information system standards used with respect to (sustainability) reporting. This forms an imperative part of ESG standards, enabling a transparent and accurate assessment of company business workings, sustainability development and impact on society to be performed.

- GRI 1 requires the description of reporting principles used, in terms of quality and content.
- ESG is multifaceted; the reporting framework is complex, as data and information are collected in diverse ways, depending on their source and features. Data is assembled according to different protocols and methodologies.
- Given SD Worx constitutes a Group consisting of multiple entities, describing the system framework and data management standards helps support the accuracy and verifiability of 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 transparant 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 aligns with the GRI reporting principles. 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 the SD Worx Group's business activities, as well as our approach to initiatives on sustainability and related achievements. To define report quality, reporting principles cover accuracy, balance, clarity, comparability, timeliness and verifiability.

- **Accuracy:** we strive to report as accurately as possible. High-quality information is often sourced 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 in the past several years) and the information provided can be used to assess the company and its impact. The methodology used to compute performance metrics is explained whenever necessary.
- **Balance:** information is provided in a fair and objective way. Reporting does not overemphasise the positives over more negative results. We properly inform stakeholders of core issues without underplaying poor performance. Whenever possible, factual figures are used and, and when this is impossible, an explanation on the interpretation of information is provided.
- **Clarity:** information is presented in an accessible format, e.g., graphs or other renderings in a consolidated format that accompany the text, so that the reader can understand the message and main takeaways. Abbreviations are explained, and a glossary/syntax is included. The ESG/ Annual Reports can be downloaded on the corporate website.
- **Comparability:** data sets and information are compiled so that comparison is ensured across organisations and consistent over time. In case this is not possible, this is stated and explained accordingly (e.g., changes in accounting principles or entity structure). Both financial and non-financial reporting is combined to offer a better overall understanding of the information. Acquisition activities have impacts on comparability and are documented.
- **Timeliness:** SD Worx produces large amounts of that serves different purposes. We ensure that the relevant information is available to support proper decision-making. While some data is available frequently like monthly finance figures, other information may only be reported annually, such as balance sheets. This does not mean that annually produced data – while it is presented yearly – is not reported on more frequently internally or available at regular time intervals. Workforce data is a case in point because these are always available through our automatic HRM/database systems.
- **Verifiability:** the quality and accuracy of the information is monitored and verified. The Group is equipped with an enterprise risk management system and professional IT systems that examine data quality. Our Audit and Risk Committee and an IT department ensure that both internal and external control procedures add to the concept of verifiability. For instance, when clients input payroll data which SD Worx uses for statistics, input validation procedures are applied to limit the chance of errors. Data is entered and authorised at defined levels in the Group's country-based and business entities. The necessary assurance is in place for our systems and reporting so that, e.g., sustainability reporting is conducted professionally. Qualitative information, such as the process used to determine material topics and governance processes, is documented and reported accordingly.

To define report content, in addition to activities, governance, stakeholders, and materiality, GRI reporting principles relate to completeness and the broader sustainability context.

- **Completeness:** the coverage is as complete as possible, e.g., on material topics, while data sets encompass the entire reporting period, i.e., one year, which is sufficient to assess ESG impact. Considering the growth in the Group and the many entities covered, we state what information used represents in terms of Group coverage.
- **Sustainability context:** the Group considers its impact on the environment in the broader sustainability and social context. Careful attention is paid to the definition of sustainability and what this concept means for SD Worx in fulfilling its social role as service provider. We consider future generations by extensively describing corporate social responsibility and our long-term track record. Responsible business conduct, operating location, local legal structure, the role of leadership in certain social areas and the policies we adhere to contribute to framing a sustainable context for our business activities.

Reporting framework

Group reporting is mainly based:

- For workforce, diversity, equity and inclusion (DEI) and other social data, on internal HR/payroll data that are collected through a company protocol and methodology. The HR system SuccessFactors was configured in-house for the real-time management of employee data, such as salary, job history, etc. Engagement surveys also provide both qualitative and quantitative information.
- For health & safety on incident/event occurrence, on statistical reporting and surveys (e.g., ergonomics).
- For societal and qualitative information, on market analysis and research performed by relevant departments and according to company instructions.
- For environmental data, on GHG protocols, external consultants, reports, company instructions and suppliers.
- For market and research reports (e.g., absenteeism reports), on internal analysis and department studies using input from all registered payroll data.
- For financial data, on accounting principles and on a consolidated basis through several accounting programmes and SAP packages.

Scope

The extent to which information is collected, assessed and analysed is determined by the materiality analysis and impact areas the company focuses on. There are limits regarding reporting and which topics are selected that matter most to our stakeholders. Regarding scope, we state on a case-by-case basis for which entities data were tracked and assembled. In general, as we publish consolidated financial statements, we want to attain a consolidated scope for reporting. The entity structure is presented in the annual report.

Method specificity

The methodology of data collection may be adjusted in light of the diversity and growth of the Group's activities, the integration of newly acquired entities, a lack of regulations or standardised international definitions, practical procedures for collecting data, or changes in methods. Restatement of previous years' published data can be limited to changes in methodology (e.g., a switch from GAAP to IFRS).

Internal audit and control

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

External verification

External assurance is performed by auditors on Group level. For relevant department or activities and in view of attestations/certifications like ISO/ISAE, additional assurance is performed (e.g., internal control procedures, suitable design of controls and effectiveness).

System standards

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

Reporting period

The reporting period is from 01/01/2022 to 31/12/2022.

Annex 2: GRI reference table

Profile	
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, economic 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

Profile	Definition
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