

Sustainable Economies Due diLigence:
good EXamples and the role
of social dialogue

AB Midden Nederland Netherlands

CASE STUDY
AGRICULTURAL AND FOOD INDUSTRIES

PROJECT NO. 101126464

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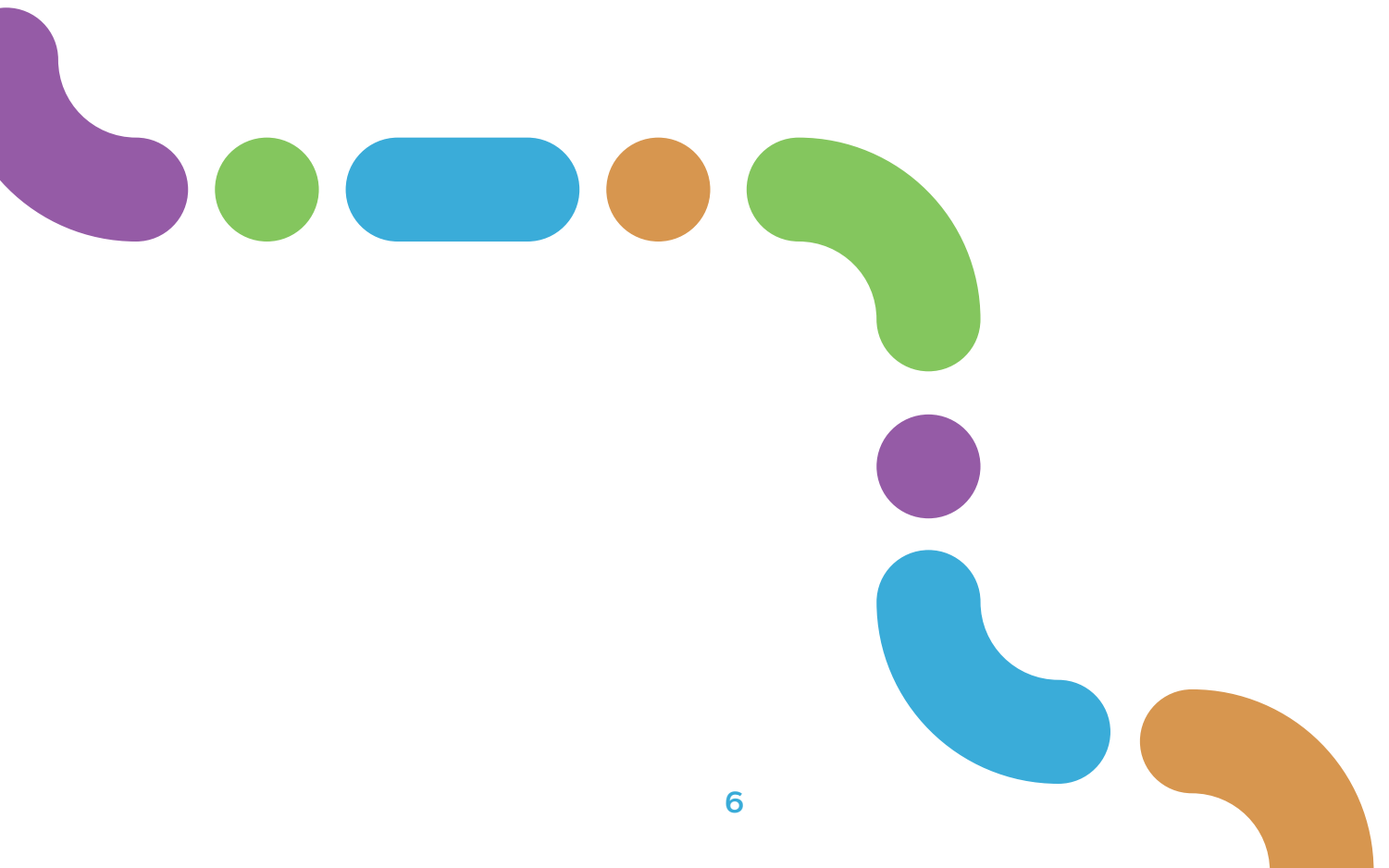
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01

Organisational model and legal status



Case study: AB MIDDEN NEDERLANDS – NETHERLANDS

AB Midden Nederland is a cooperative company that provides temporary staff to cooperative members whenever the need arises. Its members, who are at the same time its customers, are found mainly but not exclusively among farms. Often the demand for additional staff is related to seasonal activities such as the harvest. But when, for example, the farm manager is ill or unable to work, AB can also supply a temporary manager.

The cooperative's annual net turnover in 2023 was €105 million. This represented an increase of 11% compared to 2022, partly due to the merger with AB Vecht en Amstel that took place the year before. However, the net result fell by €1.2 million due to a decrease in the number of temporary staffing hours, an increase in the minimum wage, and the high costs of the merger. Substantial investments had also been made in training. All in all, AB Midden Nederland held up well in a shrinking market: the decline in the number of staffing hours for the sector as a whole was 10%.

AB Midden Nederland is very much committed to short lines of communication and intensive customer contact. 700 of its members have the status of 'reduction members'. This means they can hire staff and services from AB Midden Nederland at a discount rate. This reduction membership is open only to agricultural companies, not mainstream manufacturers. The latter can, however, apply for ordinary membership of the cooperative. By 2023, 80 of the 700 reduction members have taken advantage of the cooperative's stand-in management services to cope with temporary staff incapacity.

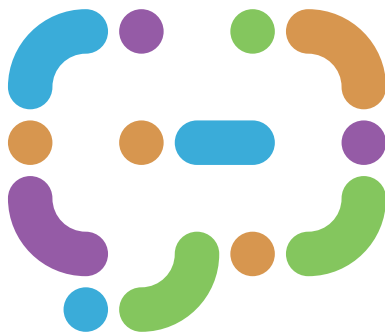
The cooperative has a workforce of 320 full-time equivalent permanent staff, and in addition a pool of 1,800 full-time equivalent temporary staff. A significant proportion of the temporary staff come from Eastern Europe (mainly Poland and Romania). Among the temporary workers, about half (50%) are offered an employee contract, while the other half work either on a flex contract (45%) or on a self-employed contract (5%, i.e. the regime known in the Netherlands as ZZP, *zelfstandige zonder personeel*). In this way, AB Midden Nederland can cope with the current shortage on the labour market and fluctuations in demand for staff by its clients.

The highest administrative body of the cooperative is the Members' Council, consisting of 17 members representing the sectors within which AB operates: 10 from the dairy or pig farming sector, 3 from the construction sector, 2 from the fruit sector, 1 from the greenhouse horticulture sector, and 1 from the transport and logistics sector. By statute, reduction members are meant to have the upper hand in the Members' Council, which explains why the agricultural sector has the majority. However, due to a gradual shift in activities, the agricultural sector presently accounts for only 25% of the annual turnover. The Members' Council oversees strategic decision-making. There is also a Supervisory Board on which the Members' Council is represented. These designate an Executive Board, which is responsible for policies pursued and oversees management. Finally, there is the Board of Directors (general manager, financial director and commercial director) which runs the day-to-day business.

The cooperative simultaneously acts as a holding company, responsible for the activities related to temporary work, and as a company that owns the fixed assets (the houses housing foreign workers).

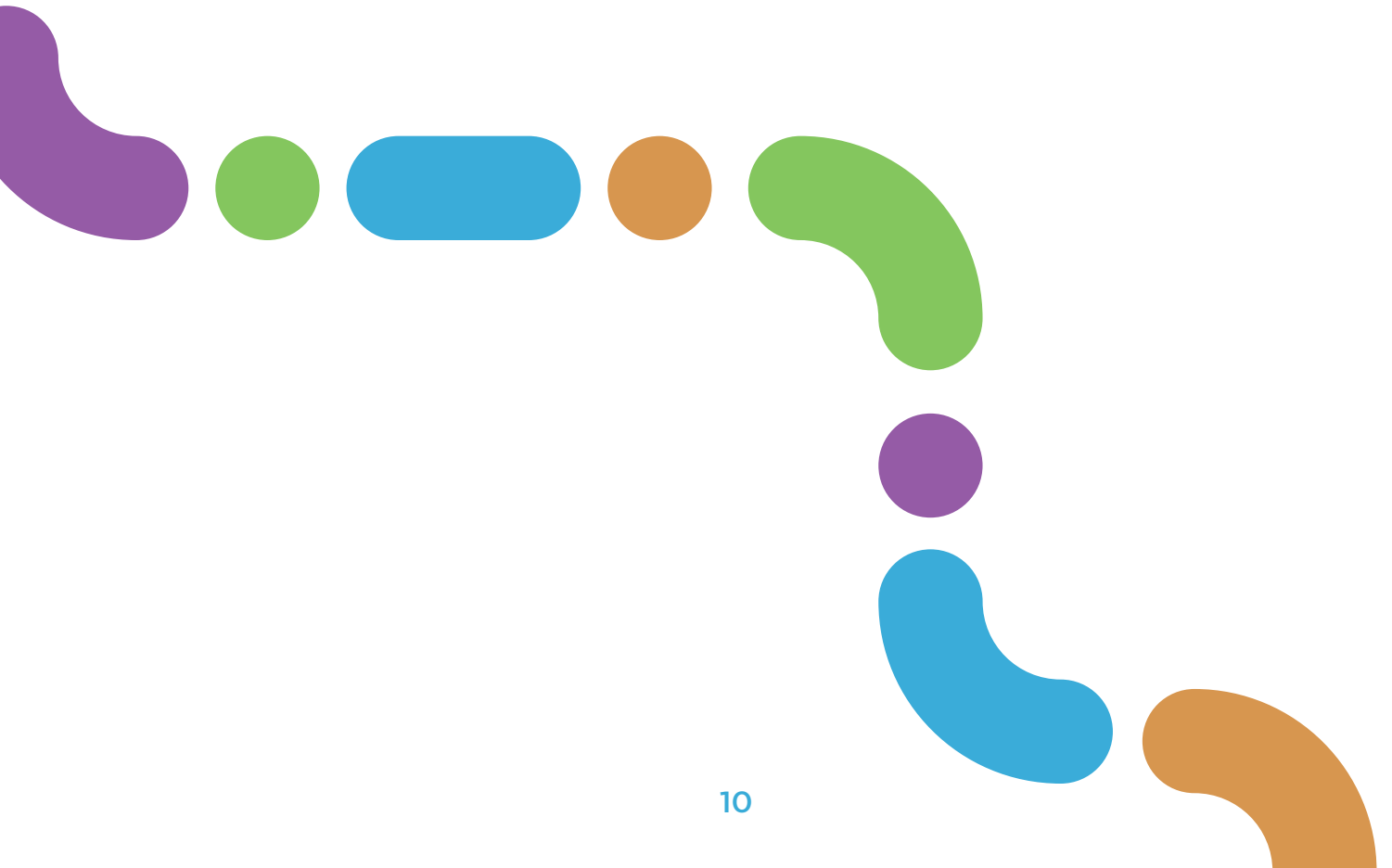
Cooperative values are visible in the structure as well as in the involvement of the temporary workers: 50% of temporary employees are offered employee contracts, compared to only 4% at the average Dutch temporary employment agency. These contracts cannot be terminated at short notice and therefore offer those involved reasonable career and income prospects, which fits in with the long-term vision AB wants to shape both with its clients and its employees.

Case study: AB MIDDEN NEDERLANDS – NETHERLANDS



02

Background of the company



Case study: AB MIDDEN NEDERLANDS – NETHERLANDS

AB Midden Nederland was created as an offshoot of the cooperative AB (*Agrarische Bedrijfsverzorging* or Agricultural Care-taking Services), established during the 1950s. After a series of offshoots and mergers, there are now seven ABs, which are separate but all retain the status of a cooperative.

Traditionally, AB Midden Nederland's market has been with small agricultural businesses. AB supplies skilled and unskilled personnel to its member-customers. Today, these services are also offered in other sectors. 71% of turnover is generated in the transport and logistics, food & production, and technology sectors. 25% of turnover comes from fruit growing, horticulture and agriculture. The remainder of turnover is generated within green construction (municipal governments) and infrastructure. It is not that AB's turnover in the agricultural sector is declining, but that in the other sectors turnover shows an upward curve, reversing the proportions. Nevertheless, AB Midden Nederland expects that the demand for support in the agricultural sector will gradually decrease due to mergers, acquisitions and discontinuation of activities by some farmers as a consequence of national or European policy. The membership of agricultural companies will decrease, while the total turnover in this sector may still increase. Per service provided (provision of staff), this may therefore amount to an increase in scale for AB Midden Nederland. Small farmers often ask for just one additional worker, while a company from another sector may suddenly ask for dozens of staff.

A lot of staff made available come from Poland and Romania. As a rule, employment contracts are

already signed before these workers come to the Netherlands. The challenge lies in recruiting suitable and motivated staff and housing them appropriately, given the shortage of housing in the Netherlands.

Whereas recruitment used to be done purely through local intermediaries, AB Midden Nederland nowadays tries to organise the intake more coherently. For the recruitment of Polish workers in Poland, the company AB Job Service was established, of which AB Midden Nederland has now acquired full ownership. Before the takeover, AB Job Service was co-owned by all Dutch AB companies. Since the acquisition, in which AB Midden Nederland bought out the other AB companies, all recruitment is exclusively for the benefit of AB Midden Nederland. AB Job Service has six offices in Poland, spread across the country. Under the guidance of Polish-speaking Dutch staff, Polish recruiters are trained locally. Traditional channels such as advertising, online platforms, local networks and events, and visits to schools and training institutes are used for recruitment. AB Job Service managers meet twice a year to get to know the clients of AB Midden Nederland better and to assess the exact demand for labour (number and qualification profile), including for greenhouse horticulture and green services at municipalities. AB Midden Nederland no longer works with local intermediaries.

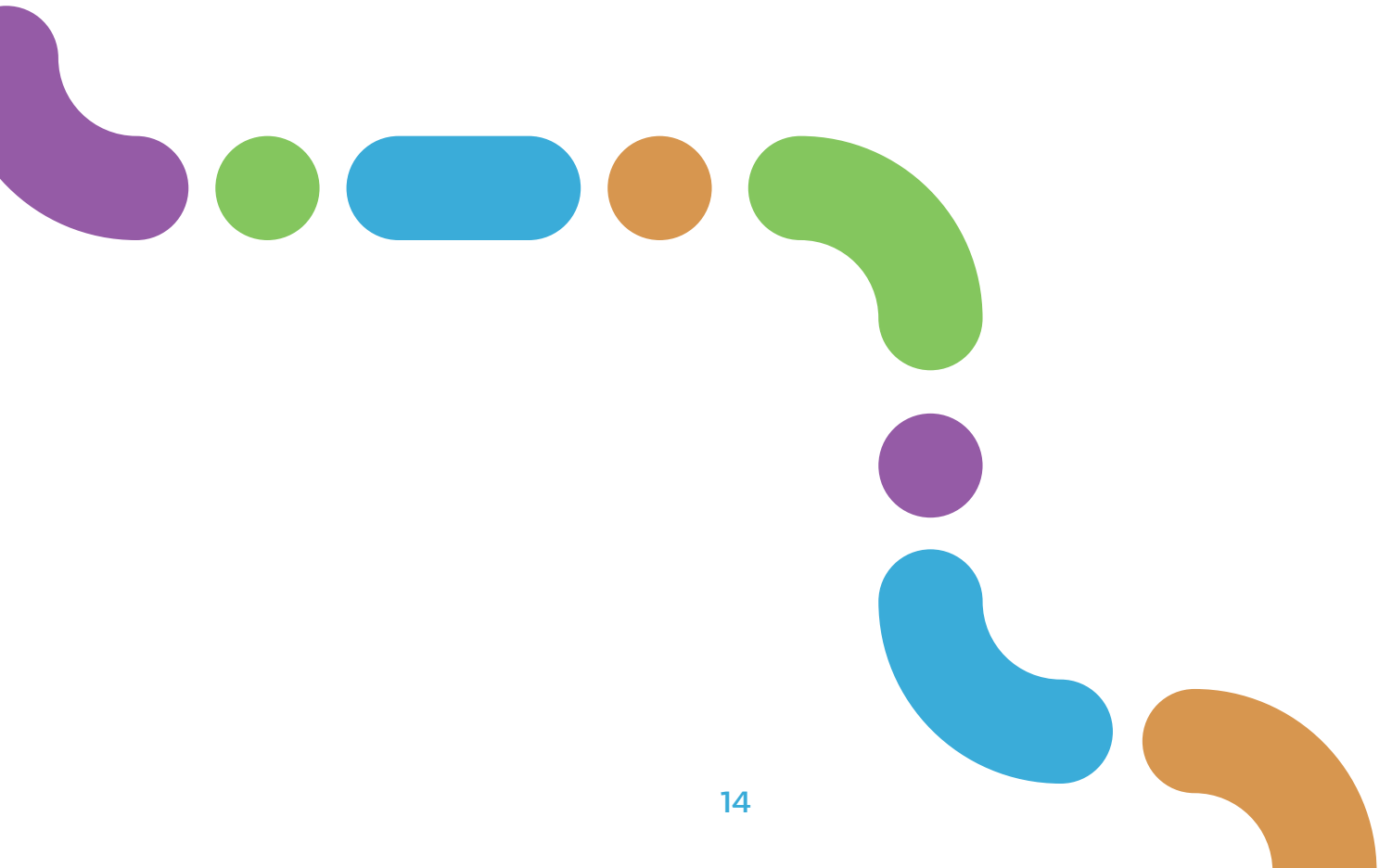
This is different in Romania, where local intermediaries are used for inflow, but their working conditions as well as their recruitment methods are governed by Dutch law. In terms of channels used, unlike in Poland, the use of informal networks stands out. This informal character does not mean that recruitment

takes place on a disorderly or obscure playing field. AB Midden Nederland has no office in Romania but is registered as a company there and is therefore legally approachable. There is continuous screening of referred staff to see whether what is pre-promised does really correspond with the actual job content, the terms of employment and the working conditions offered afterwards. The reasoning here is: the higher the predictability, the more sustainable the length of stay. Each worker is considered as an investment, which pays off best when it makes itself available again every year. It is also assumed that positive experiences get the necessary publicity in the home country and are therefore the best advertisement.



03

Corporate sustainability due diligence (CSDD)



Case study: AB MIDDEN NEDERLANDS – NETHERLANDS

For AB Midden Nederland, the self-imposed due diligence arises in three areas. First, the provision of Polish and Romanian staff to agricultural and other companies also includes the task of accommodating these staff in suitable housing during their stay. Housing and transport are material activities with a clearly traceable supply chain. Second, regarding due diligence, the way in which both permanent and temporary staff's working conditions and work relations are implemented proves significant. Finally, providing business-to-business services also involves playing a role in the corporate sustainability of clients.

To house its temporary staff, AB Midden Nederland has committed itself to provide its own comfortable, energy-efficient single-room homes, obtained through new construction or the renovation of purchased and rented properties. The cooperative currently has 290 houses, 110 of which it owns. The current trend is to provide larger-scale sites and thus not withdraw houses from the regular housing market. This gives a capacity of 1,700 beds, assuming an occupancy rate of 85%. Energy supply comes largely from solar panels and hybrid heat pumps, with provision of charging stations and adequate thermal insulation. The contract with the electricity company largely provides green power, which represents a 418,000 kg CO₂ reduction compared to comparable grey power. The vehicle fleet (375 vehicles) will be fully electric by the end of 2026 with a 25% reduction in CO₂ emissions compared to 2023. Carpooling and (electric) cycling are strongly promoted. Office buildings have recently been upgraded to energy label A++.

For the foreseeable future, AB Midden Nederland wants to further expand the housing stock and acquire it as property in order to autonomously make the necessary eco-friendly interventions with a view to LED lighting, insulation, low-environmental impact materials, recyclable materials, and renewable energy. 50% of the co-operative's own homes must be heated by solar panels by the end of 2026 through the efficient storage of self-generated electricity. For reasons of living comfort, sufficient attention is paid to privacy and a minimum user area of 20 m².

When deploying temporary workers, the risks inherent to this category of workers must be taken into account. Obvious risks include the essentially looser bond with the working environment, the frequent need to get used to new tasks, colleagues and conditions, and the fragmented career paths making it harder to build up work experience. Based on its "with each other, for each other" philosophy, AB Midden Nederland therefore focuses, among other things, on a broad package of training for temporary workers, offered in its own training house, and adequate language support.

Key elements of the approach are:

- ➔ Tailoring temporary assignments: care is taken to ensure that the tasks fit the profile (qualifications) of the employee. Location, transport and communication should also be manageable;
- ➔ Recruiters are shown around and introduced to the client. Therefore, the recruitment

department is decentralised at customer zone level. Both client acquisition and recruitment (or onward recruitment from Eastern Europe) are located in one of the nine offices;

- The office staff annually spend one or more half-days working on the shop floor or farm to better understand the reality of qualifications demanded and offered. In this context, there is also an annual 'AB works alongside' event;

90% of new employees are recruited through in-house channels under controlled conditions. Recruiters receive training trips to the Netherlands several times a year to get to know clients, and are offered English language training and stress management skills on these occasions. Indeed, it has been found that stress and uncertainty regarding future tasks are the main reason why temporary workers quit;

Due to its small size, AB Midden Nederland is not yet subject to the European Corporate Sustainability Due Diligence Directive. Nevertheless, the cooperative is aware that this category may eventually expand, and that it may also be included in the reporting cycle as a supplier of another company. It therefore pays particular attention to the origin of the products and materials purchased for the homes and household goods for the temporary workers or for other purposes. Eating utensils (cups, plates, receptacles) will always be made of pottery and not plastic. Mattresses will be purchased second-hand;

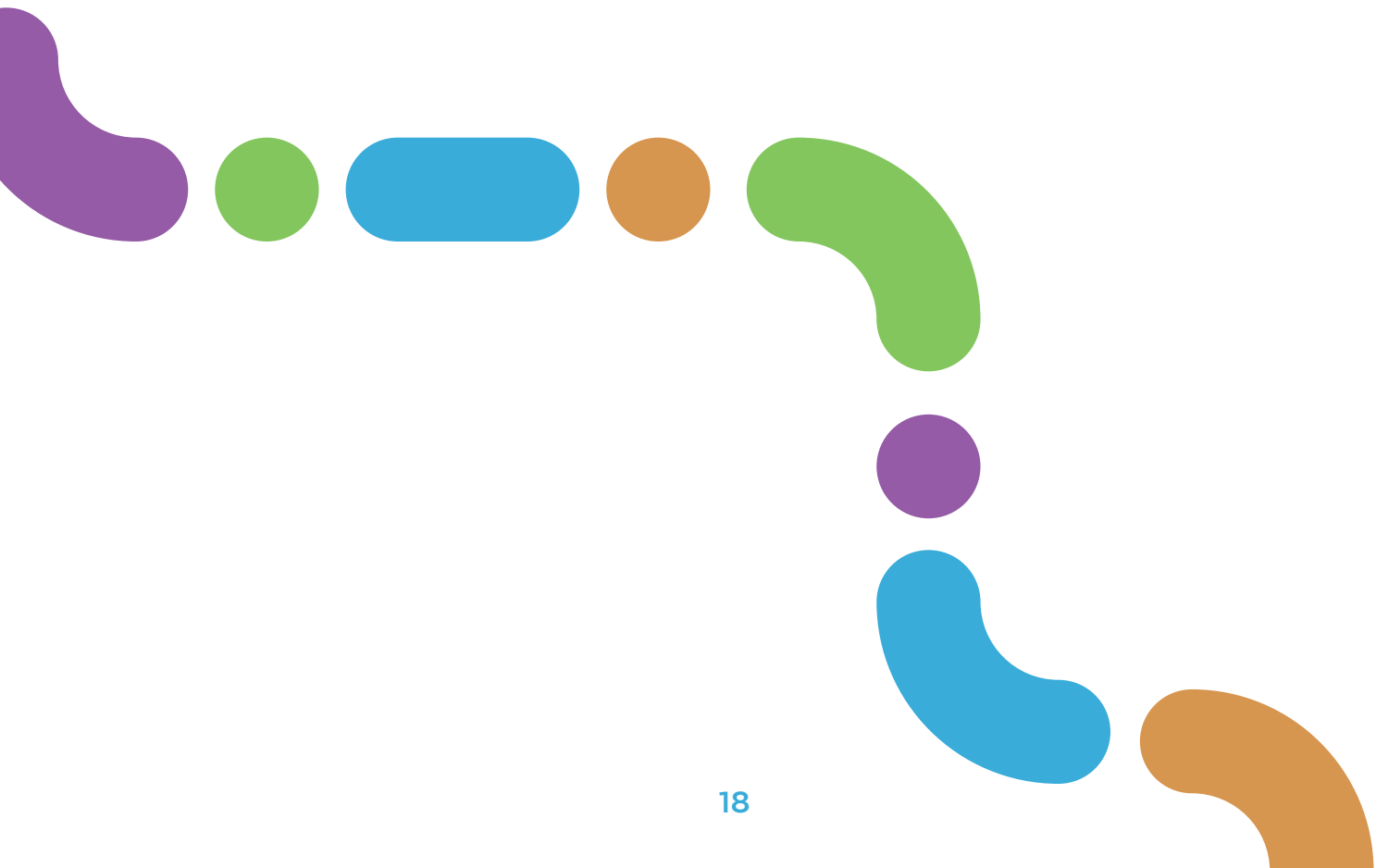
Regarding the Corporate Sustainability Reporting Directive, AB Midden Nederland realises that it must

report for the first time in 2026, referring to the 2025 financial year. Arrangements have yet to be made with the accountant for this. The Dutch government also has a reporting obligation on CO₂ emissions. To this end, the cooperative has already installed a meticulous monitoring system, particularly on fuel consumption for passenger transport. Because of its intrinsic motivation, AB Midden Nederland views the challenges in this area with confidence. An important condition to maintain this motivation will be that the regulations and their application are the same for all actors in the sector (level playing field).



04

Social dialogue



Case study: AB MIDDEN NEDERLANDS – NETHERLANDS

There is a collective agreement for all ABs jointly. This was not only deemed more efficient than having extensive negotiations between the social partners in the different ABs separately, but it also ensured some degree of equality as far as working conditions are concerned. The current collective agreement runs until December 2025. AB Midden Nederland does however have its own works council. The current works council has been in place since 2023, and focuses on safety and employee involvement. It does not have publicly accessible meetings and is composed of elected employees, either unionised (FNV or CNV), or non-unionised. Whereas the works council deals with workers' health and inclusiveness, environmental and climate-related issues are not traditionally on the agenda. Sustainability, however, is a recurring topic in the policy plans AB Midden Nederland develops every three years – and on which the works council is consulted.

Being a cooperative society does not lead to a different type of collective agreement or work council. AB Midden Nederland however sees it as its duty to make for good working conditions and to respect the interests of the workers, if only to ensure a long-term relationship with its employees. It is believed that cooperatives endorse this attitude more enthusiastically than mainstream companies. AB Midden Nederland tries to be as open and transparent as possible, e.g. by announcing its merger with AB Vecht en Amstel well beforehand.

Both permanent and temporary staff are subject to an intensive well-being and personal development policy. This takes the form of regular performance

interviews with the manager, initial and regular follow-up on talent identification, assigning the mentor role to experienced professionals, and a wide range of training courses, including forklift truck driver, carpenter, mechanic, operator, company carer, etc. The tasks foreseen for temporary workers, on the other hand, are mainly taught on the job. With a view to both the introduction of practical experience and later recruitment, there is regular contact with agricultural schools.

For the workforce as a whole, the right balance is sought between employees and self-employed workers (freelancers). In principle, AB Midden Nederland prefers a permanent contract and a long-term commitment with the employee. Attention is also paid to part-time employees in terms of task package and career prospects, so that they do not feel marginalised.

An important aspect in the qualifications required among temporary workers, both for their mental well-being and smooth communication with clients, is having sufficient language skills. Therefore, English and Dutch language courses are offered both in the workers' home countries and in the Netherlands, which should increase the likelihood that the stay of temporary workers in the Netherlands is not a one-off but a long-term one. When assigning temporary workers to clients, care is also always taken to ensure that the two can communicate with each other. Thus, the level of English is checked with both the farmer or assigned work leader and the temporary worker. When it comes to a group of agency workers sent to one farm, it is always ensured that at least one of

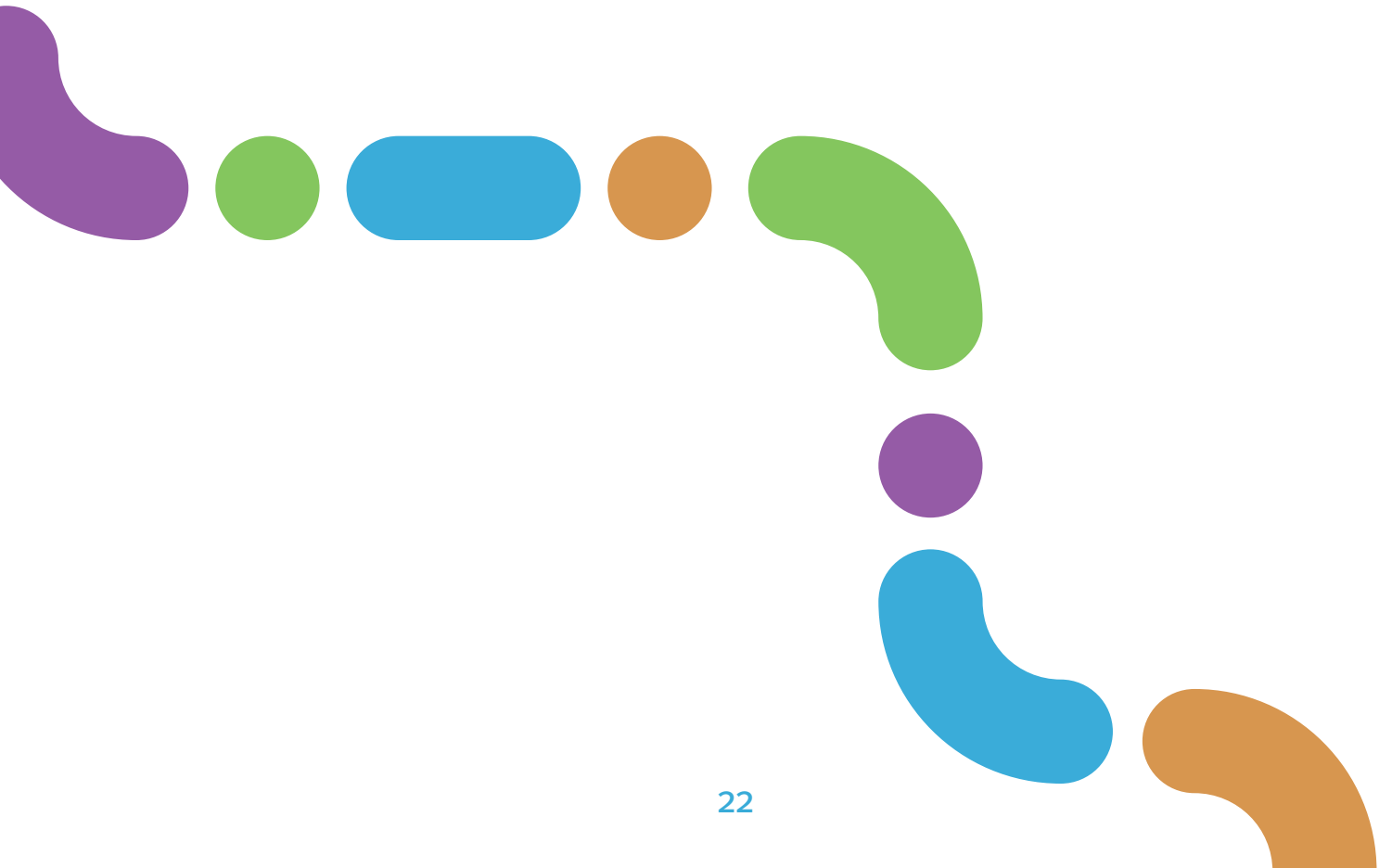
the agency workers can speak good English or Dutch. When the task includes machine operation, it is ensured that safety instructions are always available in Polish or Romanian as well.

All in all, this ensures relaxed labour relations. Absenteeism in the company is 4%. Staff turnover among permanent staff currently sits at 5%. AB Midden Nederland is also responding to the contemporary trends to which many young employees attach importance, in particular an optimal work-life balance.



05

Challenges and opportunities



Case study: AB MIDDEN NEDERLANDS – NETHERLANDS

The challenges for AB Midden Nederland are currently in three areas: the labour market, the market in which their services are offered, and the housing market.

The current Dutch labour market is characterised by significant shortages. Vacancies for skilled professionals are filled only sparsely, and in many sectors even unskilled workers are hard to find. In addition, partly due to rather modest remuneration and the perception of hard working conditions, the agricultural sector has been experiencing difficulties in attracting suitable staff for much longer. This has led to foreign workers being used in agriculture in the Netherlands for several decades. European regulations have facilitated and simplified this over the years, especially for EU nationals.

Yet the structural labour market shortage in the Dutch agricultural sector has not eased since the Covid crisis. However, AB Midden Nederland has long maintained a policy of investing in its employees with a view to a long-term relationship. This plays out in the various aspects of the employment relationship: talent development through personal screening and a generous training offer, contract conditions above market level, comfortable accommodation, an eye for diversity and inclusion, involving all employees (including temporary workers) in team targets. Professionals from Eastern Europe are also given the opportunity to take on managerial tasks in accordance with their experience and competences.

Regarding the market in which services are offered, the challenges are sharpening, and AB Midden Nederland does not have all the answers in its own hands. The Dutch agricultural sector is currently

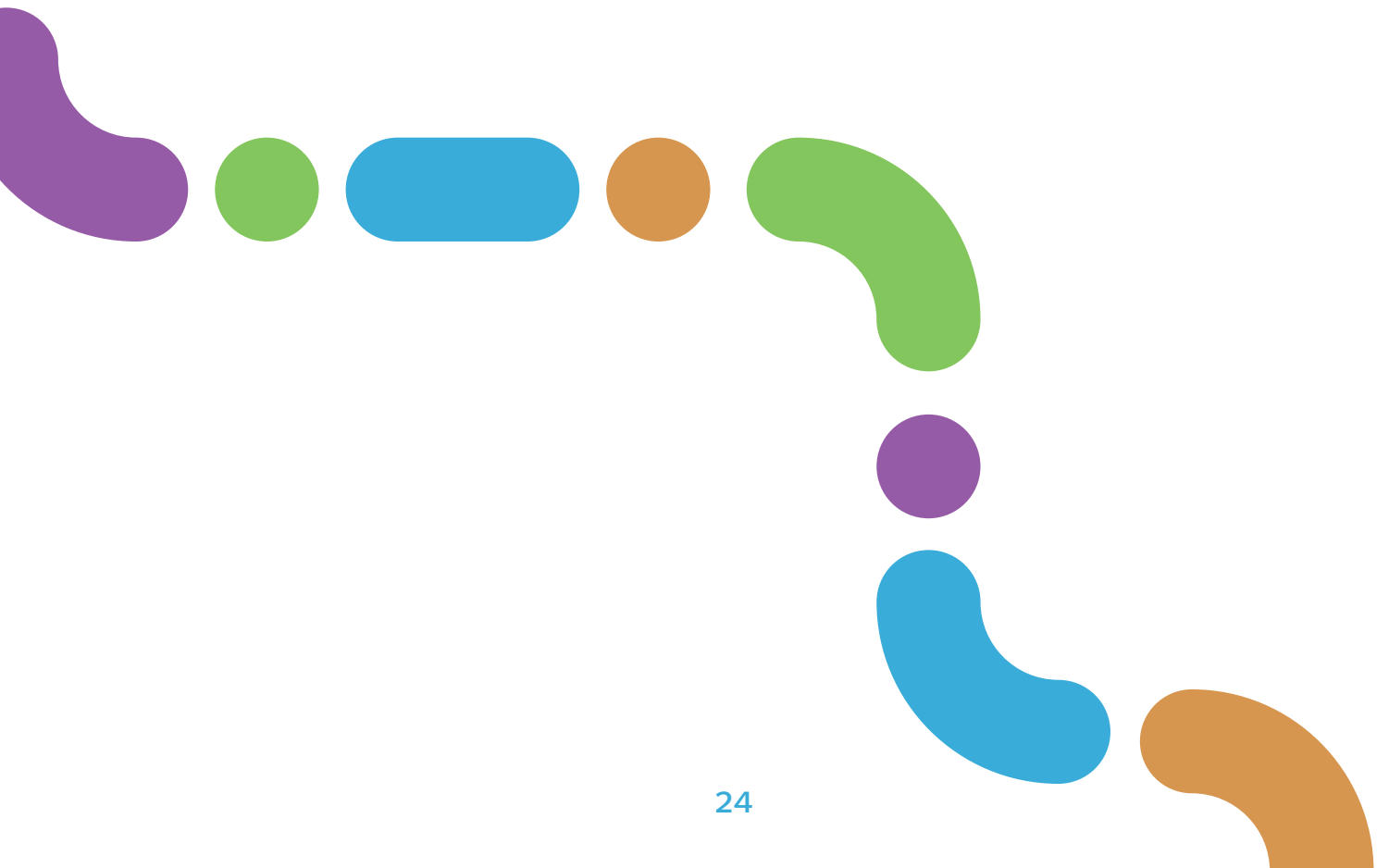
facing great uncertainty about nitrogen legislation. The uncertain investment outlook combined with the rapid ageing in the agricultural sector is causing some farmers to cease operations or merge with another company. As a result, the number of members from the agricultural sector is decreasing. This also causes a gradual decline in the number of reduction members, reducing the spread of risk, which again reduces the basis for training and employing farm managers. AB Midden Nederland recognises that this trend is irreversible and has been expanding its membership and customer base to other sectors for some time. Although this policy is successful, the risk lurks around the corner that AB Midden Nederland will gradually be less able to rely on its unique market position – supplying personnel in the agricultural sector – and will have to move increasingly into the competitive staffing sector, targeting a broad spectrum of sectors, jobs and qualifications.

For a long time, the Dutch housing market has suffered severe shortages, which continuously demands that AB Midden Nederland must find solutions for its workers from abroad. As explained above (see section III), the cooperative increasingly tackles this problem by acquiring buildings which can be renovated appropriately to accommodate these workers.

The trade union FNV points to the gradual shift of AB Midden Nederland's activities, whereby the relative decline in agriculture-related services is being compensated for by providing temporary staff for other sectors (construction, logistics), with the chance that AB Midden Nederland chooses the most favourable collective labour agreement scheme for them in terms of employee rights and conditions.

06

Strategies and actions



Case study: AB MIDDEN NEDERLANDS – NETHERLANDS

As a cooperative, AB Midden Nederland aims to generate strong engagement with both staff and members, as well as to be networked in a movement of like-minded organisations. Moreover, as a cooperative, it wants to play a positive role in society, the natural environment, and global development. These principles are reflected to some extent in the strategy it follows.

This includes the choices it makes in terms of work organisation, which seek the optimal balance between efficiency and subsidiarity. This means that a number of staff functions are centralised, such as IT and administrative support, recruitment coordination, external communication and general management. The more production-related functions are decentralised, i.e. everything concerning customer contact, customer service, the concrete deployment of agency staff and their development. For the sake of safeguarding their own dynamics, the local agency branches are granted considerable autonomy.

AB Midden Nederland continues to network with the other AB companies, with which it acted jointly in negotiating a collective labour agreement. At the same time, it acts independently in social matters and has its own works council. Strategically, AB Midden Nederland has been careful not to be dependent on other ABs, which was reflected, among other things, in acquiring full ownership of the Polish subsidiary AB Job Service.

Because most customers are also members of the cooperative, there is a strong commitment to customers, which is encouraged by frequent contacts, involvement in training new employees, and a say in

recruitment and alignment policies. The hard core is formed by the reduction members who, subject to their increased contribution, are entitled to replacement workers and even replacement management at a reduced rate in the event of the manager's incapacity to work.

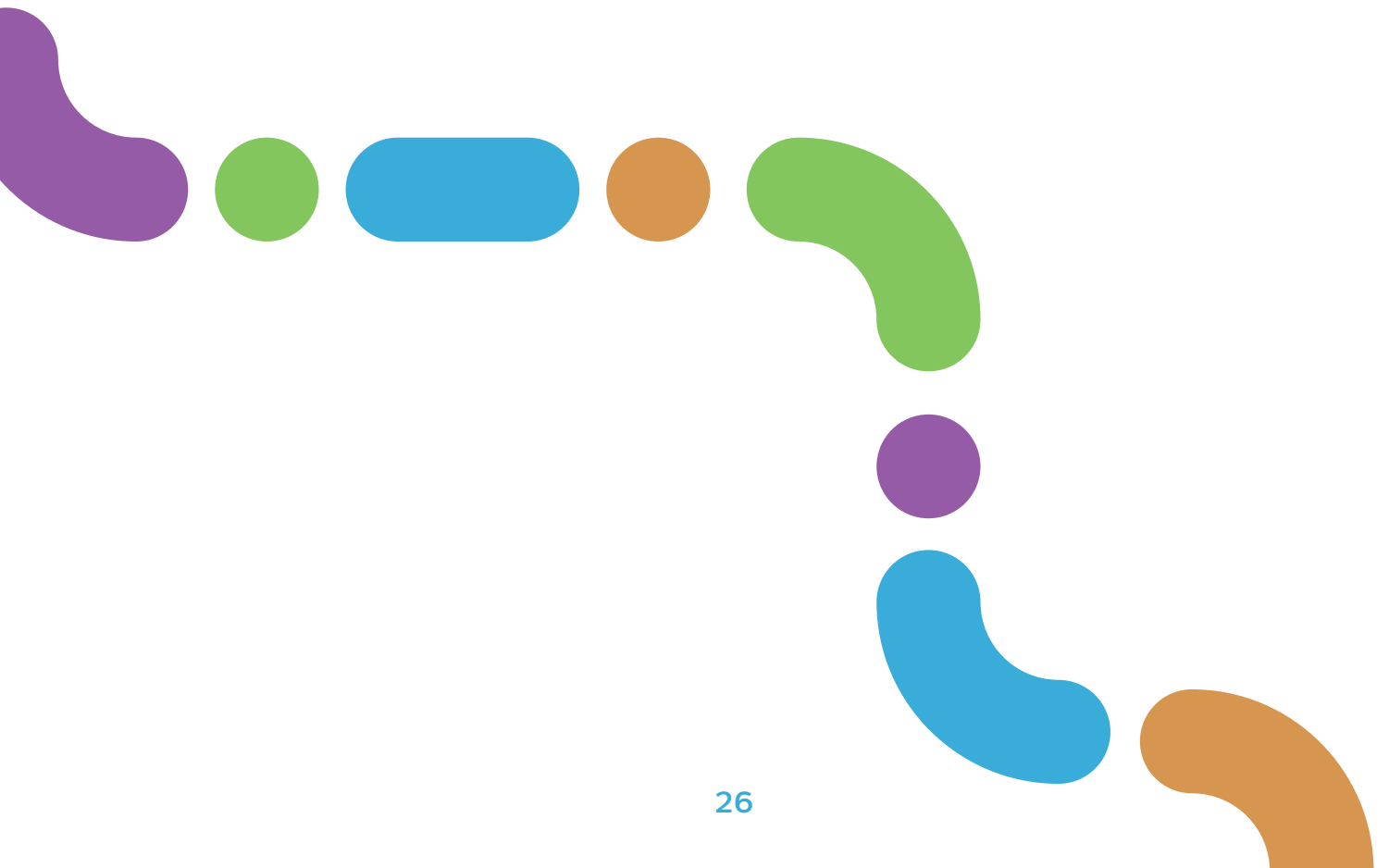
For many years, AB Midden Nederland has proactively monitored the environmental impact of its activities and assets, and the measures taken to minimise this impact. It is thus prepared for the stiffer requirements of the Dutch government and the EU regarding reporting obligations and supply chain due diligence, even though, given its size, it does not yet fall into the target group of companies that qualify.

AB Midden Nederland is committed to being ethical and correct when it comes to activities in other countries. For example, local partners (in Poland and Romania) are given a say regarding qualification profiles and procedures for temporary workers. It also wants to be accountable (registration in the country concerned) and not to silently take advantage of possible lax legislation on working conditions and social rights.

Finally, AB Midden Nederland does not cling to its former market, especially that of small agricultural businesses, which is currently under heavy pressure and may have to downsize. For some time, the cooperative has sought clients in other sectors, especially in manufacturing and services to companies (including transport), which allows it to adapt to the qualification requirements and staffing levels common in these sectors.

07

Good practices and lessons learned



Case study: AB MIDDEN NEDERLANDS – NETHERLANDS

Although AB Midden Nederland is a special case within this study due to its modest size and specific activities, some important lessons can be taken away that other companies can benefit from.

First, this case demonstrates that even relatively small companies can contribute to putting into practice the idea of due diligence. Over the years, the company has taken a proactive stance on monitoring CO₂ emissions and measures to reduce them. The cooperative background and the social concern inherent in it ensure that this attitude is not experienced as an additional burden but as an extension of the company's day-to-day policy. AB Midden Nederland further realises that one day it may itself end up in the registration requirement supply chain of other companies that have to comply with the regularisation on Corporate Sustainability Due Diligence.

The second lesson concerns human resources policy. In the broad corporate services sector, the focus is not just on the material values (and the associated supply chain), but also on how to deal with stakeholders and employees, i.e. human and social capital. The emphasis here is on attention to the individuality of the people involved, dealing with language and cultural differences, attention to career and development opportunities, and participation in the approach to the tasks at hand. A key motivator for the company is the intended sustainability of the working relationship.

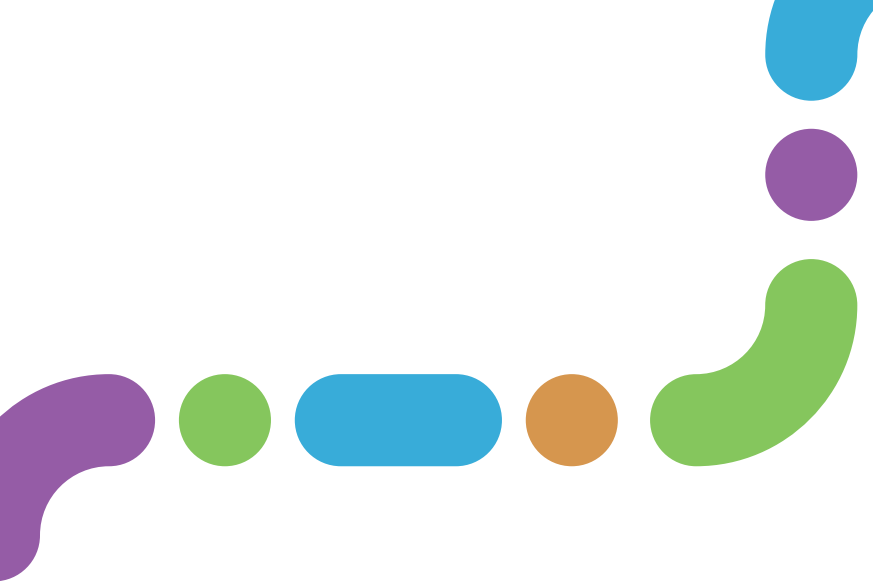
A third observation is that autonomy – albeit in connectedness – is the best guarantee of a sense of responsibility. AB Midden Nederland can only pursue

its pro-social and pro-sustainable policy by being able to move independently in both the recruitment and sales markets. Partly due to its taking over from the other AB companies, recruitment in Eastern Europe has reached cruising speed in terms of numbers and quality alike. By broadening the market from purely agribusiness to other sectors as well, AB Midden Nederland has proactively responded to the existential challenges currently facing farmers and dairy farmers. By giving this reorientation process the time it needs, AB Midden Nederland succeeds in retaining its acquired insights and experiences by constantly adapting and adjusting them.

Sources

- ✦ Interviews AB Midden Nederland CEO (29 May, 24 June and 9 October 2024)
- ✦ Interview with FNV trade union representative for the agriculture sector (8 October 2024)
- ✦ Reports with data and strategic plans:
 - AB Midden Nederland (2024), *Een blik op AB* ('A view of AB' – contains annual report), May 2024
 - AB Midden Nederland (2024), *Beleidsplan 2024 - 2026*
- ✦ Websites and contact info:
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