

**CORPORATE GOVERNANCE REPORT**

# 2022



**PEOPLE MAKE PLACES**



## Corporate Governance Report 2022

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## Introduction

### Statutory report on corporate governance for the financial year 2022 cf. section 107b of the Danish Financial Statements Act

This report on corporate governance for ISS A/S, (CVR no. 28504799), (“ISS” or the “Company”) has been prepared pursuant to Section 107b of the Danish Financial Statements Act and the Nasdaq Nordic Main Market Rulebook for Issuers of Shares (“Main Market Rulebook”). The report includes a description of the Company’s governance structure, the main elements of the internal controls related to financial reporting as well as an overview of ISS’s position on the Danish Recommendations on Corporate Governance issued by the Danish Committee on Corporate Governance, which have been incorporated in the Main Market Rulebook. The Danish Recommendations on Corporate Governance are available at <https://corporategovernance.dk>. This report is available on our website, <http://inv.issworld.com/governancereport>.

### ISS’s governance structure

The shareholders of ISS A/S exercise their rights at the general meeting which is the supreme governing body of ISS and which elects the Board of Directors.

ISS has a two-tier governance structure consisting of:

- the Board of Directors, and
- the Executive Group Management Board

The Board of Directors is responsible for the overall management and strategic direction of the ISS Group and supervises the work of the Executive Group Management Board. The primary task of the Executive Group Management Board is to carry out the day-to-day management of the ISS Group. No person serves as a member of both of these corporate bodies.

### Board of Directors

Currently, the Board of Directors has six members elected by the general meeting for a term of one year. The Board of Directors has elected the Chair and the Deputy Chair among its members. Board members are eligible for re-election. All members elected by the general meeting, including the Chair, are considered independent. In addition to the Board members elected by the general meeting, three employee representatives serve on the Board of Directors. They have been elected on the basis of a voluntary arrangement regarding group representation for employees of ISS World Services A/S as further described in the Articles of Association. Employee representatives serve for terms of four years, and the current term expires in April 2023. A new election was held early 2023, and the elected candidates will join our Board of Directors after the annual general meeting in April 2023. Employee representatives are not considered independent. For information

on Board members, please see our 2022 Annual Report or our website ([www.issworld.com](http://www.issworld.com)).

The Board of Directors convenes at least six times per year, including for one strategy meeting each year. In 2022, the Board of Directors convened 11 times.

The Board of Directors evaluates its performance on an annual basis including composition, individual performance at meetings and preparation, cooperation between the Board of Directors and the Executive Group Management Board, the leadership of the Board Chair, committee structure and work as well as the organization of work and quality of Board material. In December 2022, a self-evaluation was conducted. Please refer to 3.5.1 below for further information about the 2022 Board evaluation.

## **Board committees**

The Board of Directors has established an Audit and Risk Committee, a Remuneration Committee, a Nomination Committee and a Transaction Committee. Each committee has a charter, which sets out purpose, assignments and procedural matters. The committees report to the Board of Directors.

### **[Audit and Risk Committee](#)**

The Audit and Risk Committee evaluates the external financial reporting, significant accounting policies as well as significant

accounting estimates and judgements, and reviews and monitors the Group's risk management, internal controls, Speak Up (whistleblower) system and business integrity matters. It also monitors the Group internal audit function and evaluates the Financial Policy, the Dividend Policy and the Group Tax Policy. In addition, the Audit and Risk Committee monitors and considers the relationship with the independent auditors, reviews the audit process and the auditors' long-form audit report and makes recommendations on appointment of auditors to the Board.

### **[Remuneration Committee](#)**

The Remuneration Committee assists the Board of Directors with reviewing and making recommendations in respect of the Remuneration Policy, 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.

### **[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 to 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 customer contracts, reviews the transaction pipeline, considers ISS's procedures for large transactions, and evaluates selected effected transactions.

For further information on composition of Board committees, meetings and activities, please see our website (<https://www.issworld.com/en/about/global-management-and-organisation/board-of-directors>).

### Executive Group Management Board

The Board of Directors has appointed an Executive Group Management Board consisting of the Group CEO and the Group CFO as the registered management of ISS A/S. Together with the other members of the executive group management, their primary tasks are to carry out the day-to-day management of the ISS Group, develop and implement strategic initiatives and Group policies, monitor Group performance and evaluate investments as well as acquisitions, divestments and large customer contracts.

### Internal controls related to financial reporting

The Executive Group Management Board annually identifies and assesses the material financial reporting risks and determines which control activities and systems are required to detect and

prevent such risks. This procedure is based on a materiality test and includes an assessment of the impact of quantitative and qualitative factors and an assessment of the likelihood of any material error occurring.

As part of its supervision of the EGMB, the Audit and Risk Committee reviews and discusses on an ongoing basis:

- the overall effectiveness of the internal controls;
- accounting for material legal and tax issues; and
- significant accounting estimates and judgements.

Country leadership is responsible for ensuring that an adequate control environment is in place in each operating country to prevent material errors in the country's financial reporting. Regional management provides governance of the country control environment.

Group Finance is responsible for controlling the financial reporting by subsidiaries and for preparing the consolidated financial statements.

### Assurance

Group Finance has the overall functional responsibility for the risks related to financial reporting. With the support of Group Risk Management, Group Finance is responsible for the identification and assessment of financial reporting risks and for defining

appropriate internal controls, which are implemented across the Group.

Group policies of relevance to financial reporting include the Code of Conduct, the Group Accounting Manual, the Financial Policy, the Factoring Policy, Chart of Accounts and Dimensions Governance Policy, Intercompany Charges Policy, Risk Management Policy, Group Tax Policy and the Escalation Policy.

#### Control activities

The Group has implemented a formalised financial reporting process, which includes the reporting requirements and related control activities for the following key areas: financial position and results, free cash flow, business reviews, budgets and financial plans, forecasts, strategy reviews, divestments and acquisitions, large contracts and control self-assessment.

#### Group internal audit

Group Internal Audit is responsible for providing an objective and independent assessment of that:

- internal controls are in place to support the quality and efficiency of the financial reporting processes;
- significant risks are identified, and material misstatements are detected and corrected; and
- the financial reporting is compliant with ISS policies and procedures and gives a true and fair view of the Group's financial position and results.

Group Internal Audit operates under a charter approved by the Board of Directors (Board) and reports directly to the Group CFO and has direct access to the Audit and Risk Committee and the Board.

Group Internal Audit performs annual audits across the Group in accordance with the internal audit plan approved by the Audit and Risk Committee.

The internal audit framework consists of three key elements:

- 1) a baseline audit program which provides broad assurance on the control environment in ISS country organisations;
- 2) a strategic key account audit program which provides assurance on internal controls and compliance on ISS's largest strategic key accounts;
- 3) audit programs with a risk-based focus designed to perform detailed assessment of controls and compliance for individual risk areas or control measures.

Audit findings and conclusions, including recommendations on how the control environment may be improved, are reported to the relevant country and regional management, the Executive Group Management Board and the independent Group auditors. The key findings are presented to the Audit and Risk Committee, which evaluates the results and considers the conclusions when reviewing the internal audit plan for the coming year.

### **ISS's position on the Danish Recommendations on Corporate Governance**

As a company incorporated in Denmark with its shares listed on Nasdaq Copenhagen A/S, ISS A/S shall either comply with or explain deviations from the Danish Recommendations on Corporate Governance. It is important to ISS to comply with good corporate governance practices, including statutory requirements and the Corporate Governance Recommendations. Accordingly, our Board of Directors regularly reviews its rules of procedure, charters, policies and practices.

In 2022 ISS A/S complied with all of the Danish Recommendations on Corporate Governance, except recommendation 1.1.3 regarding publishing quarterly reports. We publish full year and

half year financial results and trading updates in Q1 and Q3 in line with international industry practice. This reporting format is selected to balance focus between short term performance and long-term value creation and is annually reviewed by the Board of Directors. Investor presentations continue to be held quarterly via live webcast/telephone conference. Reference is made to the schedule below including an explanation of why ISS does not comply with recommendation 1.1.3 and which approach ISS has chosen instead.

The report constitutes a part of the Management commentary in ISS A/S' Annual Report concerning the financial year 2022 but is not covered by the auditors' report in the 2022 Annual Report.

Approved by the Board of Directors of ISS A/S on 23 February 2023.

No. Recommendation

ISS's approach

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## INTERACTION WITH THE COMPANY'S SHAREHOLDERS, INVESTORS AND OTHER STAKEHOLDERS

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### 1.1 Communication with the company's shareholders, investors and other stakeholders

1.1.1 **The Committee recommends** that the management through ongoing dialogue and interaction ensures that shareholders, investors and other stakeholders gain the relevant insight into the company's affairs, and that the board of directors obtains the possibility of hearing and including their views in its work.

**ISS complies**

ISS engages in ongoing dialogue with its shareholders and investors, including by hosting investor presentations, calls and webcasts. ISS's investor relations activities also include publication of company announcements, press releases, interim and annual reports and conducting roadshows globally. Information about ISS's share can be found on our website.

ISS has adopted an Investor Relations Policy, a Communication and Stakeholder Policy and a Corporate Responsibility Policy with a view to ensure a high level of transparency and dialogue with shareholders as well as other stakeholders. The policies are available on our website (<http://inv.issworld.com/policies-and-guidelines>).

Throughout 2022, Executive Group Management Board and Group Investor Relations hosted and engaged in several investor events including quarterly conference calls, roadshows and conferences. On 7 November 2022, a Capital Markets Day was held in London.

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| No.   | Recommendation   | ISS's approach   |
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| 1.1.2 | <p><b>The Committee recommends</b> that the company adopts policies on the company's relationship with its shareholders, investors and if relevant other stakeholders in order to ensure that the various interests are included in the company's considerations and that such policies are made available on the company's website.</p> | <p><b>ISS complies</b></p> <p>ISS has adopted a Code of Conduct, an Investor Relations Policy, a Communication and Stakeholder Policy, a Group Tax Policy, a Corporate Responsibility Policy and a number of other policies on the relations with its stakeholders, which are available on the our website (<a href="http://inv.issworld.com/policies-and-guidelines">http://inv.issworld.com/policies-and-guidelines</a>).</p> <p>The ISS Group has adopted a whistleblower policy (named the ISS Speak Up Policy) to enable employees, business partners and other stakeholders to report any concerns.</p> <p>The Board of Directors and the Audit and Risk Committee review relevant matters in respect of the Code of Conduct and Speak Up Policy as well as whether the interests of the Company's stakeholders are respected in accordance with adopted policies.</p> |
| 1.1.3 | <p><b>The Committee recommends</b> that the company publishes quarterly reports.</p>   | <p><u>ISS does not comply because</u></p> <p>From 2019, ISS published full year and half year financial results and trading updates in Q1 and Q3 in line with international industry practice. This reporting format is selected to balance focus between short term performance and long-term value creation.</p>   |

| No. | Recommendation | ISS's approach   |
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|     |                | <p>ISS' quarterly reports and trading updates are prepared and released in English. Investor presentations are held via live webcast/telephone conference in connection with release of half year financial results, Q1 and Q3 trading updates as well as annual reports and audio-cast of investor presentations as well as transcripts are subsequently made available on our website.</p> |

## 1.2 The General Meeting

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| 1.2.1 | <p><b>The Committee recommends</b> that the board of directors organizes the company's general meeting in a manner that allows shareholders, who are unable to attend the meeting in person or are represented by proxy at the general meeting, to vote and raise questions to the management prior to or at the general meeting. The Committee recommends that the board of directors ensures that shareholders can observe the general meeting via webcast or other digital transmission.</p> | <p><b>ISS complies</b></p> <p>The Board of Directors strives to plan the general meetings in a manner that encourages active ownership of shareholders, including by announcing the date of the general meeting well in advance.</p> <p>Every shareholder is entitled to have specific business transacted at the annual general meeting, provided that a written request is submitted in accordance with the Articles of Association. Furthermore, all shareholders may attend general meetings together with an adviser and ask questions.</p> <p>Shareholders may vote without physical attendance at the general meeting, including by voting through ISS's web-based shareholder portal or by submitting a proxy or vote by correspondence form.</p> |
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| No.                        | Recommendation   | ISS's approach  |
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| 1.2.2                      | <p><b>The Committee recommends</b> that proxies and postal votes to be used at the general meeting enable the shareholders to consider each individual item on the agenda.</p>   | <p><b>ISS complies</b></p> <p>Proxy and vote by correspondence forms (including on ISS's web-based shareholder portal) for the general meeting allow shareholders to consider each individual item on the agenda.</p> |
| <h3>1.3 Takeover bids</h3> |  |   |
| 1.3.1                      | <p><b>The Committee recommends</b> that the company has a procedure in place in the event of takeover bids, containing a "road map" covering matters for the board of directors to consider in the event of a takeover bid, or if the board of directors obtains reasonable grounds to</p> | <p><b>ISS complies</b></p> <p>The Board of Directors has adopted a Takeover Response Manual which complies with the recommendation. The Takeover Response Manual was last reviewed in 2022.</p>                       |

| <i>No.</i> | <i>Recommendation</i>  | <i>ISS's approach</i> |
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|            | suspect that a takeover bid may be submitted. In addition, it is recommended that it appears from the procedure that the board of directors abstains from countering any takeover bids by taking actions that seek to prevent the shareholders from deciding on the takeover bid, without the approval of the general meeting. |                       |

## 1.4 Corporate Social Responsibility

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| 1.4.1 | <p><b>The Committee recommends</b> that the board of directors adopt a policy for the company's corporate social responsibility, including social responsibility and sustainability, and that the policy is available in the management commentary and/or on the company's website. The Committee recommends that the board of directors ensures compliance with the policy.</p> | <p><b>ISS complies</b></p> <p>The Board of Directors has adopted a Corporate Responsibility Policy, which is available on our website. A description of corporate responsibility initiatives is included in ISS's Annual Report and furthermore ISS annually issues a Corporate Responsibility Report (for 2022, the report is referred to as "Sustainability Report") as per section 99a of the Danish Financial Statements Act to present the ISS Group's approach to Corporate Responsibility, which also includes ISS's approach to sustainability and measures to reduce impact on environment, initiatives to improve social standards including inclusion and diversity as well as actions to improve governance and controls.</p> <p>ISS has made a strong commitment as a signatory and supporter of the United Nations Global Compact (UNGC) since its inception in 1999. In line with the membership regulations, ISS is committed to aligning its strategy and</p> |
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| No.   | Recommendation   | ISS's approach  |
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| 1.4.2 | <b>The Committee recommends</b> that the board of directors adopts a tax policy to be made available on the company's website. | <p>business operations with the UNGC's ten principles on human rights, labour rights, environmental protection and anti-corruption and the United Nations Guiding Principles on Business and Human Rights.</p> <p>Our website has a separate Corporate Responsibility section (<a href="https://www.issworld.com/en/about/corporate-responsibility/our-approach">https://www.issworld.com/en/about/corporate-responsibility/our-approach</a>).</p> <p><b>ISS complies</b></p> <p>ISS has adopted a Group Tax Policy, which is available on our website (<a href="http://inv.issworld.com/policies-and-guidelines">http://inv.issworld.com/policies-and-guidelines</a>).</p> |

## THE DUTIES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

### 2.1 Overall tasks and responsibilities

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| 2.1.1 | <b>The Committee recommends</b> that the board of directors in support of the company's statutory objects according to its articles of association and the long-term value creation considers the company's purpose and ensures and promotes a good culture and sound values in the company. The company should provide an account thereof in the management commentary and/or on the company's website. | <p><b>ISS complies</b></p> <p>ISS has a clearly defined purpose which galvanises the way we think, work and prioritise business decisions: '<i>Connecting <b>people</b> and <b>places</b> to make the world work better</i>'. Making the world work better starts with our steadfast belief in creating a fair and inclusive society. We take care of, and provide opportunity for people, helping them to develop themselves and be the best they can be. We do this because we know our people can and do make a difference. We believe that people make places and</p> |
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| <i>No.</i> | <i>Recommendation</i> | <i>ISS's approach</i>  |
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|            |                       | <p data-bbox="1144 271 1937 582">places make people. ISS strives to create buildings that are safe, efficient and productive for their inhabitants who, as a result, feel engaged, loyal and productive. We believe that when we make these connections we enhance lives, contribute to our customers business performance whilst improving our own and our customers environmental and social goals thus making the world work better.</p> <p data-bbox="1144 630 1960 1109">Throughout our more than 120-year history ISS has championed respect, opportunity and development of our employees. Today as one of the world's largest and most diverse employers this legacy translates into our recently announced ambition to 'become the global company of belonging by end 2025'. An agenda designed to improve wage rates for place makers, education for them and their families and to secure the respect for the contribution they make to society. We remain committed to accelerating the representation, inclusion and opportunity of all people. This strategy will shape our future as a preferred employer and as a significant contributor to wider society.</p> <p data-bbox="1144 1157 1960 1388">The Board of Directors has a strong focus on the company's purpose and work continuously during the year on promoting a good culture and sound values in ISS. To support an even stronger focus, the Board of Directors has included ESG targets as separate objectives in the company's Short-Term-Incentive Program (STIP).</p> |

| No.   | Recommendation  | ISS's approach   |
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| 2.1.2 | <p><b>The Committee recommends</b> that the board of directors at least once a year discusses and on a regular basis follows up on the company's overall strategic targets in order to ensure the value creation in the company.</p>  | <p>ISS's Annual Report includes the purpose of ISS and how the Board works with the company's purpose and support a good culture and sound values. The purpose and values of ISS can also be found on our website on <a href="http://www.issworld.com">www.issworld.com</a>.</p> <p><b>ISS complies</b></p> <p>At least once a year, the Board of Directors reviews and approves the overall strategy plan with a view to sustain value creation in the Company. The Board of Directors conducts an annual strategy process where the overall strategy, business and action plan is reviewed and discussed and subsequently approved.</p> <p>The strategy work of the Board of Directors in 2022 has continued its focus on monitoring and following up on the execution of the OneISS strategy, including delivering a short-term turnaround while at the same time ensuring long-term improvement of the global operating model.</p> |
| 2.1.3 | <p><b>The Committee recommends</b> that the board of directors on a continuously basis takes steps to examine whether the company's share and capital structure supports the strategy and long-term value creation in the interest of the company as well as the shareholders. The Committee recommends that the company gives an account thereof in the management commentary.</p> | <p><b>ISS complies</b></p> <p>The Board of Directors reviews the share and capital structure on an ongoing basis to ensure that the strategy and long-term value creation of the Company are in the interest of the shareholders and the Company. The Board of Directors' view is accounted for in the annual report.</p>  |
| 2.1.4 | <p><b>The Committee recommends</b> that the board of directors prepares and on an annual basis reviews guidelines for the</p>   | <p><b>ISS complies</b></p>   |

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|     | executive management, including requirements in respect of the reporting to the board of directors. | The Board of Directors has adopted Rules of Procedure for the Executive Group Management Board, which are reviewed by the Board annually. The Rules of Procedure of the Executive Group Management Board include specific reporting requirements to the Board of Directors as well as a description of overall duties and obligations and specific authorisations within which the Executive Group Management Board may transact business. |

## 2.2 Members of the Board of Directors

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| 2.2.1 | <b>The Committee recommends</b> that the board of directors, in addition to a chairperson, appoints a vice chairperson, who can step in if the chairperson is absent and who can generally act as the chairperson's close sparring partner. | <b>ISS complies</b><br>According to the Articles of Association, the Board of Directors shall elect a Deputy Chair among its members, which shall take place at the constitutional board meeting held after the annual general meeting each year. According to the Rules of Procedure of the Board of Directors and the Charter for the Chair, the Deputy Chair will act as chair and assume the chair's responsibilities in the Chair's absence. The role of the Deputy Chair is described in the Rules of Procedure of the Board of Directors and in the Charter for the Chair. |
| 2.2.2 | <b>The Committee recommends</b> that the chairperson in cooperation with the individual members of the board of directors ensures that the members up-date and supplement their knowledge of relevant matters, and that                     | <b>ISS complies</b><br>According to the Rules of Procedure of the Board of Directors the Chair must in collaboration with the individual members of the Board of Directors ensure that the members update and supplement their knowledge of   |

| <i>No.</i> | <i>Recommendation</i>   | <i>ISS's approach</i>   |
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|            | the members' special knowledge and qualifications are applied in the best possible manner.  | relevant matters and that the member's special knowledge and qualifications are used in the best possible manner.<br><br>In 2022 the Board of Directors has updated its knowledge by participating in a virtual seminar on industry and competitive dynamics in addition to the regular Board meetings.   |
| 2.2.3      | <b>The Committee recommends</b> that if the board of directors, in exceptional cases, requests a member of the board of directors to take on special duties for the company, for instance, for a short period take part in the daily management of the company, the board of directors should approve this in order to ensure that the board of directors maintains its independent overall management and control function. It is recommended that the company publishes any decision on allowing a member of the board of directors to take part in the daily management, including the expected duration hereof. | <b>ISS complies</b><br>According to the Rules of Procedure of the Board of Directors as well as the Charter for the Chair, any special tasks for the Company, including temporary involvement in the day-to-day management, shall only in exceptional cases be undertaken by a member of the Board of Directors, including the Chair and the Deputy Chair. Such special tasks shall be confined to a limited period of time and shall be subject to the prior approval of the Board of Directors and measures ensuring that the Board of Directors retains independent overall management and control. Any such resolutions, including the expected duration, will be publicly disclosed. |

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## THE COMPOSITION, ORGANIZATION AND EVALUATION OF THE BOARD OF DIRECTORS

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### 3.1 Composition

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| <i>No.</i> | <i>Recommendation</i>   | <i>ISS's approach</i>   |
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| 3.1.1      | <p><b>The Committee recommends</b> that the board of directors on an annual basis review and in the management commentary and/or on the company's website states</p> <ul style="list-style-type: none"> <li>• Which qualifications the board of directors should possess, collectively and individually, in order to perform its duties in the best possible manner, and</li> <li>• the composition of and diversity on the board of directors</li> </ul> | <p><b>ISS complies</b></p> <p>The 2022 Annual Report of the Company contains a description of the composition and the diversity of the Board of Directors and special competencies of each Board member. The board members' biographies are also available on our website.</p> <p>The Board of Directors has adopted and annually reviews the "Competencies and diversity policy for the Board of Directors and other management levels of ISS A/S", which contains guidelines in respect of determining the appropriate qualifications, experience and competencies required of board candidates in order for the Board of Directors to best perform its tasks, taking into account ISS's needs and the current composition of the Board of Directors as well as the need for integration of new talent and diversity, including in relation to age, international experience and gender.</p> <p>The "Competencies and diversity policy for the Board of Directors and other management levels of ISS A/S", is available on our website (<a href="http://inv.issworld.com/policies-and-guidelines">http://inv.issworld.com/policies-and-guidelines</a>).</p> <p>The nomination of candidates in connection with the annual general meeting reflects the Board of Directors' and the Nomination Committee's considerations on the</p> |

| No.   | Recommendation  | ISS's approach   |
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| 3.1.2 | <p><b>The Committee recommends</b> that the board of directors on an annual basis discusses the company's activities in order to ensure relevant diversity at the different management levels of the company and adopts a diversity policy, which is included in the management commentary and/or available on the company's website.</p> | <p><b>ISS complies</b></p> <p>The Board of Directors recognize the importance of promoting diversity at both board and management levels. At least annually, the Board of Directors discusses the Company's activities to ensure relevant diversity at management levels, including by reviewing policies. The composition of the Board of Directors and the Executive Group Management Board, respectively, is considered diverse in many aspects, including in respect of nationalities and experience.</p> <p>The Board of Directors has adopted "Competencies and diversity policy for the Board of Directors and other management levels of ISS A/S" in accordance with Danish legislation as described in the management review of the Annual Report. The current gender representation among the members of the Board of Directors of ISS A/S (elected by the general meeting) is considered equal according to the Danish Business Authority's applicable guidelines. The Board of Directors of ISS A/S aims to maintain an equal gender representation of 40/60% among the members of the Board of Directors (elected by the general meeting) in accordance with the Danish Business Authority's applicable guidelines.</p> |

| <i>No.</i> | <i>Recommendation</i> | <i>ISS's approach</i>   |
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|            |                       | <p data-bbox="1149 272 1968 464">As ISS A/S has less than 50 employees and the other management levels consist of less than three people, ISS A/S has not adopted a company specific target or a company specific policy promoting gender diversity at other management levels.</p> <p data-bbox="1149 512 1968 703">The “Competencies and diversity policy for the Board of Directors and other management levels of ISS A/S” was most recently updated in December 2022 and is available on our website (<a href="http://inv.issworld.com/policies-and-guidelines">http://inv.issworld.com/policies-and-guidelines</a>).</p> <p data-bbox="1149 751 1968 1388">ISS World Services A/S, which is a direct subsidiary of ISS A/S, employs the ISS Group’s head office employees and ISS World Services A/S has adopted “Diversity policy for the Board of Directors and other management levels at ISS World Services A/S”, which includes a gender diversity policy pursuant to the Danish rules regarding the underrepresented gender. The current gender representation among the members of the Board of Directors of ISS World Services A/S (elected by the general meeting) is considered equal according to the Danish Business Authority’s applicable guidelines. The Board of Directors of ISS World Services A/S aims to maintain an equal gender representation of 40/60% among the members of the Board of Directors (elected by the general meeting) in accordance with the Danish Business Authority’s applicable guidelines.</p> |

| No.   | Recommendation   | ISS's approach  |
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| 3.1.3 | <p><b>The Committee recommends</b> candidates for the board of directors are recruited based on a thorough process approved by the board of directors. The Committee recommends that in assessing candidates for the board of directors – in addition to individual competencies and qualifications – the need for continuity, renewal and diversity is also considered.</p> | <p>ISS World Services A/S has an equal gender representation among its other management levels according to the Danish Business Authority's applicable guidelines and has therefore not adopted a company specific target or a company specific policy promoting gender diversity at other management levels.</p> <p>Reporting in respect of cultivating gender diversity according to the Danish rules on the underrepresented gender is carried out by the relevant legal entities in the ISS Group, including by ISS A/S in the Annual Report with respect to the Board of Directors.</p> <p>ISS has defined a global target to achieve 40% gender balance across corporate leadership roles by the end of 2025. As of 2022, the representation of women in corporate leadership roles stood at 36% (2021: 35%).</p> <p><b>ISS complies</b></p> <p>According to its Rules of Procedure, the Board of Directors shall ensure a formal, thorough and transparent process for selection and nomination of candidates to the Board of Directors.</p> <p>The Board of Directors has adopted and annually reviews the "Competencies and diversity policy for the Board of Directors and other management levels of ISS A/S", which contains guidelines in respect of determining the</p> |

| <i>No.</i> | <i>Recommendation</i>  | <i>ISS's approach</i>   |
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| 3.1.4      | <p><b>The Committee recommends</b> that the notice convening general meeting, where election of members to the board of directors is on the agenda - in addition to the statutory requirements – also includes a description of the proposed candidates’</p> <ul style="list-style-type: none"> <li>• qualifications</li> <li>• other managerial duties in commercial undertakings, including board committees,</li> <li>• demanding organizational assignments and independence.</li> </ul> | <p>appropriate qualifications, experience and competencies required of board candidates in order for the Board of Directors to best perform its tasks, taking into account ISS’s needs and the current composition of the Board of Directors as well as the need for integration of new talent and diversity, including in relation to age, international experience and gender. The policy is reviewed annually in light of the outcome of the Board evaluation.</p> <p>The Nomination Committee conducts the preparatory work for the Board of Directors, which also takes into account feedback from the annual Board evaluation. Nomination of candidates to the Board of Directors in connection with general meetings will be accompanied by information about the candidate in question.</p> <p><b>ISS complies</b></p> <p>A description of nominated candidates’ qualifications, competencies, other executive functions, board and committee memberships, demanding organizational tasks and independence is sent out together with the notice convening general meetings where board members are to be elected.</p> |

| No.   | Recommendation  | ISS's approach   |
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| 3.1.5 | <b>The Committee recommends</b> that members to the board of directors elected by the general meeting stand for election every year at the annual general meeting, and that the members are nominated and elected individually. | <b>ISS complies</b><br>According to the Articles of Association, all members of the Board of Directors elected by the general meeting are elected for a term of one year. Each member is nominated and elected individually. Re-election may take place. |

### 3.2 The Board of Director's independence

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| 3.2.1 | <b>The Committee recommends</b> that at least half of the members of the board of directors elected by the general meeting are independent in order for the board of directors to be able to act independently avoiding conflicts of interests.   | <b>ISS complies</b><br>All members of the Board of Directors elected by the general meeting are considered independent based on the definitions outlined in the recommendation. |
|       | <p>In order to be independent, the member in question may not:</p> <ul style="list-style-type: none"> <li>• be or within the past five years have been a member of the executive management or an executive employee in the company, a subsidiary or a group company,</li> <li>• within the past five years have received large emoluments from the company/group, a subsidiary or a group company in another capacity than as a member of the board of directors,</li> <li>• represent or be associated with a controlling shareholder,</li> <li>• within the past year, have had a business relationship (e.g. personally or indirectly as partner</li> </ul> |   |

| No.   | Recommendation   | ISS's approach   |
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|       | <p>or an employee, shareholder, customer, supplier or member of a governing body in companies with similar relations) with the company, a subsidiary or a group company, which is significant for the company and/or the business relationship,</p> <ul style="list-style-type: none"> <li>• be or within the past three years have been employed with or a partner in the same company as the company's auditor elected in general meeting,</li> <li>• be a CEO in a company with cross-memberships in the company's management,</li> <li>• have been a member of the board of directors for more than twelve years, or</li> <li>• be closely related to persons who are not independent, cf. the above-stated criteria.</li> </ul> <p>Even if a member of the board of directors does not fall within the above-stated criteria, the board of directors may for other reasons decide that the member in question is not independent.</p> |  |
| 3.2.2 | <p><b>The Committee recommends</b> that members of the executive management are not members of the board of directors and that members retiring from the executive management does not join the board of directors immediately thereafter.</p>   | <p><b>ISS complies</b><br/>No member of the executive management are members of the board of directors and no members of the Board of Directors are retired from the company's executive management.</p> |

### 3.3 Members of the Board of Director's and the number of other managerial duties

| <i>No.</i> | <i>Recommendation</i>   | <i>ISS's approach</i>   |
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| 3.3.1      | <p><b>The Committee recommends</b> that the board of directors and each of the members on the board of directors, in connection with the annual evaluation, cf. recommendation 3.5.1., assesses how much time is required to perform the board duties. The aim is for the individual member of the board of directors does not take on more managerial duties than the board member in question is able to perform in a satisfactory manner.</p>  | <p><b>ISS complies</b></p> <p>The recommendation is included in the Rules of Procedure of the Board of Directors. Each member of the Board of Directors is expected to ensure that he/she is able to allocate the time required to fulfil the duties as a member of the Board of Directors and any committees in a satisfactory manner for the Company.</p> |
| 3.3.2      | <p><b>The Committee recommends</b> that the management commentary, in addition to the statutory requirements, contains the following information on the individual members of the board of directors:</p> <ul style="list-style-type: none"> <li>• position, age and gender,</li> <li>• competencies and qualifications relevant to the company,</li> <li>• independence,</li> <li>• year of joining the board of directors,</li> <li>• year of expiry of the current election period,</li> <li>• participation in meetings of the board of directors and committee meetings,</li> <li>• managerial duties in other commercial undertakings, including board committees, and demanding organizational assignments, and</li> <li>• the number of shares, options, warrants, etc. that the member holds in the company and its group companies and any changes in such holdings during the financial year.</li> </ul> | <p><b>ISS complies</b></p> <p>The Company's 2022 Annual Report includes the recommended information.</p> <p>Board members' holding of ISS A/S' shares are included in the Company's 2022 Remuneration Report.</p>   |

| No.                         | Recommendation  | ISS's approach  |
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| <b>3.4 Board Committees</b> |   |   |
| 3.4.1                       | <p><b>The Committee recommends</b> that the management describes in the management commentary:</p> <ul style="list-style-type: none"> <li>the board committees' most significant activities and number of meetings in the past year, and</li> <li>the members on the individual board committees, including the chairperson and the independence of the members of the committee in question.</li> </ul> <p>In addition, it is recommended that the board committee's terms of reference are published on the company's website.</p>  | <p><b>ISS complies</b></p> <p>The Company's 2022 Annual Report includes the recommended information on the 2022 key committee activities, number of meetings held, and the names of the members and chairs of the Board committees as well as information on independence of Board committee members.</p> <p>The committees' mandates are included on our website.</p>                  |
| 3.4.2                       | <p><b>The Committee recommends</b> that board committees solely consists of members of the board of directors and that the majority of the members of the board committees are independent.</p>   | <p><b>ISS complies</b></p> <p>The Board of Director's committees solely consist of members of the Company's board of directors and all members of the Board committees are considered independent.</p>  |
| 3.4.3                       | <p><b>The Committee recommends</b> that the board of directors establishes an audit committee and appoints a chairperson of the audit committee, who is not the chairperson of the board of directors. The committee recommends that the audit committee, in addition to its statutory duties, assists the board of directors in:</p> <ul style="list-style-type: none"> <li>supervising the correctness of the published financial information, including accounting practices in significant areas, significant accounting estimates and related party transactions,</li> </ul> | <p><b>ISS complies</b></p> <p>The Board of Directors has established an Audit and Risk Committee. Both the Rules of Procedure of the Board of Directors and the Charter for the Audit and Risk Committee set out that the Chair of the Board of Directors may not also be the chair of the Audit and Risk Committee.</p> <p>In 2022, the Audit and Risk Committee convened 7 times.</p> |

| <i>No.</i> | <i>Recommendation</i>  | <i>ISS's approach</i>   |
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|            | <ul style="list-style-type: none"> <li>• reviewing internal control and risk areas in order to ensure management of significant risks, including in relation to the announced financial outlook,</li> <li>• assessing the need for internal audit,</li> <li>• performing the evaluation of the auditor elected by the general meeting,</li> <li>• reviewing the auditor fee for the auditor elected by the general meeting,</li> <li>• supervising the scope of the non-audit services performed by the auditor elected by the general meeting, and</li> <li>• ensuring regular interaction between the auditor elected by the general meeting and the board of directors, for instance, that the board of directors and the audit committee at least once a year meet with the auditor without the executive management being present.</li> </ul> <p>If the board of directors, based on a recommendation from the audit committee, decides to set up an internal audit function, the audit committee must:</p> <ul style="list-style-type: none"> <li>• prepare terms of reference and recommendations on the nomination, employment and dismissal of the head of the internal audit function and on the budget for the department,</li> <li>• ensure that the internal audit function has sufficient resources and competencies to perform its role, and</li> </ul> | <p>The recommendation is included in the Charter for the Audit and Risk Committee as tasks and the Audit and Risk Committee monitors and reports to the Board of Directors accordingly, when relevant.</p> <p>A Group Internal Audit function has been established to support and control the ISS Group's internal control and risk management systems. The Board of Directors has defined the mandate, tasks and responsibilities of Group Internal Audit in a Charter which is reviewed annually. The Board of Directors and the Audit and Risk Committee meet at least annually with the Head of Group Internal Audit.</p> <p>Any appointment and dismissal of the Head of Group Internal Audit as well as any material amendment to the terms of employment of the Head of Group Internal Audit shall be approved by the Board of Directors.</p> <p>The Audit and Risk Committee regularly reviews the work, recommendations and follow-up as well as adequacy of and resources and competencies of Group Internal Audit.</p> |

| <i>No.</i> | <i>Recommendation</i>   | <i>ISS's approach</i>  |
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| 3.4.4      | <ul style="list-style-type: none"> <li>• supervise the executive management's follow-up on the conclusions and recommendations of the internal audit function.</li> </ul> <p><b>The Committee recommends</b> that the board of directors establishes a nomination committee to perform at least the following preparatory tasks:</p> <ul style="list-style-type: none"> <li>• describing the required qualifications for a given member of the board of directors and the executive management, the estimated time required for performing the duties of this member of the board of directors and the competencies, knowledge and experience that is or should be represented in the two management bodies,</li> <li>• on an annual basis evaluating the board of directors and the executive management's structure, size, composition and results and preparing recommendations for the board of directors for any changes,</li> <li>• in cooperation with the chairperson handling the annual evaluation of the board of directors and assessing the individual management members' competencies, knowledge, experience and succession as well as reporting on it to the board of directors,</li> <li>• handling the recruitment of new members to the board of directors and the executive management</li> </ul> | <p><b>ISS complies</b></p> <p>The Board of Directors has established a Nomination Committee.</p> <p>The Charter of the Nomination Committee and the tasks performed by the Committee comply with the recommendation. The charter is annually reviewed by the Nomination Committee and approved by the Board of Directors.</p> <p>In 2022, the Nomination Committee convened 8 times.</p> |

| <i>No.</i> | <i>Recommendation</i>  | <i>ISS's approach</i>  |
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|            | <p>and nominating candidates for the board of directors' approval,</p> <ul style="list-style-type: none"> <li>• Ensuring that a succession plan for the executive management is in place,</li> <li>• Supervising executive managements' policy for the engagement of executive employees, and</li> <li>• supervising the preparation of a diversity policy for the board of directors' approval.</li> </ul>  |  |
| 3.4.5      | <p><b>The Committee recommends</b> that the board of directors establishes a remuneration committee to perform at least the following preparatory tasks:</p> <ul style="list-style-type: none"> <li>• preparing a draft remuneration policy for the board of directors' approval prior to the presentation at the general meeting,</li> <li>• providing a proposal to the board of directors on the remuneration of the members of the executive management,</li> <li>• providing a proposal to the board of directors on the remuneration of the board of directors prior to the presentation at the general meeting,</li> <li>• ensuring that the management's actual remuneration complies with the company's remuneration policy and the evaluation of the individual member's performance, and</li> <li>• assisting in the preparation of the annual remuneration report for the board of directors' approval prior to the presentation for the general meeting's advisory vote.</li> </ul> | <p><b>ISS complies</b></p> <p>The Board of Directors has established a Remuneration Committee.</p> <p>The Charter of the Remuneration Committee and the tasks performed by the Committee comply with the recommendation. The charter is annually reviewed by the Remuneration Committee and approved by the Board of Directors.</p> <p>In 2022, the Remuneration Committee convened 7 times.</p> |

| No.  | Recommendation  | ISS's approach   |
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| <b>3.5 Evaluation of the Board of Directors and the Executive Management</b> |   |  |
| 3.5.1  | <p><b>The Committee recommends</b> that the board of directors once a year evaluates the board of directors and at least every three years engage external assistance in the evaluation. The Committee recommends that the evaluation focuses on the recommendations on the board of directors' work, efficiency, composition and organization, cf. recommendations 3.1.-3.4. above, and that the evaluation as a minimum always includes the following topics:</p> <ul style="list-style-type: none"> <li>• the composition of the board of directors with focus on competencies and diversity,</li> <li>• the board of directors and the individual member's contribution and results,</li> <li>• the cooperation on the board of directors and between the board of directors and the executive management,</li> <li>• the chairperson's leadership of the board of directors,</li> <li>• the committee structure and the work in the committees,</li> <li>• the organisation of the work of the board of directors and the quality of the material provided to the board of directors, and</li> </ul> | <p><b>ISS complies</b></p> <p>The Board of Directors conducts an annual evaluation, which complies with the recommendation. In 2022 the Board Evaluation was conducted as a self-assessment.</p> <p>The 2022 Board self-assessment was based on the input of nine board members and the Executive Group Management Board (CEO and CFO) (11 in total). It was based on an online questionnaire, evaluating the strategy development and implementation; risk awareness, monitoring and reporting; cooperation with and evaluation process of CEO and executive management; board composition and dynamics; on- and off boarding; meeting structure and operation; meeting effectiveness; stakeholder relations; committee and Deputy Chair value contribution; and evaluation of the Chair.</p> <p>The result of the self-assessment was reviewed by the Nomination Committee and discussed at a Board meeting in December 2022. The individual member's contribution was subsequently reviewed as part of individual meetings held between the Chair of the Board and each Board member.</p> |

| <i>No.</i> | <i>Recommendation</i>  | <i>ISS's approach</i>   |
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|            | <ul style="list-style-type: none"> <li>the board members' preparation for and active participation in the meetings of the board of directors.</li> </ul>   | <p>The outcome of the 2022 Board evaluation was a continued high level of performance and improvement across the areas covered by the questionnaire. Especially, strategy development and implementation and cooperation with management had improved. Overall, the Board was found to achieve its mandate, fulfil its responsibilities, and provide value.</p> <p>The evaluation identified a few focus areas to improve the Board's value-add during 2023: i) separate sessions on strategic and operational risks, ii) reviewing onboarding procedure for employee elected board members and iii) continue board visits to operations.</p> |
| 3.5.2      | <p><b>The Committee recommends</b> that the entire board of directors discusses the result of the evaluation of the board of directors and that the procedure for the evaluation and the general conclusions of the evaluation are described in the management commentary, on the company's website and the company's general meeting.</p> | <p><b>ISS complies</b></p> <p>The result of the general board evaluation was discussed by the entire Board of Directors at a board meeting in December 2022.</p> <p>The Company's 2022 Annual Report and our website includes a description of the procedure for the evaluation and the general conclusions.</p> <p>At the annual general meeting on 7 April 2022, the Chair reported on the 2021 Board evaluation, including the process followed, results and 2021 focus areas.</p>   |
| 3.5.3      | <p><b>The Committee recommends</b> that the board of directors at least once a year evaluates the work and results of the executive management according to pre-established</p>  | <p><b>ISS complies</b></p> <p>The Board of Directors annually evaluates the work, performance and results of the Executive Group</p>  |

| <i>No.</i> | <i>Recommendation</i>  | <i>ISS's approach</i>  |
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|            | criteria, and that the chairperson reviews the evaluation together with the executive management. In addition, the board of directors should on a continuous basis assess the need for changes in the structure and composition of the executive management, including in respect of diversity, succession planning and risks, in light of the company's strategy. | <p>Management Board in accordance with pre-defined criteria/key performance indicators, including financial and strategic objectives, as well as the need for changes to the organisation and structure and the composition of the Executive Group Management Board in light of the strategy.</p> <p>The structure and composition of the executive management as well as diversity, succession planning and risks, are assessed by the Board on a continuous basis.</p> |

## REMUNERATION OF MANAGEMENT

### 4.1 Remuneration of the Board of Directors and the Executive Management

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| 4.1.1 | <b>The Committee recommends</b> that the remuneration for the board of directors and the executive management and the other terms of employment/service is considered competitive and consistent with the company's long-term shareholder interests. | <p><b>ISS complies</b></p> <p>Reference is made to the Remuneration Policy and to the Remuneration Report (available on our website).</p> <p>The remuneration for the Board of Directors and the executive management is subject to regular benchmarking to ensure the competitiveness of the remuneration. The structure of such remuneration is designed to be consistent with long-term shareholder value creation.</p> |
| 4.1.2 | <b>The Committee recommends</b> that share-based incentive schemes are revolving i.e. that they are periodically   | <b>ISS complies</b>  |

| <i>No.</i> | <i>Recommendation</i>  | <i>ISS's approach</i>  |
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|            | granted, and that they primarily consist of long-term schemes with a vesting or maturity period of at least three years.   | Reference is made to the Remuneration Policy and to the Remuneration Report (available on our website).<br><br>Performance Share Units ("PSUs") granted under the Company's long-term incentive program comply with the recommendation.  |
| 4.1.3      | <b>The Committee recommends</b> that the variable part of the remuneration has a cap at the time of grant, and that there is transparency in respect of the potential value at the time of exercise under pessimistic, expected and optimistic scenarios.                        | <b>ISS complies</b><br>Reference is made to the Remuneration Policy and to the Remuneration Report (available on our website).<br><br>The short-term incentive programme has a defined maximum pay-out, and the long-term incentive programme is granted as a fixed percentage of the base salary at the time of grant as set out in the Company's Remuneration Policy.<br><br>The annual Remuneration Report outlines the potential value of the total remuneration under pessimistic, expected and optimistic scenarios. |
| 4.1.4      | <b>The Committee recommends</b> that the overall value of the remuneration for the notice period, including severance payment, in connection with a member of the executive management's departure, does not exceed two years' remuneration including all remuneration elements. | <b>ISS complies</b><br>The Company's Remuneration Policy complies with the recommendation. Current service agreements with the members of the Executive Group Management Board also comply with the recommendation.  |
| 4.1.5      | <b>The Committee recommends</b> that members of the board of directors are not remunerated with share options and warrants.  | <b>ISS complies</b><br>As set out in the Company's Remuneration Policy the members of the Board of Directors shall be remunerated  |

| No.   | Recommendation  | ISS's approach  |
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| 4.1.6 | <p><b>The Committee recommends</b> that the company has the option to reclaim, in whole or in part, variable remuneration from the board of directors and the executive management if the remuneration granted, earned or paid was based on information, which subsequently proves to be incorrect, or if the recipient acted in bad faith in respect of other matters, which payment of a too large variable remuneration.</p> | <p><b>ISS complies</b><br/>As set out in the Company's Remuneration Policy – and further described in the Remuneration Report – the variable remuneration of the executive management is subject to clawback and malus.</p> |

## RISK MANAGEMENT

### 5.1 Identification of risks and openness in respect of additional information

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| 5.1.1 | <p><b>The Committee recommends</b> that the board of directors based on the company's strategy and business model considers, for instance, the most significant strategic, business, accounting and liquidity risks. The company should in the management commentary give an account of these risks and the company's risk management.</p> | <p><b>ISS complies</b><br/>The Company's Annual Report contains information on the key strategic and business-related risks, risks in connection with financial reporting as well as the Company's overall risk management.</p> |
| 5.1.2 | <p><b>The Committee recommends</b> that the board of directors establishes a whistleblower scheme, giving the employees</p>  | <p><b>ISS complies</b></p>  |

| <i>No.</i> | <i>Recommendation</i>  | <i>ISS's approach</i>   |
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|            | <p>and other stakeholders the opportunity to report serious violations or suspicion thereof in an expedient and confidential manner, and that a procedure is in place for handling such whistleblower cases.</p> | <p>A group-wide whistleblower policy was adopted in 2010 (renamed "ISS Speak Up Policy" in 2016) and last updated in April 2022 to align with the requirements of the EU whistleblower directive. The Speak Up Policy is available on ISS's website. The Group's Speak Up Policy is supported by a reporting tool, operated by EQS Group, which is available in 22 languages via ISS's website and local ISS country websites enabling employees of ISS, business partners and other stakeholders to report any serious and sensitive concerns anonymously.</p> <p>Over 2022, the accessibility and awareness of Speak Up has been strengthened through the implementation of a manned phone hotline to supplement the reporting tool and updates of the ISS website with a new section on Responsible Business Conduct &amp; Speak Up and a global communication focusing on the updates to our Speak Up and Code of Conduct policy.</p> <p>All business integrity and ethics issues identified through the Speak Up system or other sources are reviewed by Group Internal Audit and discussed in ISS's Business Integrity Committee (BIC). The BIC reports to the Audit and Risk Committee on all matters that have been subject to investigation.</p> |