



Growing together towards a bright future

From childcare to child development for all children



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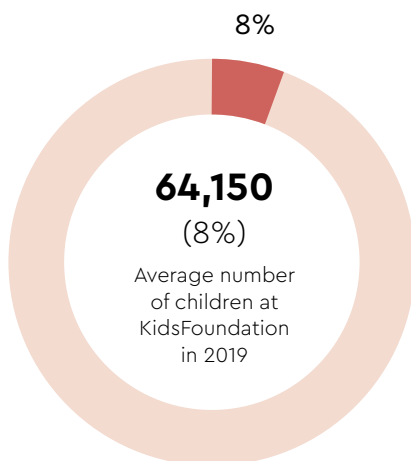
From childcare to child development for all children

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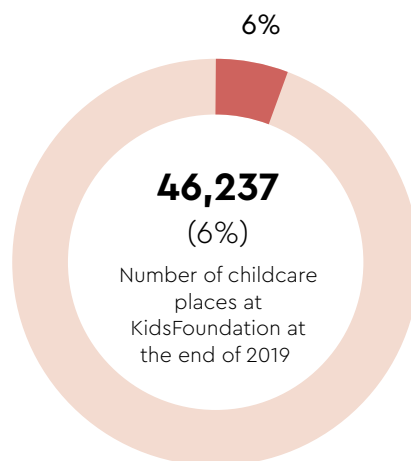
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KidsFoundation

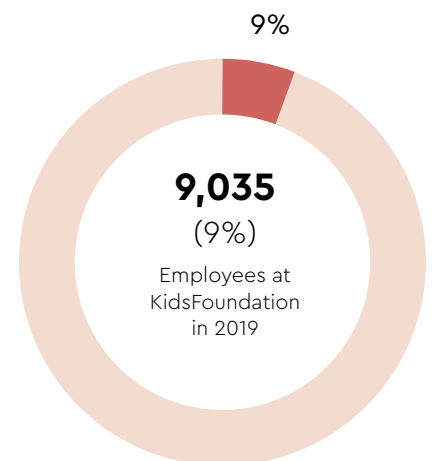
KidsFoundation stands for professional, safe and accessible childcare that contributes to the development of children. With brands such as Partou, Smallsteps, Zus en Zo, Koningskinderen, The KidsCompany, KITS, Kindercentrum.nl, BelleFleur, de Speelbrug, Nijntje Pluis and SKS Alles Kids, we are a major player in the childcare sector. Our organisation has over 900 branches where we care for a total of over 64,000 children. We do this with over 9,000 employees. We are the largest childcare organisation in the Netherlands.



825,000 children
children went to formal care in 2019¹



737,520 child places
childcare places were registered at the end of 2019²



102,000 employees
employees worked in childcare at the end of 2019³

306

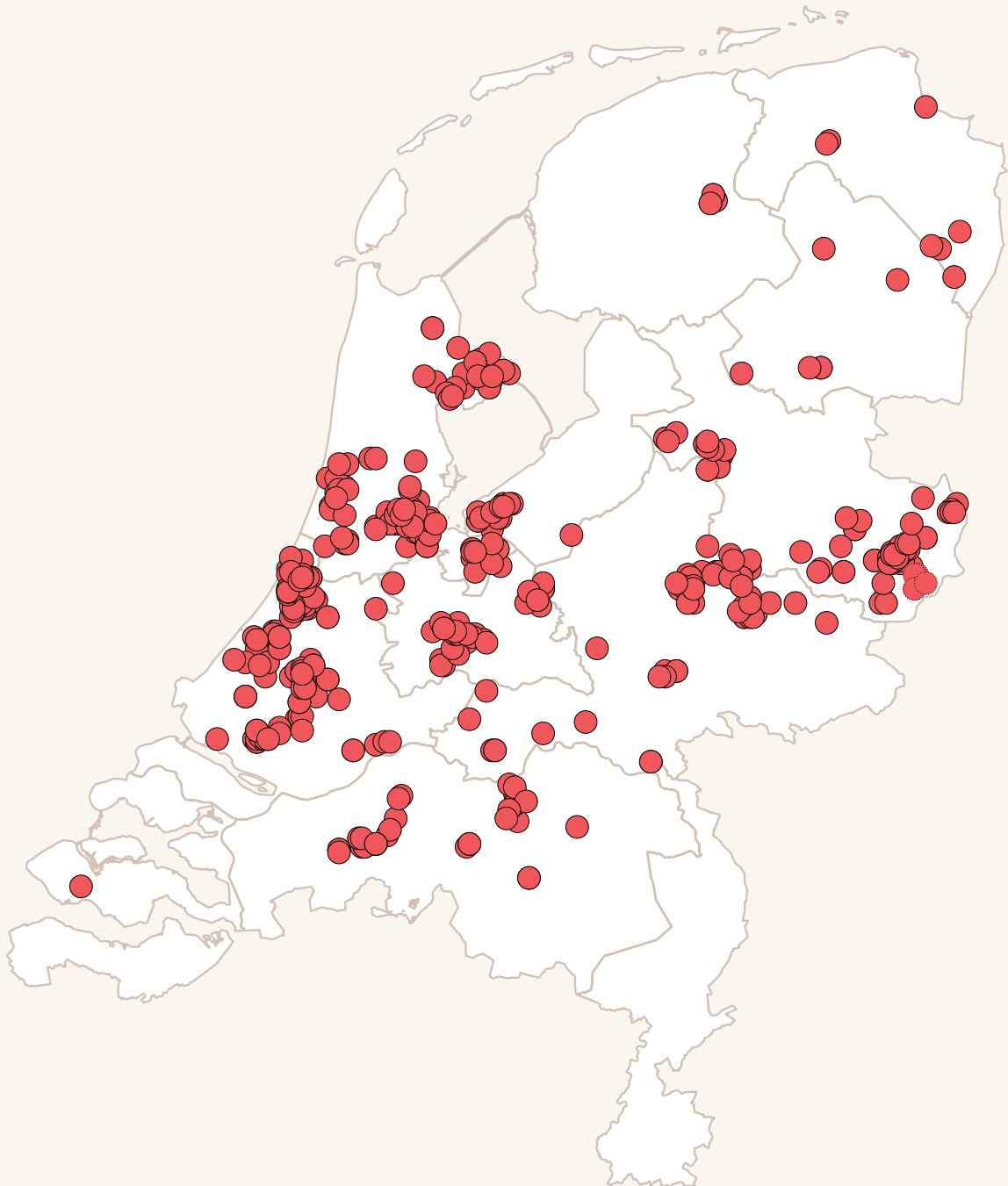
daycare centres

125

toddler care locations

515

out-of-school care locations



‘The building blocks for the rest of one’s life are formed in the first stage of every child’s life.’

From the Board of Directors

**From childcare
to child development**

Child development has never been of such critical importance. We live in uncertain and unimaginable times, and many parents have unfortunately experienced this first hand in the past year. The coronavirus crisis has shown all of us what issues are truly important. Being able to continue to work with all limitations, safe childcare and strong child development are certainly among them. In this KidsFoundation Social Report 2019, we show how essential it is that each child has the right to professional development. Especially in these uncertain and changing times for many.

Professional child development matters for every child

The building blocks for the rest of one's life are formed in the first stage of every child's life (0–13 years). Those early years prove crucial not only for motor, cognitive and social-emotional development, but also for imparting democratic values and promoting social inclusiveness and creative expressiveness. Traits that are so needed in our society today.

KidsFoundation's over 9,000 dedicated employees contribute significantly to the substance and effectiveness of child development. The more professionally that this education and development are guided, the more positive the individual child's contribution to our future society. After all, good early education offers greater prospects for better educational opportunities, more equal employment opportunities and active social citizenship.

This is the first time we are talking about our vision and mission and our concrete activities in this form. About the deeper reasons why we think professional childcare is so critical.

Parents consciously choose the best childcare

Every day we help tens of thousands of children, from baby to teenager, to develop into independent and social human beings. Since the merger with Partou, we are literally present in society with more than 900 branches throughout the country. We are trusted and valued by parents in those many neighbourhoods and districts. Parents who

very consciously choose our professional care. The impact of what our employees do every day is enormous. Not only on that one individual child, but also on future generations and our upcoming society.

Professionalisation requires some magnitude

Educational quality, scientific collaborations, safety and sustainability are of increasing importance in that professional child development. That does require some scale. And fortunately, we have it. This allows us to be more efficient and better organised. And we can invest more in the quality of our child development, in new training methods and more modern technologies.

The highest rating is the only correct measure

Becoming the highest-rated childcare provider in the Netherlands is our concrete goal. We are already rated above average. But we want to get the highest ratings: from our parents, from our staff, but especially from the children themselves, of course. We are working hard on this, as the overviews in this social report show.

Together with our parents, we do our best daily to develop the children into confident and social individuals.

Jeanine Lemmens,
Executive Chairman

About KidsFoundation

Our work

KidsFoundation is at the centre of society. As a provider of group childcare for children ages 0 to 13, we fulfil an important social mission. We are at the forefront of the development of tens of thousands of children and contribute to a social, self-aware and inclusive new generation. Parents have the space to continue to develop through study or work while their children are in childcare. This is how we create value for the children, their parents, our employees, society and the economy.

“Encouraging children to do, share and think for themselves”

We relieve parents with choice packages with childcare hours for daycare and out-of-school care, so they can go work or study. We offer services that may vary by location, such as hot meals, swimming lessons, tutoring, sports and music lessons, haircuts and transportation to and from schools. A location-specific offering is based on the local need of parents.

We help municipalities organise high-quality preschool education for children who are at greater risk of learning disadvantages by the time they enter primary school. The preschool's programme aligns with the programmes and practices of the elementary school.

We are literally at the centre of society. As a large childcare organisation, we are a familiar face in many neighbourhoods and districts, to many parents and children. Since the merger with Partou, no fewer than 9,000 dedicated education professionals are ready every day at our more than 900 locations throughout the country. Because the impact of our activities is great, we want to make it visible.

Well-organised

KidsFoundation offers daycare, toddler care (including preschool education) and out-of-school care (preschool, after-school and vacation care). We provide a safe environment for children that complies with laws and regulations. We contribute to the development of children with our education policy and we offer them challenges and unique experiences through our activities. Our organisation is divided into regions with their own responsibility for results and a number of central staff departments (including HR, Quality and Science). Thanks to our structure and scale, we are able to provide optimal support to our education professionals and carry out activities efficiently and effectively. This contributes to the professionalisation that we continuously strive for. •

Taking care of and contributing to the development of children is our main activity. We offer group childcare for children ages 0 to 13. This is daycare, toddler care, preschool education or out-of-school care. Group childcare and social learning – learning from and with each other – contribute to the child's development. Early mutual contact between children helps them discover what other lifestyles, behaviours and courses of action there might be.

Not every organisation can claim to be the foundation of the development of so many people. Every year, our education professionals encourage the motor, social-emotional and cognitive development of tens of thousands of children from the first year of life. They encourage children to do, share and think for themselves. And teach them to be social and be understanding of others. Each child according to his or her own ability. In this sense, we are a parenting partner for many families. That is our foundation and our raison d'être.

About KidsFoundation

Value creation

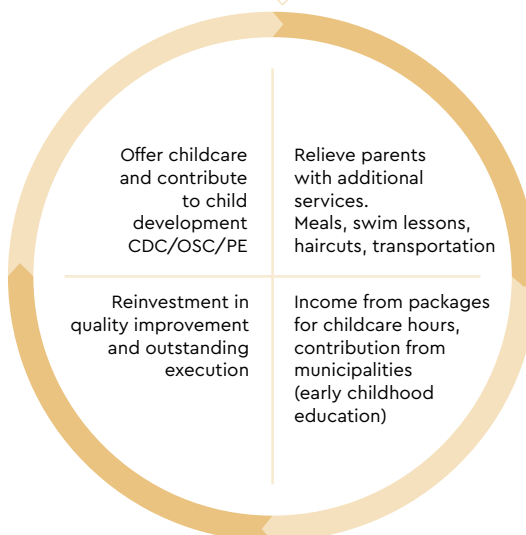
KidsFoundation value creation model

Our capital

Service provision Infrastructure	46,237 childcare places 946 locations
Intellectual Knowledge and systems	Science and Monitoring Department, cooperation with 5 universities, in-house academy, sponsoring of childcare chair
Human Employees	9,035 employees 277 vocational training interns
Social Social network	145 locations with preschool education, hundreds of schools, network and social partners
Natural Ecological streams	Energy, water, waste
Financial Financing and financial assets	Investment in quality and service provision

Our work

The best-rated childcare provider The preferred childcare provider for children, parents, staff and collaboration partners				
Higher-quality More accessible More valuable				
Leader in knowledge and expertise	Man as a measure	Increasing job satisfaction	Outstanding execution	Healthy growth



As a provider of group childcare, KidsFoundation has two core activities.

First and foremost, taking care of children and contributing to their development. And secondly, relieving the parents so that they too can continue to develop. As a result, we create value for our stakeholders, society and the economy in various areas.

KidsFoundation is the largest childcare organisation in the Netherlands. We are proud of our role in the social mission and the resulting contribution we are making. At the same time, this also brings with it great responsibility.

KidsFoundation aims to make child development more high quality, accessible and valuable. This will allow us to carry out our social mission even better. That is why we invest in our 9,000 employees, our infrastructure and the development of the sector. And we pursue policies that focus on value creation and continuity of the organisation.

In our value creation model, we make it clear how we create value. We dedicate our capital to doing our job to the best of our ability. This leads to results with which we make an impact. We distinguish between: service value, intellectual value, human value, social value, natural value and financial value. And we contribute to the attainment of four of the 17 Sustainable Development Goals*.

Results

Service provision	<ul style="list-style-type: none"> • 46,150 children • CDC: 8.0–8.2 • Customer satisfaction OSC: 7.6 • 87% GGD inspections without deficiencies
Intellectual	<ul style="list-style-type: none"> • 13 scientific studies • Continual knowledge development by employees • High-quality activities
Human	<ul style="list-style-type: none"> • Employee rating 7.6 • 82% in permanent employment
Social	<ul style="list-style-type: none"> • 1,705 children with preschool education • Continuous lines of development • Dozens of partner projects
Natural	<ul style="list-style-type: none"> • Encourage sustainable use by children • Collection of 150,000 kg diapers
Financial	<ul style="list-style-type: none"> • See annual financial report

Impact

Children
We are at the forefront of the development of tens of thousands of children and contribute to a social, self-aware and inclusive new generation.

Parents
We relieve parents so that they can participate in the labour process or can participate in society in another manner.

Employees
Every employee is given the opportunity to develop his/her knowledge and experience. With knowledge through an extensive internal training programme and with experience through intensive on-the-job coaching.

Society and economy
We are a well-known face in many neighbourhoods and districts and contribute to liveability. Children can develop and parents can participate in the labour market..

Contribution to SDGs



* In 2015, the United Nations adopted the Sustainable Development Goals (SDGs). These are 17 global goals for sustainable development with 169 underlying targets.

About KidsFoundation

Our ambition

KidsFoundation aims to be the highest-rated childcare provider. Highest-rated by children, parents and staff. In this report you'll read how we work to achieve this every day. But we want more; we want professional childcare that is accessible to all children in the Netherlands.

Childcare in the Netherlands is of high quality⁴. This is good for children: they are entitled to the best possible development. And good for parents, because good childcare offers freedom of choice and the opportunity to participate in the workforce or to study. However, in the current system childcare is only accessible to children with working parents or children with language delays⁵. This has to do with how childcare is organised. In our vision for future-proof childcare, we advocate for professional childcare that is affordable and therefore accessible to all children.

Future-proof childcare is of great importance to us as an organisation, to our employees, to children and their parents and to society⁶. Professional childcare provides an environment in which the new generation can develop into tolerant, social and resilient children with more equal opportunities. After all, good early education offers greater prospects for better educational opportunities, more equal employment opportunities and active social citizenship^{7, 8, 9}.

‘Professional and accessible childcare creates social and selfconfident children and enables parents to participate in the labour market and contribute to society.’



Future-proof, professional childcare is childcare with a development right for every child and freedom of choice for parents.

Development rights for every child

Every child has the right to develop himself or herself to the fullest. Therefore, every child should have access to high-quality childcare that contributes to this development. In view of that developmental right, childcare must be accessible to every child, affordable for parents, and continuously professionalised.

Every child ages 0–13 has the right to affordable childcare. Even if one or both parents do not work or if children do not have an indication for preschool and early childhood education. The childcare system must ensure that every child has access to childcare and can benefit from childcare's contribution to development.

Affordable childcare

Childcare must be affordable to be truly accessible. Parents' uncertainty about the affordability of childcare or fear of a childcare benefit repayment obligation should never be a barrier to using childcare. If necessary, childcare below a certain income threshold should be free under all circumstances to ensure equal opportunities for young children.

The development right for every child requires not only accessible and affordable childcare. Childcare must actually contribute to the child's development through their services. Childcare must continually professionalise! Professional and vision-driven organisations will increasingly take the lead in improving quality and creating social value through the contribution they make to the (social) development of children.

Continuous professionalisation

For further professionalisation of the sector we advocate the development of a sector-wide quality standard that incorporates facets of existing quality requirements from laws and regulations, but also with a focus on a national (development) curriculum to be developed for childcare. With a standardised development curriculum, the sector can guarantee a minimum (high) quality standard. There should also be a guideline to ensure continuing education of the education employee. As a large childcare organisation, we believe it is important to play an important role in this in the coming years.

Freedom of choice for parents

Accessible childcare also means freedom of choice for parents. Freedom of choice by allowing them to choose a childcare provider that suits them, is affordable (without fear of a repayment obligation) and that they trust. This enables them to participate in the labour market and to participate as citizens in order to contribute to society, while the child develops in a professional environment at the childcare centre. Freedom of choice for parents means that childcare provides guaranteed quality, is accessible to all children, is affordable for parents and is diverse.

Parents in the Netherlands should never have to wonder if the childcare of their choice meets the highest quality standards. The aforementioned sector-wide quality standard can play a role in this. If the childcare system is accessible to all children and is affordable, then parents have the freedom to choose childcare even when they are not working or when their child does not have an indication for preschool and early childhood education. This also means removing barriers that lead to fears of a childcare benefit repayment obligation.

There is a lot of innovation, entrepreneurship, diversity and flexibility within the childcare industry¹⁰. The current mix of different organisations ensures differentiation in the sector and gives parents options. It challenges the childcare organisations to continue to differentiate themselves in terms of quality and (innovative) services. It is precisely entrepreneurship that creates innovativeness and prevents childcare from becoming a one-size-fits-all affair. Childcare organisations can distinguish themselves, within the framework of laws and regulations. For example, by providing activities or additional services.

Future-proof childcare

In our vision of future-proof childcare, the development of each child and the freedom of choice for the parent are central. With a right to development and freedom of choice, future-proof childcare takes shape in essential aspects: for the child, for the parents and for society. But, of course, also for the many education professionals in this increasingly important sector. They are the strength and driver of professional, high-quality childcare and the key figures in providing quality to encourage children in their development.







Our strategy

The world around us

Our services are essential to the world in which we work and live. In doing so, we have to deal with a variety of external influences and stakeholders. Developments in government policy, the purchasing power of our users and the tightness of the labour market all play a role in our existence. We are also working more and more intensively with schools and other partners, and we are paying more attention to sustainability and vitality. All these developments are reflected in our strategy.

Demographic developments

The number of households with children aged 0 to 11 years decreases slightly each year, down to 1.3 million in 2019¹¹. The number of children born has declined very slightly over the past 5 years, by an average of 0.3% per year during 2016–2020¹². At the same time, the use of formal childcare has increased significantly in recent years. A larger share of households with children are actively using formal childcare. This is related to economic developments, government policies, and social developments.

Economic developments

Economic growth is a strong driver of childcare. In a growing economy with increasing purchasing power and low unemployment, more parents are using daycare and out-of-school care more days a week. Childcare serves a significant portion of the total target population: in 2018, 40% of all children up to the age of 13 attended formal childcare¹³. As many as 3 in 4 households with children under 4 years of age use formal childcare and 1 in 3 households with children aged 4 to 13 years¹⁴. Women's labour force participation is also growing. The labour force participation rate for women ages 25–45 is 81% in 2019¹⁵. Working hours by women are also slowly increasing and the number of dual earners among couples with minor children is over 80%¹⁵. This trend is beneficial for childcare.



We do not expect the economy to continue to grow. The impact of the COVID-19 pandemic is yet to be seen but is very likely to affect the demand for childcare. Estimates of the impact on the economy vary considerably, and the exact impact on childcare is not yet clear.

In this regard, childcare also depends on government intervention. The industry is sensitive to changes in the benefits system. Cuts to childcare benefits in response to economic developments have previously translated into a very sharp decline in demand for childcare, among other things.

Political developments and government policies

Laws and regulations have a major impact on the childcare market, both on the demand and supply side. The amount of the childcare benefits has a direct impact on the use of childcare by working parents¹⁶. In addition to having positive effects on quality, legal quality requirements for childcare also have implications for business operations. In 2018, the government introduced new legal quality requirements with the IKK¹⁷ law (Innovation and Quality of Childcare Act). The higher requirements from laws and regulations create higher barriers to market entry: suitable locations and employees are scarce and often high investments are necessary for entry¹⁸.



Laws and regulations in childcare

Childcare is a highly regulated industry. Through laws and regulations, the government establishes minimum standards for, among other things, hygiene, privacy and use of photographs and personal data, buildings and size of rooms, the indoor and outdoor environment (including air quality), the professional-to-child ratio and qualifications of professionals (including training and language level).

In its business operations, childcare has to deal with the Childcare Act (2005), the Innovation and Quality of Childcare Act (2018), the Harmonization of Nursery Schools Act (2018), the Decree on Basic Conditions for Quality Preschool Education (2010) and the Amending Decision on Basic Conditions for preschool education (2017, 2019) and the Van Aartsen/Bos Motion (2007). In addition, the Building Decree (2012), the General Data Protection Regulation (2018), RIVM Hygiene Guidelines (2016) and indoor and outdoor environmental guidelines (2016), the Energy Efficiency Directive (2012) and the Childcare CLA (2020) also have an impact on business operations.

The government annually sets the maximum hourly rates for the childcare benefits. This is the maximum rate on which the income-based childcare benefits are calculated. By doing so, the government has a direct impact on the affordability of childcare.



All of these laws and regulations will continue to affect the childcare market in the coming years. The government's changing childcare policy places increasing emphasis on accessibility, professionalism and quality of childcare¹⁹. KidsFoundation anticipates this by striving to be at the forefront of improving quality.

We expect that the increasing demands from laws and regulations will lead to necessary increases in scale among providers. In a tight labour market, increased legal demands on employee skills are creating continued pressure on talent recruitment and retention. KidsFoundation sees it as an important competency to attract, train and retain talent.

Addressing the complexity of the benefits system is high on the agenda of politicians and childcare providers. The system has to simplify and improve. Consideration is also being given to the development of alternatives to the current benefit system²⁰.

The Ministry of Social Affairs and Employment is exploring the future of child services in a broad sense. An initial interim report shows several possible options for children's facilities, as well as an explanation of the relationship with education²¹.

Another topic is the provision of information to parents when choosing a child centre. The government would like to see parents include more qualitative characteristics in their choice. Based on that desire, since 2018 a summary of the results of each Municipal Health Service (GGD) inspection has been included in the National Childcare Register²². This overview was greatly improved as of January 2020 following a 2019 survey of parents' information needs²³. This research shows that (future) parents do not lack information so much as they need a central information point²².

‘Laws and regulations of major impact on childcare’

Societal developments

The government's changing childcare policies are reflected in the selection process of parents²³. In the past, the emphasis was on affordability and accessibility, but now the emphasis is shifting to professionalism and quality. Parents want to be able to base their decisions on objective quality sources and features²³. A subject to which KidsFoundation is happy to contribute. We will pay more attention

to quality features in our communications. The government is responding to this need with the improved overview of Municipal Health Service (GGD) inspection results on the site of the National Childcare Register.

There are major shifts in how parents work today compared to a few years ago. The need for flexible childcare in a society where economic activity is increasingly moving toward 24/7 is undeniable. But the tremendous growth in the number of self-employed workers who naturally follow different work patterns is also affecting the demand side of childcare. Also, family compositions vary more than ever, which sometimes calls for truly customised childcare solutions.

We are seeing an increasing focus on social issues in child development, such as diversity, inclusiveness, vitality, and civic education. Childcare is responding to this with products and services and activities and guidance of children in their development. In addition, there is undiminished attention to healthy diet and sufficient exercise.

Today, more consideration is given to child development, with continuous lines of learning and development from baby to toddler, preschool and school-aged child. This is resulting in, among other things, the formation of more and more ICCs (Integral Children's Centres), where childcare, education and care work together intensively within one centre²⁵. Even without a formal ICC structure, continuous lines of learning between childcare and elementary schools are increasingly embraced. KidsFoundation is working with hundreds of schools for this purpose, and this number is expanding all the time.

‘Attention to diversity and inclusiveness’

In the context of equal opportunity, much attention is paid to preschool education for children with a (threatening) language deficiency. The number of places for preschool education in childcare has increased in recent years. Preschool education is relatively often offered by larger organisations: it is easier for them to make sufficient knowledge and resources available²⁶.

‘Economies of scale are benefiting quality’

There is an increase in scale in Dutch childcare. While the number of childcare places is increasing, the number of providers has decreased by 8.5% between 2016 and 2019². Scale provides room to invest in knowledge, skills and innovation. Research on the relationship between scale and scores on quality indicators shows that scaling up improves quality. Smaller providers lag behind in quality^{26,27,28}.

Ecological developments

Sustainability and attention to our ecological footprint are issues that can no longer be ignored. Not only for us as a company, but also in our services and in our activities. Children are aware of responsible use of energy from an early age and dealing with waste is taking on an increasingly important role. KidsFoundation encourages this.

Technological developments

Technological developments continue at an unabated pace. Customers take it for granted that they can take care of things themselves online at any time, that they receive information and pictures continuously and that they can be involved or exert influence. Customised customer service at any time. This is demanding more and more from the way we communicate with and serve our customers and from the systems we use to do so. The same holds true for (potential) employees.

Thanks to technological developments, an ever-increasing amount of data is available. Intelligently analysing and combining all that data leads to new insights and better information to develop new products and services and optimise processes. Robotisation of processes has taken off in recent years.

The skills required of employees are changing very rapidly and lifelong development is becoming increasingly important.

In child development, media literacy and 20th century skills are receiving increasing attention.





Our strategy

Mission, vision, strategy

We consider it our mission to together make childcare more professional, accessible and valuable. Our ambition: Making KidsFoundation the top-rated provider. The preferred childcare provider for children, parents, staff and collaboration partners.

Child development is essential for well-being and prosperity⁶. We encourage children to develop into complete individuals and valuable members of society. At the same time, we give parents the space to develop in their education or profession. Our ambition for the sector is to be able to do this for all children and their parents in the future.

We consider it our mission to make childcare more professional, accessible and valuable together with our staff.

More professional by providing parents with the highest possible quality of expertise, safety and commitment to their children. By investing in internal and external knowledge development. And by increasing the job satisfaction of our employees.

More accessible by providing users with products and services tailored to their needs. We do this by differentiating by location, target audience and products and services and optimising the parent experience. And by working with our industry peers to provide childcare for all children.

More valuable by creating even more value for children, parents and our staff. And for society. We do this in line with our value creation model and by contributing to the Sustainable Development Goals.

Making our childcare more professional, accessible and valuable is something we do together. Together with our colleagues, together with the children, parents, schools, authorities and cooperation partners. By encouraging each other, learning from each other and sharing with each other. We call this 'Becoming Together'.

Best-rated provider – in five pillars

Our ambition is to become the highest-rated provider on the market. We want to be the preferred childcare provider for children, parents, staff, schools and other partners. This means that we want to deliver the best experience for our target groups and partners.

Our five pillars enable us to respond decisively to the developments around us and to create the greatest value for our stakeholders.



1

**Leader in know-
ledge and skills**



2

**Man as
a measure**



3

**Increasing job
satisfaction**



4

**Outstanding
execution**



5

**Healthy
growth**



1

Leader in knowledge and skills

KidsFoundation has an exemplary role in improving the quality of childcare. To this end, we invest in knowledge development and the knowledge of our employees. In this way, we can contribute even more to the development of children.

The Municipal Health Service's (GGD's) annual monitoring of all branches is an important measure of the offered quality. KidsFoundation strives to achieve the highest possible percentage of inspections without deficiencies and thus to be among the top providers on the market.

We work intensively with knowledge institutes in setting up relevant research projects. We share the accumulated knowledge with our employees and use it to improve our products and services. We also invest in the further development of our employees through our own academy.

2

Man as a measure

In an environment where the human dimension is the yardstick, individuals and teams can excel and truly make a difference.

Parents choose childcare primarily based on proximity, availability and price. Emotional and subjective considerations also play a role.

KidsFoundation strives to create the most suitable products and services for the needs and wishes of the parents, based on both the interest of parents (freedom of choice) and those of society (diversity and inclusiveness). The starting point in our education policy is the belief in every child's personal strength. Playing and learning go hand in hand. Each child according to his or her ability.

One example is our preschool education policy.

The hospitality of our staff and the appearance and recognition of our branches in the neighbourhood play an important role. We value our interior and hospitality formulas that make people feel right at home.

We want to provide appropriate childcare for various age groups. This places demands on our facilities, the approach to children by education staff and our range of activities. We also want to better meet the need for flexibility and additional services. These include extended opening hours, hot meals and age-appropriate activities. In addition, we want to more clearly establish objective attributes for assessing quality, such as Municipal Health Service (GGD) ratings.

To better support the selection process of parents, KidsFoundation invests in clear information, clear propositions and marketing programmes. In doing so, we encourage attention to education quality.



Vision for preschool education

All toddlers are entitled to a good start in their development. At our early childhood locations, we address children's developmental delays so they can better keep up later in elementary school. For this we invest in the knowledge and skills of our education staff, in the application of specific programmes (such as Uk & Pluk, Startblokken or Piramide) and in specific internal coaching by preschool education coaches and (external) care coordination.

KidsFoundation wants to help create equal opportunities. We strive for preschool education in mixed groups and make as little distinction as possible in our products and services between toddlers with and without an indication for early childhood education. We also make efforts to optimise the connection with education for children with and without an indication for early childhood education. We strive to provide preschool education for the 'fair share' of toddlers with an indication within our service area.

3

Increasing job satisfaction

In childcare, employees are crucial to the quality of services. As a service provider, it is essential for us to find the right professionals and retain them at our organisation for the long term. Meeting the stringent requirements regarding competencies and conduct requires not only expertise, but also commitment, drive and loving treatment.

By increasing job satisfaction, KidsFoundation aims to differentiate itself as an employer. Every employee is given the opportunity to develop his/her knowledge and experience. With knowledge through an extensive internal training programme and with experience through intensive on-the-job coaching, among other things. In doing so, employees increase their value: to KidsFoundation, to the children and their parents and to themselves in any subsequent career.

We continuously work on the job satisfaction and vitality of our employees. They need to experience that they matter, have a good time and gain a high degree of independence.

‘Employees are crucial to value creation’

Outstanding execution

We are a learning organisation and continuously improve ourselves. The merger of KidsFoundation and Partou according to the **'best of both worlds or even better'** principle has resulted in a high-quality organisation.

The merger of the two organisations has created a centre of pedagogical knowledge and provides us with all the latest insights in the area of quality. This allows us to continuously improve our childcare services. Even more children can benefit from the pedagogical knowledge that comes from our investment in science. Interaction also occurs through shared activity programmes and other initiatives of the combination.

The merger has created synergy in implementing support for the locations. A centrally located back office relieves the locations of administrative burden. And they can rely on in-depth expertise from our staff departments. This allows them to focus entirely on providing high-quality childcare. Merging also allows for more effective use of processes and systems, for example.

The continued professionalisation of the organisation allows us to invest in quality, training and systems that lead to the provision of the highest-rated childcare. In addition, the opportunities for advancement within the organisation encourage our employees make a long-term commitment to KidsFoundation.



5



Healthy growth

KidsFoundation is constantly looking for opportunities to improve quality. We also find that quality with other providers. KidsFoundation has made a number of acquisitions in the past year. The merger with Partou in January 2020 has contributed greatly to the continued development of KidsFoundation.

To further improve the quality of our products and services, we are pursuing further organic growth in the coming years. We do this primarily by binding more parents to our organisation for the long haul. To achieve this, we are investing in our name recognition based on the high valuation of our services. We are developing new propositions that contribute to child development while simultaneously giving us a distinctive market position. In addition, we are continually optimising our 'footprint' of locations. We do this based on developments in society (supply and demand, demographic developments, maintaining facilities in small cores, more ICCs).

Maintaining a good relationship with municipalities, schools and school boards is important for growth. That's why we invest in our network. •

Vision for childcare and education

KidsFoundation aims to be the best-rated childcare provider, which is why we focus on societal needs. This means that we want to offer autonomous daycare and out-of-school care as well as childcare in integrated child centres in cooperation with educational institutions and care providers.

We always strive for the best continuous development line for children and interaction between childcare and education. Intensive and 'warm' contact between partners in the child centres, such as childcare and education, with the parents involved is necessary for this. In this contact we are the expert in the field of motor, social-emotional and cognitive development from the first year of life. In doing so, we draw on our strengths as a developer and provider of 'playful learning'. Learning through activities that are fun to do and that contribute to children's development.

Our stakeholders



Internal & external stakeholders

We are in constant contact with our environment. From the children whom we care for and their parents to the governments that regulate the sector. We seek dialogue and are aware of our impact. We consider the questions, needs and views of our stakeholders. We see this as part of the social responsibility to which we are committed.

We want to make childcare more professional, accessible and valuable. We can only do this together with our stakeholders. Together with our staff, together with the children, parents, schools, authorities and partners. By encouraging each other, learning from each other and sharing with each other.

Children

Everything revolves around the child. The tens of thousands of children we care for and encourage to develop are central to carrying out our social mission. These are also children who need extra support within preschool education, who have a socio-medical indication or simply exhibit extra talents.

Parents or guardians

Parents or guardians choose to bring their child to one of our locations. Their wishes and needs change, due to social developments or different ways of working. Changes in society have led to a wide variety of family compositions and forms of care. This calls for diversity in products and services that is well-suited to different wants and needs on the part of the parents. Good contact with parents is therefore important.

Schools

Schools are required by law to organise out-of-school care. This makes schools an important stakeholder for KidsFoundation. About half of all child centres in the Netherlands are located in or next to a school^{29, 30, 31, 32}. KidsFoundation actively seeks cooperation with schools and attaches great importance to a 'warm' handover between childcare and school. There is also increasing deliberation about connecting development and learning lines between schools and KidsFoundation. Meanwhile, KidsFoundation enjoys various forms of cooperation in hundreds of locations. This ranges from presence at sites next to one or more elementary schools to locations in elementary schools and locations as part of 'broad schools' or integrated child centres.

Employees

KidsFoundation has over 9,000 employees. Our education professionals and interns at our locations are critical to the quality of daily services. They meet high standards of expertise and skill. This requires good interaction and guidance in the onboarding, training and development of our employees.

Partners

From an early age, social education is important for development. That is why we work with a wide range of social partners. From the Forestry Commission to the Reading Foundation and from NOC*NCF to the Red Cross, Unicef and Netherlands Clean. Together, we respond to dozens of social themes such as Children's Book Week, Week Against Bullying, Money Week, Netherlands Clean, etc.

Suppliers

We value good relationships with our suppliers of equipment, food, ICT services, training, courses and other services that give substance to optimal care for the children. We strive for regular suppliers with whom we have a longer relationship. We generally employ the legal payment term of 30 days. Procurement is largely centralised. Agreements are in place with our key partners in which we set conditions on health, safety and environmental requirements. This also ensures that all our beds and boxes are certified. Conditions are also imposed in the area of working conditions for production of articles. For example, our company clothing is produced in Europe under certified conditions.



In addition, KidsFoundation deliberately chooses to work with local suppliers in the immediate vicinity of our locations. In this vein, we purchase some of our products and services from local providers such as taxi companies, workshops, music schools and sports clubs.

Shareholders

KidsFoundation has two shareholders: the Canadian investment fund Onex and the Dutch investment fund Waterland. Management maintains constructive contact with the shareholders. The shareholders' interest is focused on adding value to the company. In doing so, the two shareholders contribute capital, knowledge and expertise and KidsFoundation can continue to invest in continuously improving quality.

Stakeholder folder: primary en secondary stakeholders



-  **Primary stakeholders**
involved in economic transactions.
-  **Secondary stakeholders**
not involved in economic transactions.



Governments

Childcare is a private sector with strong governmental regulation. The government safeguards the quality of childcare with laws and regulations to give children the space to develop in a safe environment. Childcare is primarily seen by the government as a way to encourage labour force participation. However, there is also increasing recognition of childcare as a developmental tool.

There are several Ministries active in sub-aspects of childcare. The management and policy-making is the responsibility of the Ministry of Social Affairs and Employment (SZW). The Education Inspectorate monitors the quality of supervision and enforcement, with supervision being carried out by the Regional Health Services and enforcement by the municipalities. The Regional Health Services fall under the Ministry of Health, Welfare and Sport (VWS). The Ministry of Security and Justice conducts the mandatory screening of employees.

In addition, municipalities and aldermen are partners in discussions about organising preschool education³³ in so-called LEAs (Local Educational Agendas) and the utilisation of social real estate, for example. Contact with childcare providers for children with a socio-medical indication is also mostly done through the municipalities.

Liaison with governments is important for KidsFoundation to work at the municipal and national level in consultation with stakeholders to ensure the best childcare and development.

Media

The media play an important role in the perception of our sector and organisation in society.

KidsFoundation considers it important to provide media with the correct background information about our organisation. As a leading player in the industry, we are often asked by national and regional media about our approach and vision on a variety of topics. Local media regularly report on our activities, from visits to nursing homes to the local kids' run.

Network organisations

KidsFoundation maintains active contact with a wide range of organisations. From industry associations and stakeholders to unions and the pension fund. We follow the views of, and developments at, these organisations. Examples are the Brancheorganisatie Kinderopvang (Childcare Industry Association), BOinK, BMK, the NJi, PO-raad (PO Council), ZonMw, Platform Arbeidsmarkt Kinderopvang (Childcare Labour Market Platform), Expertisecentrum Pedagogische Kwaliteit Kinderopvang (Expertise Centre for Pedagogical Quality in Childcare) (formerly BKK), LKK, Pension Fund Care and Welfare, bdKO, VTOI-NVTK and NVP. We consult regularly with some of them, such as the Brancheorganisatie Kinderopvang (Childcare Industry Association), to monitor and contribute positively to the perception of the sector. We also have an active role in, for example, the board of Brancheorganisatie Kinderopvang Amsterdam (BKA) (Childcare Industry Association Amsterdam), and in working groups of the Brancheorganisatie Kinderopvang (Childcare Industry Association).

Knowledge institutes

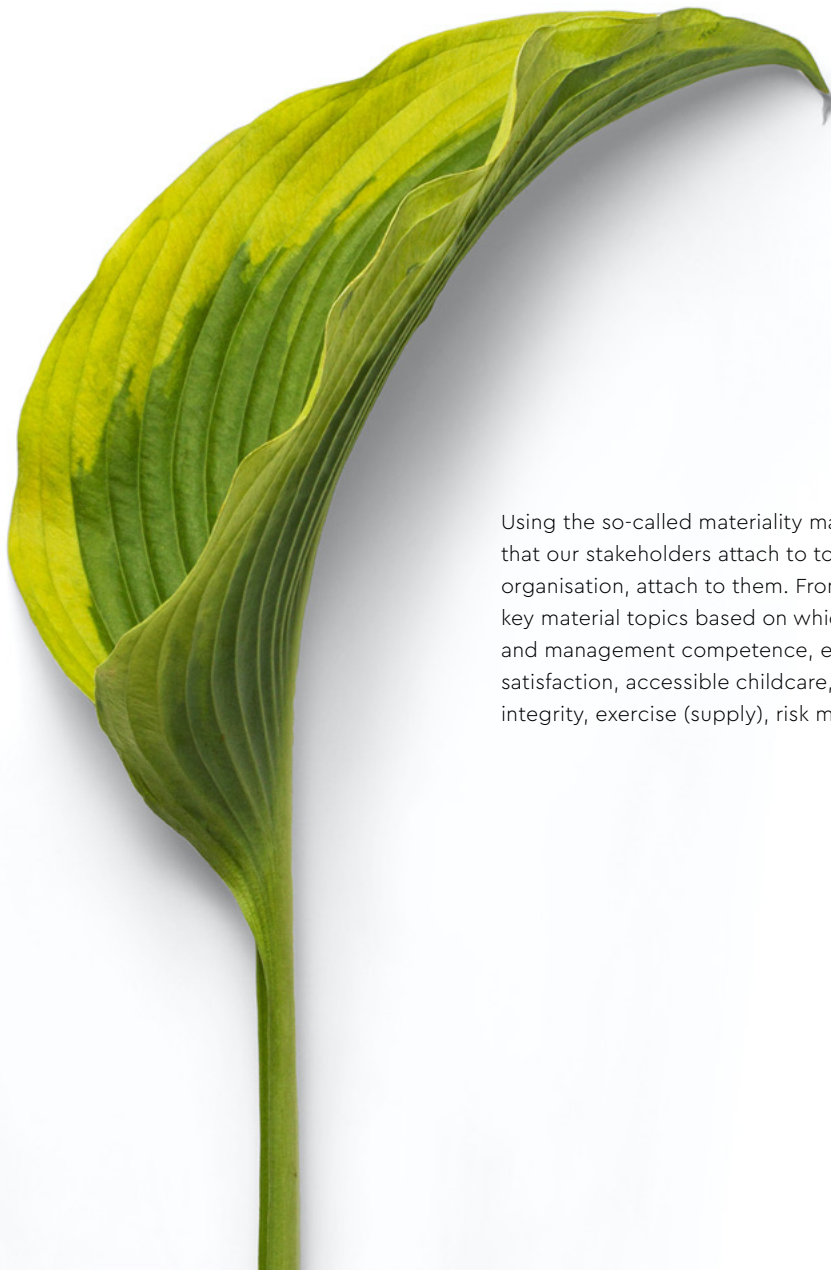
Knowledge development is one of KidsFoundation's focal points. For this reason, we also financially support the Chair of the Expertisecentrum Pedagogische Kwaliteit Kinderopvang (Expertise Centre for Pedagogical Quality in Childcare). There is also intensive cooperation with knowledge institutes. No other childcare organisation is as active in the field of research. KidsFoundation's science department sets up various research projects in collaboration with universities and colleges. Some of these projects are funded by ZonMw.

We also cooperate with training institutes, such as ROCs, for training our staff interns. •

Our stakeholders

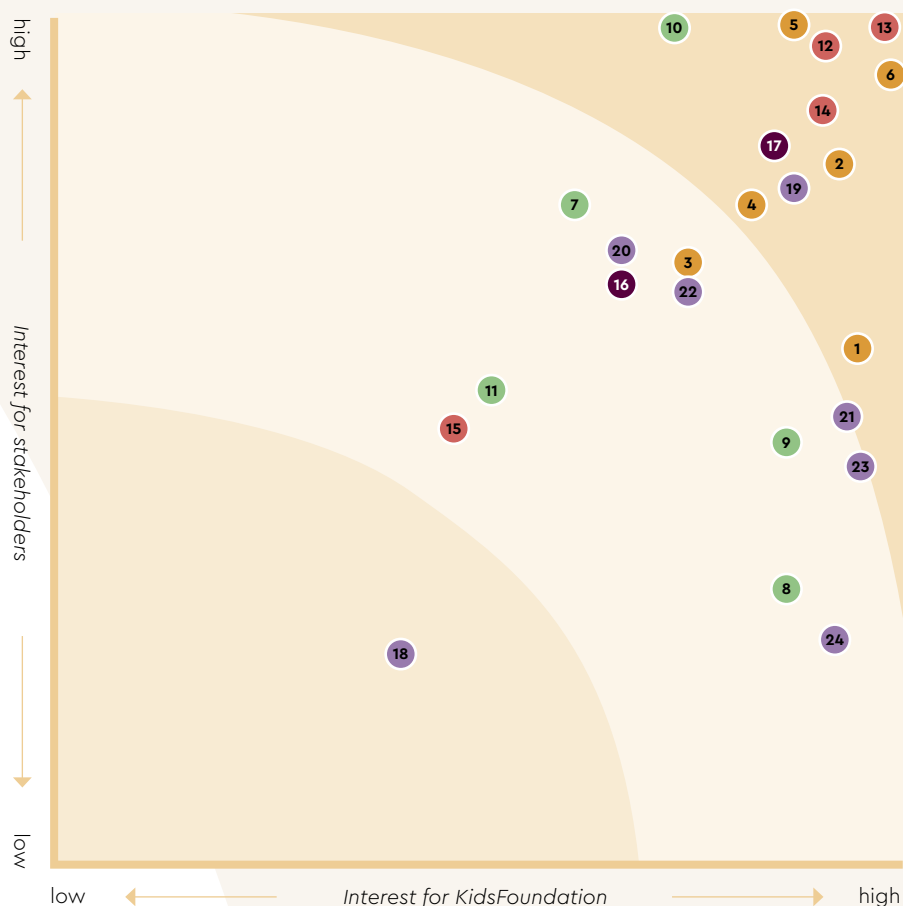
Materiality matrix

We closely follow all developments that affect our field. This gives us an idea of the topics that are most relevant to our organisation. Stakeholders inside and outside KidsFoundation rate us on these topics. In dialogue with us, they make us aware of the most important core topics: the topics to which we can contribute most and through which we create quality and value for our stakeholders.



Using the so-called materiality matrix, we have mapped out the importance that our stakeholders attach to topics and the importance that we, as an organisation, attach to them. From this analysis, we identified the following key material topics based on which we can make an impact: administrative and management competence, employee recruitment and retention, parent satisfaction, accessible childcare, employee social policy, ethics-compliance-integrity, exercise (supply), risk management and healthy diet.

Materiality matrix



Quality development

- 1 Child experience & safety (experience & safety)
- 2 Exercise (supply)
- 3 Innovation
- 4 Healthy diet
- 5 Child development – participation
- 6 (Customer) parent satisfaction

Social/sustainability developments

- 7 Stakeholder participation (external)
- 8 Stakeholder participation (internal)
- 9 Public policy (laws and regulations)
- 10 Accessible childcare (vs. availability)
- 11 Climate

Talent and knowledge development

- 12 Employee recruitment and retention
- 13 Administrative and management competence
- 14 Employee social policy
- 15 Knowledge development (early education)

Ethics development

- 16 Privacy (children/data, imagery)
- 17 Ethics, compliance and integrity

Economic performance

- 18 Taxation and profit allocation (public vs. private)
- 19 Risk management (compliance)
- 20 Affordable childcare
- 21 Continuity and stability
- 22 Strategic partnerships
- 23 Work capacity
- 24 Economic performance

Our impact

Results

The year 2019 was an important year for KidsFoundation. Great strides have been made in implementing the strategy. The merger with Partou in January 2020 has been announced. This has resulted in market leadership within the industry. The company's current size provides a good basis for making our own services as well as childcare in general more high-quality, accessible and valuable.

As a social organisation with a high degree of impact on its environment, KidsFoundation wants to provide more insight into its structure and operations. We do this by being transparent about all aspects of the organisation, in the various areas of our value creation model. Because we regularly view the situation after the merger with Partou (2020) in this report, Partou's figures for 2019 are included in all numbers.

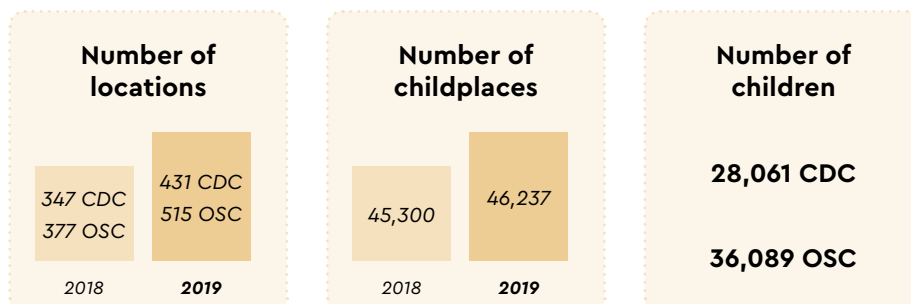
Our service value

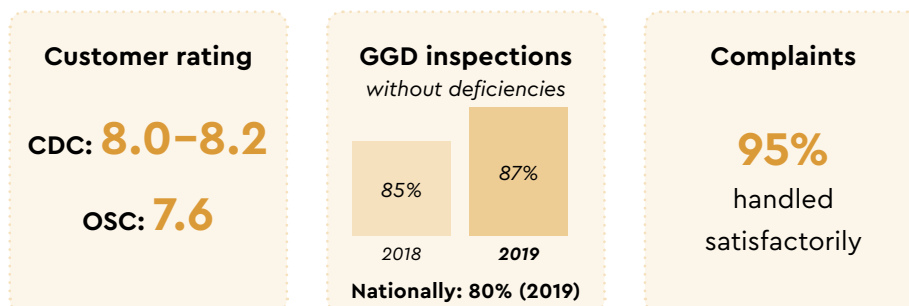
Our services and our network of over 900 locations constitute our service value. Our services focus on our core business: caring for and contributing to the development of children and relieving parents.

Locations and childcare places

In 2019, KidsFoundation (including Partou) had 431 child daycare locations and 515 out-of-school care locations. Of the child daycare locations, 125 locations offered only toddler care. Compared to 2018, the number of locations increased by 222, including over 70 locations from acquisitions. In 2019, KidsFoundation had over 46,000 available childcare places and on average we cared for over 64,000 children and contributed to their development.

Our locations provide a nice, safe environment and are the calling card in the immediate living environment of parents and children. The condition and design of our buildings are continuously reviewed against applicable laws and regulations. KidsFoundation works with a comprehensive multi-year maintenance plan for the buildings, grounds and facilities. This will also be rolled out to the acquired locations next year.





Customer rating

'Becoming is something we do together.' With this, KidsFoundation wants to make a difference. We see living with others as an important part of successful development, and therefore attach great importance to the social interaction within our groups. This, then, is the starting point for our products and services.

Our approach works. In 2018, parents gave the Smallsteps daycare centres an 8 and the out-of-school care (OSC) centres a 7.6. For Partou, the

'Becoming is something we do together'

ratings in 2019 were 8.2 and 7.6, respectively. In 2020, soliciting and measuring feedback from parents will be harmonised.

Quality

In addition to social interaction, safety, hygiene, health and commitment of staff also have our attention, of course. This is monitored not only during the external inspections of the Municipal Health Service (GGD), but also during our internal audits by our quality managers, among others. Our ambition is to further develop our internal monitoring in the coming year and to align it even more with (inter)national standards.

On quality we score above the national average based on the GGD inspections. Of all our branches, 87% had no deficiencies identified by the municipal GGD in 2019, an increase of 2% compared to 2018. With this, we are doing significantly better than

the industry average³⁴. In 2019, the GGD found no deficiencies nationwide in 79% of all daycare centres and in 80% of OSC centres².

Complaints

KidsFoundation believes that being able to openly express and discuss complaints helps to improve our services and actively contributes to the strategic pillars of professionalisation and customer value. We therefore value a transparent complaints process and a careful follow-up of complaints. That's why we have given the monitoring of the complaints process a central place in our service office.

In 2019, there were approximately 550 reported complaints. This is an average of 0.6 reported complaints per location. Considering the total number of children we care for, this is very low. We therefore assume that not all complaints are reported. We thus continue to pay attention to the reporting of complaints by and solicitation of feedback from parents.

The reported complaints included communication between staff and parents and the possibility of shifting care days. A complaint could not be settled satisfactorily in less than 5% of cases.

Incidents

KidsFoundation has a strict health and safety policy with legal protocols and protocols exceeding the statutory minimum. In 2019, an average of 1.1 incidents occurred per facility, totalling approximately 1,000 incidents. An incident is recorded when a visit is made to a general practitioner, dentist or the emergency room. The number of emergency room visits, numbering 61 (less than 1 in 1,000) in 2019, is well below what might be expected based on a prevalence per



1,000^{35*}. In the coming year, we will be conducting more in-depth analyses of incidents in order to further reduce preventable incidents.

In the area of data security, 46 incidents occurred in 2019, of which 6 were subject to a legal reporting obligation. These have been reported to the Dutch Data Protection Authority.

Intellectual value

Quality is our top priority. That is why we continuously invest in developing the knowledge and expertise of the sector and of our employees. This knowledge and expertise contributes to the quality we offer and constitutes our intellectual value.

Research and science

The education policy is continuously being refined at KidsFoundation. We believe it is important to continue expanding our knowledge of and expertise in child development. To that end, we contribute to scientific research. KidsFoundation supports the Childcare Chair at the University of Amsterdam (Prof. R. Fukink) and the Expertise Centre for Pedagogical Quality in Childcare (Expertisecentrum Pedagogische Kwaliteit Kinderopvang).

Our in-house science department conducts research on specific topics in collaboration with knowledge institutes. The studies are partly conducted as projects funded by ZonMw; the organisation for Health Research and Care Innovation³⁷. In 2019, we participated in 13 different scientific studies; in 2018, there were seven. We collaborate with five

‘Collaborate with five universities’

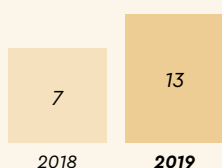
different universities: the University of Amsterdam, Free University of Amsterdam, Utrecht University, Leiden University and Radboud University. For example, together with the University of Amsterdam, we have started research on the effects of childcare. Research is being conducted within 25 different daycare groups for this study. A research project was started with the Free University to professionalise play supervision through dialogic conversations between the children and the education professionals. KidsFoundation is the only Dutch childcare organisation so active in scientific research.

Where possible, we participate in quality research and monitoring initiated by the national government, industry organisations or municipalities. Concrete examples include: the National Childcare Quality Monitor and research by Bureau Bartels. Our policy is to always cooperate with external studies initiated by municipalities or the national government.

Training

We are also involved in training and substantive guidance for our education professionals and policy staff. We have our own Learning & Development department and an in-house range of courses that are continuously being refined, our in-house Academy. Our baby training was accredited in 2019, and we can train our education professionals internally to become recognised baby experts. Our education coaches help improve the educational quality of our work and the professional development of our education professionals.

Scientific research



* www.volksgezondheidenzorg.info

Knowledge sharing

We are happy to share our knowledge. KidsFoundation entered into a partnership with Parents of Now (Ouders van Nu) in 2019. Both in print and online, Parents of Now provides insight into various aspects of childcare under the title 'Growing Together'. KidsFoundation's brands and education professionals are involved in the content of this collaboration. We also regularly publish blogs on social media.

Insights from the various studies in collaboration with knowledge institutes are shared through our website and social media channels.

High-quality activities

KidsFoundation's activity programme was further improved in 2019. Activities are an important way in which we help children in their development at both daycare and out-of-school care centres. We allow children to learn and develop through play by allowing them to see and experience things for themselves in many ways. Activities are basically arranged according to the type of development; motor, cognitive and social-emotional. Activities are also age-appropriate. For example, programmes for daycare centres are aligned with child tracking systems and preschool education. For OSC centres,

programmes are tailored to specific times of the year and social topics such as the environment, nature or children's rights. Additional workshops and outings are organised during vacation periods.

In recent years, KidsFoundation has focused more on topics such as friendship, healthy diet, exercise and media literacy. We promote a healthy diet through our 'Taste Safari' – among other things – with which we always highlight the versatility of a different vegetable. Exercise through our 'exercise juggernaut', for example; a special course for toddlers to get them to move more and a test with Spring Lab, which has developed a special exercise floor on which children's cognitive and motor skills are challenged. Media literacy by creating media usage policies for our locations and by organising special workshops for children and evenings for parents. Our special 'friend weeks' are a must for the kids.

Not only is there an extensive programme of internal activities, but professional external providers and a selection of community organisations are also utilised.

We are continually improving our range of activities based on knowledge and expertise.

Human value

At KidsFoundation our employees are our most precious capital. Together, we determine the quality of our childcare. Our more than 9,000 employees constitute our human value.

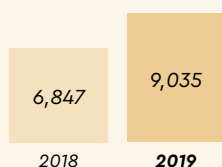
Dedicated employees

Our dedicated education professionals are at the core of our services. They are crucial to creating a safe, familiar and stimulating environment for children. They contribute to child development by guiding free play and development-oriented activities: from the children's first steps until they are ready for elementary school and throughout elementary school.



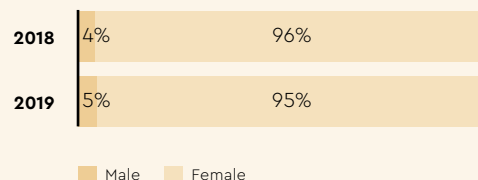


Number of employees



84%
of our employees
are education
professionals

Male/female ratio



- Average age: 36 years
- Average years of service: 7

- 82% in permanent employment
- Part-time factor: 0.66

The vast majority of our employees are women (95%) and work as education professionals (84%). Women are also in the majority in leadership positions and the management team. The average age of all employees is 36, with an average employment duration of 7 years*. We strive to build lasting relationships with our employees; 82% were in permanent employment in 2019. The part-time factor is 0.66 (sector 0.63³⁷).

Learning organisation

As a learning organisation, our employees are constantly working to enhance their professionalism. Our college-educated (HBO) education coaches offer education employees professional guidance for continuing to improve quality. Some of them are specifically trained to be used as education coaches for preschool education. Increasingly higher training requirements are being imposed on employees due to the IKK law (Innovation and Quality of Childcare Act). For example, education coaches must have at least a college (HBO) degree, increasing the proportion of staff with higher education. Meanwhile, 15% of all employees have a college education or higher within KidsFoundation.

* Average industry 37.1 years and 7.5 years, respectively³⁸.

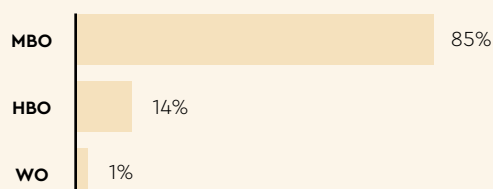
Continued development

Development is important to KidsFoundation: development of children and of our staff.

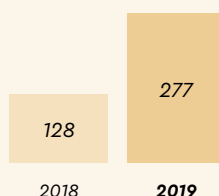
We believe in the power of every employee. The size of our organisation provides many opportunities for current and new employees. A significant portion of our current team of quality managers and education coaches originated from one of our branches and were previously employed as an educational staff member or branch manager. There is also a programme for education staff in which they are trained to become branch managers.

KidsFoundation offers training and education in a variety of ways. Ongoing training of new baby specialists, training courses and workshops, as well as access to over 100 e-learning modules through the in-house academy are available to all staff. For young talent, in 2019 we provided space for 277 Vocational Training (BBL) interns, MBO-PW3 students who are following a work/study programme. KidsFoundation starts its own BBL classes every six months in cooperation with ROCs to ensure a good influx of personnel. KidsFoundation is an accredited learning company.

Education level 2019



BBL interns



Employee involvement survey

7.6

Vitality

KidsFoundation invests in the well-being and vitality of employees, for example by offering discounted sports subscriptions, discounts on cultural activities and a vitality programme. KidsFoundation also offers support in the form of home care and counselling services from Nibud (budget education) and PSION (psychological care). In addition, employees can complete four hours of paid home study per year as they see fit.

Finding employees

Staff turnover in the sector is showing an increase, including for KidsFoundation. On average, turnover was 14%³⁸. For comparison: recent figures for primary education are 13.3% and for healthcare as high as 15.8%³⁹. As a recruiting organisation, we had to put more effort into finding new employees in 2019. Specific recruitment sites were set up and active campaigning took place. In 2019, over 1,500 employees found employment with KidsFoundation. The vacancy rate in 2019 was 65, which is the number of vacancies per 1,000 employees. To calculate the vacancy rate, UWV and CBS include newly created and open vacancies. The vacancy rate of 65 is thus well above the industry average (48), education (14) and healthcare (29)^{38, 39}.

Employee commitment

As a dynamic organisation, KidsFoundation is continuously building on the work experience of our employees. The organisation received an average grade of 7.6 in 2018 (the benchmark is 7.4⁴⁰). Most employees have a strong attachment to their own branch; half feel strongly involved in the daycare location. One out of four employees recommends KidsFoundation/Partou to others as an employer. The next employee commitment survey is scheduled for late 2020.

A point of concern is the workload experienced by employees, which is due in part to the scarcity in the labour market. In the industry, 43% say they feel the workload is too high³⁸. KidsFoundation is constantly looking for ways to reduce this workload, for example by providing support through ICT or by eliminating cleaning tasks from education employees.

Participation

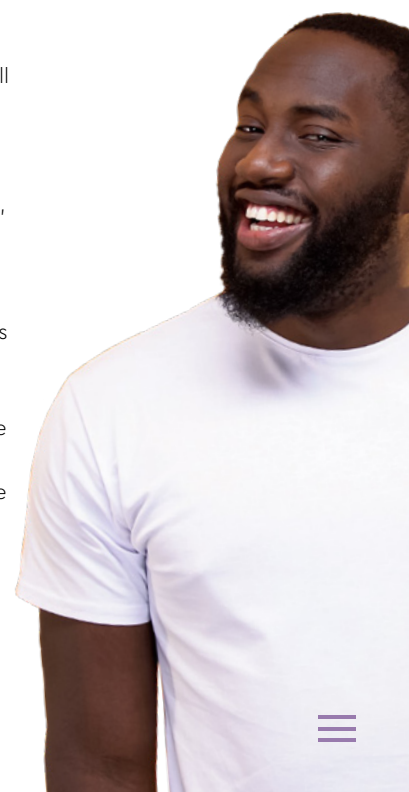
As a participating organisation, KidsFoundation has a works council. In connection with the integration with Partou, there is currently a Temporary Works Council (TOR). This was formed in March 2020 and consists of the works councils of Partou and Smallsteps (total of 28 members). Once the integration is complete, a new works council will be formed for the new organisation.

In 2020, the TOR issued a positive opinion for setting up the new organisation and relocating work activities from the service offices in Almere and Hengelo to Vianen. Thus, all office activities will eventually be housed at one location.

TOR members also participated in various integration working groups within the organisation, where the TOR provided its vision and fulfilled a sounding board function.

Together with the trade unions, KidsFoundation has drawn up a Social Plan to deal with any negative consequences of the integration of KidsFoundation and Partou. TOR members were auditors during the development of the Social Plan. Trade union members were also consulted on the Social Plan; a large majority agreed. With that, the Social Plan has become final. The transition to and harmonisation of the new organisation will begin on October 1, 2020, to be completed by december 2022.

** Integron study, care and well-being benchmark



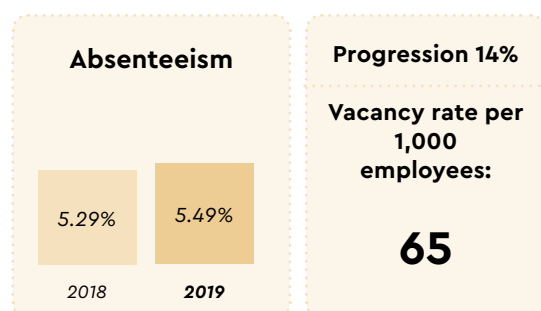
Absenteeism

The absenteeism rate in 2019 was 5.49% (excluding pregnancy). This is in line with the industry average of 5.4% in 2019³⁷ (childcare-works.com). As part of the merger with Partou, KidsFoundation commissioned Falke & Verbaan to conduct an absenteeism assessment in 2020. This assessment examined not only the absenteeism as a percentage of hours, but also the reporting frequency and absence duration. Based on insights from this research into the culture of absenteeism, KidsFoundation aims to leverage the integration of the two organisations to achieve better absenteeism policies.

CLA

Virtually all employees (>99%) are covered by the Childcare Collective Labour Agreement (CLA), which was renegotiated in 2020. This also includes interns. Several dozen employees/managers are not covered by the Childcare CLA. Some management member (<10) are compensated outside the CLA.

All employees and managers participate in the Zorg en Welzijn (Care and Well-being) Pension Fund.

**Social value**

We create our social value through interaction with our environment. As a provider of childcare and child development, contributing to society is in our DNA. And as a large employer, we also create value for society.

Child development

Contributing to the development of children is part of our core mission. Our education professionals guide and encourage children to do, share and think for themselves. And teach them to be social and be understanding of others. Each child according to his or her own ability. Every child has the right to develop himself or herself to the fullest at our childcare facilities. Including children with a language delay through our preschool education services. In this way we help prevent inequality of opportunity.

Controlling rights: children and parents

Controlling rights are formally regulated for parents in the Childcare Act through Parents' Committees. But as a participating organisation, KidsFoundation views controlling rights in the broadest sense as an important part of its mission. That's why, for example, we're looking for ways to give children themselves a say. The Council of Children at Partou and the survey among children at the Smallsteps OSC centres are examples of this. Like the KinderKracht suitcase, which contains 18 activities and all kinds of materials to work with OSC children and find out their wishes and ideas.

Collaboration with education

By working intensively with schools, we are strengthening the connection to education. In 2019, KidsFoundation partnered with 12 of the top 20 largest school boards. KidsFoundation now has several integrated child centres with schools and has dozens of locations in school buildings. Research into parents' reasons for choosing child centres (a more far-reaching collaboration between childcare and education) shows that especially the joint approach, practical advantages of one location and continuous lines of learning are appealing³². We will continue to seek cooperation with schools in the coming years.

We also consider the energy we put into deepening and improving collaboration with schools and their boards to be of social importance. More intensive cooperation, connecting lines of learning and development and personal collaboration with the education sector contribute to the optimal development of children.



Council of Children

The Council of Children is a joint initiative of Partou and the Missing Chapter Foundation. Missing Chapter is committed to child inclusion. Children are bursting with creative ideas. So there is nothing more logical than to let them have a say in what is good for the children in our care. About 30 boys and girls from different OSC centres are going to work for a year on a topic with which we could really use their help. The topic the children will be working on in 2019–2020 is: "What can Partou do so that all children have a happy time at daycare?"

Preschool education

Our focus on child development also includes extra attention to preschool education for children at risk of a language delay and care support for vulnerable children. We provided preschool education at 145 daycare and toddler care locations in 2019, across nearly 40 municipalities. This represents 34% of our daycare centres, an increase of 55% since 2015. The number of children placed for preschool education has also grown. In 2018 this was still 1,246 preschool children, and in 2019 this number was up to 1,704. The growth from 2018 to 2019 is mainly due to acquisitions. In 2019, KidsFoundation acquired 12 locations with preschool education.

We want to make a constructive contribution to reducing (the risk of) educational disadvantages among children in the coming years as well. This means that KidsFoundation wants to invest in the necessary preschool education certification of education employees and is investigating how to give substance to the necessary care coordination. We strive for a 'fair share' of preschool education services based on our market share.

Reading (aloud)

We are actively engaged in reading on a daily basis at all of our locations. Reading aloud takes place at CDC locations; reading is encouraged at OSC groups. In addition, we participate in the National Read Aloud Days of the Reading Foundation, which is an annual campaign that focuses on encouraging reading aloud to young children who cannot yet read themselves. Our CDC locations receive the Picture Book of the Year for this purpose. The



ICC Laterna Magica

Laterna Magica at Amsterdam IJburg is among the first integrated child centres. As early as 2005, during the preparation of the new building, the school board and Partou started initial discussions about substantive cooperation. Both organisations saw opportunities in far-reaching cooperation and integration between education and child-care. In a neighbourhood without borders, a school without divisions, in a building without traditional classrooms that allows for inclusive education. Laterna Magica started with the Natural Learning concept at IJburg in September 2007. Since then we have been working in heterogeneous units and now offer inclusive education: each child receives customised education. Day-care and after-school care are an integral part of Laterna Magica.

education staff introduces the children to this picture book by organising various activities on the book's subject. In the process, staff members are given tips for during and after reading which promote both interaction during the reading aloud session and the discussion about the book.

The Education Inspectorate has been doing random inspections of the quality of preschool education services for several years. In the period 2016–2019, a dozen of these involved KFH locations. Those locations were rated 'satisfactory' on average. The inspections provide insight into the areas where we want to improve and develop our preschool education services.

Socially responsible activity services

With respect to our core business, we work with partners and local parties to make a social contribution in other forms as well. Examples include nature projects with **Staatsbosbeheer (the Forestry Commission)**, **Nederland Schoon (Netherlands Clean)** and the **Instituut voor**

Natuureducatie en Duurzaamheid (Institute for Nature Education and Sustainability). We are the only childcare organisation to participate with our OSC centres in the annual UNICEF Children's Rights Film Festival. Our Council of Children is a joint initiative with the Missing Chapter Foundation.

We are participants in the National Coalition Against Loneliness. With the National Coalition Against Loneliness, businesses, social organisations and government agencies are joining forces to reduce loneliness among the elderly. For example, several daycare centres and OSC centres have taken up the fight against loneliness among the elderly with the help of our script 'Young or old, friends make your life more fun'. In this way, we put a smile on the faces of the elderly and teach children about respect, empathy and diversity.

We work together with **Stichting Lezen** (The Reading Foundation) to offer children a broad basis in development and with **NOC*NSF** (Dutch Olympic Committee*Dutch Sports Federation) in the context of sport and exercise. And we're participating in CareLyn's 'think sunscreen' programme to prevent sunburn.

Local network

We are a familiar face in many neighbourhoods. Like education or sports facilities, childcare facilities contribute to the liveability of a neighbourhood.

We fulfil our role in the local social network in various ways. From our locations, regular outings are organised in the immediate vicinity, for example to the petting zoo or the library. There are also many contacts with nursing homes to which the children send cards, for example.

We also work with a large number of municipalities; for example, to optimise preschool education for toddlers.



Little Golden Book

Last year we created our own Little Golden Book. A group of OSC children worked with children's book author Mark Haayema to conceive the story and with illustrator Loes Riphagen to create the illustrations. All of our locations received this Little Golden Book to encourage reading (aloud).

Think sunscreen

At 77 locations, KidsFoundation has piloted CareLyn's 'think sunscreen' programme, which teaches children in a structured way to protect their skin from the sun and to apply sunscreen.

A portion of the cost of the sunscreen is donated to the Dutch Cancer Society (KWF) and the Red Cross for skin cancer research.



Society and economy

We contribute to society and the economy through our contribution to child development, labour participation and job opportunities.

It is precisely because of our size that we can make a difference. As a major childcare organisation, we contribute to the development of tens of thousands of children into a social, self-aware and inclusive new generation. With our preschool education services, we contribute to reducing inequality of opportunity due to language deficiencies. And while their children are in our care, tens of thousands of parents have the opportunity to work or study.

Our more than 9,000 employees make this possible. We are the largest employer in the Dutch childcare industry and are among the major employers in the Netherlands.

150.000 kg
of collected diapers

Natural value

We create our natural value in various ways. We teach children to pay attention to sustainable use of natural resources, for example by turning off lights and wasting as little water as possible.

For our hygiene products (soap and toilet roll dispensers, paper), we choose products that are cradle-to-cradle certified and fully recyclable.

Diapers are collected separately at 27% of our daycare locations; the remaining locations have two waste streams (paper/cardboard and residual waste). On an annual basis, we can collect 150,000 kilos of diapers that are processed into plastic products.

All of our properties are leased. As a result, we do not have complete influence on making our properties more sustainable. However, we are in continuous dialogue with our landlords about energy saving and water management measures.

We are also looking at making our vehicle fleet more sustainable. The level of CO₂ emissions will be the guiding factor in the choice of vehicles.

Financial value

The income from our services constitutes our financial value. We invest a significant portion of our revenue back into the quality of our services and into operational costs; the lease of our locations, the use of our systems and the salary and development of employees. We also meet other financial obligations, such as taxes. As in previous years, KidsFoundation made no profit distributions to shareholders in 2019.

The financials of KidsFoundation and Partou for 2019 have been filed separately and can be viewed at the Chamber of Commerce.

Sustainable Development Goals

In 2015, the United Nations adopted the Sustainable Development Goals (SDG). These are 17 global goals for sustainable development with 169 underlying targets. Our contribution to the Sustainable Development Goals relates primarily to four targets.

The core of KidsFoundation's activities directly impact target 4.2: quality of education. The target is: 'By 2030, ensure that all girls and boys have access to quality early childhood development, care and pre-primary education so that they are ready for primary education.' KidsFoundation contributes directly to this target with its focus on child development, its preschool education services and by collaborating with the education sector in the context of children's continuous line of development. KidsFoundation also advocates for the right to develop for all children, whereby affordable and quality childcare is accessible to all children, even when one of both parents is not working or is studying.

Of course, the importance of the employees is reflected in the impact on target 8.5: decent work. The target is: 'By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.' As a large employer, KidsFoundation provides socially relevant work to over 9,000 employees. The proportion of women in childcare high, the average age low.

The role of childcare and child development also has an impact in the local environment. With hundreds of branches across the country, KidsFoundation is making an impact on target 11a: sustainable cities and communities. The target is: 'Support positive economic, social and environmental linkages between urban, suburban

and rural areas by strengthening national and regional development planning.' With our more than 900 branches, we are a familiar face in many neighbourhoods and districts. We have offices in both large cities and small towns across the country. And we are in both neighbourhoods with relatively high incomes and neighbourhoods with much low incomes.

KidsFoundation influences knowledge about responsible consumption and production. Especially through our collaboration with a variety of partners and thanks to our range of activities, KidsFoundation influences targets 12.5 and 12.8: responsible production and consumption. Target 12.5 is: 'By 2030, significantly reduce waste generation through prevention, reduction, recycling and reuse.' And target 12.8: 'By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature.' KidsFoundation teaches children early in their development to pay attention to sustainable use of natural resources, for example by turning off lights and wasting as little water as possible. •





Governance

Administrative and management structure

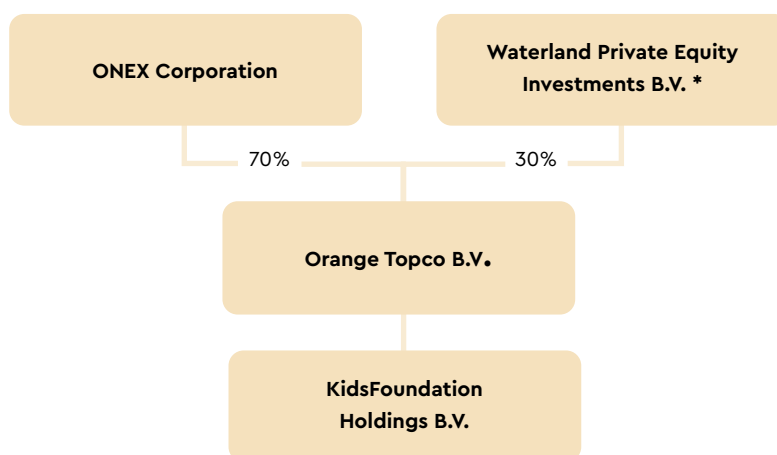
Governance refers to the manner of management, oversight on business processes and competencies. KidsFoundation has several functions and structures that govern oversight, both internal and external. In doing so, we follow the 2019 Childcare Governance Code. Our shareholders follow ESG (Environmental, Social, Governance) principles in the area of socially responsible investing. In this chapter we outline our governance.

KidsFoundation adheres to the 2019 Childcare Governance Code. This industry-wide governance code was created by KidsFoundation.

Canada-based Onex Corporation and Netherlands-based Waterland Private Equity Investments own KidsFoundation Holdings B.V. and its subsidiaries through Orange Topco B.V.

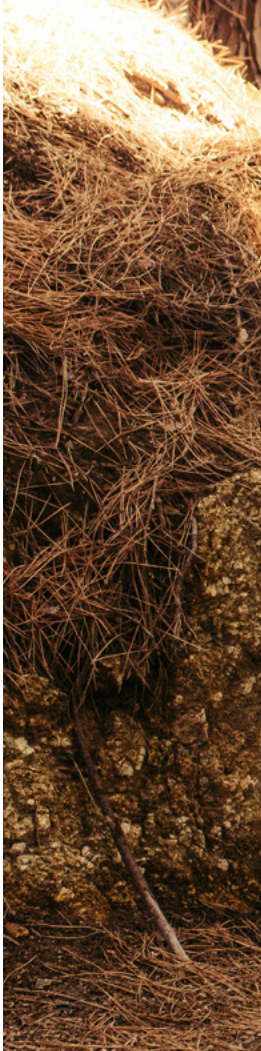
The distribution of shares between Onex and Waterland is approximately 70%-30%. This distribution is not static. The voting rights are equally divided.

Shareholders



** Joined on 16 January 2020*





Statutes

The formal arrangements between shareholders and the Board of Directors (BoD) of KidsFoundation are set out in the Articles of Association and the Shareholders' Agreement, including through the reserved matters. These provisions deal with topics that cannot be amended without the knowledge and consent of the shareholders or the Supervisory Board. These include, for example, changes to the Articles of Association, corporate structure or budget, the assumption of significant financial obligations, remuneration or incentive schemes or changes to the Board of Directors. Authorisation schedules have also been established. In practice, short lines of communication exist between the BoD and shareholders.

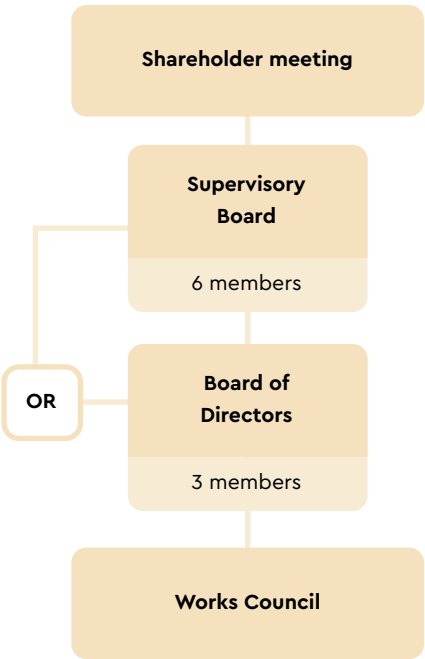
All resolutions are passed by a majority of the votes cast, with both shareholders needing to have an affirmative vote. The latter does not apply to the appointment of the external auditor, the adoption of the financial statements and the filing of a petition for suspension of payments or bankruptcy of a group company.

Objectives

The main objective of the shareholders for the Board of Directors is to give substance to the organisation's ambition to become the best-rated childcare organisation. Annually, the budget for the following year, including investment projects and financial objectives, is presented by the Board of Directors to the Supervisory Board for approval.

KidsFoundation is governed by a Board of Directors. A Supervisory Board (SB) supervises the Board of Directors. This is a two-tier administrative model, referred to internationally as a two-tier board. The SB assists the Board with advice. In discharging their duties, SB members are guided by the interests of the company. At least twice a year, the Works Council consults with the Board of Directors and (a delegation from) the Supervisory Board about the course of business; this is set forth in the Works Councils Act (WOR).

Administrative structure





Supervisory Board

The SB meets at least quarterly, or whenever a member of the Supervisory Board or the Board of Directors deems it necessary. The meetings of the SB are presided over by the Chairman or his/her Deputy. Minutes are taken of SB meetings. At meetings, each Board member has one vote. All decisions of the SB are made by a majority of the votes cast. Decisions of the Supervisory Board may also be made outside the meeting, provided that the proposal in question has been submitted to all members of the Supervisory Board and the decision-making process is unanimous.

At least once a year, the Board of Directors informs the Supervisory Board in writing of the outlines of the strategic policy, the general and financial risks and the management and control system of the company. The Board of Directors also ensures that the SB always has timely access to information necessary to carry out its duties.

Appointment and remuneration

The SB members are appointed by the General Assembly of Shareholders. An SB member is appointed for an indefinite period of time, unless

the resolution to appoint the respective SB member states otherwise. For example, the General Assembly of Shareholders may stipulate that the SB members must periodically resign in accordance with a schedule to be drawn up by the SB. An SB member may be suspended and removed by the same body that deals with appointments. The General Assembly of Shareholders determines the remuneration of the SB members.

Supervisory Board – members

The SB consists of the following members:

- Nigel Wright (Onex)
- Adrien Faure (Onex)
- Hans Scheepers (Waterland)
- Tomas Simons (Waterland)
- Maria van der Sluijs – Plantz (independent)
- Heleen Terwijn (independent)

In accordance with regulations, Onex provides a Chairman of the Supervisory Board one calendar year and Waterland provides a Chairman the next year.

Board of Directors

The BoD is charged with the management of the company. In fulfilling this duty, the members focus on the interests of the company and the enterprise.

The CEO is the Chairman of the Board of Directors. The main duties of the CEO are:

- Creating preconditions for providing the best-rated childcare.
- Connecting the external stakeholders and environment and the internal organisation.
- Determining organisational goals and business strategies, in agreement with members of the BoD, the Supervisory Board and the shareholders. Consultation with COO, CFO and the Management Team.
- External representation to stakeholders.
- Translation of strategy into duties and objectives for the Management Team.
- Presentation of, and accountability for, operating results and goals to shareholders, Board members, and other stakeholders.
- Agreement on and control of budgets, material contracts and agreements.

All decisions of the Board of Directors are made by a majority of the votes cast.

The Board of Directors consists of:



Jeanine Lemmens (CEO)



Robert Visser (COO)



Marcello Iacono (CFO)



Appointment and remuneration

Board members are appointed by the General Assembly of Shareholders with due regard to the statutory advisory role of the Works Council. A Director may be suspended and dismissed by the General Assembly of Shareholders. The Supervisory Board can also suspend or dismiss a Director, but a suspension by the Supervisory Board can be lifted by the General Assembly of Shareholders.

The BoD has autonomous decision-making. On specific subjects, the BoD can only make decisions with the approval of the SB or the shareholders; these subjects are included in the reserved matters.

The remuneration committee deals with the performance and remuneration of the BoD and senior management. The remuneration is in line with the market and – compliant with the Harrewijn Act – is discussed with the Works Council at least once a year. The SB approves this. The base salary of the BoD in 2019 did not increase more, in percentage terms, than the average percentage salary growth of the employees according to the CLA.

The remuneration of both the Board of Directors, the management and the employees of KidsFoundation who are not covered by the CLA is in line with other companies in the Netherlands, which are similar in terms of revenues and number of employees. To this end, Human Capital Group benchmarked pay against similarly sized companies in 2019 and 2020.

‘The Works Council’s role is to represent employees to the Board of Directors and promote the interests of the employees.’

According to the bylaws of the remuneration committee, the CEO is evaluated annually by the SB. The CEO receives feedback for this from a delegation of the Supervisory Board. A number of major topics are evaluated. For 2020, the BoD has been given the following objectives, among others, for focus areas that are in line with the strategic pillars of the organisation:

- Merge the two organisations Partou and KidsFoundation according to the principle of ‘best of both worlds or better’ with special attention to the cultural preservation of both organisations.
- Invest wisely in whatever is necessary to maximise the safety, health and educational ‘yield’ of the children.
- Ensure effective implementation in the ICT field so that childcare locations are maximally relieved.
- Ensure progress in areas such as secure data management, customer feedback and overall risk management.

Conflicting interests and conflicts

The interests of the BoD largely parallel those of the SB and shareholders. In conflicting situations, the Articles of Association and the Shareholders’ Agreement generally provide a solution.

A Director shall not participate in the deliberations and decision-making process if there is a direct or indirect personal interest that conflicts with the company’s interest. This does not apply when all Directors have a personal interest. In this case, the decision will be made by the General Assembly of Shareholders.

The BoD, SB and shareholders all have an interest in a high-quality and profitable organisation.

Works Council

Smallsteps and Partou, following legal rules, have a Works Council. The Works Council is composed after elections, with employees running for election.

A Works Council member is excused from his/her own duties for the hours necessary to perform Works Council duties.

At the moment there is a Temporary Works Council (TOR) within the organisation at the level of KidsFoundation Holdings B.V. This Temporary Works Council was started in March 2020. The Works Councils of Partou (13 members) and Smallsteps (17 members) meet here. TOR members receive intensive training and can use their own external experts (e.g. financial, HR). Once the merger is completed, a Works Council will be formed from the newly created organisation.

Tasks

The role of the Works Council is to represent the employees to the Board of Directors and to promote the interests of the employees and the organisation. These are not individual interests, but the interests of all employees or specific groups of employees. In addition, the Works Council also has the task of promoting certain matters to the BoD, such as compliance with terms of employment and the CLA, compliance with occupational health and safety rules, the holding of work meetings and the equal treatment of men and women within the organisation.

In addition to duties, the Works Council also has a number of rights, namely:

Advisory right

The Works Council has the right to advise on important issues or changes within the organisation. This includes, for example, an intended acquisition or sale, but also the allocation of authorisations. For these topics, the BoD is obliged to seek advice from the Works Council, but this advice is not binding. In 2018 and 2019, both Smallsteps’ and Partou’s ORs did not provide any negative advice. The same is true for the TOR in 2020.



In 2019 and 2020, the (T)OR advised on the following, among other things:

- Several openings, including 3 ICCs and a sports OSC centre
- Several closures
- Legal mergers of different labels
- Merger between KidsFoundation and Partou
- Sale of 3 locations in connection with requirements of the Netherlands Authority for Consumers and Markets in the context of the merger between KidsFoundation and Partou
- Housing of the service offices at one location
- Social Plan as part of the integration of KidsFoundation and Partou

Right to consent

In the area of social policy within the organisation, the Works Council has the right of consent. This applies, for example, when a certain scheme for employees is introduced, changed or abolished. The Works Council and BoD must then jointly agree.

In 2019 and 2020, the (T)OR consented to the following, among other things:

- Adjustment of the childcare scheme for company staff
- Car scheme for the purpose of transporting children
- Assessment system for location managers
- Introduction of a methodology with regard to an action plan for statutory RIE

Right of initiative

The Works Council has the right to submit its own proposals to the management, based on signals

from the constituency or on its own initiative. This may be the case for a wide range of issues affecting the entire staff or a specific group. No use was made of this in 2019.

Parent Committees

KidsFoundation strives to have a Parent Committee at each location, which includes a number of parents with children at the location. The existence of the Parent Committee is stipulated in the Childcare Act. The purpose of the committee is to maintain and improve the quality of childcare, in collaboration with the organisation. In addition, the Parent Committee can play a role in communication with the parents, the organisation, and the Municipal Health Service (GGD). The Parent Committee provides solicited and unsolicited advice to the childcare organisation.

Composition and regulations

The agreements between the Parent Committee and KidsFoundation are set forth in regulations. A part of the regulations includes organisation-wide agreements, and a part concerns the working method of the Parent Committee and can be adapted by the Parent Committee.

Any parent with a child in childcare can apply to be a member of the Parent Committee of the respective location. The Parent Committee functions independently, so there is no need for a representative from the childcare location to be present at the meetings. However, a delegate or other parent may join the meetings at the invitation of the Committee.

At one location there is no Parent Committee because there is not enough enthusiasm from the parents. In this case, KidsFoundation will continue to periodically call on parents to make themselves available for a Parent Committee.

If there is no Parent Committee, an alternative parent consultation will take place for issues on which a Parent Committee has advisory rights. For example, by a summons in the newsletter for an Advisory Committee or by approaching a selection of parents for advice through a short survey.



Right of participation

The Childcare Act stipulates that a Parent Committee has the right to provide solicited and unsolicited advice to a childcare facility, the so-called right of participation (advisory right). This right applies to the following topics: the implementation of the quality policy in general and the education policy in particular, the general policy in the area of safety, health, nutrition and education, the opening hours of the location, price changes, the preschool education policy and the complaints procedure. When there are changes in policy or a new policy on any of these topics, the childcare organisation is required to ask the Parent Committee for its advice in writing, at a time when the advice may still have an impact. This also applies to temporary changes. From the moment the Parent Committee has sufficient information, it has four weeks to give its advice.

KidsFoundation is required to respond in writing to the advice of the Parent Committee. If this opinion is negative, it can only be rejected with reasons and justification. The management or branch manager must demonstrate that following the negative advice is at the expense of the quality or the costs of childcare.

In the event of a dispute, the independent Childcare Disputes Committee can be called in. Two disputes were submitted in 2019. In one case it was appropriate, and the other case was unfounded.

Management structure



Governance

Risk management

The day-to-day dealings with a vulnerable target group and the nature of our business operations create exposure to strategic, operational, financial and compliance risks. Policies have been established to deal with these risks. Risk management is an integral part of our business operations.

Risk policy

Taking risks is part of doing business. We strive for responsible and sustainable business operations through careful consideration of the objectives and our risk tolerance.

The Board and management team are responsible for risk acceptance and risk management systems and internal control mechanisms. To this end, we identify the important risks and verify compliance with laws and regulations within our organisation.

The systems and mechanisms aim to minimise the likelihood of errors, wrong decisions and the impact of unexpected events. This is guaranteed in the internal structures of line management, planning and control. Periodic monitoring and auditing of deviations from risk standards takes place to refine policies, systems and mechanisms.

Management reports quarterly on risks and monitoring to the Board of Directors. Risk management is also part of the quarterly consultation with the Supervisory Board.

Risk profile

The childcare sector and our organisation have a number of characteristics that determine our risk profile:

- Due to its core activity of 'childcare and contributions in child development,' KidsFoundation has a vulnerable target group, spread across many branches.
- Our business is labour and capital intensive with high burdens in wages and housing costs. This carries financial risks.
- The childcare industry has a high degree of regulation in laws and regulations. This makes the sector vulnerable to government intervention. The regulations also have compliance risk; remaining compliant with quality requirements necessitates continual investment in knowledge and skills.

Based on these characteristics and developments in our environment, KidsFoundation has defined seven risk areas for which policies have been drafted: safety & health, economic development, development of customer needs, public policy, social legitimacy, capacity development, financial structure.

These risk areas are derived from the company's strategic pillars, the six capitals from our value creation model and GRI standards (Global Reporting Initiative, internationally recognised standard for compiling a sustainability report).

Risk analysis

The seven risk areas can be divided into strategic, operational, financial and compliance risks.

Strategic risks: economic development, social legitimacy, development of customer needs.



The demand for childcare is sensitive to changes in the economy and the amount of childcare benefits. Changes in the economy may have political implications for the use of the childcare reimbursement tool for working parents. Cuts in childcare benefits and increased unemployment lead to decreases in childcare demand. Fluctuations in the demand for childcare in turn affect the need for employees.

At the same time, the ability as an organisation to respond quickly to larger or smaller demand is limited; we have many employment contracts for an indefinite term to retain the best employees and long-term leases to ensure childcare services for parents.

The hybrid system of childcare, with public providers and partial government funding and regulation, is a recurring topic of conversation among stakeholders. The system offers parents a choice of provider and encourages broad access with partial funding by employers and the government. At the same time, the market is highly regulated with laws and regulations to ensure quality. In addition, the social relevance of childcare and child development is high. Operating in such a hybrid and socially relevant market requires us to be constantly thinking about how to further improve the system for parents and children, and to be accountable and transparent about how KidsFoundation operates within the system.

Parents' needs and desires are constantly changing. This could include the demand for specific forms of childcare (from childcare with a focus on preschool education to sports OSC centres) or the need for some form of collaboration with schools (near a school, in a school or as part of a child centre). Wishes regarding opening hours and additional services such as hot meals, haircuts or transportation to and from sports facilities also change over time. Having a picture of the reasons for both increased demand and decreased demand affects business operations. Strategic partnerships with municipalities and the education sector also play a role in being able to manage demand.

Operational risks: health and safety, capacity development

The care and development of children brings with it great responsibility in the area of safety and health. The impact of incidents can sometimes be significant, both for those directly involved and for society as a whole. Our organisation has both proprietary and legally mandated protocols to manage and mitigate risks. In addition, we are also dependent on risks related to partners we work with, such as landlords and managers of our venues, suppliers of products we use, or the security of venues we visit along with the children, such as a petting zoo, for example. Within KidsFoundation, the reporting of (near) incidents by our education professionals is a strict rule, and failure to comply can have personnel consequences.

Another security risk is the handling of personal data of children and parents. The large numbers of data and different systems in which that data resides lead to risks of data breaches and unauthorised data dissemination within the organisation. Therefore, the design and use of systems and the storage of data is bound by protocols and 'fail-safe' design. KidsFoundation works with partner Northwave to ensure that the security of systems and procedures around data processing and privacy are as good as possible. In the future, KidsFoundation aims to be ISO27001 certified in this area.

The demand for childcare is highly dependent on employment. This affects both the demand for our services and the supply of sufficiently qualified employees. Rapid increases or decreases in that supply and demand pose different capacity risks. There are risks related to the spaces that we can rent or scale down in order to increase or decrease the number of childcare places. There are risks related to the availability of needed staff to meet changing demand. The latter can lead to risks of increased workload for employees. There are risks related to management; rapid growth or contraction can lead to loss of control and loss of quality in the execution of processes. Finally, increases and decreases in demand can also affect our suppliers.



*Financial risks: financial structure***The large number of children and parents brings with it a wide range of debtors, with additional risks of creditworthiness, default on payments and refusal to pay.**

These risks affect the organisation's current assets and balance sheet position. We take our target group into account in our debtor policy. In the case of payment delays or problems, we cannot eliminate the cause but we can often help with a payment plan. Payment problems can have many causes, including problems with receiving childcare benefits. Parents receive these benefits directly from the tax authorities, without the intervention of the childcare organisation. As a large childcare organisation, we see it as our duty to advocate for a simpler benefits system, which will ensure that parents have a good chance of receiving childcare benefits on time with a minimal risk of a repayment obligation.

KidsFoundation does not own any real estate and leases all of its locations. This entails risks with respect to the duration and conditions of the lease contracts. The leasing of spaces in schools carries the risk of a lack of lease protection in those structures⁴¹. If the space is needed for students of the school (or of another school) then the lease can be terminated unilaterally.

Compliance risks: public policy

The hybrid system of childcare and the additional legal regulations presents specific risks.

Changes in laws and regulations have a direct impact on the business operations of childcare organisations. Government regulation through legal frameworks is important for ensuring quality in the sector. At the same time, the possibility of adjusting these frameworks carries risks. Government intervention can affect affordability and thus the demand for childcare, the cost and availability of qualified staff, the furnishing of spaces and availability of suitable facilities.

Risk acceptance

Strategic – moderate. KidsFoundation strives to balance its social function with strategic ambitions in the long term.

Operational – very low. Given the vulnerable target group and the social importance, we strive to maintain the continuity of our activities. Securing the necessary preconditions in terms of safety, health and systems is important in this regard.

Financial – very low. We strive for a solid financial position and sufficient resilience. By doing so, we provide assurance of high quality childcare for the children and their parents and continuity for our employees and shareholders

Compliance – very low. KidsFoundation complies with all applicable laws and regulations.

Risk mitigation provisions*Integrity and anti-corruption*

KidsFoundation is committed to a corporate culture of integrity. Various measures have been taken to achieve this.

A code of conduct has been established for all employees. This provides clarity on how we want to treat each other in the organisation and what is and is not permissible in our relationship with external parties.

Undesirable conduct

KidsFoundation has a preventive policy regarding undesirable conduct. Our hiring process ensures that every employee at both branches and office locations has a Certificate of Good Conduct at the time of hiring and is linked to our organisation in the Register of Persons. Each employee is therefore registered in accordance with the applicable regulations in the government's Register of Persons for Childcare, for which the rule is: "Everyone who lives or works in a place where children are cared for must register in the Register of Persons for Childcare."

There is a code of conduct and a protocol for suspicions of undesirable conduct. Employees, parents and other external parties can report such suspicions. For parents, this is done through the complaints procedure. Employees can contact confidential advisors and the GGD. Nationwide, only 136 reports were made to the GGD⁴² in 2019; KidsFoundation's share of this is not known.

* Wet op het Primair Onderwijs, artikel 108

In addition, KidsFoundation uses the four-eye principle, according to legal requirements. This means that a professional in the childcare groups in the presence of children between the ages of 1 and 4 can only carry out his or her work while he or she can be seen or heard by another adult. For this reason, there are always 'see-throughs' at the doors and in the windows between the groups.

KidsFoundation branches do not use camera surveillance to ensure compliance with the four-eye principle. Compliance with the four-eye principle is part of the GGD inspection. The law requires that the Parent Committee be informed at least once a year about how the four-eyes principle is implemented at a daycare centre. The Parent Committee has advisory rights to approve or reject the interpretation of the four-eyes principle.

Whistleblower policy

Whistleblower procedures are designed to encourage employees to report concerns or complaints about accounting, internal control or audit issues or other actual, potential or suspected abuses related to the company's business and activities.

Such abuses may include a violation of a law or regulation or improper use of company resources. Abuses can be reported within KidsFoundation through the Whistleblower Policy. There are no known reports in 2019.



‘The security policy at KidsFoundation is aimed at preventing any form of negative impact.’

It is present at two levels: For all employees there is the possibility to report a suspicion of misconduct or irregularity; this can be done anonymously. This report may eventually go to the highest manager, the Board of Directors.

There is a separate whistleblower policy for members of the Management Team, by virtue of which abuses can be reported (possibly anonymously) directly to the shareholders.

Confidential advisors

The organisation has four confidential advisors, to whom KidsFoundation employees can report (anonymously if desired) any unwelcome behaviour, abuses or inappropriate conduct. In 2019, 44 reports were made to the confidential advisor.

There is also a confidential advisor for parents who they can contact to report abuses or undesirable behaviour.

Anti-corruption

KidsFoundation has a policy to prevent corruption and fraud. The BoD has introduced specific anti-bribery instructions. PwC conducts an annual fraud scan of the BoD. Guidelines and standards have also been developed to promote acting with integrity. Among other things, authorisation charts have been drawn up, so that all payments must be activated by two different groups.

Health and safety

The laws and regulations are embedded in the quality manual, the education policy and the health and safety policy. Each location has a specific health and safety policy that applies to that specific location. The safety policy at KidsFoundation is aimed at preventing any form of negative impact. For example, a large number of safety measures



exceeding the statutory minimum have been implemented at KidsFoundation. A risk inventory, which is checked annually, has been drawn up for each location.

Every year, KidsFoundation makes around 10 reports about suspected abuse to Safe at Home (**Veilig Thuis**). On the basis of the report, Safe at Home will investigate the situation itself or request the assistance of a local social worker. Employees receive a variety of training and workshops to recognise suspicious situations. The number of reports is low in relation to key figures from available research on abuse⁴³. For example, for the first half of 2019 there were no reports at all from childcare organisations to Safe at Home⁴⁴. So this also applies to KidsFoundation. This skewed relationship between actual detection and estimated prevalence cannot be properly explained. KidsFoundation continues to encourage its employees to make these reports and supports them in doing so with activation programmes.

Data processing and IT systems

KidsFoundation is aware of the risks of IT systems and data storage. The policy is therefore aimed at complying with NEN-ISO/IEC 27002:2015 standards. KidsFoundation works with external certified partners. Processing agreements have been drawn

up for storage of data outside the organisation. The policy is not to store data on servers outside the EU. GDPR rules are being complied with, and strict policies for data acquisition and encrypted storage are in place. A new data warehouse will be set up in 2020.

Internal and external quality audits

Internal audits take place in various forms to secure policy and processes at the locations. Quality at all locations is checked on average two to four times a year using standardised checklists. Points for improvement are recorded and follow-up is monitored by the Quality Department. The Quality Department provides support and advice as needed in the implementation. As a result of the merger with Partou, internal audits and related work processes will be harmonised according to the 'best of both worlds' principle.

External auditor

KidsFoundation had several audits performed by an external auditor in 2019. The audits performed are designed to verify that the financial statements are a fair representation of the financial situation.

All audits were completed with positive results.

The coronavirus crisis

Impact of COVID-19

The COVID-19 pandemic had a sudden and significant impact on the peace of mind of our employees and the business operations of the sector and of KidsFoundation in 2020. A social health crisis of such magnitude is beyond the scope of a normal risk analysis. Yet, characteristics of KidsFoundation's business operations are proving to be relevant to how we have been able to respond and fulfil our social mission.

Care for the health of our staff, children and their parents

The world was suddenly turned upside down. There was disbelief, uncertainty and concern at various levels among all our employees. And there still is. Whether it's about their family, friends or immediate colleagues and the children they care for on a daily basis. The turmoil was keenly felt within our organisation in March 2020. What was going to happen? How much longer? There were many questions that did not receive immediate answers. We never doubted what we had to do. Put health first, but also do what drives us the most: provide the very best care for the children. This included during the lockdown when we were only open to those children whose parents are essential workers.

Suspension of regular childcare - on 15 March, 2020, it was announced that, by order of the government, regular childcare would be closed for the period from 16 March to 6 April⁴⁵. On 31 March, that period was extended to 28 April⁴⁶.

Emergency childcare - it was also announced on 15 March that emergency care would be organised for parents who are essential workers.

Immediately after the measures were announced on 15 March, KidsFoundation took action. First, an inventory of the impact of the measures was made. Plans were drawn up for informing clients and shaping the emergency childcare. Initially, it was not entirely clear whether the emergency childcare

‘Emergency childcare for children of parents who are essential workers and outside of regular hours’

applied only to children whose parents are both essential workers or also if only of the parents is. KidsFoundation interpreted the measure to mean 'one of the parents', in order to provide maximum opportunities for parents who are essential workers. In Parliamentary Letters dated 17 March⁴⁷ and 25 March⁴⁸ the government specified the measure to mean one of the parents.

Municipalities are in charge of the emergency childcare, working closely with childcare organisations and schools. Consultations also take place on the care of vulnerable children. The primary objective of emergency childcare is to provide children with care in the most familiar environment possible, so that parents can continue to carry out their jobs as essential workers without any worries. For this, it is important that qualified education staff give substance to emergency childcare.

In addition to providing care for KidsFoundation's existing clients who are essential workers, KidsFoundation also opened up care to children of parents who are essential workers who were not yet clients. Emergency childcare was also offered outside of regular hours, i.e. during the night and/or on weekends, in a number of locations, such as Hengelo, Landsmeer and Gooise Meren.

In total, emergency childcare was used for several thousand children; several hundred KFH locations were open during the lockdown for this purpose.

On 21 april 2020, the Outbreak Management Team (OMT) recommended that regular childcare be allowed again under specific conditions. The public health risk associated with opening childcare facilities on 11 May 2020 was considered manageable⁴⁹. The government followed this advice. The daycare was fully open again from 11 May; the OSC centres followed the elementary school schedule. Until 8 June 2020, this meant that children could only attend OSC centres on the days they were in school. As of 8 June, the OSC centres had also fully reopened.

Dedicated employees – The responsiveness of an organisation is largely determined by the commitment of its employees. It is precisely in situations like this that an organisation with dedicated and happy employees can move more quickly. This has been reflected in wonderful emergency childcare initiatives. The use of digital internal channels (apps) have increased engagement and improved communication during the period when many employees worked from home.

Size and consultation with the industry – As the market leader, KidsFoundation is a key dialogue partner. After 15 March, KidsFoundation was in intensive contact with Brancheorganisatie Kinderopvang (BK) (Childcare Industry Association) to help think through the scenarios the ministry had to assess, such as compensating parents or continuing emergency childcare after 11 May.

Consultation with governments – The industry almost immediately entered into consultation with the Ministry of Health, Welfare and Sport. A major topic of discussion was the reimbursement of ongoing costs to parents while services were halted. The 15 March measure on the suspension of regular childcare is a prohibition measure. This gives childcare providers the legal ability to claim force majeure.

Compensation costs for parents – In the Parliamentary Letter of 25 March 2020, the government announced that it would continue to compensate not only the regular allowance (KOT), but also the total costs up to the maximum childcare rate, estimated to be around €30 million per week. To do so, however, it was essential that parents continue to pay the full invoices. On 20 March, various interested parties, including the Branchevereniging Kinderopvang (Childcare Industry Association), drafted a letter of intent with the government for reaching a workable solution to parental compensation⁵⁰. In it, the childcare organisations expressed the intention that they would absorb the amount between the maximum KOT rate and their hourly asking price. KidsFoundation has reimbursed parents a total of about €3.5 million.

Compensation has also been made available by the State for preschool education. For preschool education, the industry associations requested a postponement of the obligation for municipalities to offer at least 960 hours of preschool education for children aged 2.5 to 4 years with a preschool education indication. Smaller municipalities in particular would find it difficult to meet this obligation given the suspension of childcare and education⁵¹.

Postponement/relaxation GGD – In Brabant, the province first hardest hit by COVID-19, it soon became clear that absenteeism was also increasing rapidly among employees and some employees were reluctant to go to work (for example, because they had mild cold symptoms or belonged to vulnerable groups). Staff attrition meant that the regular guidelines regarding child/attendant ratios





could not always be followed. In consultation with the authorities, it was decided to suspend the GGD inspections, but at the same time to enforce the quality requirements for our services as best as possible.

Use of digital channels – The contact that KidsFoundation has with parents through its own digital channels (the app Konnect, Facebook channels, websites, email) has been used to support parents in the care and development of children at home as well. After only a few days, we began providing opportunities to do activities at home. Parents were also asked which questions arose and were supported with education advice.

Internally, the use of digital channels has also increased significantly. For example, an online training course called 'Working with Babies' was launched widely within two weeks and scheduling was accelerated. This allowed employees to take

the course at home. The plan was to have all employees take the course before 1 January 2023, but now the crisis has been used to accelerate that process. Other online training is also available for employees who are at home. In total, more than 10,000 certificates have been obtained.

Supplier payment terms: KidsFoundation has not had to extend suppliers' payment terms as a result of COVID-19.

Government compensation schemes: The Dutch government took several measures in 2020 to assist entrepreneurs and businesses during the coronavirus crisis. KidsFoundation did not take advantage of the NOW scheme. All salaries and vacation pay have been paid. Out of precaution and uncertainty about the future, we did initially make use of deferred payment of taxes and social insurance, but this was subsequently paid during the year. All interest has been paid. KidsFoundation met all its obligations despite the coronavirus crisis.

Corporate social responsibility

Scope and reporting criteria

This report is KidsFoundation's first social report. As a major player in childcare, we believe it is important to be transparent about our activities. We reflect on achieved results and try to make this measurable. This is the only way we can make strides in the excellence of execution we are striving for. And to live up to our ambition of being the best-rated childcare provider.

KidsFoundation reports in accordance with the Global Reporting Initiative (GRI) Standards (Core Option). The GRI is the world's most widely accepted guideline for the preparation of non-financial annual reports. The GRI reference table is included below. In addition, on [page X](#) we have provided insight into our contribution to the realisation of the United Nations Sustainable Development Goals (SDGs).

This report covers all brands that offered childcare services in 2019 under KidsFoundation Holdings B.V: Smallsteps, Zus en Zo, Koningskinderen, The KidsCompany, KITS, Kindercentrum.nl, BelleFleur, de Speelbrug, Nijntje Pluis and SKS Alles Kids. In view of the merger with Partou in January 2020, Partou has also been included in the report so that the figures are comparable in the coming years.

The financial results for 2019 are not included in this social report, but in the filed financial annual reports of KidsFoundation and Partou.



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GRI102: General indicators				
Strategy				
G102-14	Statement by the most senior decision-making body	From the Board of Directors	7	
G102-15	Key implications, risks and opportunities	Our strategy – The world around us	16–21	
Organisation profile				
G102-1	Organisation name	<i>Cover, KidsFoundation</i>		
G102-2	Activities, brands, products and services	<i>KidsFoundation</i> <i>About KidsFoundation – Our work</i> <i>About KidsFoundation – Value creation model</i>	4 8–9 10–11	
G102-3	Headquarters location			<i>Sportlaan 1, Vianen</i>
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G102-5	Ownership structure and legal form	Governance – Administrative and management structure	49	
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Governance				
G102-18	Governance structure of the organisation	<i>Governance – Bestuurs- en managementstructuur</i>	50	
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Ref	Description	Chapter	Page	Note
Reporting method				
G102-45	Entities included in the consolidated financial statements			See annual financial report
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G102-49	Significant changes in scope and delineation as compared to the previous reporting period			First social report
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G102-52	Reporting cycle			Annual
G102-53	Contact information			https://www.kidsfoundation.nl/nl/contact/
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G103-3	Evaluation of the management approach	Our impact – Results	36-47	



Corporate social responsibility

Endnotes & sources used

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