

WEC Staffing Executive Regulatory Outlook

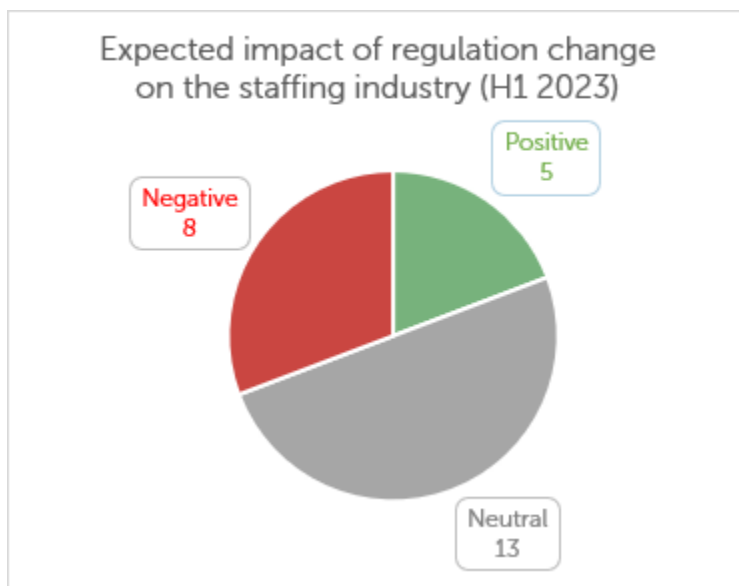
First half of 2023

Executive Summary

WEC's Staffing Executive Regulatory Outlook (SERO) presents the results of the March edition of the bi-annual poll of top executives of National Staffing Federations around the world. Staffing Executives assess the likelihood and potential impact of regulatory changes on the staffing industry from March 2023 until August 2023.

Executives of 25 different National Staffing Federations have responded to this edition of the SERO poll.

From the agency work perspective, the **overall regulatory outlook for the period of the next six months is neutral in 13 surveyed countries**. In 8 countries, the impact of regulation changes is expected to be negative overall, while in 5 countries, the overall outlook is positive.



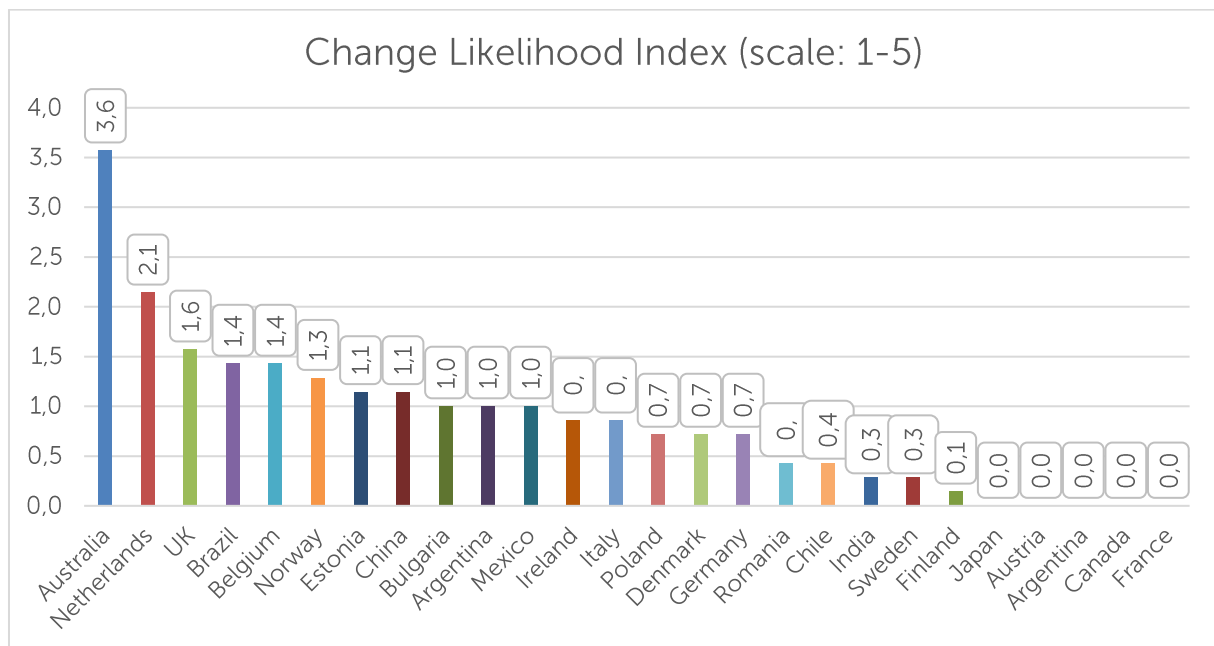
In 5 of the 25 surveyed countries, the staffing industry anticipates regulatory changes, which will have an overall **positive impact** on the sector: The most important countries with positive regulatory change are the following: In **Italy**, sectoral social partners for the sector focused on a renewal of a collective agreement and regulatory changes have been adapted including the removal of restrictive reasons for use introduced by a previous reform and a strengthened role of the industry in active labour market policy. In the **Netherlands**, the focus is laid on

implementing the pension reform based on a political agreement and changes related to user pay. These regulatory changes are positive, while more challenging regulatory change is expected for next year (and thus beyond the time horizon of this edition of the SERO). In the **United Kingdom**, the government is in a pragmatic phase working toward normalising political processes after some turmoil. Currently, expected regulatory changes for the next six months are small but overall positive for the sector. In **Bulgaria**, positive changes regarding regulatory proposals on minimum wages and the work permit process for third-country nationals are currently expected. These proposals are not specific to the staffing industry but still important to the sector.

A **negative** impact of the regulatory change is expected in 8 of the 25 surveyed countries. This includes particularly **Australia** with a regulatory change where a new left-wing government has put forward an agenda to inhibit agency work services, **Norway**, where the regulatory discussion focuses on the implementation of the new regulation adopted in December 2022 and includes regulation to use the of agency work for temporary needs and a sectoral ban on the use of agency work in the construction sector in the central and eastern part of Norway. In **Germany**, a moderate negative change is expected linked to the federal labour court judgment on equal pay regulation and collective labour agreements. The long-term impact of the judgment on the industry remains to be assessed.

1 - Likelihood of Regulatory Change

19 out of 25 countries included in this poll report at least some likelihood of regulatory change across 7 regulatory elements (see page 5 for methodology).

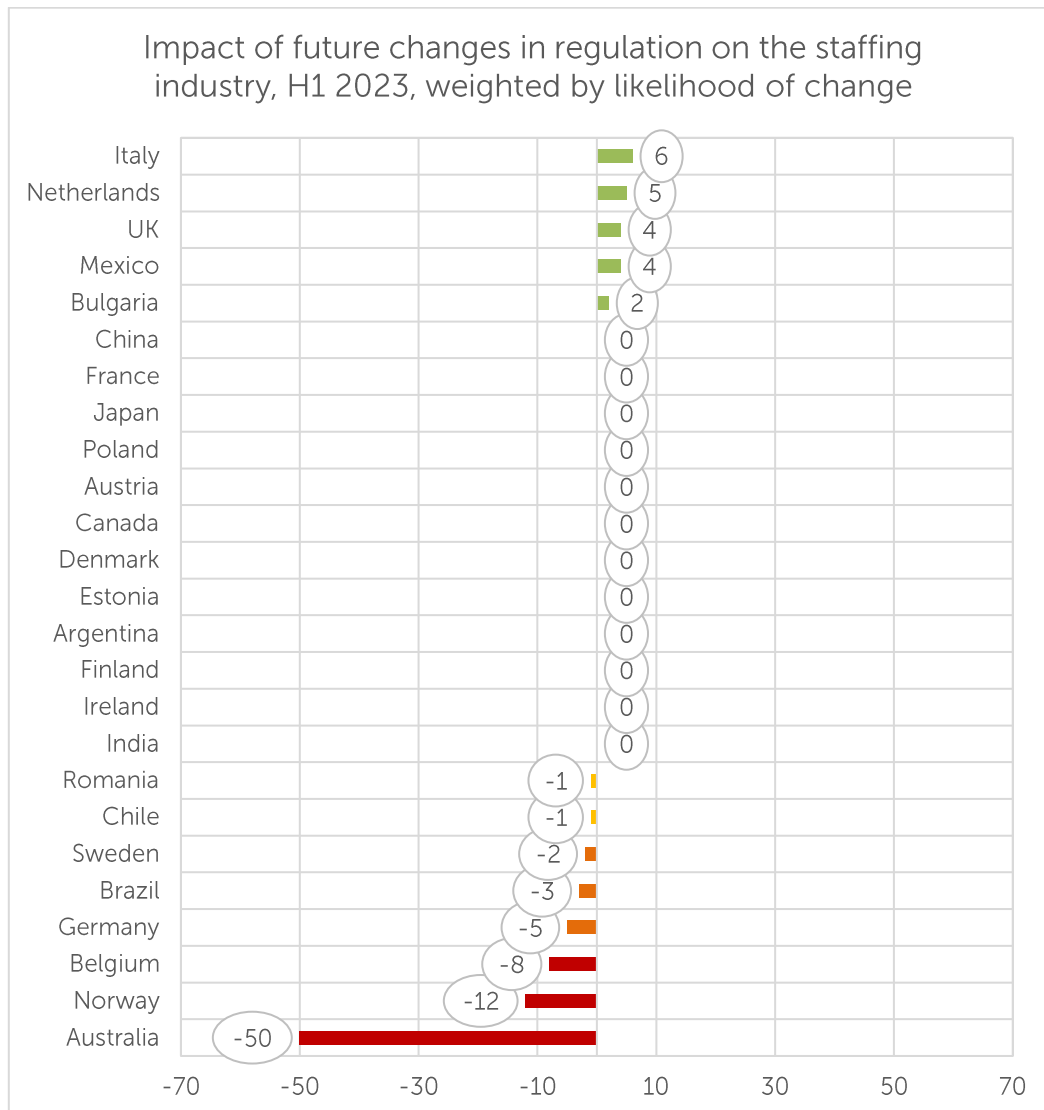


By regulatory element:

- **Conditions for establishment** to provide agency work services and contracts: 2/25 countries report a rather strong likelihood of change (≥ 3 out of 5): Australia, Belgium
- **Conditions for use for agency work services:** 2/25 countries report a rather strong likelihood of change (≥ 3 out of 5): List countries: Australia, Norway
- **Labour conditions for agency workers:** 5/25 countries report a rather strong likelihood of change (≥ 3 out of 5): Australia, Denmark, Germany, Ireland, Netherlands
- **Social protection coverage for agency workers:** 2/25 countries report a rather strong likelihood of change (≥ 3 out of 5): Italy, Netherlands
- **Taxes/premiums related to agency work contracts/services:** 3/25 countries report a rather strong likelihood of change (≥ 3 out of 5): Australia, Brazil, United Kingdom
- **Other labour regulations:** 5/25 countries report a rather strong likelihood of change (≥ 3 out of 5): Australia, Italy, Netherlands, Poland, United Kingdom
- **Other regulations:** 2/25 countries report a rather strong likelihood of change (≥ 3 out of 5): Brazil, Bulgaria

2 - Impact of Potential Regulatory Changes on the Staffing Industry

Out of the 25 countries surveyed, five countries foresee regulatory changes that will have an overall positive impact on the staffing industry over the next six months. Twelve countries expect a neutral impact of any regulatory changes on the industry. In eight out of 25 surveyed countries, regulatory changes might have an overall negative impact on the staffing industry across the 7 regulatory elements (see page 5 for methodology).



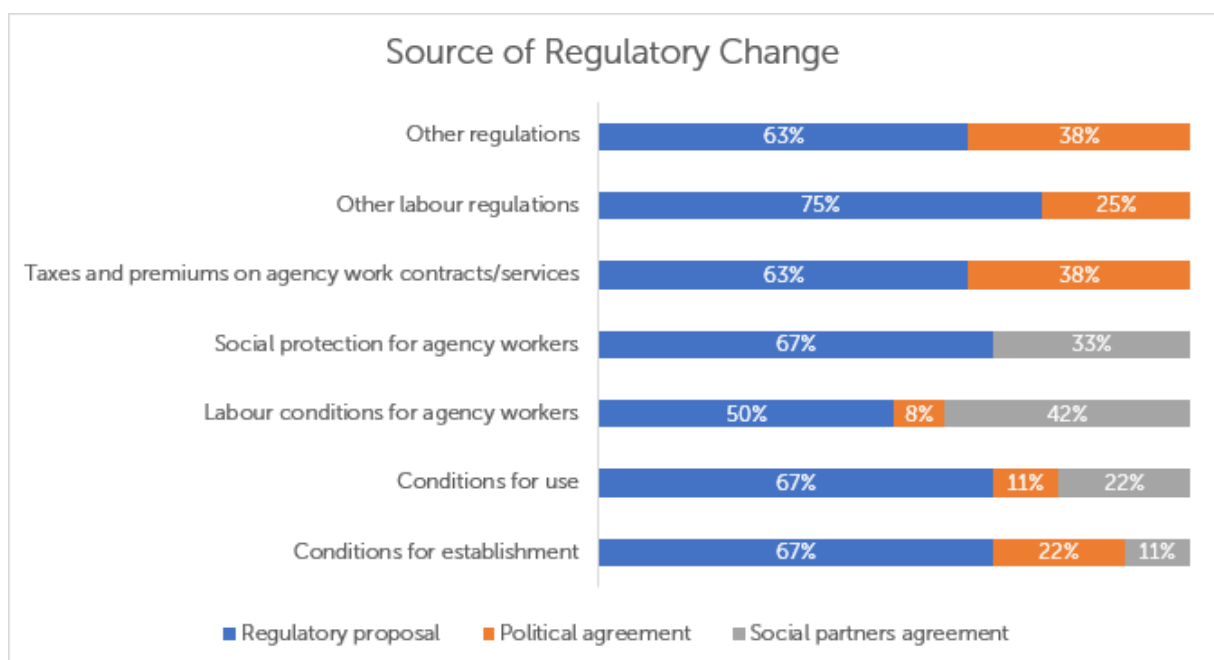
By regulatory element:

The future negative impact of regulatory changes by regulatory element:

- **Conditions for establishment to provide agency work services and contracts:** 2/25 countries report a potentially negative impact of regulatory change: Australia, Belgium
- **Conditions for use for agency work services:** 2/25 countries report a potentially negative impact of regulatory change: Australia, Norway
- **Labour conditions for agency workers:** 3/25 countries report a potentially negative impact of regulatory change: Australia, Germany, Norway,
- **Social protection coverage for agency workers:** no countries report a potentially negative impact of regulatory change.
- **Taxes and premiums related to agency work contracts and/or services:** 2/25 countries report a potentially negative impact of regulatory change: Australia, Brazil
- **Other labour regulations:** 3/25 countries report a potentially negative impact of regulatory change: Australia, Chile, Romania
- **Other regulations:** 1/25 countries report a potentially negative impact of regulatory change: Romania

3 - Source of Potential Regulatory Change

Across the 7 regulatory elements, the source of any potential change in most countries comes from regulatory proposals, followed by political agreements. Social partner agreements play a role to a lesser degree.



4 - SERO Methodology

The SERO poll asks WEC Member National Federations about their self-assessment on the likelihood (scale: 0 to 5) of regulatory changes being implemented within the next 6-month period for the following 7 elements:

- Conditions for establishment to provide agency work services and contracts
- Conditions for use for agency work services
- Labour conditions for agency workers
- Social protection coverage for agency workers
- Taxes and premiums related to agency work contracts and/or services
- Other labour regulations
- Other regulations

The **Change likelihood index** is a number between 0 and 5 that is calculated by summing up the likelihood (between 0 and 5) of regulatory change for each of the 7 elements and then dividing the sum by the number of elements (7), therefore providing equal weighting to each element.

The SERO poll also asks about the impact (scale: -2 to +2) on the staffing industry of the potential regulation changes in the 7 elements listed above.

The **Total Weighted Impact** factors in the likelihood of change and is calculated by weighting the impact of a regulatory change on the industry (from -2: very negative to +2: very positive) by the indicated likelihood of the potential regulatory change to happen. This is done for all 7 regulatory elements, which are then summed up to generate the total weighted impact.

Example: The likelihood of regulation change in the regulatory element "labour conditions for agency workers" is expected to be relatively high (4 out of 5), and the impact on the staffing industry in the case where this regulatory change actually occurs is expected to be very positive (+2 on the scale between -2 and +2). The total weighted impact for this regulatory element would therefore be +8, i.e. the likelihood (4) multiplied by the expected impact (2). Another example would be a country which expects change in one regulatory element to happen with a high likelihood (5), but the impact is expected to be neutral (0). In this case, the total weighted impact for this element would be zero. The country indicator of total weighted impact is gained by adding up the total weighted impact for each of the 7 regulatory elements.

Note: Due to the summing up of the weighted impact across the 7 regulatory elements, a country might have a positive total impact, even if it indicated a negative impact in one or more of the 7 elements. This would mean that the positive impact outweighs the negative in total, either because the likelihood of the positive change is higher, or because the impact of the positive change is stronger than the one of the negative change, or both.

Lastly, the poll also asks about the **source of the potential regulatory changes** (regulatory proposal, political agreement, social partners agreement).