

ISS UK Limited

Section 172 and Corporate Governance
Report

Registered number 00463951

For the year ended 31 December 2019

Section 172 of the Companies Act 2006

ISS UK Limited is a wholly owned subsidiary of ISS UK Holdings Limited, who in turn is a wholly owned subsidiary of ISS Global A/S (ultimately owned by Danish listed ISS A/S) and is the UK operational company servicing the UK central services and operational management of the UK Group. In 2019 the ISS Group revenue was approximately £10bn, employing over 400,000 people in over 50 countries. In the UK and Ireland, ISS UK Limited in total employs around 38,000 people with skills ranging from Cleaning, Catering, Security and Facility Maintenance.

ISS UK Limited is the overall UK operating company, its Executive Directors (as detailed in the Corporate Governance section) all being members of the Executive Management Board (EMB) and they preside over the management of ISS Mediclean Limited and ISS Facility Services Limited. The ISS UK Limited Statutory Board of Directors understand the importance of good corporate governance in contributing to and ensuring the success of the company. Governance is particularly vital for decisions made at Board and Executive level. Part of the governance is to ensure that the right structure is developed and maintained to support the on-going delivery of the Global Group and UK Group strategy.

ISS UK Limited's Board of Directors consider that they have adhered to the requirements of section 172 and have, in good faith, acted in a way that they consider would be most likely to promote the success of the company for the benefit of its wider shareholders and stakeholders.

The Stakeholder Engagement table in section two and the additional Corporate Governance Report in section three, describe how the Directors have regarded the matters set out in section 172(1) (a) to (f) when performing their duties under section 172:

- (a) the likely consequences of any decision in the long term;
- (b) the interests of the company's employees;
- (c) the need to foster the company's business relationships with suppliers, customers and others;
- (d) the impact of the company's operations on the community and the environment;
- (e) the desirability of the company maintaining a reputation for high standards of business conduct; and
- (f) the need to act fairly between members of the company.

ISS Global A/S

ISS Global A/S (Group) determines the overall strategy for the global operating companies and maintains a framework of policies, standards, guidance, incentive schemes and controls for the operating companies to adopt and embed within the operation of their country [refer to the Group Annual Report <https://inv.issworld.com/financial-reports-iss>].

The ISS Global A/S Group Board of Directors are collectively responsible for the overall success of the Group. The strategy and objectives set are actioned and governed by the Executive Group Management (EGM) and the Board Committees (the Group committees are noted in the ISS UK Limited Corporate Governance Report).

The operating countries and entities make decisions in line with the objectives of the EGM. The Non-Executive Directors of the various committees satisfy themselves that financial, non-financial, risk management and subsequent control frameworks are suitably robust. Decisions made at Group and Country entity level consider the interests of all stakeholders. The principal decisions are outlined below.

ISS Group Strategic Decisions

As part of the wider ISS A/S (Global) and taking into account the relative size of the company, ISS UK Limited Statutory Boards of Directors consider it reasonable for strategic decision making to be handled by the ISS Global A/S Group Board, and these decisions are cascaded to ISS UK Limited and then into the UK Group. The following shows the Group's strategic focus and examples of ISS UK Limited initiatives that relate to the strategic focus areas.

HEALTH AND SAFETY – A KEY PRIORITY

Our focus on health, safety, environment and quality (HSEQ) initiatives keep all stakeholders top of mind, from customers and suppliers to employees and partners. Safety is our highest priority and across the Group we're working tirelessly to ensure that our people go home safe to their families after a productive workday.

- UK Key decision: Safety campaigns rolled out across the business to enhance the UK Wellbeing@ISS.
- On Monday 23rd September 2019 we launched our new #ichoose2Bsafe accident prevention campaign. Over six weeks we launched case studies in the form of video toolbox talks (video learning media) and videos to start conversations with colleagues around accident prevention.

Additionally, in 2018 ISS A/S made the strategic decision to refine the strategic focus on three key areas (this strategic direction remained in place for 2019).

The detail of the decisions and the stakeholder Group and engagement is detailed below:

1. *Focus and segmentation: Strengthen our Key Account focus and our prioritisation of customer segments*

- UK key decision – Project Lighthouse – accreditations for key clients
- UK key decision - Financial Service Sector Alignment
- UK key decision – consolidate all Public Sector contracts into ISS Mediclean Limited

2. *Build capabilities: Increase our focus on workplace and user experience*

- UK key decisions - Project Greenfield / Project Newton

“... continued investment in consolidation, centralisation and automation with the aim to reduce overhead costs. The project is part of our transformational projects run by our Global Shared Service organisation and the UK is the pilot country for these efforts”. For further information see ISS A/S Annual report 2019.

3. *Investment in technology: Strengthen our ability to deliver on the generic Key Account customer needs via investment in technology*

- UK key decision “Constructing a workplace app that brings the ISS Touchpoints to life”



Note that on the 16th December 2020 ISS Global A/S announced a further Strategy refresh.

In July 2019 ISS Global A/S facilitated the design for all country entities to produce a strategic roadmap to align to the three focus areas above.

The UK Country Roadmap was finalised in November 2019 and the key focus areas were:

- 1) Successful delivery of all Transformational Projects;
- 2) People continue to work on Transformational Projects to drive down costs, drive up retention and attract top talent;
- 3) Continued focus on Key Account customers;
- 4) Develop and deliver technology solutions that are attractive & innovative in the marketplace; and
- 5) Accelerate Profitable Growth by creating capability in service delivery in aligned areas.

UK Structure

There are six members of the ISS UK Limited Statutory Board of Directors. All of the members of the Board sit on the UK Executive Management Board which is the strategic decision-making body, and these decisions are delegated through to Senior Management centrally through ISS UK Limited into the UK subsidiary companies. The support functions are centrally managed by ISS UK Limited, such as People & Culture, Legal, Procurement, Pensions and Corporate Responsibility.

The main governance structure sits at Group level, within the ISS Global A/S Board and Committees. ISS UK Holdings Limited is the ultimate UK Parent company that represents ISS A/S interests in the UK (this is a non-operational company and not required to report under section 172).

ISS UK Limited is part of the UK ISS Group of businesses and is wholly owned by ISS Global A/S, whose ultimate parent company, is ISS A/S, a public company listed on the Danish Stock Exchange, Nasdaq Copenhagen (“the ISS

Group”). As such, the Group are legally required to abide by the Danish Corporate Governance Codes and a published report can be found at:

ISS A/S
STATUTORY REPORT ON CORPORATE GOVERNANCE
FOR THE FINANCIAL YEAR 2019
cf. Section 107b of the Danish Financial Statements Act

<https://inv.issworld.com/governancereport>

ISS UK Limited (Operational Parent and Centralised Services for the UK Group)

ISS UK Limited is the operational management company of the UK Group and directly manages some centralised functions.

- ISS UK Limited Executive Board – consists of the ISS UK Limited Statutory Board Directors and Senior Members of the management team;
- Finance – comprising of Finance, Reporting, Legal, Procurement, Internal Audit, Pensions and Risk;
- Communications – internal and external;
- People and Culture;
- Information Technology;
- Corporate Responsibility; and
- Commercial

ISS Facility Services Limited

ISS Facility Services Limited manages the UK Private sector contracts, with a turnover of £834 million and operates in the following areas: “Key Accounts” – Banking; Financial Services and Retail and Business Services. Specialised Services – mainly single service Support Services, Cleaning and Transport, Security, Sustainability & Technical Services. The largest of these being:

- Banking and Financial Services with over 20 key accounts including large corporate banks and well-known retail customers.
- Retail High Street is a multi-faceted division which supports an internal and external client base providing cleaning and waste services across over 7,500 sites around the UK and Northern Ireland.
- Cleaning and Transport Division, specialising in providing a range of facility services to customers across 6 Sectors; Aviation, Road & Rail, Cleaning, Food Manufacturing, Hotels and Telecoms.
- Business Services Division, comprising of UK and Global Key Accounts ranging from Pharmaceutical, Technology, Manufacturing and Professional Services.

A key strategic decision of 2019 for ISS Facility Services was to align with Financial Services approach to the Group approach.

ISS Mediclean Ltd

As of 2019, all the ISS Public sector contracts are managed by ISS Mediclean Ltd., which has a turnover of £397m. It operates within the following areas: Healthcare, Defence, Education, Central Government and Local Government. The division has 16 PFI contracts and overall, 35 contracts considered ‘Gold’ – of high strategic importance to the government or high value.

A key strategic decision of 2019 was consolidation of all Public Sector contracts into ISS Mediclean Limited.

Corporate Governance

The Wates Principles

As part of the overall ISS Group, ISS UK Limited is subject to the Group led Corporate Governance standards as set out in the ISS Corporate Governance Policy and as reported on in the ISS Global A/S Annual Report (see above). ISS UK Limited has evaluated the Group standards and reporting along with our additional measures applied in the UK, and our aim is to align to the Wates Principles as a Corporate Governance Code.

The Wates Principles are set out below, with our assessment of compliance, and where applicable highlighting the areas where we will seek to improve our Frameworks to meet the requirements of the Wates Principles.

ISS UK Limited's purpose and compliance are set out in the Section 172 report along with the purpose and values of the company and our strategic direction.

Wates Principles 1 and 6 are reported on in detail in the Section 172 statement:

Company Purpose
 Wates Principle 1: Board promotes the purpose of a company, and ensures that its values, strategy and culture align with that purpose.

Compliance to the Principle:

Through the structure of the company and its stakeholder engagement, the ISS UK Board promotes the overall purpose of Integrated Facilities Management. Aligning with Group strategic direction, the UK Board and the UK Executive Management focus on Key Accounts, Workplace Experience and Technology. We believe that our Board meets the requirements set out in this Principle, however we also continue to strive to further engage particularly with our workforce and we will be driving forward system developments to support key processes.

Stakeholder Relationships and Engagement
 Wates Principle 6: A Board has a responsibility to oversee meaningful engagement with material stakeholders, including the workforce, and have regard to that discussion when taking decisions. The Board has a responsibility to foster good relationships based on the company's purpose.

Compliance to the Principle:

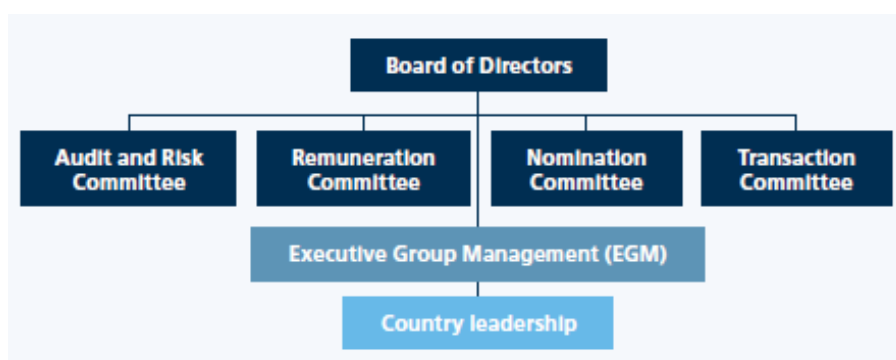
Key stakeholder engagement and significant decisions made are detailed in the section 172 table. As a Board, each member has a significant role in stakeholder engagement ranging from our customers to our considerable workforce; to our highly important supply chain in order to contribute to the overall success of the Group. We promote our core values, Respect, Honesty, Entrepreneurship and Quality and we believe we meet the requirements of the Principle.

The remaining Principles and the compliance position for 2019 are as follows:

Board Composition
 Wates Principle 2: An effective Board composition requires an effective chair and a balance of skills, backgrounds, experience and knowledge, with individual Directors having sufficient capacity to make valuable contribution.

As ISS UK Limited is wholly owned by ISS UK Holdings Limited and ultimately ISS A/S, the overall corporate framework and committees are based at the Global level. The UK structure is detailed in section 2, showing 2019 alignment to Wates Principle 2.

ISS A/S and ISS Global A/S are based in Copenhagen, Denmark where the corporate governance begins with a Board of Directors, overseeing the Executive Group Management (EGM). As a country within the global Group, ISS UK Limited sits underneath this.



ISS A/S Committees

Board committees

The below committees report to the Board of Directors.

Audit and Risk Committee (ARC)

The Audit and Risk Committee evaluates the external financial reporting and significant accounting estimates and judgement, and reviews and monitors systems of internal controls and risk management. Its duties also include monitoring of the Group Internal Audit function and evaluation of the risk management procedures, Financial Policy, Dividend Policy and Tax Policy. In addition, the Audit and Risk Committee considers the independence of, and relationship with, the auditors, reviews the audit process and recommends auditors to the Board.

The main elements of interaction between the countries and Group consist of Group led audits and subsequent reporting (particularly Key Global accounts), Financial Control updates and escalation of Risk Assessments for bids and suppliers. ISS UK Limited businesses feed into the overall control environment evaluation held at Group level and provide regular updates to the ARC on the current status of the UK financial control environment, and the steps the company is taking to further strengthen governance of controls across the UK business. The ARC acknowledges the updates and provides guidance and advice where appropriate.

Remuneration Committee

The Remuneration Committee assists the Board of Directors with reviewing and making recommendations in respect of the Remuneration Policy, the overall guidelines on Incentive Pay, the remuneration of the members of the Board of Directors and the Executive Group Management Board, as well as a remuneration policy applicable to ISS in general. This committee presides over the UK Executive Management Board remuneration. (See Section 5).

Nomination Committee

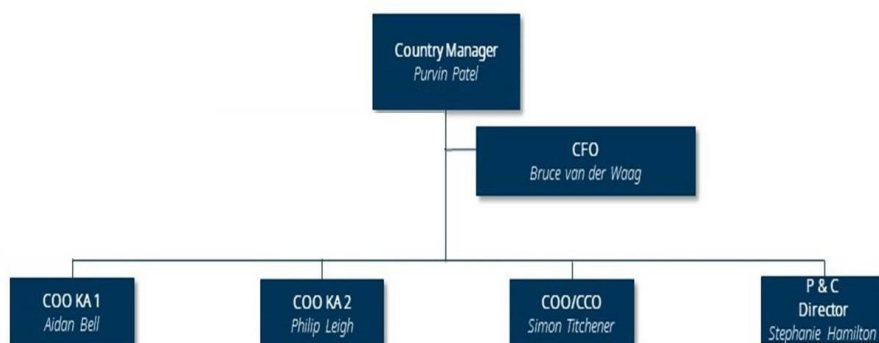
The Nomination Committee assists the Board of Directors with ensuring that appropriate plans and processes are in place for nomination of candidates to the Board of Directors and the Executive Group Management Board and evaluating the composition of these Boards. Furthermore, the Nomination Committee makes recommendations for nomination or appointment of members of the Board of Directors, the Executive Group Management Board and the committees established by the Board of Directors.

Transaction Committee

The Transaction Committee makes recommendations to the Board of Directors in respect of certain large acquisitions, divestments and client contracts, reviews the transaction pipeline, considers ISS' procedures for large transactions, and evaluates selected effected transactions.

Section 2 ISS UK Limited & Ireland Executive Management

There are six members of the ISS UK Limited team and these preside over the Group (Philip Leigh was in post throughout 2019, resigning in February 2021).



2019

[CEO throughout 2019 - Matthew Brabin, Purvin Patel CEO June 2020 to December 2020. CFO January 2019 through to February 2019– Barbara Plucnar Jensen, replaced by Bruce van der Waag].

Matthew Brabin during 2019 and his successors in 2020 Purvin Patel followed by Andrew Price, acted as chair to the Statutory Board of Directors as well as his role as CEO to the Executive Management Board. There is additional rigor with the Regional Executive Director and ultimately Group, who preside over Company and Group strategy. Therefore, we do not feel at present it is necessary to have a separate Chair and CEO. Purvin Patel resigned at the end of 2020 and was succeeded on an interim basis by Andrew Price. The ISS UK Limited Board also preside over ISS Facility Services Limited and ISS Mediclean Limited.

In March 2021, a New CEO for UK and Ireland was announced. Liz Benison has accepted the role as Country Manager of ISS UK & Ireland Group effective 1st May 2021. Additionally, as a structural change the UK CEO will have a seat on the Group EGM.

Compliance to the Principle

The ISS UK Limited Statutory Board of Directors is comprised of six members. Each member brings different skills and knowledge to the Board and there is an overall balance between internal and external experience. As documented below, each member has some unique experience or knowledge from within ISS, Technical or Industry experience. Therefore, given this skill set we believe that we have a basic compliance to the principle but need to embed the new Board members. Once the Board members are embedded and further to Group Strategy Announcement (December 2020) the effectiveness of the Board will be reviewed.

CEO - Purvin Patel – June to December 2020 Andrew Price Interim January to May 2021

Purvin joined ISS as CEO of ISS India on 1st September 2014 and is an entrepreneurial professional with over 25 years of global experience, with significant years at leadership and Board level in both multinational, start-up and growth companies in the Retail, Supply Chain, Facility Management and Workplace Services domain.

As CEO of ISS India from 2014, Purvin successfully led the region's strategic transformation through the implementation of the ISS Way strategy. The growth rate within Key Accounts in ISS India steadily increased during his period as CEO and witnessed high people engagement and improved financial performance. Purvin was the CEO of one of India's largest facility management and workplace services company with over 60,000 employees and 1,000 blue-chip clients.

Purvin was brought into the role by Group to bring his ISS experience and drive change through steady performance as he had shown in his previous role as CEO of ISS India. His role within the Board was both Chair and CEO. Purvin decided to resign from ISS at the end of 2020 due to personal reasons. ISS A/S fully support ISS UK Limited in the interim and the Group governance structure remains in place until Purvin's replacement joins in May 2021.

CFO - Bruce van der Waag

Bruce joined ISS on 13th May 2019 as Chief Financial Officer, responsible for several functions within ISS including Finance, Payroll, IT, Procurement, Risk, Internal Audit, Pensions and Legal.

Before joining ISS, Bruce worked in senior financial positions in large organisations in the UK FTSE 250, South Africa and Australia. He moved to the UK in 1994 and since that time has held various Senior Finance roles at WH Smith and Grafton Merchanting, before joining ISS.

Bruce is a qualified Chartered Accountant, and his purpose is to embed a robust control environment that supports and enables the key business processes. He offers the Board a structured process driven approach to ensure governance is upheld.

People and Culture Director - Stephanie Hamilton

Stephanie joined ISS on 16th January 2012 and has since held several roles, including Head of Operations and Managing Director of the UK Food and Hospitality business. Stephanie was appointed to the UK & Ireland Executive Board as Director of People and Culture UK and Ireland in January 2017.

As Director of People and Culture, Stephanie sees her role as overseeing the strategic approach to Learning and Development, Corporate Responsibility – supporting the local communities we work within, HSEQ and HR functions across the UK and Ireland.

Her purpose in this role is to connect the people within the organisation and enable them to feel part of a unique, caring culture that gives world class service, whilst living the values of our organisation: Respect, Honesty, Entrepreneurship and Quality. She offers the Board both ISS UK Limited businesses experience and a people centric focus. Stephanie has won a number of industry awards in her career including:

- ENEI Employer of the Year private sector 2018/2019,
- ENEI Inclusive Culture Award private sector 2018/2019
- Awarded ISS Great in People Award 2018
- Awarded FSM Senior Executive of the Year 2015/2016
- Shortlisted Transformational Leader of the Year 2015/2016
- Awarded Women 1st Mentor of the Year 2014/2015

Chief Operating Officer – Key Accounts Two (Public) - Philip Leigh

Philip joined ISS on 5th November 2007 and resigned 28th February 2020. Philip was instrumental in developing the UK's integrated facility services business, leading the Public Sector Key Account and Specialised Services Operations, including Integrated Solutions, Food and Hospitality, Cleaning, Technical Services, Front of House and Security businesses. As Chief Operating Officer for our Key Accounts teams across the Public Sector, Philip was responsible for business areas across Healthcare, Food Services, Government & Authorities and Commercial Defence Sectors.

Prior to joining ISS, Philip held a number of FM Operational Management roles with AMEC and EMCOR, following an early career in Quantity Surveying. He is a Fellow of the Royal Institution of Chartered Surveyors, has a Post Graduate Diploma in Facilities Management and is a Member of the Institute of Workplace and Facilities Management.

His purpose in the business was to provide the wealth of Public sector experience and his ongoing relationship with key government stakeholders. Within the Board team he provided a wealth of ISS businesses knowledge and historical experience.

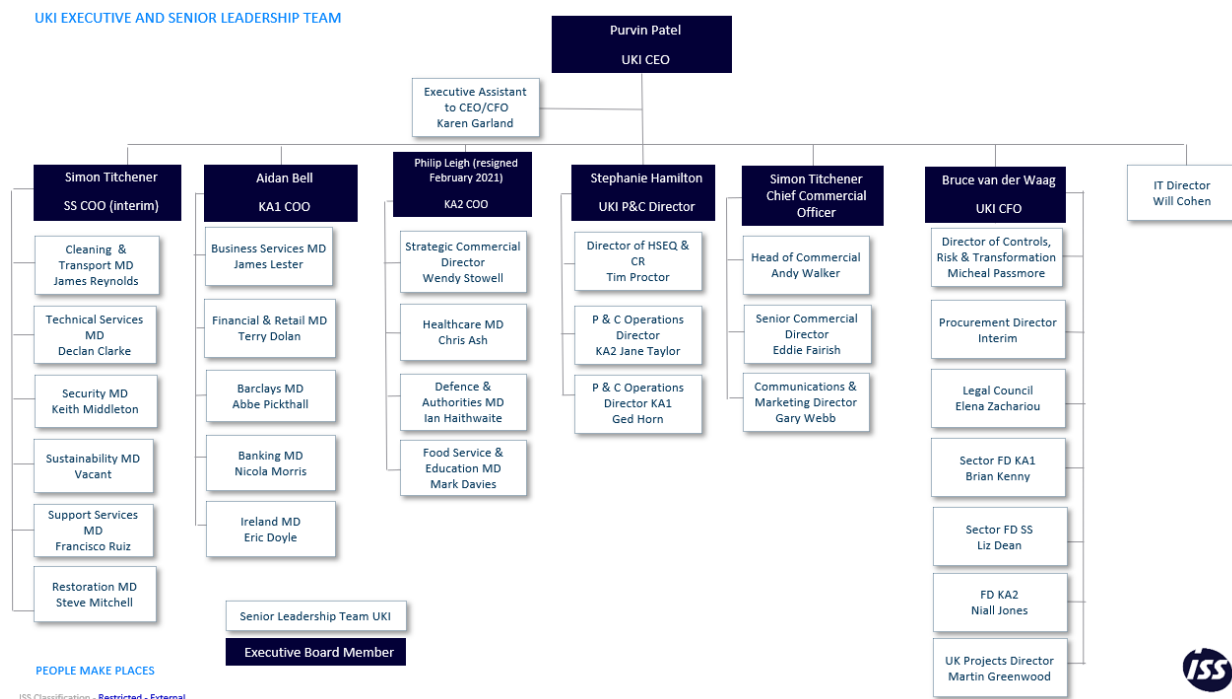
Chief Operating Officer/Chief Commercial Officer– Simon Titchener

Simon joined ISS on 16th July 2007, working across various roles across both in the UK and globally before joining the UK & Ireland Executive Management Board in 2019 as Chief Commercial Officer. He is also Chief Operating Officer of the Specialised Services business area that includes Cleaning, Security, Technical and Support Services.

His previous positions within ISS have included Managing Director of the Food Services business, Global Account Director for our largest Financial Services client and Global COO for the Banking sector. In his current role, Simon has executive responsibility for the sales and marketing functions across the UK and Ireland, driving a strong value proposition for new and existing clients.

Prior to joining ISS, Simon worked for Aramark and Compass Group and has a degree in Catering and Hotel Management. Simon became a Statutory Board member of ISS UK Limited in July 2020. His purpose is to bring a focus and strategic direction as a central focus for both Public and Private sectors. He brings industry experience to the Board as well as the commercial balance.

All the ISS UK Limited Statutory Directors sit on the UK Executive Management Board. The Executive Management Structure supports the Group and UK Strategy with the two Key Accounts Teams; ISS Facility Services Limited (Private sector) and ISS Mediclean Limited (Public sector) allowing these Directors to focus on those areas. Specialised Services is a non-key accounts division with focus on function rather than accounts. The Central Support services division provide back-office support and functionality.



Directors' and Board responsibilities

Wates Principle 3: A Board should have a clear understanding of its accountability and terms of reference. Its policies and procedures should support effective decisions-making and independent challenge.

The ISS UK Limited Executive Management Board presides over the management of the ISS UK Group. This Board meet formally on a monthly basis at the UK & Ireland Executive Management Board Meeting. The structure of the management teams and business gives each member clear accountability, and the Rolling Agenda aligns to this structure.

Each sector reports their monthly business performance, including highs, lows, challenges and achievements, to allow the Board members to have visibility and enable open discussion and challenge. Key projects such as Project Greenfield and the ongoing back-office simplification are discussed in the Section 172 Table.

Compliance to the Principle

At present although the Directors are aware of their responsibilities there are no ISS UK Limited formal terms of reference or governance policies for the Board itself. There are a suite of policies at Group Level for the running of the business and these are adopted within the UK, such as the Code of Conduct, and there is also a Delegated Authority Matrix (thresholds are agreed with the Parent Group) that clearly defines the level of authority required for various decisions. There are a number of control deficiencies and failings that require remediation and for which the company is addressing through the implementation of a financial control framework. These are detailed under principal 4 below.

We believe the following arrangements help to mitigate the lack of formal structure; however, we are committed to improving the UK Corporate Governance. We will implement formal Terms of Reference and reiterate to all the Executive Management Board their duties and responsibilities. An overall framework for Policies and Procedures will be documented along with a formal structure for decision making.

Reporting to Group Board

UK Exec Management Board have a monthly Business Review with Regional Group Management and at least quarterly with the Executive Group Management (EGM) and Group Committees at Parent company level.

ISS UK Limited see this reporting and management as a robust structure, as the Executive Group Management are independent of the day-to-day management of the operations in the UK. Additionally, there are a number of control functions set up within the wider Group to preside over the UK entities for example (and not limited to): Group Internal Audit (detailed below), Group Legal/Group Treasury & Risk and Group Information Security. Therefore, whilst

operationally the CEO chairs the Executive Board Meetings and there are no independent members there is independent review of the Executive Board and strategic decisions are sanctioned via the wider Group Governance framework.

Opportunity and risk

Wates Principle 4: A Board should promote the long-term success of the company by identifying opportunities to create and preserve value and establish oversight for the identification and mitigation of risk.

Material weaknesses in certain financial processes and internal controls within parts of the UK business, primarily related to accounts payables and accrual accounting, were identified in 2019. On the back of the weaknesses identified changes in the management structure have been made and the company has been working intensively on remediations and making necessary improvements to relevant processes and internal controls, i.e. within the areas where the weaknesses have been identified, to regain compliance with ISS' Global Financial Control Framework, which is expected to be fully achieved during 2021.

Compliance to the Principle

ISS UK Limited have identified and understand there are a number of weaknesses in our overall Risk Management Structure, and as described above have had to implement resolutions in order to improve the processes and controls.

ISS Group Top-Down Risks

In 2019 ISS Global A/S identified 10 Principal Risks, as outlined in the Group Annual Report found on the company's website.

These risks are cascaded to the countries by means of 'themes' within the Risk Register templates. This top-down approach helps the Group to collate their key risk areas and evaluate them from a central global perspective. A review of these risks and the mitigations in place in the UK was performed and used to drive actions for key areas.

ISS UK Limited Bottom-Up Risks

ISS UK Limited recognise the need to look at risks that emerge from within the business to ensure the normal running of the Business Units is maintained and where such risks are identified we ensure they are escalated and effective risk management plans are implemented.

Integrated Management System

In the UK we have an Integrated Management System (IMS) which conforms and is certified to the following international standards:

ISO14001: Environmental Management
ISO45001: Occupational Health and Safety Management
ISO9001: Quality Management
ISO50001: Energy Management
ISO27001: Information Security (Technical Services, a division of ISS Facilities Services)
ISO44001: Collaborative Working
ISO55001: Asset Management

Being aligned via the International Standard allows ISS UK Limited businesses to harmonise between UK operations and wider Group. One of the fundamental aspects of an IMS is to identify risk and opportunities, and in 2019 ISS UK Limited businesses developed a Risk and Opportunity Standard and started to assess the business against this during the ISO audits. This was in line with the UK Corporate Objectives for the IMS.

Financial Control Framework

ISS Global have an established Financial Control Framework and this is cascaded through to the Countries. As earlier indicated, ISS UK Limited businesses are currently strengthening the UK financial processes and internal controls in line with the Group Policy. While significant progress has been made, the ambition has not yet been fully met as described earlier above.

Group Contract Risk Assessment Model

There is an additional initiative underpinning Group control over high value or high-risk contracts. The Model is used by the UK to analyse the legal risks within the contracts to support the negotiation of more favourable terms and forms the basis of a contract and operational risk register used by the ISS Account teams. It was however identified that during 2019 this initiative did not detect all risks and a number of issues were detected separately.

Risk & Opportunities Management Improvement

ISS UK Limited businesses have however identified the need to standardise and strengthen the Risk Management function; aligning it with Group Internal Audit and ensuring a robust reporting structure, whilst aligning to Group expectations. In 2020, there was a review of the Risk Management Policies and Procedures, drawing together the various initiatives into a standard management framework. We are also in the process of implementing improved controls so that they are compliant with Group Internal Audit requirements.

Whistleblowing – Reactive Risk management

The ISS Group Speak-Up Policy covers the reporting of serious and sensitive concerns that could have an adverse impact on the operations and performance of the business of ISS and which, due to the nature of the concern, cannot be reported through normal reporting lines. The nature of concerns could include:

- unlawful activity
- financial fraud
- bribery or corruption
- acts by senior management that cannot be reported using local channels
- violation of competition laws
- serious endangerment to environment, health and safety
- activities, which otherwise by law, treaty or agreement amount to serious improper conduct.

ISS Group manage all Speak-Up notifications for all ISS countries including UK. Each complaint is received by the Head of Group Internal Audit, who:

- records all reported complaints or concerns;
- considers the seriousness and credibility of the complaint or concern raised; and
- proceeds accordingly in determining the appropriate action. Some complaints or concerns may be resolved without requiring investigation.

All new joiners to ISS UK Limited businesses have to complete mandatory training which includes the Speak-Up Policy (whistleblowing). The Policy is available internally and also externally through the company's website.

The Head of Group Internal Audit reports on a regular basis the complaints received and consults with the Business Integrity Committee of ISS. We publicise the Whistleblowing policy and how to use it and we continue to encourage our employees to use it. We continue to see an encouraging effect of the efforts during recent years to raise awareness across the organisation about the Speak-Up Policy and system. The strongest evidence of the increased awareness is the cases reported through the system and other channels, which have grown from 234 in 2018 to 299 in 2019.

However, we also believe that we need to continuously improve our efforts to increase awareness to ensure that our employees understand the system and use it should they feel they need to. In 2020 the policy and how to use it was further reinforced via our Learning system and in December 2020 the new version of our UK Handbook which includes all the Speak-Up details.

Executive Remuneration

Wates Principle 5: A Board should promote executive remuneration structures aligned to sustainable long-term success of a company, taking into account pay and conditions elsewhere in the company.

Remuneration Committee

The ISS Group Board of Directors has an established Remuneration Committee. The Committee assists in preparing the Remuneration Policy, including the overall guidelines on incentive pay of the Group. This cascades through to Country Management and each country sets up a local procedure complying with relevant laws. In the UK remuneration for the Executive Management Board including bonus schemes is set by the Group Remuneration Committee and any payments are approved accordingly.

In ISS UK there is an established Remuneration Committee consisting of the CEO, the CFO and the Director of People and Culture, to review and approve any principle or payment outside of the ISS Redundancy policy and together with

the Executive Management Board the annual pay increases, although these ultimately are subject to Group scrutiny and approval. This committee presides over ISS UK Limited.

ISS UK Limited Group of businesses operate in the facilities management sector and employ over 35,000 staff who are predominantly based at client sites providing a range of core services such as cleaning, managing front of house, security and catering etc. As such, the success of the company is dependent upon its colleagues. The company has minimum wage obligations as well as pressure for a range of 'living wage' levels, and the company's ability to win and retain business is dependent upon the levels of wages that customers are prepared to pay. Wherever it can, with customer support, the company pays above minimum wage. The company takes into account market practice when deciding middle and senior management remuneration. By treating people with respect and offering future career progression for those who seek this, the Company aims to retain employees and their skills and experience for longer, enabling the company to achieve its strategy.

As outlined in the stakeholder section we engage with our staff by various means and we continuously strive to engage at all levels.

As part of the overall annual review of remuneration for senior executives, the UK Director of People and Culture provides the Chief Executive with an overview of the general approach being taken to remuneration for the wider workforce. The review encompasses the workforce remuneration and the approach to salary reviews across the business. ISS are committed to ensuring the salary scales are proportionate to roles and responsibilities. All Board Member appointments are approved by the Group via a 'grandparenting' method of oversight by the Group.

To enable us to manage this workforce successfully we must ensure our remuneration is competitive with external companies to attract and retain quality employees and this is both for internal and external appointments.

Our annual bonus plan and 3-year LTIP encourages longer term and more sustainable, strategic thinking and behaviour from the Board and senior leaders.

In January 2019, the Group introduced an accelerated growth award (AGA) for selected key leaders, to incentivise the accelerated strategy execution following the Strategy Update in December 2018. PSUs granted under the programme in March 2019 will vest in March 2020 subject to achievement of performance criteria, i.e. operating margin, organic growth and free cash flow conversion on continuing operations in 2019. Upon vesting, each PSU entitles the holder to receive one share at no cost. After this vesting, no further PSUs are outstanding and the AGA-programme will lapse.

The UK leadership team are full members of this Group Scheme. This is based on Performance Share Units (PSUs) which, subject to certain conditions, vest and convert into IS Shares, again incentivising long term value.

Compliance to the Principle:

At present the Executive Remuneration framework is not sufficiently developed to meet the requirements of the Principle due to the lack of formalised and documented procedures and terms of reference. This is mitigated by the oversight of the Executive Group Board. However, ISS UK Limited recognises the need to further enhance the framework to ensure it is independently robust, and to incorporate the available information and to formally document remuneration decisions. We will review the Executive Team and ensure that suitable strategy for pay and reward is in the ISS long term objectives.

**Stakeholder
Engagement**

Stakeholder Group	Why are they important/key issues of the Group	Engagement	Strategic Decision Made in 2019	Impact on Stakeholder Group	What actions has the company taken as a result of stakeholder feedback
<p>Employee/ Trade Unions</p>	<p>ISS UK Limited is one of the largest Private company employers in the UK and as such acknowledge the key roles employees play in the success of the business.</p> <p>We enable our employees by ensuring they have the right skills, tools, information, and other resources. Service with a Human Touch (SWAHT) focuses on our frontline employees. This is a Group led initiative - More information can be found in the Group 2019 Annual Report</p> <p>The initiative is cascaded to the UK through mandatory training modules for managers and through one of the pillars of our Corporate Responsibility Strategy – People Empowerment “Identifying, retaining and developing the best talent”</p> <p>Trade Unions Trade Unions are an important stakeholder as they represent many of our employees. We liaise with the relevant Trade Unions on a business as usual basis</p> <p>Gender and Pay Gap Our full range of information can be found at: https://brand.issworld.com/web/5cb18f12ee9311d6/iss-uk-policies/?mediaId=A6B08A5C-5F20-4F82-B957BDA9220AF56B</p>	<p>In 2018 the Group led a Global colleague survey – Our People Survey (OPS).</p> <p>February 2019 the People & Culture Directorate initiated a project to develop the ‘People Portal’ – the intranet tool to enable better engagement and reach the critical frontline colleagues. The payroll system project was also pursued, see the details to right.</p>	<p>A large portion of ISS staff are front line, hourly paid employees and as such the payroll administrative task is large. A focus for 2019 was to fix some fundamental basic processing challenges within the Payroll system. A transformational project was initiated to look at the end to end payroll process and simplify the process to minimise errors and provide more robust transparency.</p> <p>The Executive Management Board reviewed the payroll system towards the end of 2018 and decided to harmonise the various projects. This decision was based on both the OPS results and management awareness of issues within the existing payroll process.</p> <p>Two projects regarding employees</p> <p>Project Greenfield – the significant payroll harmonisation project</p> <p>The development of the People Portal</p>	<p>Project Greenfield: The payroll system prior to 2019 had numerous different hourly payroll cycles, these led to multiple errors, confusion and difficulty for employees to easily move between contracts/divisions. The resulting system is “one” harmonised hourly and “one” monthly cycle. Whilst it had issues during the transition, this has now resulted in more stability in the payroll process.</p> <p>ISS worked closely with the Unions and clients to resolve any issues in a timely manner.</p> <p>People Portal: The design is to enable better communication with all employees</p>	<p>Employee feedback on the payroll changes were acknowledged and dealt with during the transition as this was a large-scale project.</p> <p>Following feedback from colleagues and clients the payroll programme was recomunicated, with a focus on how it ‘will’ help on time responses and efforts spent on processing payroll e.g. previously payroll-systems were poor, processes were cumbersome and depended on a few individuals.</p>

Stakeholder Group	Why are they important/key issues of the Group	Engagement	Strategic Decision Made in 2019	Impact on Stakeholder Group	What actions has the company taken as a result of stakeholder feedback
Employees Health, Safety and Wellbeing	<p>Our people are our business, and given the manual nature of our employees roles, Health, Safety and Wellbeing is of the utmost importance and a Key Priority both at Group Level and UK wide.</p> <p>“The health and well-being of our people and those we serve is our number one priority. We want our people to be happy, to feel valued and to thrive. This means putting all our efforts into creating safe and nurturing working environments and enhancing the communities we work within.”</p> <p>For more information see: https://www.issworld.com/en/career/your-career-at-iss/our-culture</p>	<p>In the UK we recognise the geographically dispersed nature of our business and we deploy different channels to communicate with our employees such as:</p> <ol style="list-style-type: none"> 1) Online training courses – we have some mandatory courses and additional learning for specified roles. 2) Tool box talks 3) Situation on Safety (SOS) emails and posters. 4) MY ISS – the UK has a one stop app to enable employees to view and navigate a range of ISS information. <p>The Board themselves became directly involved in 2019 with the ‘Good Promotes Good’ Campaign.</p>	<p>Health & Safety as a Key Priority:</p> <p>For 2019 there were three Key targets set for ISS as a whole and these were reviewed monthly by the UK Executive Management Board.</p> <p>See Appendix 1 Health and Safety. KPIs and objectives</p> <p>More information on this can be found at: https://brand.issworld.com/m/3116a81c7fb6b6e/original/UK-Corporate-Responsibility-Report.pdf</p> <p>Wellbeing@ISS – the H&S team rolled out a number of campaigns as ongoing actions to address accidents and incidents.</p> <p>“Good Promotes Good” campaign- the premise of the campaign is for the Exec Directors and other Senior Management to be examples of good safety behaviour.</p> <p>ISO45001</p> <p>In 2019, ISS UK Limited businesses improved the Integrated Management System by achieving the new ISO45001 H&S management system standard, expanding this certification and continually reviewing the system itself to ensure we are <i>Innovating to support safety, health & wellbeing in workplaces</i> for all our people and customers.</p>	<p>“At ISS we have agreed to include a ‘Safety Moment’ at every minuted meeting in 2019, no matter what the meeting is about.” Ref HSEQ Safety Moments 2019</p> <p>This initiative brings safety to the forefront of all ISS meetings and we believe that the increased focus encourages all colleagues to think of safety.</p> <p>Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 - RIDDORS and Lost Time Injury Frequency all fell during 2019.</p> <p>In 2019, we won 29 international safety awards.</p>	<p>For all our employees, safety is key and for ISS UK Limited businesses it is a continued Priority.</p> <p>For our customers Safety is vital, and ISS UK Limited businesses holds ISO45001 for Health and Safety, and this focuses on engagement and continuous improvement. This certification was achieved in 2019</p>

Stakeholder Group	Why are they important/key issues of the Group	Engagement	Strategic Decision Made in 2019	Impact on Stakeholder Group	What actions has the company taken as a result of stakeholder feedback
<p>Customers – As part of ISS UK Limited, ISS Facility Services Limited</p>	<p>Following the overall strategic decisions by the Group, the ISS UK Limited and Facility Services Limited management team identified large key accounts to focus on, per the Group 2018 strategic Decision (as noted above) ISS Facility Services Limited focuses on the UK Private Sector accounts and in 2019 aligned to Group in driving Key Accounts, recognising the importance of these accounts in developing our service proposition.</p> <p>“We strive to understand our clients need from their point of view (example 1) “At least 20 of our key account Managers will be engaging with their client on their digital strategy and assessing their readiness for connected devices, sensors and systems by 2020”</p> <p>Additionally, we value Large accounts to enable us to work on bigger projects that we can implement in other areas. An example of this is a large key account who through our collaborative work allowed us to have a national reach and density for Waste, Tech Services & Retail High Street Cleaning (Example 2 – see below).</p> <p>Lighthouse The UK team developed a scheme we are very proud of is called “The Lighthouse Accreditation” (it is now being used by ISS in the USA</p>	<p>The Board / Directors engage with key accounts via periodic agreed senior level meetings. Monthly, quarterly, and annual business reviews provide a formal setting for stakeholder engagement.</p> <p>Group/Global Key accounts are co-ordinated with the wider Group Account teams. Key Accounts in the UK are reviewed monthly by the Executive Management Board and the Senior Management Team.</p> <p>From this engagement we enable customer-based solutions such as the digital app. Example 1 - Further details available at https://brand.issworld.com/m/3116a81c7fb6b6e/original/UK-Corporate-Responsibility-Report.pdf</p> <p>Lighthouse “The lighthouse accreditation strategy supports and is a result of ISS GREAT which realises our vision</p>	<p>Example 1 - a major professional services client was keen to work with us to revolutionise their employees’ experience of a typical working day at their head offices. Drawing upon the ISS Touchpoints concept, they wanted to create a digital one-stop-shop for booking meeting rooms, wayfinding around the building, pre-ordering meals, raising helpdesk queries and other daily requirements which we deliver as their facilities management provider. The client wanted to attract and retain talent by becoming a technological leader among its peer Group and also wanted to give their employees more personal control over their daily touchpoints by creating a smart phone-based solution.</p> <p>Example 2 - UK Board and Executive Management Team engaged with a large client regarding the overall length of a contract renewal and decided to negotiate a longer contract and therefore allowing ISS to embed and develop with the client. Lighthouse works on five strategic focus areas: • Empowering people through great leadership • Transforming our customer base • Fit for purpose organisation • Ready to deliver IFS • Striving for excellence. In 2019 there was continued focus on enrolling further Key Accounts.</p>	<p>Example 1 - ISS gathered a specialist team to work closely with our client and a technology partner on collaborative design, systems integration, project management and app development. We took as our starting point the ISS Touchpoints in the typical working day of our client’s employees. From there, we explored what technology was available such as Internet of Things (IoT) sensors and Indoor Positioning Systems (IPS) that would enhance their experience of these ISS Touchpoints. We created a digital feature set with a clear scope and were realistic about the limitations of the technologies being used.</p> <p>Example 2 - The impact of the longer contract has enabled ISS to increase investment in project works and allowed the teams to develop a closer IT relationship allowing system integration. The development was for the ISS system to interface into the clients’ systems. This IT integration allows the ISS Computer Aided Facilities Management (CAFM) system to link thus allowing staff to log job requests directly. The work was a collaboration between the Client, ISS UK, and ISS Group who aided with the IT design and implementation.</p>	<p>Examples 1 & 2 Based on the close working relationship with the Clients, we integrated their feedback into the projects as part of the overall work with the clients. (there were no further strategic decisions)</p> <p>Lighthouse A large client embarked on the Lighthouse journey and through the collaboration we were able to analyse and measure the client engagement (and develop measures to strengthen it). This was evident from the site tour where employees wanted to engage with us to say what a great job ISS were doing, which was echoed by the client who was incredibly positive about the relationship.</p>

	<p>as well). The Lighthouse Accreditation is a framework for Collaboration and Best Practice and is used to engage with the client. The accreditation is internally based audit whereby senior management from ISS review with the client the service standards and compliance to a standard set of criteria. This helps to promote successful contract collaboration and ensures structured communication and enables the development of improvement roadmaps. Within ISS it enables good focus on Key Accounts and for the client they have a structured approach with an internal accreditation.</p>	<p>of becoming the world's greatest service organisation by accelerating the implementation of "The ISS Way".</p>			
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Stakeholder Group	Why are they important/key issues of the Group	Engagement	Strategic Decision Made in 2019	Impact on Stakeholder Group	What actions has the company taken as a result of stakeholder feedback
<p>Customers ISS – Mediclean Government as a customer</p>	<p>Government as a customer. All ISS Public sector accounts are managed by ISS Mediclean Limited (Internally expressed as Key Accounts 2). ISS Mediclean has provided services to the UK Government for over 30 years with some long-standing stable contracts in place (16 PFI contracts) and as a customer the various UK Government departments are key accounts. ISS are considered a Government strategic partner as part of the Critical National Infrastructure in supporting some of the Government contracts, understanding the requirements, particularly with Brexit in the near future, is vital and the ISS communication strategy is key to this understanding.</p>	<p>Director engagement with the various Government offices is the cornerstone of the successful relationship. Due to the large-scale nature and strategic importance of ISS as a supplier to a range of local and Central Government sectors there is considerable engagement with all sectors within the Government structure – schools, hospitals, central etc. There is a quarterly Strategic Account meeting attended by the ISS CEO and COO of Key Accounts 2, the Public Sector division. This is a high-level forward-looking meeting to ensure best practice is applied from experience gained from across the ISS client base. Additionally, there is a quarterly Business Review between the Directors of KA2 and the Commercial/Specialist workplace Group within Government offices that look at KPIs and takes remedial actions. Further monthly or ad-hoc meeting are held to manage Business as usual. A key document that represents this engagement is the Strategic Supplier Review, compiled by ISS which documents the key Government Engagements, their frequency, and outcomes.</p>	<p>The key strategic decision made in 2019 in line with the Group Strategy, was to align the Key Accounts and move all public sector accounts under one umbrella. There were no other strategic level decisions as the overall strategic direction is managed within the business.</p>	<p>Combining all Public sector accounts into one area has allowed ISS Mediclean (Key Accounts 2) to focus and strengthen relationships. The COO of the sector is a long-established member of ISS UK Limited Executive Team. ISS provide a strategic partnership and this consolidation was agreed with the Government and has provided a standard structure for the client sectors.</p>	<p>The Strategic Supplier engagement forums, various meetings and on the ground management, continuously improve the value and service levels of the contracts with the government departments where ISS are engaged.</p>
<p>Parent Group</p>	<p>ISS UK Holding (ISS UK Limited is a wholly owned subsidiary) is a wholly owned subsidiary of ISS Global A/S and the UK is the largest grossing single country, making up approximately 14% of global revenue. The Group has many central functions that are engaged with the global entities</p>	<p>Management of interaction with Group is both at Exec and functional level, with the Exec and the Directors engaging at least monthly. Monthly Business Reviews are part of the organisation structure and these are compiled and sent through to Group.</p>	<p>In July 2019, ISS Global A/S held a global conference to build on the 3 strategic aims (outlined above). Countries were then given a package to develop their roadmaps in accordance with the structure and a collaboration of Central Group; UK and other global entities formed project teams.</p>	<p>The impact of such worldwide collaboration brings the business, as a whole, more aligned with the central strategy. Project Newton, upon completion will enhance the UK ability to manage back office processes more efficiently and ensure adequate and transparent compliance.</p>	<p>The UK is seen as a significant entity within the ISS Group and as such the success of initiatives is of high importance. More information can be found in the Group Annual Report 2019 pgs 26 – 28. Please also refer to Wates Principle 4 in the Corporate Governance</p>

	<p>and this relationship is vital for the alignment of ISS worldwide.</p> <p>ISS Group set out the Corporate Governance Requirements at a Group level and these are cascaded through to the countries. The standard shows the expectations for entities of how to structure themselves, compliance with Ethical Standards and Laws, adoption of Group Policies and reporting / escalation requirements.</p> <p>In addition, the Group sets out a number of strategic directions for the individual Countries (as documented in the ISS UK Limited Section 172)</p>	<p>There are many Global Key Accounts (i.e. customers serviced by multiple ISS Countries) and each have Group structures set up and integrated with local entities. This allows for a more dedicated and streamlined approach to the management of the accounts.</p>	<p>Global workshops were held to enable cross entity engagement, knowledge sharing and experience; Exec Directors from across the world participated in designing country workstreams. A Key UK decision that was aligned within this programme was the project to simplify back office systems and is ongoing.</p>		<p>Report for further stakeholder engagement by ISS Global A/S.</p>
<p>The 2019 interim dividend payment is based on the approved ISS UK Limited Dividend policy agreed in 2017 75% of the net profit from the prior year accounts (2018 signed statutory accounts) was paid out as a dividend (£19.0) Any decision to make a Dividend payment by the Directors did take into consideration factors such as ability to pay; pension scheme funding; and Going concern viability. No dividends were paid in 2020 due to the decision not to pay ordinary dividends for 2019 in light of the extraordinary circumstances relating to Covid-19.</p> <p>Further information can be found at: https://inv.issworld.com/investor-relations</p>					

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<p>Suppliers</p>	<p>Core to the overall strategy of ISS UK Limited is the self-delivery model for clients. To enable this, we purchase a vast array of goods and equipment so that our staff can service our client needs in line with our agreements. Therefore, our suppliers are an important stakeholder and a stable supply chain is key to our services.</p> <p>ISS UK Limited businesses are signed up to and report under the Prompt Payment code:</p> <p>“The Prompt Payment Code sets the gold standard in payment terms and plays an important role in bringing about a culture change in payment practices.”</p> <p>For the second half of 2019, ISS Mediclean Limited achieved 76% and ISS Facility Services Limited 67% of invoices paid within 60 days</p>	<p>The UK Supply chain vendors are split into different tiers depending on spend/criticality. The list is compiled centrally and reviewed at least annually. For our top tier suppliers, Directors engage directly at least twice a year to ensure business metrics are reviewed and met.</p> <p>Management of the day-to-day running is delegated to a centralised ISS UK Limited Supply Chain and Procurement team (SC&P). For additional assurance, suppliers are subject to a series of prequalification and then annual checks through the ISS ProcurePASS supplier Assurance Program (Procurement – Partner Assured Sourcing Solution)</p>	<p>During 2019 the UK decided to centralise and reorganise the Supply Chain and Procurement (SC&P) team. The central team could then address larger stakeholder management projects. An example of one such project was to integrate systems with our largest single supplier. A detailed integration setup was developed, configured, and tested before a full roll-out across the business in Q2 of 2019 (Example 1)</p> <p>Additionally, in 2019 ISS UK Limited businesses further engaged suppliers with ISS ProcurePass; ISS partnered with Achilles, one of the world’s largest service providers of supply chain risk management solutions, to introduce a new global supplier registration and assurance solution. It checks that our new and existing suppliers are prequalified before we work with them.</p>	<p>ISS ProcurePass</p> <p>Procurement Risk and Assurance assessments are best practice in the Supply Chain Management. The system sets out a number of due diligence, financial, system and control standard questions for our suppliers to answer to enable us to risk assess our suppliers. Additionally, by driving forward the supplier engagement with ISS ProcurePass, not only have we strengthened our internal compliance but also encouraged our suppliers to do the same. As the reviews are standard and impartial it allows ISS and the supplier to have full transparency.</p> <p>Example 1 – the supplier related that they had an improved user experience and we also saw a significant reduction in queries regarding the ordering process. As a result of the change made, the order to invoice time was also greatly reduced, which in turn led to a significant improvement in payment performance and the overall relationship. In 2020 the supplier reconciliation showed that of over 60,000 invoices only 2 had been disputed</p>	<p>Our Suppliers expect a level of Professionalism and standards from ISS, and ISS ProcurePass supports and develops that.</p> <p>Example 1: The decision to integrate platforms with the supplier was taken following the stakeholder feedback; the performance and feedback following this supports the decision taken. As a high volume supplier, queries are now at a minimum, which provides a cost saving and overall performance enhancement to both parties.</p> <p>Prompt Payment Code We continue to strive to improve our invoice payment times.</p>

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Communities Charity See Appendix 2	ISS UK understand the impact a large, people focused organisation has on society. We have an active Corporate Social Responsibility function and the Exec Directors are individually engaged by acting as sponsors for the three pillars: 1) Sustainable Service Performance 2) Enhancing our Customer Purpose 3) People Empowerment	Each of the pillars are sponsored by an Exec Director who leads the engagement and drives the programmes forward. Within the Enhancing our Customer Purpose pillar, sponsored in 2019 by both the CEO and the COO for Specialised services, ISS has a focus on engaging with nominated charities. The exec engages with national charities to select a partner. Additionally, there are numerous local charities and Groups that the team are involved with.	2019 saw a partnership with the Stroke Association continue for the second year, as the national charity, and an agreed aim to raise £200,000 by the end of 2020.	The funds raised by ISS are invested into Stroke Clubs and Groups. These are peer to peer support networks for stroke survivors and their families helping them to rebuild their lives after stroke by reducing isolation, relearning skills and accessing vital information. In Chesterfield, ISS funded the set-up of a Stroke Café. Participants of the Group have described the café as “Enjoyable and brilliant” and that “It’s enabled me to meet people who have had similar experiences and been helpful to my recovery.”	Further information on the ISS UK Limited businesses Corporate Social Responsibility activities can be found at: https://brand.issworld.com/m/3116a81c7fb6b6e/original/UK-Corporate-Responsibility-Report.pdf
Communities Environment See Appendix 2	Carbon Footprint. Due to our size we use a substantial amount of fuel and electricity sources to run our vehicle fleet and our own property estate. <i>“Climate change became an ever more urgent issue for society, government and businesses in 2019”</i> <i>Bruce van der Waag – CFO and Corporate Responsibility exec sponsor.</i>	We are fully focused on reducing our energy use and adopting innovative approaches to prepare our own business and customers, where possible, for a future low-carbon economy. We performed analysis on our main sources of Carbon output and one area we focused on was our vehicle fleet.	We made the decision to move from four fleet providers to one, giving us much more control over end-to-end fleet performance. In so doing, we are now able to work closely with our fleet provider to manage and reduce carbon emissions from our vehicle fleet. We are already in discussions with them about setting an annual target to reduce gCO2e/ km travelled.	Against our ThinkForward@ISS 2015 baseline we have made a 43.4% absolute reduction in our carbon emissions to 12,087 tCO2e.	We are now in the process of considering a new target and timeframe for reducing our overall carbon emissions rate. Further information on the ISS UK Limited businesses Corporate Social Responsibility activities can be found at: https://brand.issworld.com/m/3116a81c7fb6b6e/original/UK-Corporate-Responsibility-Report.pdf

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Pension Funds	ISS UK Limited Pensions are managed by Mercer (DC scheme), and First Actuarial (DB schemes), and ISS UK Limited abide by all applicable regulations. The deficit in the DB schemes as at 31 December 2019 for which there are recovery plans, stood at £6.0m.	There is continuous engagement with Mercer, First Actuarial; the regulatory bodies and the pension scheme trustees. This is primarily via Trustee meetings (quarterly for the DC Scheme and annually for the DB Schemes), using administration reports from Mercers and First Actuarial.	<p>Due to the ongoing nature and stability of the pension management, the UK Executive Management Board Exec made the strategic decision to agree to the proposed changes made to the payments by the Trustees of the Pension scheme. Consideration was paid to the financial impact.</p> <p>The Pension Scheme is managed by the Trustees who initiate the regulatory required tri-annual review.</p> <p>Following the review, it was agreed between the pension trustees and ISS UK that the annual deficit repair payments would be increased from £1.8 million to £2.6 million with effect from July 2019. The current deficit recovery repayment plan will continue until July 2026 subject to review at the 2021 valuation.</p>	A deficit contribution plan has been agreed with the trustees considering the need to give financial security to our employee, non-employee and pensioner stakeholder Groups.	See left

Appendices: Further information on the ISS UK Limited businesses Corporate Social Responsibility activities can be found on the company's website.

Appendix 1

At a glance - some of our 2019 achievements

<p>Reducing our carbon emissions</p> <p>We've introduced Ultra Low Emission Vehicles into our company car list and take up is currently 13% as a share of new car orders placed by our employees</p>	<p>Reinforcing local community relationships</p> <p>We hit the milestone of raising £100,000 for One Water to support water and sanitation projects in southern Africa</p>
<p>Recycling and reducing ever more waste</p> <p>We got behind Recycle Week for the first time, with great awareness-raising events happening at our own offices and customer sites</p>	<p>Safety, health and wellbeing in workplaces</p> <p>We achieved our lowest ever number of Reportable Injuries (RIDDORs), with just 53 across the business</p>
<p>Procuring sustainable products and services</p> <p>Due to our new ordering guidelines, Over 17.6 million units of plastic cutlery will be replaced with wooden cutlery at ISS customer sites in 2020</p>	<p>Deploying new technologies in workplaces</p> <p>We built and launched an entirely new workplace app for one of our professional services customers that served as a digital portal for our FM services</p>

Appendix 2

Innovating to support safety, health and wellbeing in workplaces



Our targets

1. Achieve the annual safety targets (RIDDOR, LTIF, TAFR)
2. H&W for employees: Achieve a 15% improvement to the question "I feel that ISS care about my wellbeing" in our annual employee survey by 2020
3. H&W for customers: 2020 targets for healthy food and drink to be agreed after initial benchmarking project is completed

Target status key

- Achieved
 ● On plan
 ● Not yet started

Why this matters

We are committed to providing a safe and healthy working environment for all our employees, looking after both their physical and mental wellbeing. We want our employees to return safe and happy to their families at the end of each working day. We continue our rigorous efforts to improve our safety performance and to create a strong and vibrant safety culture. Among other key performance indicators, we continuously track the frequency and severity of accidents and have also embedded Lost Time Injury Frequency as a part of the bonus scheme for our senior leaders.

On behalf of the Board

B van der Waag
 Director

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26th April 2021