



CORPORATE SOCIAL RESPONSIBILITY REPORT 2022



♥ WE TAKE CARE OF OUR PEOPLE ♥





Since the establishment of OTTO Work Force in 2000, our company has undergone tremendous growth and has grown into the largest international employment services organization in the Netherlands. We assist employees in one country with temporary work in another country. In addition, our company offers employment on a large scale to people in their home countries. More than 25,000 flex workers are employed through our company, mainly in the Netherlands, Germany and Poland. In Western and Central Europe we operate a total of 50 offices. Since spring 2018, OTTO has had a strategic partnership with the Japanese listed staffing group Outsourcing Inc.



A WORD FROM OUR CEO

Throughout the OTTO holding we have a deeply rooted mission to provide the most excellent employee journey towards our current and future employees. Our company, currently employing over 25.000 flex workers in Europe, is constantly expanding our mission towards creating more sustainable business, better employment & economic growth. All while reducing the environmental impact.

Driven by our core values RESPECT, I am confident our people can make the difference on all of these aspect on a daily basis and I strive to give them the confidence and leadership to do so.



Frank van Gool

CEO OTTO Work Force



CORE VALUES

OTTO WORK FORCE



R

RESULT

We are cost effective and target driven

E

EUROPEAN

We do not believe in borders, we believe in quality

S

SOCIALLY INVOLVED

We care for our colleagues and for the world around us

P

PERFORMANCE

We always take one step further

E

EMPOWERMENT

We enable our people to take responsibility

C

CUSTOMER EXCELLENCE

We are focused on offering the best service to our clients

T

TRANSPARENT

We believe in openness

A decorative graphic on the left side of the page consisting of several colored squares: a small blue square, a small pink square, a medium green square, a large light blue square, and a large dark blue square.

RESPECT AS OUR DNA

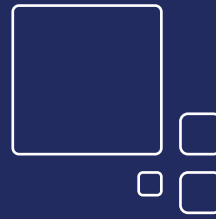
OTTO Work Force acknowledges it has Corporate Social Responsibility and adheres to the OECD guidelines for multinational enterprises. OTTO is aware of and acknowledges the responsibility it has. This is apparent from the corporate values, which are summarized into RESPECT

As we believe in openness, OTTO wants to inform the public in this annual report about the way we look at our Corporate Social Responsibility. To do this we have chosen to disclose the following areas of attention that we have identified according to the OECD guidelines for Corporate Social Responsibility:

- Human Rights
- Employment and Industrial Relations
- Environment
- Combating Bribery, Solicitations and Extortion
- Science&Technology

We have mapped these against the most relevant Sustainable Development Goals of the UN.

As a temporary employment agency, OTTO focuses on international employment to fill labor demand in the Netherlands, Germany, and Poland with employees from other EU countries. The employees of OTTO are predominantly of Central and Eastern European origin. OTTO believes that economic and demographic developments will increase the need for attracting employees abroad because the internal labor markets simply will not be able to deliver the number of employees needed. In addition, large differences in pay levels between countries make it attractive for employees to work in the Netherlands and Germany. The territory of Labor Migration comes with different challenges that relate to the Corporate and Social Responsibility OTTO has. In this report, OTTO will address the policies and initiatives we have in place regarding major risks of the adverse impact that we have identified and the measures we have taken to improve and remediate the situation.



UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries - developed and developing - in a global partnership.

They recognize that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests.



*highlighted are the SDGs discussed
in this report*





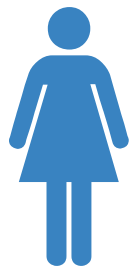
HUMAN RIGHTS



To ensure OTTO as a company has a diverse staff composition, we have formulated a diversity policy. Diversity is regarded broadly and considers, among others, diversity in age, sex, ethnicity, sexual orientation, disabilities (mental and physical).

OTTO has started to measure the pay gap between male and female Staff employees. In 2021 the pay gap decreased significantly. The average pay for female staff employees (excluding management) is currently 4.23% lower than the average pay for male staff employees. This is significantly better than the Dutch average of 14% and a big improvement compared to 2020 (15.95%).

OTTO has a diverse Staff force with an average age of 33.05 consisting in total of 681 employees of which:



375



306

WE HAVE ALSO 108 PERSONS IN MANAGEMENT FUNCTIONS:



62



46



EMPLOYMENT AND INDUSTRIAL RELATIONS

International employment is a sensitive topic, where unfortunately fundamental human rights are too often violated by so-called employment agencies. OTTO however still believes that, when executed respectfully, International employment is beneficial for both involved economies. Furthermore, working abroad offers our employees a possibility to earn an income well above the applicable minimum in their own countries.

International employees leave their homes with the prospect of being able to earn an income and be able to live and provide for themselves and/or their loved ones at a level that they would not have achieved at home. However, the relation can only be mutually beneficial when International employees are treated equally and respectfully. Given all circumstances, it is by no means a straightforward process to execute flawlessly. There are multiple aspects that have to be considered first. The most important ones OTTO focuses on are reported below.



RESPECTFUL TREATMENT

OTTO is fully aware of the implications and ramifications of international employment, which affects communities to where our international employees immigrate and those from where they emigrate. International employees arrive in a country they do not know, where laws, rules, and culture are different and local people are not necessarily positive about foreigners living around.

OTTO acknowledges that there are employment agencies that exploit or facilitate the exploitation of international employees. In no way does OTTO want to be associated with such practices. OTTO actively advocates reintroducing a licensing system for temporary employment agencies to prevent abuse and exploitation of flex workers.

As an ABU member OTTO has committed itself to the ABU membership criteria of which the ABU Fair Employment Code is a critical element. This code aims to improve the quality of service and contains thresholds regarding the information provided to International employees, including transparency and fair recruitment. Being an ABU member OTTO must comply with these and other specific criteria. OTTO is audited and certified annually that it complies with the ABU standards.

OTTO personnel are often able to communicate with our flex employees in their native language. OTTO also has a Service Centre which our Flex employees can contact 24/7 for assistance and help with any queries.

OTTO continuously monitors employee satisfaction on a 5 point scale (5 being the highest and 1 the lowest). The average employee satisfaction at the end of 2021 is quite high with a score of 3,9 but not quite where we want it to be as it declined compared to 2020 (4.19)



WORKPLACE SAFETY

Although the Health and Safety of our Flex Employees are primarily the responsibility of our clients, OTTO has chosen to be VCU certified for all its branches in the Netherlands. This certification imposes obligations on OTTO to assess, control, and improve the Safety of the Flex Employees. To maintain this accreditation, VCU audits OTTO yearly to determine if all the criteria are still met for the reissuance of the VCU certification. One of the requirements, for example, is to track workplace accidents. Based on the gathered data, OTTO actively seeks to improve safety in cooperation with customers characterized by the highest accident rates.

To ensure the highest level of all personnel's safety and well-being, the OTTO Code of Conduct—a policy regarding inappropriate comportment and misbehavior, including but not limited to bullying, sexual intimidation, aggression, and discrimination—applies to the entire OTTO organization.

YEAR	2017	2018	2019	2020	2021
IF SCORE	17,23	14,85	11,17	11,49	11,27

IF-score = Number of accidents with more than 1 day absence per hours worked





HOUSING

OTTO wants to facilitate employees' integration in the best possible way by offering them training, decent housing, and transportation opportunities.

Employees are of course always free to make their own arrangements for transportation and housing. Still many OTTO employees, most often when joining OTTO from abroad, live at OTTO Housing locations. Unfortunately, there are not many possibilities for International employees to rent short-stay housing. Therefore, OTTO is still committed to offer this service to its employees. As OTTO is SNF certified (Stichting Normering Flexwonen / Flex Living Standardization Foundation), all OTTO living locations meet the SNF standards regarding space, safety, hygiene, and general living conditions.

OTTO acknowledges that there is a dependency between our Flex employees and OTTO with regard to housing. This is why OTTO has split the labor and housing contracts, which gives employees a possibility to continue using the housing facilities even after the labor contract has been terminated.

OTTO aims to provide suitable and decent housing at a level that exceeds the legal minimum at a reasonable cost for our employees. Providing quality housing, however, is a challenge across the Netherlands. Suitable locations in proximity to our clients are in short supply. It has proven difficult to build new living locations for our Flex Employees as it is hard to receive permits from the local government for (large-scale) housing projects. In addition, OTTO acknowledges that housing foreign laborers has implications for local communities. That is why throughout the entire process, from petitioning to running major housing construction works, it is important for OTTO and its housing providers to have clear communication with the local community to let it stay informed and, whenever possible, to accommodate their wishes.

OTTO measures the satisfaction of employees with Housing on a 5 point scale (5 being the highest and 1 the lowest). The satisfaction at the end of 2021 was awarded 3,77. Which means it increased little compared to 2021 (3.7)

OTTO employees' Welfare and Safety are aspects that OTTO actively seeks to improve with the help of welfare officers and other on-site personnel overseeing compliance with house rules and managing the safety of our Flex Employees at OTTO living locations. When needed, appropriate measures are taken to maintain a pleasant and safe living environment. It can therefore happen that Employees are asked to change housing locations. When deemed necessary, OTTO assists those employees in making alternative arrangements.





MAINTAINING AND IMPROVING HEALTH AND WELL-BEING

In the framework of the COVID-19 pandemic, OTTO has put the health of our Flex Employees first. Protecting their well-being has been possible thanks to multiple initiatives aimed at maintaining and improving our safety standards and regulations.

At the very beginning, it became apparent that extra measures had to apply to commutes and shared housing spaces to protect the health of our employees at the work level. Therefore, to prevent COVID-19 from spreading among our personnel, OTTO has aligned its actions with the ABU-Corona Safety Protocol for Migrant Workers. In addition, the OTTO Risk Department monitored the adherence to OTTO COVID-19 guidelines by coordinating and supervising periodic Self Assessments for all onsite locations.

The great variance in the consequences of a COVID-19 infection in general, and especially between age groups, is a complicating factor in managing the outbreak. Our population of employees is relatively young and only limited to the risk of suffering severe consequences after having contracted COVID-19. At least, so is the view of most of our employees. Such a stance has a negative impact on the willingness to get tested. If one does not believe he or she were to be (very) sick having contracted COVID-19, it only hinders the possibility of earning an income as being positive requires quarantine. There are different reasons why employees should be quarantined based on the COVID-19 guidelines. To eliminate financial reasons for not getting tested, OTTO has decided to pay Quarantined employees. OTTO facilitates quarantines by setting up quarantine wings at housing locations or facilities completely dedicated to quarantine employees.



Since some Employees cannot make a test appointment online as they do not have a DigiD, and many others have little or no Dutch and/or English fluency, it has proven challenging to have our Employees tested through the regular Dutch governmental channels (GGD). Not to mention assuring a proper follow-up for those who tested positive. Finding a solution has been deemed crucial as our employees work and live closely together. Thus, OTTO decided to facilitate testing. During the second wave of the COVID-19 pandemic, OTTO swiftly arranged testing facility in cooperation with a commercial laboratory. This has given OTTO a possibility to facilitate testing of the Flex Employees, which has helped to contain and prevent outbreaks at work and housing locations. In 2021, OTTO coordinated about 8.000 PCR

tests and provided approximately 230.000 Covid self tests for our employees.

The next step was to find ways to boost vaccination rates among our Employees. This has been done with our own mobile vaccination center, in collaboration with the Dutch Health department. The COVID-19 pandemic with all its implications also harmed our Employees' well-being as it made socializing harder, leaving more time idle. Given the importance of maintaining good (mental) health and physical condition, OTTO started the Fit@OTTO program, which aims to fill (a part of) this idle time by encouraging our Flex Employees to exercise (more), eat healthy, work on their language skills, and improve their competencies.



Our Employees are often far away from home and their loved ones, friends and family. Moreover, they often perform heavy work. Combined with the boredom that sparked during the COVID-19 pandemic, there has been an increased risk of substance abuse. Therefore, OTTO has set up the ADPT (Alcohol&Drugs Prevention Team) to monitor and reduce the alcohol and drug abuse. OTTO has also requested the independent Dutch Trimbo Institute to oversee the use of drugs and alcohol among OTTO Employees.

OTTO cares for the safety of its employees. To reduce chances of unfortunate incidents OTTO has a continuous recurring Safety Campaign targeted at our Flex Employees. This campaign is aimed at increasing the basic knowledge of flex workers with regard to e.g. swim and road safety. With on a daily basis 14,000+ people working for OTTO in the Netherlands serious incidents can happen. It is OTTO's principle to assist our employees and their families whenever these tragic circumstances occur. When the situation so requires, OTTO arranges for repatriation to the country of origin.

Contract developments



EQUAL PAY

8 DECENT WORK AND ECONOMIC GROWTH



10 REDUCED INEQUALITIES



There is much to do in the Netherlands about International employees not being paid adequately. Nevertheless, our Employees, who work through OTTO, are paid the same as any other employees of the partnered companies. The hourly wage is at least equal to the legal minimum wage.

Little over 79% of our employees received an average hourly wage that exceeded the Statutory Minimum wage with at least 25% (2020 77%). All Employees are paid according to the collective labor agreement or working regulations of the contractor.

Moreover, OTTO has chosen to be an ABU member and to be a SNA certified (NEN 4400). This means that OTTO is audited by independent organizations multiple times a year. As a result, OTTO receives certifications which prove that OTTO pays according to the collective labor agreements, withholdings are lawful, employees are not paid below the legal minimum, and that all is compliant with applicable fiscal and social security regulations.

As OTTO is a temping Agency Employees enter in a Flex contract with OTTO under the Collective Labor Agreement of the ABU. OTTO places the Flex employees at it's clients.

The amount of work available depends on the clients and is something which OTTO can only manage the consequences of. To provide employees with a level of income security OTTO made the conscious decision to only work with contracts providing a stable and secure income for the employees.

1. **Permanent contracts** with a guaranteed number of hours (highest level of income security).
2. **Fixed term contract** with a guaranteed number of hours (middle level of income security)

The Business model of Temping agencies however makes it hard to provide every employee with a high level of income security. OTTO however has chosen to offer more employees an indefinite contract. Furthermore as of 2021 OTTO has decided that all employees should receive a guaranteed no. of hours (mostly 32 hours/week). At the end of 2021 over 98% of all employees had a contract with this income security. This means that OTTO, in comparison with the rest of the market, stopped offering employees contract without any form of job security.



It is vital for OTTO to give its people a possibility to develop and grow. That is why an acceleration scheme has been initiated with the view to filling OTTO's staff vacancies with high-performing Flex Employees.

It has proved successful—in 2021, 62% (2020 80%) of new staff contracts were signed by our (former) international employees. To boost this rate even further, OTTO has set up a talent pool open to motivated and talented Flex Employees. Participating individuals receive additional training, which prepares them to work among OTTO's personnel. Of course, any current staff fellow is also welcomed to benefit from those extra courses.



Furthermore, OTTO has its own training facility that prepares our Flex Employees to become certified in handling logistic equipment, such as reach trucks, forklifts, EPT, and many more. As such qualifications are highly demanded, getting a certificate offers our Employees a possibility for future job advancements in logistics. In 2021, 1815 certificates were awarded to 1028 of our Flex employees (2020: 2182 certificates to 1009 of our Flex Employees).

OTTO's operating personnel must realize the VIL/VCU training and later pass the SEU exam. Those also provide competence that makes promotion to staff vacancies easier.

Additionally, as a part of the FIT@OTTO program, all Employees are given a chance to complete online training modules on the Good Habitz platform, which effectively sharpen both hard and soft skills. Qualifying for a bonus for Staff Employees is conditional on finishing one or more of such courses.

OTTO strives to ensure workers' maximum comfort during their daily commutes. For such transportation purposes, OTTO maintains a significant fleet of cars and buses. This is where our business model has the most considerable environmental impact. Acknowledging the resulting carbon footprint, OTTO takes various efforts to reduce its emissions, even though no clear targets have been set yet.

1. **Optimization.** This mainly concerns housing and shift planning to decrease the total distance traveled and optimize the occupancy of our vehicles. Consequently, OTTO reduces the total number of covered kilometers and deploys no more cars than required.
2. **Replacing cars and buses with bikes.** Most foreign Employees do not possess their own transportation mean. To offer our clients the best quality of service and especially workers' punctuality, it is therefore essential for OTTO to provide transportation services for our Employees. OTTO's fleet consists of cars (carrying up to 5 persons) and buses (for up to 9 passengers). Such group commuting reduces the number of traveled kilometers compared to a situation in which everyone would use their own automobile. Nevertheless, OTTO actively seeks to phase out motor vehicles by providing electronic and regular bicycles to Employees who live less than 15 kilometers away from their work location. OTTO deeply believes that this is the quickest, easiest, and most environmentally responsible way to reduce our carbon footprint. The COVID-19 pandemic only accelerated the planned rollouts of bikes as they also constituted the safest mean of commute.

	2019	2020	2021
BIKES	617	1140	2067
E-bike		880	989
TOTAL	617	2020	3056



3. Enforce a more eco-friendly driving style.

Our transportation fleet is equipped with an 'eco-drive' system which limits the engine's torque and RPM when a certain threshold gets exceeded. Consequently, drivers are encouraged to drive in an eco-friendlier manner.

4. Switch to next-generation vehicles

(electric, hybrid, hydrogen). This year only, OTTO has purchased 30 hybrid electric buses, which further reduce the carbon footprint of our transportation fleet. At this point, 4.79% of all the OTTO vehicles are environment-friendly next-generation ones..

All the actions described above have translated to a considerable reduction of fuel liters used per employee annually:

2018	2019	2020	2021
217	144	124	123





BRIBERY, SOLICITATION AND EXTORTION

Honesty and fairness are values driving our business.

OTTO cuts itself off bribery, extortion, and alike. To prevent misdemeanors, felonies, or any other illicit situation, a public Code of Conduct is equally applicable to OTTO and all its Employees.

A communicated whistleblower policy states how Employees can safely report misdoings, misbehaviors, and misconducts without putting anyone at risk.

Furthermore, a proxy for local offices is limited and ultimately reserved for the CEO, making this risk negligible.



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